Comprehensive Annual Financial Report — Richmond, Virginia

June 30, 2005

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Richmond Metropolitan Authority

Richmond, Virginia

Year Ended June 30, 2005

Prepared by

The Department of Finance

Roland M. Kooch, Director

0511-0687000-RIC

Richmond Metropolitan Authority

Comprehensive Annual Financial Report

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September 23, 2005

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, 2005 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 are accurate in all material aspects and are 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.

This comprehensive annual financial report is presented in three sections: Introductory, Financial, and Statistical. The Introductory section includes this transmittal letter, the Authority's organizational chart, and a list of principal officials. The Financial section includes the audited basic financial statements, management's discussion and analysis (MD & A), the report of the independent auditors, as well as other required supplementary and other supplementary information. The Authority's MD & A can be found immediately following the report of independent auditors. The Statistical section includes unaudited selected financial and demographic information, generally presented on a multi-year basis.

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 metropolitan area. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to construct and own a baseball stadium and to lease such land, stadium and attendant facilities. In 1992, another amendment authorized the Authority to own and operate sports facilities of any nature including facilities reasonably related thereto and lease such facilities as the Authority may prescribe. The 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 approximately 45 miles of roads and bridges connecting downtown Richmond with its surrounding areas.

In addition, the Authority owns and operates three parking facilities in the City of Richmond. The Second Street Parking Deck, built at the request of the City of Richmond, opened in 1975. It provides 370 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 is free of charge, due to an agreement with the City of Richmond. Since opening, these two parking decks have supported the increased business in the Carytown area by offering 220 convenient parking spaces to shoppers, theater attendees, and others. The Downtown Parking Facility, which opened in 1992, provides 1,000 additional parking spaces to downtown Richmond. Located near Richmond's financial district, the deck is within walking distance of historic Shockoe Slip and the State Capitol.

The Stadium, built in 1984, is home to the AAA Richmond Braves Baseball Club. The 12,000 seat facility provides a source of entertainment to the metropolitan area with an average annual attendance of approximately 450,000 over the last ten years.

In June 2003 the Authority signed an agreement with the City of Richmond to take over management of the Main Street Station when it re-opened as a train station in December 2003. Main Street Station is an unstaffed Amtrak station offering a limited number of trains traveling to Newport News, as well as Washington, D.C., New York City, and Boston.

MAJOR INITIATIVES

The Capital Improvement Program, which is updated annually, outlined various projects and the funds required in meeting its current and future needs. We are currently working from a Capital Improvement Program that extends through 2008. The Powhite Creek Improvement Project, approximately 90% complete at June 30, 2005, is the most recent project undertaken from the Capital Improvement Program. This $6,800,000 project provides an additional lane in the southbound direction and widens the northbound approach prior to the mainline plaza. Additionally, it prepares for future expansion as we consider progressing to high-speed express lanes for our electronic toll patrons.

The Authority, working with the consulting firms of Wilbur Smith Associates and Howard Needles Tammen & Bergendoff, has developed a plan of recommended improvements to the Expressway System to improve upon the efficiencies of the entire system with a major focus on improving throughput at the barrier plazas. The construction sequence has been developed based on revenue producing alternatives that might be sufficient to support the new capital requirements. Projections indicate that existing revenues might be sufficient to undertake some specific projects in the next three-year planning phase for the Expressway System. If additional debt is required, the Authority will re-examine the existing debt schedules. Due to damages inflicted by Tropical Storm Gaston on August 30, 2004, installation of new coin machines at the Powhite Mainline had to proceed ahead of schedule. Adding express lanes and renovating our plaza building at the Powhite Parkway remain in our Capital Improvement Program. With express lanes, the installation of video enforcement will be necessary. Building a new plaza building at the Downtown Expressway has been delayed and will be reconsidered at the Board of Directors retreat in the fall of 2005. Since Tropical Storm Gaston destroyed our complete operation at the Powhite Plaza, we have been unable to accurately measure the impact of the opening of State Route 288 on our traffic and revenue. This competing toll-free road opened in its entirety on November 19, 2004.

A capital improvement program to enhance the Stadium has been recommended but delayed pending a decision to build a new stadium or refurbish the existing facility. In the meantime, a three year extension to the existing contract, which was completed with the Atlanta Braves, began in 2005.

ECONOMIC CONDITION AND OUTLOOK

In the City of Richmond, a number of business developments are either underway or planned for the area over the next several years. Many of these economic developments have the potential to add jobs to the area, or otherwise stimulate the local economy. Among several of the major activities in the area:

- Virginia Commonwealth University (VCU) is planning to add to its existing facilities with the development of new campus, the Monroe Park Campus Addition, to be built on 11 acres. City officials expect this addition, slated to open in the fall of 2007, to spark economic activity in the area surrounding it.

- Richmond International Airport is currently undergoing an expansion, including the construction of a modern traffic control tower and a bi-level elevated roadway which will provide access to the main terminal and separate arriving travelers from departing travelers. The terminal should be completed by spring 2007. Additionally, a new low cost carrier, Air Tran recently began operation from Richmond to various cities in the Southeast.

- Demolition has occurred along Broad Street in downtown Richmond and construction has begun on a new $70 million federal courthouse. This project will also be completed in 2007.

- Also, along the Broad Street area of downtown Richmond, the Carpenter Center for the Performing Arts is undergoing a $25 million renovation as part of a larger Virginia Performing Arts Center.

Economic activity continued to increase in the past year in Greater Richmond, mirroring state and national trends. New and expanding office, distribution, and research facilities added encouraging news. As indicated above, airport improvements and downtown redevelopment continued. Evidence of the continued increase in manufacturing was the addition of jobs and expansion by Honeywell International, Inc. of their facility and Woodworth's Inc. new $6 million heat-treating operation in a surrounding county. Additionally, a New Hampshire-based manufacturer of modified vehicles for disabled persons located a facility in Richmond.

Strong office and financial services activity continued to grow. Genworth Financial will be Greater Richmond's eighth Fortune 500 headquarters when 2005 rankings become available. Saxon Mortgage is building a new 115,000 square-foot building adjacent to its existing headquarters in Innsbrook Corporate Center. The mortgage lending and servicing company will invest $17 million and create 234 new jobs with the expansion.

Tredegar Corporation's Tredegar Film Products subsidiary is moving Research and Development and technical operations to Greater Richmond, adding 40 jobs. Philip Morris USA recently announced that it was going to build a $300 million research and technology center in the Virginia BioTechnology Research Park in Richmond, creating up to 700 of the highest-paying scientific and technical jobs in the region.

Some quick facts about Richmond Metro Community:

- No. 11 of the nation's top 50 metropolitan areas for business expansions, *Expansion Management*, July 2004.

- One of the nation's top ten test markets, according to Acxion, a customer and information management consulting firm.

- A four-star community for business quality of life, based on *Expansion Management's Quality of Life Quotient.*

The outlook remains positive for Richmond and the area as more companies relocate to the area and others continue to expand.

FINANCIAL INFORMATION

Internal Controls. Management of the Authority is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of combined financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance 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. Although not legally required to adopt or report on a budget, the Authority maintains budgetary monitoring as part of its internal controls. The objective of these budgetary controls is to measure results with the annual operations budget as approved by the Board of Directors in May of each year. Monthly reports are presented at each Board of Directors meeting. As an additional budgetary control, Section 8.10 of a resolution creating and establishing an issue of revenue bonds of the Authority, adopted December 30, 1970, requires the Authority's two consultants, Howard Needles Tammen & Bergendoff and Wilbur Smith Associates, 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 5.4 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. For fiscal year 2005, the amount certified for deposit was $6.2 million.

OTHER INFORMATION

Independent Audit. Section 8.12 of a resolution, adopted December 30, 1970, 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 combined 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, 2004. 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 eleven 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. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would like to thank the Board of Directors of the Authority for its leadership and support in planning and conducting the financial affairs of the Authority in a responsible and progressive manner.

Sincerely,

Robert M. Berry	Roland M. Kooch
General Manager	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, 2004

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

President

Executive Director

Richmond Metropolitan Authority

Principal Officials

June 30, 2005

Board of Directors

Appointed by City of Richmond	Appointed by Chesterfield County
Mr. A. Peter Brodell	Mr. Charles H. Foster, Jr.
Mr. Herman L. Carter, Jr.	Mr. Charles R. White
Mr. Stuart G. Christian, Jr.	
Ms. Jennifer L. McClellan	
Mr. Jonathan M. Murdoch-Kitt	
Dr. Roy A. West, Vice-Chairman	

Appointed by Henrico County	Appointed by Commonwealth of Virginia
Mr. James L. Jenkins, Chairman	Mr. Gerald P. McCarthy
Mr. Reginald H. Nelson IV	

General Manager

Mr. Robert M. Berry

Director of Finance

Mr. Roland M. Kooch

Director of Operations

Mr. James B. Kennedy

Director of Administration

Ms. Paulette Y. Smith

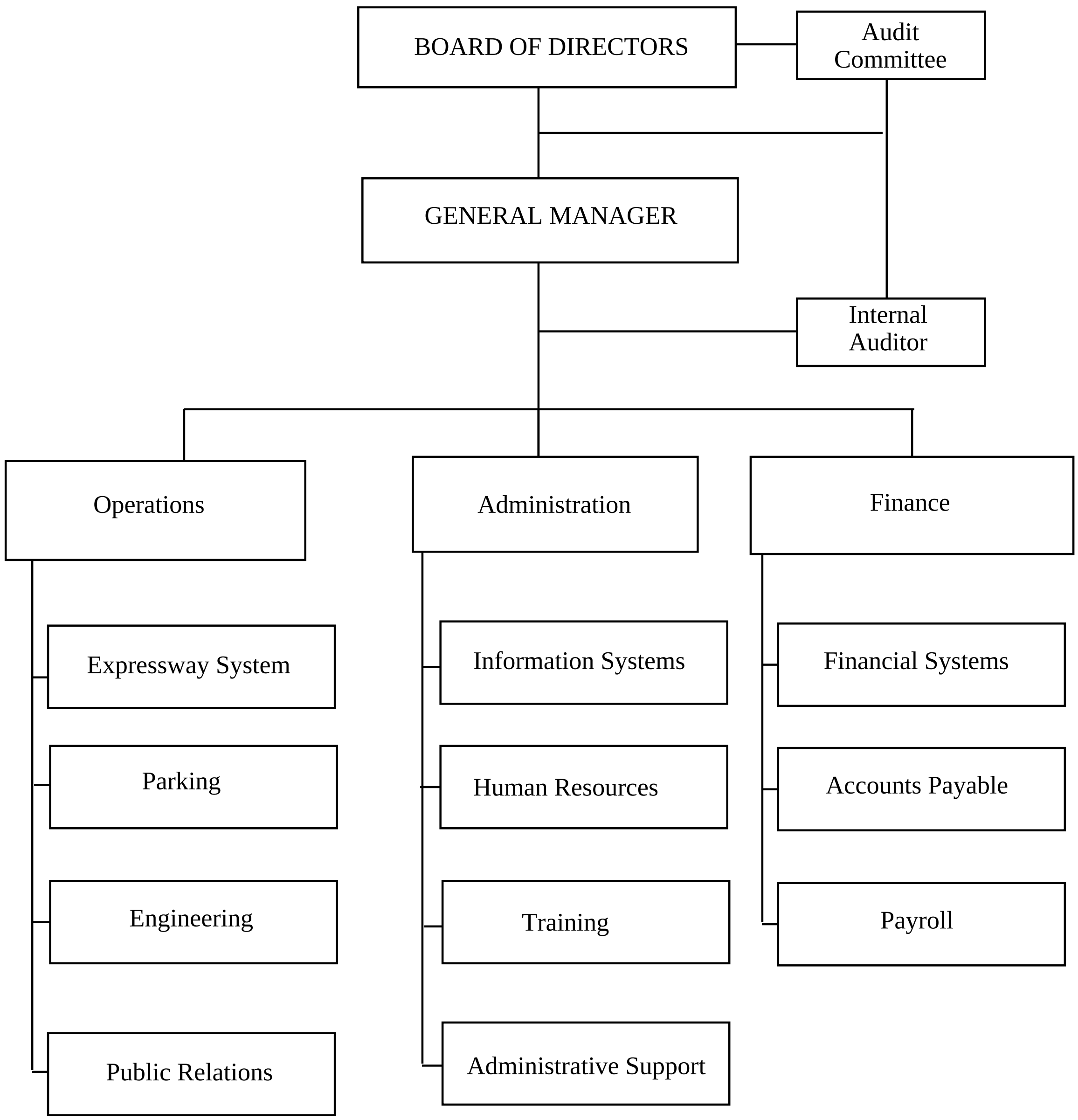
Secretary and General Counsel

Mr. Eric E. Ballou

Richmond Metropolitan Authority

Organization Chart

June 30, 2005



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Independent Auditor's Report

The Board of Directors
Richmond Metropolitan Authority

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Richmond Metropolitan Authority (the Authority) as of and for the year ended June 30, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 each major fund and the aggregate remaining fund information of the Authority, as of June 30, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Required Supplementary Information on pages 14 through 29 and pages 65 through 71, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Richmond Metropolitan Authority's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernst & Young LLP

September 23, 2005

Richmond Metropolitan Authority

Management's Discussion and Analysis

Year Ended June 30, 2005

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2005. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

For fiscal year 2005, toll revenue was $25.0 million compared to $25.5 million at June 30, 2004. The toll revenues were slightly less than the traffic and revenue consultant's projection of $25.1 million by 0.4% for fiscal 2005. On August 30, 2004, the Powhite Parkway portion of the Expressway System, consisting of 17 lanes of toll equipment, was completely destroyed by Tropical Storm Gaston. The 17 lanes account for approximately 59% of our toll revenue. Although we were able to reopen this facility to traffic within 24 hours, our ability to collect tolls electronically was not restored until September 15, 2004. Additionally, the remainder of the manual toll collection process was severely hampered until February 1, 2005 when the new and refurbished toll equipment was installed and operational. Furthermore, the opening of a competing free road, State Route 288, on November 19, 2004, led to a decline in traffic at the Powhite Parkway toll plaza of approximately 8.5% to 9.0% compared to the prior year. Although there was a decline of approximately 1.0 million Smart Tag transactions, or 6.8%, at the damaged facility compared to fiscal 2004, the remaining two segments of the Expressway System reflected increases in Smart Tag transactions. The other two components, Downtown Expressway and Boulevard Bridge, increased by 6.1% and 6.7% respectively from the previous year. This resulted in a total decrease in Smart Tag transactions of only 1.6% from fiscal 2004 for the entire Expressway System. The electronic toll collection system has increased the efficiency of traffic through the toll plazas, especially during the peak travel periods. The majority of commuter traffic is between 7:00 to 9:00 a.m. and 4:00 to 7:00 p.m. Monday through Friday. Of the 56.9 million transactions on the expressway for fiscal 2005, 41.1% were processed electronically compared to 40.3% in fiscal year 2004.

Total operating expenses for the Expressway System were approximately $10.6 million in fiscal 2005, a 12.2% increase from total operating expenses in fiscal 2004. Approximately $1 million of the difference was for transponders for our electronic toll collection system, increased engineering fees for our highway inspection, and expenses for our Powhite widening project. However, Expressway operating fund expenses for fiscal 2005 were held to 1.6% below the annual operating budget. The decrease in total operating costs in fiscal 2005 was primarily due to less expense in processing electronic toll transactions and less expense in maintenance of our toll collection equipment. The decrease in maintenance of toll equipment was due to the replacement of 17 lanes of new equipment damaged by Tropical Storm Gaston. Of the total insurance claim due to Tropical Storm Gaston of $4.4 million, approximately $2.6 million of the claim was approved for the replacement of the 17 lanes of damaged toll equipment. The remainder of the claim was approved for payment for items such as plaza building damage, massive clean-up of mud and debris from the roadway and building, replacement of security systems, and replacement of the office trailer.

For fiscal year 2005, parking fees from the Downtown Parking Facility were $1.2 million reflecting a 7.2% increase from fiscal year 2004. The majority of revenue is generated from monthly rentals. The facility was designed for 1,000 parking spaces and averaged 1,067 monthly rented spaces in fiscal 2005 at a rate of $90 for the majority of the spaces. The facility averaged 1,008 monthly rented spaces in fiscal 2004**.**

Total operating expenses, including depreciation, for the Downtown Parking Facility were $845,000 in fiscal 2005, a 7.6% increase from total operating expenses in fiscal 2004 of $785,000. Downtown Parking Facility operating fund expenses for fiscal 2005 were held 2.1% below the annual operating budget. Decreased operating costs in fiscal 2005 can be attributed to less salary expense due to turnover and lower contractual services requirements in maintenance of grounds and buildings.

Total operating revenues for the Stadium for fiscal 2004-2005 were $651,000 or 5.2% less than fiscal 2003-2004. This decrease from the prior year was less parking revenue and can also be attributed to a higher than average number of home games that could not be played due to weather conditions in August and September 2004. Non-operating revenues for fiscal 2004-2005 were $613,000 compared to $571,000 in fiscal year 2003-2004. The non-operating revenues include contributions from the City of Richmond and the counties of Henrico and Chesterfield for any deficit in operating expenses, debt service, or the contingency reserve fund. This facility became debt free in September 2004.

Operating expenses for the Stadium, including depreciation, totaled $1.3 million for fiscal year 2004-2005. The increase of 40.3% can be attributed to a new irrigation system, a new surface for the field and continuing expense for annual roof inspections.

Since management of Main Street Station began on July 1, 2003 but was not actually operating until December 2003, there is no twelve month historical base from which to make adequate comparisons. However, operating revenues were $38,000, which is a significant increase from the prior year. The majority of this increase can be attributed to rental of the facility for special events such as weddings, etc. Until passenger utilization or rental of monthly parking spaces increases, parking revenues will be minimal. Due to an increase in utilities and a new contract to provide security for the facility, operating expenses increased from $275,000 in fiscal 2004 to $572,000 in fiscal 2005. This is a 108% increase from the prior year. The City of Richmond provides 100% of the funds to operate and maintain this facility.

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, 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

The Authority's total net assets at June 30, 2005 reached approximately $31.6 million, a 23.9% increase over June 30, 2004. Total assets increased 2.0% to $251.5 million, and total liabilities decreased 0.6% to $220 million. Of those amounts, the Expressway System's total net assets at June 30, 2005 were approximately $41.1 million, the Downtown Parking Facility's total net assets (deficit) were $(15.9) million. The Stadium's total net assets remained at $6.2 million, and Main Street Station's total net assets were $216,000. Other Non-Major funds total net assets were $33,900. (See Tables A-1 through A-4.)

Table A-1

Richmond Metropolitan Authority's Net Assets
Expressway System
(in thousands of dollars)

	2005	2004	Percentage Change 2005– 2004
Current and other assets	**$ 52,820**	**$ 51,935**	1.7
Capital assets	**177,961**	**173,118**	2.8
Total assets	**230,781**	**225,053**	2.5
Current liabilities	**11,928**	**10,109**	18.0
Long-term liabilities	**177,792**	**180,969**	(1.8)
Total liabilities	**189,720**	**191,078**	(0.7)
Net assets:			
Invested in capital assets, net of related debt	**26,791**	**17,664**	51.7
Restricted	**17,251**	**12,523**	37.8
Unrestricted	**(2,981)**	**3,788**	(178.7)
Total net assets	**$ 41,061**	**$ 33,975**	20.9

Total Authority Expressway System assets of $230.8 million increased by 2.5% from that at June 30, 2004. The increase can be attributed to additional construction in progress compared to the prior year.

The 0.7% decrease from fiscal year 2004 in total Authority Expressway System liabilities is a result of reductions in various debt service schedules.

Net assets invested in capital assets, net of related debt consist of capital assets and are reduced by bonds issued to fund capital projects. Bonds payable decreased and construction in progress increased compared to the prior year.

The 37.8% increase in restricted net assets represents the increase in cash and investments in the repair and contingency fund being accumulated for future years' capital projects.

Total net assets increased by 20.9% to $41.1 million. The majority of this increase is due to the reduction in total liabilities (bonds and notes payable) and the increase in construction in progress.

Table A-2
Richmond Metropolitan Authority's Net Assets (Deficit)
Downtown Parking Facility
(in thousands of dollars)

	2005	2004	Percentage Change 2005– 2004
Current and other assets	**$ 1,211**	**$ 1,122**	7.9
Capital assets	**10,557**	**10,950**	(3.6)
Total assets	**11,768**	**12,072**	(2.5)
Current liabilities	**2,704**	**2,274**	18.9
Long-term liabilities	**24,944**	**24,859**	0.3
Total liabilities	**27,648**	**27,133**	1.9
Net assets (deficit):			
Invested in capital assets, net of related debt	**(8,128)**	**(7,712)**	(5.4)
Restricted	**183**	**63**	190.5
Unrestricted	**(7,935)**	**(7,412)**	(7.1)
Total net assets (deficit)	**$(15,880)**	**$(15,061)**	(5.4)

Total Downtown Parking Facility assets of $11.8 million showed a slight decrease, (2.5%), from the prior year due to the annual depreciation of capital assets.

Due to a larger current portion of debt in fiscal 2005 and an increase in long-term liabilities, total liabilities increased by 1.9%.

Total net assets invested in capital assets, net of related debt, decreased by (5.4%) due to an increase in total liabilities.

The deficit in net assets increased by (5.4%) over fiscal 2004 due to an increase in debt service payable.

Table A-3
Richmond Metropolitan Authority's Net Assets
Stadium
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Current and other assets	**$ 366**	**$ 614**	(40.4)
Capital assets	**5,992**	**6,262**	(4.3)
Total assets	**6,358**	**6,876**	(7.5)
Current liabilities	**205**	**674**	(69.6)
Long-term liabilities	–	–	–
Total liabilities	**205**	**674**	(69.6)
Net assets:			
Invested in capital assets, net of related debt	**6,090**	**6,055**	0.6
Restricted	**223**	**323**	(31.0)
Unrestricted	**(160)**	**(176)**	9.1
Total net assets	**$ 6,153**	**$ 6,202**	(0.8)

Total Stadium assets of $6.4 million showed a decrease, (7.5%), from the prior year. Contributing to the (7.5%) decrease in total assets was the increase in maintenance expense for the playing field, irrigation system, and continuing roof inspections.

The (69.6%) decrease in total Stadium liabilities from fiscal year 2005 is a result of reduction in the debt service schedule. There is no outstanding debt on the Stadium.

Total net assets invested in capital assets, net of related debt, increased by 0.6% due to reduction of debt by $400,000 during fiscal 2005.

Total net assets remained at $6.2 million. There was a slight reduction, (0.8%), due to the decrease in total liabilities (bonds and unearned revenue).

Table A-4
Richmond Metropolitan Authority's Net Assets
Main Street Station
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Current and other assets	**$ 281**	**$ 268**	4.9
Capital assets	–	–	–
Total assets	**281**	**268**	4.9
Current liabilities	**65**	**34**	91.2
Long-term liabilities	–	–	–
Total liabilities	**65**	**34**	91.2
Net assets:			
Invested in capital assets, net of related debt	–	–	–
Restricted	–	–	–
Unrestricted	**216**	**234**	(7.7)
Total net assets	**$ 216**	**$ 234**	(7.7)

Total assets increased by 4.9% from the prior year due to more cash. Additionally, the City of Richmond owed more for operations at June 30, 2005 than in fiscal 2004.

Total liabilities increased by 91.2% due to the increase in unearned revenue for event rentals that were scheduled after June 30, 2005.

Total net assets decreased (7.7%) because liabilities increased more than assets as stated above.

The City of Richmond owns this facility and provides 100% of the funds to operate and maintain it.

Table A-5
Changes in the Richmond Metropolitan Authority's Net Assets
Expressway System
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Operating revenues:			
Tolls	**$ 24,977**	**$ 25,474**	(2.0)
Other	**71**	**81**	(12.3)
Total operating revenues	**25,048**	**25,555**	(2.0)
Nonoperating revenues	**1,789**	**753**	137.6
Total revenues	**26,837**	**26,308**	2.0
Operating expenses:			
Employee compensation and benefits	**4,841**	**4,682**	3.4
Maintenance	**1,516**	**1,761**	(13.9)
Consulting fees	**1,258**	**950**	32.4
Heat, light and power	**109**	**104**	4.8
Insurance	**294**	**258**	14.0
Toll tag processing	**563**	**579**	(2.8)
Other	**1,969**	**1,070**	84.0
Total operating expenses	**10,550**	**9,404**	12.2
Nonoperating expenses	**9,201**	**10,359**	(11.2)
Total expenses	**19,751**	**19,763**	(0.1)
Change in net assets	**7,086**	**6,545**	8.3
Net assets-beginning	**33,975**	**27,430**	23.9
Net assets-ending	**$ 41,061**	**$ 33,975**	20.9

Although the decrease in toll revenue was primarily due to the opening of State Route 288 in November 2004 and the destruction caused by Tropical Storm Gaston at August 31, 2004, total revenues increased from the prior year by 2.0%. Increases in fair value of investments, increased investment earnings, and a gain from insurance proceeds contributed to the increase in total revenues.

Total operating expenses increased 12.2% to approximately $10.6 million compared to that at June 30, 2004. Several operating expense categories, consulting fees, insurance, and "other" expenses reflected significant increases from those of fiscal 2004. Additionally, the Powhite Creek widening project had expenses which contributed to the increase.

Non-operating expenses decreased 11.2% to $9.2 million compared to fiscal 2004. The net decrease in fair value of investments in fiscal 2004 compared to no decrease in fiscal 2005 is attributed to the reduction.

Table A-6
Changes in the Richmond Metropolitan Authority's Net Assets (Deficit)
Downtown Parking Facility
(in thousands of dollars)

	2005	**2004**	**Percentage Change 2005 – 2004**
Operating revenues:			
Parking fees and rentals	**$ 1,210**	**$ 1,129**	7.2
Other	**5**	**4**	25.0
Total operating revenues	**1,215**	**1,133**	7.2
Nonoperating revenues	**1**	**1**	–
Total revenues	**1,216**	**1,134**	7.2
Operating expenses:			
Employee compensation and benefits	**245**	**236**	3.8
Maintenance	**63**	**40**	57.5
Depreciation	**393**	**393**	–
Consulting fees	**14**	**1**	1300.0
Heat, light and power	**45**	**41**	9.8
Insurance	**24**	**20**	20.0
Other	**61**	**54**	13.0
Total operating expenses	**845**	**785**	7.6
Nonoperating expenses	**1,190**	**1,212**	(1.8)
Total expenses	**2,035**	**1,997**	1.9
Change in net assets (deficit)	**(819)**	**(863)**	5.1
Net assets (deficit)-beginning	**(15,061)**	**(14,198)**	(6.1)
Net assets (deficit)-ending	**$(15,880)**	**$(15,061)**	(5.4)

The change in net assets for the Downtown Parking Facility for the year ended June 30, 2005 reflected a deficit of $(819,000), a 5.1% improvement compared to the deficit in total net assets of $(863,000) for the year ended June 30, 2004. (See Table A-6). The deficit at June 30, 2005 increased (5.4%) from a deficit of $(15.1) million in fiscal 2004 to a deficit of $(15.9) million at June 30, 2005.

Total operating revenues for fiscal 2005 increased 7.2% from those in fiscal 2004. This is primarily due to an increase in the average monthly parkers for fiscal 2005 of 1,067 compared to 1,008 for fiscal year 2004.

Total operating expenses for the Downtown Parking Facility at June 30, 2005 increased by 7.6% from those of June 30, 2004. This is primarily due to an increase in maintenance expenses, salaries and benefits, and consulting fees compared to those in fiscal 2004.

Non-operating expenses declined by 1.8% due to a reduction in the interest expense on the outstanding bonds.

Table A-7
Changes in the Richmond Metropolitan Authority's Net Assets
Stadium
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Operating revenues:			
Parking fees and rentals	$ 157	$ 186	(15.6)
Stadium and skybox rentals	494	501	(1.4)
Total operating revenues	651	687	(5.2)
Nonoperating revenues	613	571	7.4
Total revenues	1,264	1,258	0.5
Operating expenses:			
Maintenance	805	418	92.6
Depreciation	272	272	–
Consulting fees	–	1	(100.0)
Heat, light and power	112	122	(8.2)
Insurance	18	16	12.5
Other	101	103	(1.9)
Total operating expenses	1,308	932	40.3
Nonoperating expenses	5	32	(84.4)
Total expenses	1,313	964	36.2
Change in net assets	(49)	294	(116.7)
Net assets-beginning	6,202	5,908	5.0
Net assets (deficit)-ending	$ 6,153	$ 6,202	(0.8)

The change in net assets for the Stadium decreased from $294,000 at June 30, 2004 to $(49,000) at June 30, 2005. This was a change of (116.7%) from the prior year. However, total net assets basically remained the same as the prior year. The primary reason for this decrease in total net assets was the increase in maintenance for the facility.

Total operating revenues for fiscal 2005 declined 5.2%, which is primarily attributed to a decrease in parking revenues.

Total operating expenses, due to the new irrigation system, field replacement and roof inspections, increased from $932,000 in fiscal 2004 to $1.3 million in fiscal 2005, or 40.3%.

Non-operating expenses decreased by 84.4% from those at June 30, 2004 due to a decrease in debt service.

Table A-8
Changes in the Richmond Metropolitan Authority's Net Assets
Main Street Station
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Operating revenues:			
Parking fees and rentals	**$ 38**	**$ 9**	322.2
Other	–	–	–
Total operating revenues	**38**	**9**	322.2
Nonoperating revenues	**516**	**500**	3.2
Total revenues	**554**	**509**	8.8
Operating expenses:			
Employee compensation and benefits	**113**	**79**	43.0
Maintenance	**65**	**35**	85.7
Consulting fees	–	–	–
Heat, light and power	**185**	**38**	386.8
Insurance	**3**	**3**	–
Other	**206**	**120**	71.7
Total operating expenses	**572**	**275**	108.0
Nonoperating expenses	–	–	–
Total expenses	**572**	**275**	108.0
Change in net assets	**(18)**	**234**	(107.7)
Net assets-beginning	**234**	–	100.0
Net assets (deficit)-ending	**$ 216**	**$ 234**	(7.7)

Since the management of this facility began July 1, 2003 and operations began in December 2003, twelve month historical comparisons cannot be adequately presented.

Operating revenues increased from the prior year primarily due to rental of the facility for special events such as weddings, etc.

Operating expenses increased by 108% from the prior year. Major reasons for the increase were due to a new security contract and increased utility expenses.

Since total operating expenses exceeded total revenues by $18,000, the change in net assets was a decline of 107.7%. This amount is due from the City of Richmond.

Total net assets decreased by 7.7% from fiscal 2004 due to total operating expenses exceeding the total revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2005, the Authority has invested approximately $208.1 million in capital assets, including roads, bridges, buildings, land, and equipment. (See Table A-9.) Net of accumulated depreciation, the Authority's net capital assets at June 30, 2005 totaled approximately $196.6 million. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately $4.1 million or 2.1% more than June 30, 2004.

Table A-9
The Richmond Metropolitan Authority's Capital Assets
(in thousands of dollars)

	2005	2004	Percentage Change 2005 – 2004
Expressway system	**$ 161,707**	$ 161,307	0.2
Boulevard Bridge	**9,777**	9,777	–
Land	**1,629**	1,629	–
Parking garages	**18,630**	18,630	–
Stadium facility	**9,663**	9,663	–
Construction in progress	**6,691**	2,247	197.8
Total	**$ 208,097**	$ 203,253	2.3

As allowed by GASB Statement No. 34, the Authority has adopted an alternative method for recording depreciation expense on selected infrastructure assets. Under the alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense.

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 its bridges and the Authority accounts for them using the modified approach. 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 falls below 5. A bridge is unsafe – impaired or load restricted – when it falls below condition level 2. It is the Authority's policy that no bridge, including the deck surface, will be rated as "structurally deficient." The most recent condition assessment shows that the condition of the Authority's bridges is in accordance with the Authority's policy.

HNTB, utilizing the proposed 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, Excellent condition to very good condition; Group 2, PCR between 50 – 74, Very good condition to good condition; Group 3, PCR between 25 – 49, Good condition to fair condition; and Group 4, PCR between 0 – 24, Fair condition to poor condition are the ratings adopted by the Authority. The Authority has adopted a preventative maintenance program that will not permit surface pavements to fall below a PCR value of 40 or Group 3 condition. During fiscal year 2005, the Authority spent $3.0 million to preserve and maintain the roads and bridges at, or above, this level. This is $797,000 more than the estimate for the year ending June 30, 2005 due to an increase in consulting fees in connection with the biennial inspection of the Expressway and increased expenditures for electronic toll collection transponders.

More detail about the Authority's assets is presented in Note 18 to the financial statements. A $5.5 million contract for widening portions of the Powhite Parkway and improving the adjacent creek was awarded in April 2004 and was 90% complete at June 30, 2005.

Debt Administration

The Authority's bond sales must be approved through the Finance Committee to the Board of Directors and must comply with rules and regulations of the governing bond indentures, regulations of the United States Treasury Department, and the United States Securities and Exchange Commission.

Long-term debt includes revenue bonds payable and a payable of subordinated debt to the City of Richmond. At June 30, 2005, the Authority had approximately $151.2 million in expressway revenue bonds and subordinated notes outstanding, a 2.8% decrease from June 30, 2004. Long-term debt decreased due to payment of principal in accordance with the debt service schedule. A payment of $110,900 was made to the City of Richmond against the interest payable on the subordinated debt at June 30, 2004. This is due each year from the surplus cash of the Expressway System at June 30 after meeting the operating expenses, debt service payments, and the required deposits into the Repair and Contingency Fund certified by our consulting engineers. A payment of $94,590 has been made to the City of Richmond from surplus cash at June 30, 2005.

At June 30, 2005, the Authority's total outstanding bonds and subordinated debt was $171,509,411. This amount consisted of the following: $151,169,003 Expressway System; $1,494,500 Second Street Parking Facility; and $18,845,908 Downtown Parking Facility. Of the $128.4 million in Expressway revenue bonds outstanding, approximately $114.5 million is insured and rated AAA by Fitch Investors Service and Standard & Poor's with an Aaa rating by Moody's Investors Service. An underlying rating of A- has also been assigned by Fitch Investors Service.

More detail about the Authority's debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Virginia's unemployment rate was 3.8% in June 2005, rising slightly from the previous month due to seasonal factors, but decreasing from 4.0% in June 2004. According to the Virginia Employment Commission, Virginia's unemployment rate rose in June 2005 to its highest level in 11 months as more high school and college students started job hunting. In the Richmond-Petersburg, VA Metropolitan Statistical area (the MSA), the unemployment rate for June 2004 was 4.0% compared to 4.3% in June 2004. Both Virginia's rate of 3.8% and the MSA rate of 4.0% compared very favorably to the 5.2% rate of the United States in June 2005.

The four major funds of the Authority are the Expressway System, Downtown Parking Facility, the Stadium, and Main Street Station with the largest being the Expressway System. The fiscal year 2006 projected revenue budget for the Expressway System is $24,589,600 and is certified by Wilbur Smith Associates, traffic and revenue consultants. This represents a 2.1% decrease in the toll revenue forecast over fiscal year 2004-2005. This change in toll revenue between fiscal years 2004-2005 and 2005-2006 reflects anticipated moderate normal growth, as well as the continued impacts associated with the opening of the new State Route 288 through the fall of 2005. More importantly, Wilbur Smith Associates states, "at this level, assuming no changes in the planned improvement program, all debt service requirements will be met and no further toll increases are necessary during fiscal 2005-2006."

The operating expense budget for the Expressway System for fiscal year 2005-2006 increased by 11.4% over fiscal year 2004-2005. The majority of this increase is due to the increase in processing our electronic toll transactions. This contract changed from a flat fee to that of a transaction based fee of $0.08 per transaction.

The fiscal year 2005-2006 revenue budget for the Downtown Parking facility is projected to increase by 3.6% over fiscal year 2004-2005 due to an increase in monthly parkers and transient revenue. The rates for this 1,000 space parking facility continue to be evaluated to ensure the fees charged are consistent with adjacent parking facilities.

The fiscal year 2005-2006 expense budget for the Downtown Parking facility decreased 3.1% from fiscal year 2004-2005. Although liability insurance increased slightly, decreases in administrative charges and consulting engineer expenses contributed to the overall decrease in operating expenses. An inspection report for the facility by our consulting engineers is not required in fiscal 2006.

For fiscal year 2005-2006, the operating revenue budget for the Stadium decreased by 1.4%. This was due to a decrease in admissions tax which results from ticket revenue reported to the City of Richmond. The other operating revenue sources, stadium rent, parking, and superbox rental, depend on attendance and nightly rental of the superbox which can vary greatly from year to year.

Due to a reduction in administrative charges and fees for the trustee, the operating expenses were reduced by 3.5% for fiscal 2005-2006 at the Stadium. The Stadium is now debt free so the trustee expense has been eliminated.

The operating revenue budget for Main Street Station for fiscal year 2005-2006 was increased by 17.9% from 2004-2005. The majority of the increase is in monthly parking and rental of the facility for special events. Hourly parking revenue was decreased significantly since passenger traffic at the facility has not increased very rapidly.

For fiscal 2005-2006, operating expenses for Main Street Station decreased by 6.3%. Contributing to this decrease is a reduction in the administrative charges and in janitorial expenses.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Richmond Metropolitan Authority, ATTN: Director of Finance, 919 East Main St., Suite 600, Richmond, Virginia 23219.

Basic Financial Statements

Richmond Metropolitan Authority

Balance Sheet

June 30, 2005

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 7,542,980	$ 1,048,849	$ 91,587	$ 197,417	$ 137,994	$ 9,018,827
Investments held by trustee	8,816,043	–	–	–	33,072	8,849,115
Other short-term investments	7,634,197	–	129,948	50,000	51,083	7,865,228
Accrued interest receivable	208,482	–	1,022	523	1,234	211,261
Receivables	315,130	1,844	44,919	33,766	519	396,178
Prepaid expenses	321,367	430	–	–	–	321,797
Total current assets	24,838,199	1,051,123	267,476	281,706	223,902	26,662,406
Noncurrent assets:						
Restricted investments held by trustee	21,915,650	–	–	–	–	21,915,650
Other long-term investments	3,980,402	–	98,200	–	–	4,078,602
Deferred financing costs	2,062,338	159,699	–	–	–	2,222,037
Escrow receivable	24,104	–	–	–	–	24,104
Capital assets:						
Land	–	134,366	612,000	–	882,615	1,628,981
Parking Garages	–	15,731,308	–	–	2,898,225	18,629,533
Stadium Facility	–	–	9,662,748	–	–	9,662,748
Expressway System	161,707,692	–	–	–	–	161,707,692
Boulevard Bridge	9,777,483	–	–	–	–	9,777,483
Construction in progress	6,475,409	–	215,091	–	–	6,690,500
Total capital assets	177,960,584	15,865,674	10,489,839	–	3,780,840	208,096,937
Accumulated depreciation	–	(5,308,573)	(4,497,648)	–	(1,649,876)	(11,456,097)
Net capital assets	177,960,584	10,557,101	5,992,191	–	2,130,964	196,640,840
Total noncurrent assets	205,943,078	10,716,800	6,090,391	–	2,130,964	224,881,233
Total assets	$ 230,781,277	$ 11,767,923	$ 6,357,867	$ 281,706	$ 2,354,866	$ 251,543,639

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	$ 3,960,039	$ 62,254	$ 54,150	$ 36,388	$ 12,225	$ 4,125,056
Accrued interest payable	3,279,370	–	–	–	32,550	3,311,920
Unearned revenue	168,905	6,639	150,724	28,925	765	355,958
Bonds and notes payable, current portion	4,520,000	2,635,000	–	–	–	7,155,000
Total current liabilities	11,928,314	2,703,893	204,874	65,313	45,540	14,947,934
Noncurrent liabilities:						
Bonds and notes payable	146,649,003	16,210,908	–	–	1,494,500	164,354,411
Accrued interest payable	31,142,670	8,733,457	–	–	780,925	40,657,052
Total noncurrent liabilities	177,791,673	24,944,365	–	–	2,275,425	205,011,463
Total liabilities	189,719,987	27,648,258	204,874	65,313	2,320,965	219,959,397
Net assets (deficit)						
Invested in capital assets, net of related debt	26,791,581	(8,129,108)	5,992,191	–	603,914	25,258,578
Restricted	17,250,964	183,394	222,951	–	–	17,657,309
Unrestricted	(2,981,255)	(7,934,621)	(62,149)	216,393	(570,013)	(11,331,645)
Total net assets (deficit)	41,061,290	(15,880,335)	6,152,993	216,393	33,901	31,584,242
Total liabilities and net assets	$ 230,781,277	$ 11,767,923	$ 6,357,867	$ 281,706	$ 2,354,866	$ 251,543,639

See accompanying notes to the financial statements.

Richmond Metropolitan Authority

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

Year ended June 30, 2005

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Operating revenues						
Tolls	$ 24,976,704	$ –	$ –	$ –	$ –	$ 24,976,704
Parking fees and rentals	–	1,209,865	156,562	38,191	224,326	1,628,944
Stadium and sky box rentals	–	–	494,107	–	–	494,107
Other	70,964	5,473	–	270	888	77,595
Total operating revenues	25,047,668	1,215,338	650,669	38,461	225,214	27,177,350
Operating expenses						
Employee compensation and benefits	4,841,052	244,658	–	112,534	33,196	5,231,440
Maintenance	1,515,936	62,840	805,240	64,454	46,082	2,494,552
Depreciation	–	393,283	271,847	–	72,455	737,585
Consulting fees	1,258,308	13,575	–	–	1,882	1,273,765
Heat, light, and power	108,774	45,429	111,981	185,094	23,576	474,854
Insurance	293,724	24,478	18,190	3,376	7,627	347,395
Toll tag processing	562,752	–	–	–	–	562,752
Other	1,969,815	60,669	100,701	206,305	18,196	2,355,686
Total operating expenses	10,550,361	844,932	1,307,959	571,763	203,014	13,478,029
Operating income (loss)	14,497,307	370,406	(657,290)	(533,302)	22,200	13,699,321
Nonoperating revenues (expenses)						
Investment earnings	1,155,846	78	6,765	1,284	2,328	1,166,301
Net increase (decrease) in fair value of investments	233,130	–	(275)	–	–	232,855
Gain on insurance proceeds	400,226	–	–	–	–	400,226
Interest expense:						
Bonds	(7,848,209)	(1,189,775)	(4,392)	–	(65,100)	(9,107,476)
Notes	(1,352,445)	–	–	–	(25,594)	(1,378,039)
Support from localities	–	–	606,418	514,595	–	1,121,013
Total nonoperating revenues (expenses)	(7,411,452)	(1,189,697)	608,516	515,879	(88,366)	(7,565,120)
Change in net assets	7,085,855	(819,291)	(48,774)	(17,423)	(66,166)	6,134,201
Net assets (deficit)– beginning	33,975,428	(15,061,050)	6,201,765	233,816	100,065	25,450,024
Net assets (deficit)– ending	$ 41,061,283	$(15,880,341)	$6,152,991	$ 216,393	$ 33,899	$ 31,584,225

See accompanying notes to the financial statements.

Richmond Metropolitan Authority

Statement of Cash Flows

Year ended June 30, 2005

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Cash flows from operating activities:						
Receipts from customers	$ 25,048,197	$ 1,220,591	$ 561,966	$ 53,045	$ 231,275	$ 27,115,074
Support from localities	–	–	606,418	514,595	–	1,121,013
Payments to suppliers	(5,302,112)	(204,499)	(1,042,357)	(463,017)	(100,522)	(7,112,507)
Payments to employees	(3,762,842)	(241,184)	–	(95,595)	(30,585)	(4,130,206)
Net cash provided by operating activities	15,983,243	774,908	126,027	9,028	100,168	16,993,374
Cash flows from capital and related financing activities:						
Decrease in escrow receivable	283,460	–	–	–	–	283,460
Interest paid on revenue bonds and notes	(7,344,599)	(650,000)	(11,400)	–	(65,100)	(8,071,099)
Principal paid on revenue bonds and notes	(4,735,000)	–	(400,000)	–	–	(5,135,000)
Capital expenses	(4,442,109)	–	(1,583)	–	–	(4,443,692)
Net cash used by capital and related financing activities	(16,238,248)	(650,000)	(412,983)	–	(65,100)	(17,366,331)
Cash flows from investing activities:						
Purchase of investment securities	(36,985,689)	–	(510,615)	–	(65,437)	(37,561,741)
Proceeds from sale and maturities of investment securities	40,604,492	163,936	786,949	–	59,807	41,615,184
Interest received on investments	1,087,827	1,095	7,074	835	1,175	1,098,006
Net cash provided by (used in) investing activities	4,706,630	165,031	283,408	835	(4,455)	5,151,449
Net increase (decrease) in cash	4,451,625	289,939	(3,548)	9,863	30,613	4,778,492
Balances – beginning of the year	3,091,355	758,910	95,135	187,554	107,381	4,240,335
Balances – end of the year	$ 7,542,980	$ 1,048,849	$ 91,587	$ 197,417	$ 137,994	$ 9,018,827

(continued)

Richmond Metropolitan Authority

Statement of Cash Flows (continued)

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	$ 14,497,307	$ 370,406	$ (657,290)	$ (533,302)	$ 22,200	$ 13,699,321
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	–	393,283	271,847	–	72,455	737,585
Support from localities	–	–	606,418	514,595	–	1,121,013
Changes in assets and liabilities:						
Accounts receivable	(228,148)	9,692	(33,546)	(4,241)	5,731	(250,512)
Prepaids and other	(36,863)	1,893	–	482	168	(34,320)
Accounts payable and accrued liabilities	1,750,418	4,073	(6,245)	12,669	(716)	1,760,199
Unearned revenue	529	(4,439)	(55,157)	18,825	330	(39,912)
Net cash provided by operating activities	$ 15,983,243	$ 774,908	$ 126,027	$ 9,028	$ 100,168	$ 16,993,374

Noncash capital, financing and investing activities:
For the year ended June 30, 2005 there was a net increase in fair value of investments of $232,855.

See accompanying notes to the financial statements.

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.

2. Basis of Presentation

The Authority administers six enterprise funds: The Expressway System, the Downtown Parking Facility, the Stadium Facility, and the Main Street Station are major funds. The Second Street Parking Facility and the Carytown Parking Facilities are combined as other non-major funds. The accompanying financial statements present the combined financial position, changes in financial position, and cash flows of the Authority as a whole. Separate funds and accounts have been established and are maintained as prescribed in the bond resolutions to account for the operations of each enterprise.

3. Significant Accounting Policies

General

The accounts of the Authority are maintained on the accrual basis under the economic resources measurement focus.

Restricted Net Assets

The Authority separates net assets that are subject to external restrictions based on individual agreements. The restrictions are established by the Authority's bond indentures. The restricted net assets include advance contributions for future construction programs, other targeted programs and deposits for reimbursable projects. The use of restricted net assets is limited to expenditures in the capital improvement program.

Cash and Cash Equivalents

For purposes of the statements of cash flows, only cash on hand and cash balances on deposit and available for immediate withdrawal are considered cash equivalents. Other highly liquid instruments are classified as other short-term investments.

Investments

Investments are stated at fair value based on quoted market prices.

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. There were no interest costs capitalized in 2005. All expenditures, including equipment and furnishings, are capitalized if they are 1) related to the occupancy of a new facility, 2) related to a major renovation of an existing facility, or 3) related to improvements financed by the issuance of bonds by the Authority. 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 $5,000, with the exception of furniture and fixtures, computer hardware and software, office equipment, vehicles, and maintenance equipment, which are expensed regardless of amount.

3. Significant Accounting Policies (continued)

Capital Assets (continued)

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 without charge by the Virginia Department of Highways and Transportation. The Authority is responsible for other maintenance requirements, which are expensed as incurred.

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 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 parking garages and stadium facility is computed using the straight-line method over the estimated useful life of 40 years from the date the facility was placed in service.

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).

Income Taxes

No liability for income taxes has been provided since the Authority is exempt from federal and state income taxes as a political subdivision.

3. Significant Accounting Policies (continued)

Operating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating 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 which results in passenger revenues. 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 statement of net assets.

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.

4. Deposits with Banks

At June 30, 2005, the carrying amount of deposits with banks was $8,913,619. The bank balance of these deposits at June 30, 2005 was $10,480,993.

These deposits are insured because they are covered by federal depository insurance or collateralized deposits 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 collateral pool becomes 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 change funds not held by banks of approximately $105,000 at June 30, 2005.

4. Deposits with Banks (continued)

At June 30, 2005, funds of $17,657,309, included primarily in short- and long-term investments held by trustee are restricted because their use is limited by the terms of applicable bond covenants.

5. Investments

At June 30, 2005 the fair value of the Authority's investments with their respective credit ratings, was as follows:

Investment Type	Fair Value	Credit Rating
Federal agencies:		
Bonds and Notes	$ 36,612,871	AAA, Aaa
U.S. Treasury Money Market Funds	5,146,342	AAAm
Municipal Obligations:		
Bonds	949,380	AA+
Total Investments	$ 42,708,593	

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 are Standard & Poors (S&P) ratings, except the Aaa rating for Federal agency notes and bonds, which is a Moody's Investors Services (Moody's) rating. At June 30, 2005, 85.7% of the portfolio was invested in AAA rated obligations and 12.1% was invested in an AAAm rated money market fund. The remaining 2.2% of the portfolio was invested in obligations rated AA+.

5. Investments (continued)

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, 2005, the fair values and investment maturities were are follows:

	Investment Maturities (in years)			
	Fair Value	**Less than 1 year**	**1-2 years**	**3-4 years**
Federal Agencies:				
Bonds and notes	$ 36,612,871	$ 10,741,177	$ 15,970,651	$ 9,901,043
U.S. Treasury Money:				
Market funds	5,146,342	5,146,342	–	–
Municipal obligations:				
Bonds	949,380	529,353	420,027	–
Total investments	$ 42,708,593	$ 16,416,872	$ 16,390,678	$ 9,901,043

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, 2005, the portion of the Authority's portfolio, excluding U.S. Government guaranteed obligations, that exceeded 5% of the Authority's total investments were as follows:

Issuer	**% of Portfolio**
Federal Farm Credit Bank	8.8%
Federal Home Loan Bank	36.4%
Federal National Mortgage Association	37.1%

5. Investments (continued)

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 $290,925 in open repurchase agreements, collateralized with $305,000 par of Federal Home Loan Bank Bonds maturing April 13, 2010 and held by the investment's counterparty, not in the name of the Authority.

6. Receivables

Receivables at June 30, 2005 for the Authority's major and non-major funds are as follows:

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Receivables:						
Due from state and local governments	$ 97,735	$ –	$ –	$ 33,766	$ –	$ 131,501
Insurance claims	184,270	–	2,285	–	–	186,555
Accounts	33,125	1,844	42,634	–	519	78,122
Total receivables	$ 315,130	$ 1,844	$ 44,919	$ 33,766	$ 519	$ 396,178

7. Payables

Payables at June 30, 2005 for the Authority's major and non-major funds are as follows:

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non-Major Funds	Total
Payables:						
Due to state and local governments	$ 111,538	$ 437	$ –	$ 3,401	$ –	$ 115,376
Salaries and employee benefits	616,106	23,930	–	1,076	181	641,293
Accounts	3,232,395	37,887	54,150	31,911	12,044	3,368,387
Total payables	$ 3,960,039	$ 62,254	$ 54,150	$ 36,388	$ 12,225	$ 4,125,056

8. Long-Term Liabilities

A summary of the Authority's long-term liabilities is as follows:

	June 30, 2004	Additions	Reductions	June 30, 2005	Due Within One Year
Bonds payable:					
Expressway System – 1992 bonds	$ 8,195,000	$ –	$ 555,000	**$ 7,640,000**	$ 600,000
Expressway System – 1996 bonds	575,000	–	575,000	**–**	**–**
Expressway System – 1998 bonds	78,885,000	–	570,000	**78,315,000**	210,000
Expressway System – 1999 bonds	9,695,000	–	85,000	**9,610,000**	90,000
Expressway System – 2000 bonds	8,325,000	–	40,000	**8,285,000**	45,000
Expressway System – 2002 bonds	28,175,000	–	265,000	**27,910,000**	275,000
Expressway System – 2002 New Money bonds	7,320,000	–	2,645,000	**4,675,000**	3,300,000
Second Street Parking Facility – 1974 bonds	1,085,000	–	–	**1,085,000**	–
Downtown Parking Facility – 1990 bonds	16,500,000	–	–	**16,500,000**	1,135,000
Downtown Parking Facility – 1992 bonds	2,375,000	–	–	**2,375,000**	1,500,000
Stadium Facility – 1994 bonds	400,000	–	400,000	**–**	–
Less deferred amounts:					
For issuance discounts	(116,633)	–	(6,695)	**(109,938)**	–
On refunding	(11,397,742)	–	(705,644)	**(10,692,098)**	–
Plus deferred amounts:					
For issuance premiums	2,997,287	–	262,362	**2,734,925**	–
Total bonds payable	153,012,912	–	4,685,023	**148,327,889**	7,155,000
Subordinated notes payable:					
Expressway System	22,772,022	–	–	**22,772,022**	–
Second Street Parking Facility	409,500	–	–	**409,500**	–
Total subordinated notes payable	23,181,522	–	–	**23,181,522**	–
Accrued interest	42,258,486	5,111,365	3,400,879	**43,968,972**	3,311,920
Compensated absences	522,579	220,080	173,513	**569,146**	–
Total long-term liabilities	$ 218,975,499	$ 5,331,445	$ 8,259,415	**$ 216,047,529**	$ 10,466,920

9. Bonds Payable

Expressway System

Revenue bonds in the principal amount of $157,620,000 were issued under terms of a bond resolution dated May 13, 1992. These bonds were issued in order to satisfy the outstanding obligations on previously issued bonds, fund the third phase of the Expressway System Improvement Project, fund the purchase and construction of certain facilities and equipment, and accomplish certain other objectives. These bonds were issued in serial and term maturities bearing interest at rates ranging from 3.30% to 8.50% per annum.

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 beginning in July 2005 continuing through the final maturity date in July 2013.

Debt service requirements on the 1992 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ 600	$ 624	$ 1,224
2007	650	571	1,221
2008	705	513	1,218
2009	765	451	1,216
2010	830	383	1,213
2011 – 2014	4,090	731	4,821
	$ 7,640	$ 3,273	$ 10,913

Revenue bonds in the principal amount of $2,300,000 were issued under terms of a bond resolution dated April 16, 1996 in order to advance refund $2,430,000 of the then outstanding 1992 bonds. These bonds were repaid in full on July 15, 2004.

9. Bonds Payable (continued)

Expressway System (continued)

Revenue bonds in the principal amount of $80,705,000 were issued under terms of a bond resolution dated March 15, 1998 in order to advance refund $76,725,000 of the then outstanding 1992 bonds. These bonds mature in various years through July 15, 2022 and bear interest at rates ranging from 3.65% to 5.25% per annum. 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.

Debt service requirements on the 1998 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ 210	$ 4,081	$ 4,291
2007	2,715	4,016	6,731
2008	2,815	3,893	6,708
2009	2,925	3,753	6,678
2010	3,080	3,595	6,675
2011 – 2015	18,775	15,280	34,055
2016 – 2020	27,755	9,151	36,906
2021 – 2023	20,040	1,643	21,683
	$ 78,315	$ 45,412	$ 123,727

The outstanding balance at June 30, 2005 was approximately $78,315,000. The unamortized original issue premium and the unamortized deferred refunding amount related to the Expressway 1998 bonds were approximately $1,340,000 and $7,810,000 at June 30, 2005.

Revenue bonds in the principal amount of $10,000,000 were issued under terms of a bond resolution dated February 5, 1999. These bonds mature annually on July 15 through 2012 and bear interest at 4.17% per annum. The 1999 bonds are subject to mandatory redemption at par plus accrued interest at any time.

9. Bonds Payable (continued)

Expressway System (continued)

Debt service requirements on the 1999 bonds are scheduled as follows (in thousand's):

Fiscal Year	Principal	Interest	Total
2006	$ 90	$ 399	$ 489
2007	95	395	490
2008	1,275	366	1,641
2009	1,350	312	1,662
2010	1,400	254	1,654
2011 – 2013	5,400	361	5,761
	$ 9,610	$ 2,087	$ 11,697

The outstanding balance at June 30, 2005 was approximately $9,610,000. The unamortized deferred refunding amount related to the Expressway 1999 bonds was approximately $466,000 at June 30, 2005.

Revenue bonds in the principal amount of $8,400,000 were issued under terms of a bond resolution dated October 15, 2000. These bonds mature annually July 15, 2002 through July 15, 2022 and bear interest ranging between 4.50% and 5.30% per annum. Bonds maturing on or after July 15, 2011 may be redeemed at par plus up to 1% and accrued interest beginning July 15, 2010.

9. Bonds Payable (continued)

Expressway System (continued)

Debt service requirements on the 2000 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ 45	$ 417	$ 462
2007	45	415	460
2008	380	406	786
2009	400	388	788
2010	420	369	789
2011 – 2015	1,485	1,652	3,137
2016 – 2020	3,180	1,045	4,225
2021 – 2023	2,330	189	2,519
	$ 8,285	$ 4,881	$ 13,166

The outstanding balance at June 30, 2005 was approximately $8,285,000. The unamortized original issue discount and the unamortized deferred refunding amount related to the Expressway 2000 bonds were approximately $81,000 and $481,000 at June 30, 2005.

Revenue bonds in the principal amount of $28,430,000 were issued under terms of a bond resolution dated April 15, 2002. These bonds mature annually July 15, 2003 through July 15, 2022 and bear interest ranging between 3.5% and 5.25% per annum. The Series 2002 bonds may not be redeemed until maturity.

9. Bonds Payable (continued)

Expressway System (continued)

Debt service requirements on the 2002 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ 275	$ 1,455	$ 1,730
2007	25	1,450	1,475
2008	25	1,449	1,474
2009	25	1,448	1,473
2010	25	1,446	1,471
2011 – 2015	4,230	7,006	11,236
2016 – 2020	13,435	4,424	17,859
2021 – 2023	9,870	795	10,665
	$ 27,910	$ 19,473	$ 47,383

The outstanding balance at June 30, 2005 was approximately $27,910,000. The unamortized original issue premium and unamortized deferred refunding amount related to the 2002 Expressway bonds were approximately $1,395,000 and $1,935,000 at June 30, 2005**.**

Debt service requirements on the 2002 New Money bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ 3,300	$ 89	$ 3,389
2007	1,375	20	1,395
	$ 4,675	$ 109	$ 4,784

The outstanding balance at June 30, 2005 was approximately $4,675,000.

The revenues derived from the operation, ownership, and management of the Expressway System are pledged to the payment of the above bonds.

At June 30, 2005, outstanding bonds of approximately $66,460,000 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

9. Bonds Payable (continued)

Expressway System (continued)

account assets and the liabilities for defeased bonds are not included in the accompanying financial statements.

Funds transferred from the Expressway revenue account for early retirement of defeased bonds as required by the 1992 bond resolution amounted to $94,590 in 2005. The escrow receivable was established to reflect amounts to be received from the escrow account once all previously issued bonds are repaid.

Second Street Parking Facility

Revenue bonds in the principal amount of $1,800,000 were issued under terms of a bond resolution dated July 16, 1974. 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. These bonds mature each July beginning 2007 through 2015 and bear interest at a rate of 6.00% per annum.

Debt service requirements on the 1974 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2006	$ –	$ 65	$ 65
2007	–	65	65
2008	400	53	453
2009	85	39	124
2010	85	33	118
2011 – 2015	515	81	596
	$ 1,085	$ 336	$ 1,421

The outstanding balance at June 30, 2005 was $1,085,000. The revenues derived from the operation, ownership, and management of the Second Street Parking Facility are pledged to the payment of the revenue bonds.

9. Bonds Payable (continued)

Downtown Parking Facility

Revenue bonds in the principal amount of $16,500,000 were issued to the City of Richmond under terms of a bond resolution dated November 20, 1990. These bonds mature annually each January through 2020 and bear interest at rates ranging from 6.35% to 7.00% per annum. The bonds are subject to optional redemption at 100% to 102% of face value.

Debt service requirements on the 1990 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
Unpaid in prior years	$ 830	$ 7,431	$ 8,261
2006	305	1,094	1,399
2007	365	1,093	1,458
2008	465	1,048	1,513
2009	535	1,016	1,551
2010	645	979	1,624
2011 – 2015	4,815	4,083	8,898
2016 – 2020	8,540	1,917	10,457
	$ 16,500	$ 18,661	$ 35,161

The outstanding balance at June 30, 2005 was $16,500,000. The unamortized original issue discount related to these bonds amounted to approximately $29,000 at June 30, 2005.

Revenue bonds in the principal amount of $2,500,000 were issued to the City of Richmond under terms of a bond resolution dated November 13, 1992. These bonds are scheduled to mature annually each July through 2008 with the remaining amount due in 2013. These bonds bear interest at rates ranging from 4.50% to 6.40% per annum.

9. Bonds Payable (continued)

Downtown Parking Facility (continued)

Debt service requirements on the 1992 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
Unpaid in prior years	$ 1,375	$ 1,281	$ 2,656
2006	125	59	184
2007	125	52	177
2008	125	44	169
2009	125	36	161
2010	125	28	153
2011 – 2013	375	36	411
	$ 2,375	$ 1,536	$ 3,911

The outstanding balance at June 30, 2005 was $2,375,000. The revenues derived from the operation, ownership, and management of the Downtown Parking Facility are pledged to the payment of the bonds.

The scheduled principal and interest payments on the above bonds of the Downtown Parking Facility were not made in full for fiscal years 1995 through 2005 due to insufficient cash flows. Interest payments made by the Authority were $650,000 in 2005. Under the terms of a bond resolution dated November 20, 1990, a default on these bonds has not occurred.

Stadium Facility

Revenue bonds in the principal amount of $3,810,000 were issued under terms of a bond resolution dated August 28, 1984. In September 1994, the Authority issued $2,750,000 in revenue bonds in order to satisfy outstanding obligations on the 1984 bonds. The 1994 bonds were repaid in full on September 1, 2004.

At June 30, 2005 only the Expressway bond series 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, 2005, none of the bond series is accruing an arbitrage rebate liability.

9. Bonds Payable (continued)

Substantially all assets of each facility at the Authority are pledged to secure borrowings for that particular facility.

10. Subordinated Notes Payable

Expressway System

The following 50-year subordinated notes have been issued to the City of Richmond:

	Due Date	June 30, 2005 Amount
6.25%	July 11, 2025	$ 1,720,300
5.82%	July 12, 2026	1,933,759
5.04%	January 15, 2027	4,780,000
5.04%	July 12, 2027	817,534
5.04%	July 12, 2028	1,849,996
5.04%	July 12, 2029	2,844,358
6.67%	July 15, 2030	1,965,000
6.67%	February 12, 2032	1,103,600
11.72%	July 15, 2032	375,000
7.43%	July 12, 2033	276,230
8.18%	January 10, 2034	276,229
6.08%	July 10, 2037	2,362,277
7.12%	July 9, 2038	1,164,535
7.37%	July 13, 2039	1,190,940
6.78%	July 3, 2041	112,264
		$ 22,772,022

In 1970, the Authority and the City of Richmond entered into a contract requiring the Authority to issue subordinated notes to the City for all amounts paid into the Reserve Fund by the City. The contract also required the Authority to issue subordinated notes to the City equal to the value of all easements, permits, licenses or other interests in land conveyed by the City to the Authority for use by the Authority as part of the Expressway System. The contract provides for the payment of the notes and interest prior to maturity, subject to certain requirements as specified in the bond documents.

The Authority made $94,590 in interest payments related to the subordinated notes in the fiscal year ended June 30, 2005. Accrued interest was $31.1 million on June 30, 2005.

10. Subordinated Notes Payable (continued)

Second Street Parking Facility

A subordinated note in the amount of $409,500 was issued to the City of Richmond in December 1974. 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 approximately $781,000 at June 30, 2005.

11. Transactions with the City of Richmond and Localities

Carytown Parking Facilities

The Authority entered into a rental agreement and an operating agreement with the City of Richmond in 1991. Under the terms of the agreements, the Authority has agreed to operate and manage the Carytown Parking Facilities, and the City has agreed to provide the Authority with funds sufficient to carry out its responsibilities. Annually, the Authority submits 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. Payments totaling $51,800 for operations were received from the City during fiscal year 2005.

Stadium Facility

Under the terms of a Moral Obligation Agreement with the City of Richmond, Chesterfield County, and Henrico County, 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 debt service requirements with respect to the Stadium revenue bonds. Based on this information and the Authority's request for funds to meet debt service 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 at the Stadium Facility. Relative to fiscal year 2005, the Authority has received $606,400 from the localities for support for the Stadium, which includes the appropriation of the admissions tax from the City of Richmond of approximately $89,300.

12. Defined Benefit Pension Plan

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. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service for participating employers payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. 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 VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to VRS at P.O. Box 2500, Richmond, VA 23218-2500.

The funding policy provides that plan members contribute 5% of their annual reported compensation to the VRS. This contribution is made 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 statute and approved by the VRS Board of Trustees. The Authority contributed 1.00% of annual covered payroll in 2005. The amount of the contribution the Authority is required to make each year is based on VRS actuarial valuations. The valuations take into account the provisions of the VRS that are applicable to local government units on the valuation date, VRS census data, and assumptions regarding investment rates of return and cost-of living adjustments. Future valuations may therefore result in a change to the required contribution rate.

For 2005, the Authority's annual pension cost of $35,053 was equal to the Authority's required and actual contributions. The required contribution rate was determined as part of the June 30, 2004 actuarial valuation using the Entry Age Normal actuarial cost method.

12. Defined Benefit Pension Plan (continued)

Schedule of Employer Contributions

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	$ 35,053	100	–
2004	33,772	100	–
2003	32,815	100	–

Significant actuarial assumptions used include a rate of return on the present and future assets of 8% per annum compounded annually, projected salary increases ranging from 4.25% to 6.10%, and 3% per year cost of living adjustments. Both the investment rate of return and the projected salary increase rate include an inflation rate of 3%. The actuarial value of assets was determined using the modified market valuation method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2005 is 15 years.

13. Other Post-Employment Benefits

In addition to the pension benefits described in Note 12, the Authority provides full hospitalization insurance coverage to all employees who retire on or after attaining age 50 with at least 10 years of service, and 50% coverage to their spouses, in accordance with Authority policy. In fiscal 1999, the Authority changed its hospitalization insurance eligibility requirements and benefit coverage. Beginning July 1, 1998, an employee must be an approved VRS retiree, at least fifty years old, and have ten years of full-time service to be eligible for these benefits. For employees hired or promoted to full-time service subsequent to July 1, 1998, the Authority will pay between 25% and 100% of eligible health plan costs, depending on the length of service. Coverage is provided through the Authority’s medical carrier and includes complete coverage unless the retiree is eligible for Medicare in which case supplementary coverage only is provided. The Authority funds its obligations on a pay-as-you-go basis.

At June 30, 2005, 10 retirees and 3 spouses were eligible and participated in this coverage. The Authority as a whole recognized expenses of approximately $36,500 in 2005 for post-retirement hospitalization benefits representing actual premiums paid for coverages applicable to the participating retirees. At June 30, 2005, of the total of 99 full-time individuals employed by the Authority, 20 employees, under present policy, would be eligible for this coverage upon retirement.

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. Bridge coverage is obtained by the Authority through the firm of BB&T Insurance Services and is underwritten by the firm of Lloyd's of London. Auto fleet coverage, general liability, property damage, building and contents, 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, 2005.

15. Leases

Stadium

Effective January 1995, the Authority entered into a Stadium Use and Management Agreement with Atlanta National League Baseball Club, Inc., for use of the Stadium Facility through the 2004 baseball season by the Richmond Braves baseball team (the Braves). The Braves are responsible for providing concession sales, playing field maintenance, cleaning (except for skyboxes), and certain equipment maintenance. The Authority supplies utility services, certain equipment maintenance, and maintains the structure in good repair. The Authority also leases skyboxes at the Stadium under leases which generally have ten-year terms. Effective January 2005, the Authority has entered into an extension of the current Stadium Use and Management Agreement through the 2007 baseball season. Superbox leases are being renewed for a one year term with an automatic renewal not to exceed three years.

15. Leases (continued)

Office

The Authority leases its administrative offices under an operating lease agreement expiring in April 2011. Future minimum lease payments are approximately as follows:

Fiscal Year	Amount
2006	$ 109,700
2007	123,200
2008	126,900
2009	130,700
2010	134,600
2011	115,000

Rent expense on all leases amounted to approximately $145,900 in 2005.

16. Contingencies

In the normal course of its operations, the Authority has 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.

17. Segment Information for Enterprise Funds

All Authority operations are considered separate enterprise funds, which are intended to be supported through user fees charged for service to the public and assessments charged to the City of Richmond and certain localities.

The Expressway System was built as a commuter toll road to provide easy access to downtown Richmond and the surrounding areas. During fiscal year 2005, the Expressway System averaged approximately 4.7 million transactions each month.

Built at the request of the City of Richmond, the Second Street Parking Facility opened in November 1975 and provides 370 parking spaces. At the time the facility was built, the area needed more parking to support the retail and office market demands for public parking.

17. Segment Information for Enterprise Funds (continued)

The Downtown Parking Facility opened in 1992 and provides 1,000 parking spaces to the downtown commercial and financial district in Richmond. Although some revenue is from daily transient parkers, the majority of the revenue is from monthly rentals.

Responding to requests from merchants in the Carytown shopping district, two identical parking decks were built and opened in 1991. Each facility can accommodate 110 vehicles and parking is free of charge.

The Stadium Facility, opened in 1985, operates primarily as a baseball facility for the Richmond Braves, the AAA Minor League affiliate of the Atlanta Braves. The Stadium has a seating capacity of just over 12,000, a full-service restaurant, and a picnic area adjacent to the facility.

In June 2003 the Authority signed an agreement with the City of Richmond to take over management of the Main Street Station when it re-opened as a train station in December 2003. Main Street Station is an unstaffed Amtrak station offering a limited number of trains traveling to Newport News, as well as Washington, D.C., New York City, and Boston.

17. Segment Information for Enterprise Funds (continued)

Financial segment information as of and for the year ended June 30, 2005, is presented below.

	Parking Funds		
	Second Street Facility	Carytown Facilities	Total
Condensed statement of net assets			
Assets:			
Current assets	$ 162,493	$ 61,409	$ 223,902
Capital assets	899,852	1,231,112	2,130,964
Other assets	–	–	–
	$ 1,062,345	$ 1,292,521	$ 2,354,866
Liabilities:			
Current liabilities	$ 39,714	$ 5,826	$ 45,540
Long-term liabilities	2,275,425	–	2,275,425
Net assets (deficit):			
Invested in capital assets, net of related debt	(627,198)	1,231,112	603,914
Restricted	–	–	–
Unrestricted	(625,596)	55,583	(570,013)
	$ 1,062,345	$ 1,292,521	$ 2,354,866
Condensed statement of revenues, expenses and changes in net assets			
Operating revenues	$ 173,418	$ 51,796	$ 225,214
Depreciation	(42,247)	(30,208)	(72,455)
Other operating expenses	(80,006)	(50,553)	(130,559)
Operating income (loss)	51,165	(28,965)	22,200
Nonoperating revenue (expenses):			
Investment earnings	1,512	816	2,328
Interest expense	(90,694)	–	(90,694)
Change in net assets	(38,017)	(28,149)	(66,166)
Beginning net assets (deficit)	(1,214,780)	1,314,845	100,065
Ending net assets (deficit)	$(1,252,797)	$ 1,286,696	$ 33,899

17. Segment Information for Enterprise Funds (continued)

	Parking Funds		
	Second Street Facility	**Carytown Facilities**	**Total**
Condensed statement of cash flows			
Net cash provided by:			
Operating activities	$ 98,442	$ 1,726	$ 100,168
Capital financing activities	(65,100)	–	(65,100)
Investing activities	(5,270)	815	(4,455)
Net increase (decrease)	28,072	2,541	30,613
Beginning cash and cash equivalents	48,513	58,868	107,381
Ending cash and cash equivalents	$ 76,585	$ 61,409	$ 137,994

18. Capital Assets

The following schedule summarizes the capital asset activities of the Authority for the fiscal year ended June 30, 2005:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,628,981	$ –	$ –	$ 1,628,981
Expressway System	161,307,466	910,469	510,243	161,707,692
Boulevard Bridge	9,777,483	–	–	9,777,483
Construction in progress	2,246,810	4,443,690	–	6,690,500
Total capital assets, not being depreciated	174,960,740	5,354,159	510,243	179,804,656
Capital assets, being depreciated:				
Parking Garages	18,629,533	–	–	18,629,533
Stadium Facility	9,662,748	–	–	9,662,748
Total capital assets, being depreciated	28,292,281	–	–	28,292,281
Less accumulated depreciation for:				
Parking Garages	(6,492,711)	(465,738)	–	(6,958,449)
Stadium Facility	(4,225,801)	(271,847)	–	(4,497,648)
Total accumulated depreciation	(10,718,512)	(737,585)	–	(11,456,097)
Total capital assets, being depreciated, net	17,573,769	(737,585)	–	16,836,184
Total capital assets, net	$ 192,534,509	$ 4,616,574	$ 510,243	$ 196,640,840

Depreciation expense for the year ended June 30, 2005 related to capital assets was $737,585. The Authority has elected to use the "modified approach" to account for certain infrastructure assets. Consequently, these assets are not depreciated (See Note 3, Capital Assets).

Required Supplementary Information

(Unaudited)

Richmond Metropolitan Authority

Required Supplementary Information

(Unaudited)

Modified Approach for Reporting Infrastructure

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, 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 45.29 lane miles of roads and 34 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 Three 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 is 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, Measurement Scale on page 66.

	Rating			
Fiscal Year	**Group 1**	**Group 2**	**Group 3**	**Group 4**
2005	99.1%	0.9%	0.0%	0%
2004	99.9%	0.1%	0.0%	0%
2003	99.9%	0.0%	0.1%	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 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 on page 67.

Fiscal Year	Estimated Spending	Actual Spending
2004-2005	$ 2,000,000	$ 2,797,000
2003-2004	$ 2,000,000	$ 1,927,000
2002-2003	$ 2,000,000	$ 3,595,000
2001-2002	$ 2,000,000	$ 1,786,000
2000-2001	$ 1,600,000	$ 7,124,000

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 on page 68.

Defined Benefit Pension Plan

The following information was provided to the Authority by Gabriel, Roeder, Smith & Company, actuaries for the Virginia Retirement System, as part of the June 30, 2004 actuarial valuation. This information, which has not been audited by independent auditors, is summarized below:

Schedule of Funding Progress
June 30, 2004

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Funding Excess of AAL (FEAAL)	Funded Ratio	Annual Covered Payroll	FEAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2004	$ 8,275,716	$ 7,287,086	$ 988,630	113.57%	$ 3,404,428	29.04%
June 30, 2003	7,952,262	6,565,157	1,387,105	121.13	3,183,310	43.57
June 30, 2002	7,731,896	6,101,421	1,630,475	126.72	3,354,604	48.60

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.

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; 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	Fair Condition to Poor Condition	Heavy Rehabilitation to Reconstruction: Mill and Overlay; Total Reconstruction

Roads (continued)

Established Condition Level

The Authority's maintenance policy requires 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 34 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

Established Condition Level

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

Bridges (continued)

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
1998	0%
2000	0%
2002	0%
2004	0%

Budgeted and Estimated Costs Last Five Years

The actual spending in fiscal year 2000 increased from fiscal year 1999 due to additional patching; repairs to fences, gutters, and curbs; and the beginning of the Downtown Expressway pavement rehabilitation.

More than $3.6 million was spent in fiscal year 2001 due to the Downtown Expressway rehabilitation project. Painting of structures and bridges was $1.9 million compared to only $35,000 in the prior year. Nearly $600,000 was spent in support of the electronic toll collection system (Smart Tag).

Expenditures during fiscal year 2002 were spent on miscellaneous repairs, patching, and bridge painting. Additionally, nearly $300,000 was spent to upgrade the security of the plazas and toll booths.

Expenditures during fiscal year 2003 increased from 2002 due to $1.1 million in expenditures to support Smart Tag and $1 million for miscellaneous repairs and patching.

Expenditures during fiscal year 2004 decreased from $3.6 million to $1.9 million due to less expenditure for electronic toll collection transponders.

Budgeted and Estimated Costs Last Five Years (continued)

Expenditures during fiscal year 2005 increased from $1.9 million to $2.8 million due to an increase in consulting fees in connection with the biennial inspection of the Expressway and increased expenditures for electronic toll collection transponders.

Supplementary Information

Richmond Metropolitan Authority

Non-Major Funds

Combining Balance Sheet

June 30, 2005

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Assets			
Current assets:			
Cash and cash equivalents	$ 76,585	$ 61,409	$ 137,994
Investments held by trustee	33,072	–	33,072
Other short-term investments	51,083	–	51,083
Accrued interest receivable	1,234	–	1,234
Receivables	519	–	519
Prepaid expenses	–	–	–
Total current assets	162,493	61,409	223,902
Noncurrent assets:			
Capital assets:			
Land	435,000	447,615	882,615
Parking Garages	1,689,888	1,208,337	2,898,225
Total capital assets	2,124,888	1,655,952	3,780,840
Accumulated depreciation	(1,225,036)	(424,840)	(1,649,876)
Net capital assets	899,852	1,231,112	2,130,964
Total noncurrent assets	899,852	1,231,112	2,130,964
Total assets	$ 1,062,345	$ 1,292,521	$ 2,354,866

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 6,399	$ 5,826	$ 12,225
Accrued interest payable	32,550	–	32,550
Unearned revenue	765	–	765
Total current liabilities	39,714	5,826	45,540
Noncurrent liabilities:			
Bonds and notes payable	1,494,500	–	1,494,500
Accrued interest payable	780,925	–	780,925
Total noncurrent liabilities	2,275,425	–	2,275,425
Total liabilities	2,315,139	5,826	2,320,965
Net assets (deficit)			
Invested in capital assets, net of related debt	(627,198)	1,231,112	603,914
Unrestricted	(625,596)	55,583	(570,013)
Total net assets (deficit)	(1,252,794)	1,286,695	33,901
Total liabilities and net assets	$ 1,062,345	$ 1,292,521	$ 2,354,866

Richmond Metropolitan Authority

Non-Major Funds

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

Year ended June 30, 2005

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Operating revenues:			
Parking fees and rentals	$ 172,530	$ 51,796	$ 224,326
Other	888	–	888
Total operating revenues	173,418	51,796	225,214
Operating expenses:			
Employee compensation and benefits	33,196	–	33,196
Maintenance	11,523	34,559	46,082
Depreciation	42,247	30,208	72,455
Consulting fees	1,882	–	1,882
Heat, light, and power	18,892	4,684	23,576
Insurance	5,226	2,401	7,627
Other	9,287	8,909	18,196
Total operating expenses	122,253	80,761	203,014
Operating income (loss)	51,165	(28,965)	22,200
Nonoperating revenues (expenses):			
Investment earnings	1,512	816	2,328
Interest expense:			
Bonds	(65,100)	–	(65,100)
Notes	(25,594)	–	(25,594)
Total nonoperating revenues (expenses)	(89,182)	816	(88,366)
Change in net assets	(38,017)	(28,149)	(66,166)
Net assets (deficit) – beginning	(1,214,780)	1,314,845	100,065
Net assets (deficit) – ending	$(1,252,797)	$ 1,286,696	$ 33,899

Richmond Metropolitan Authority

Non-Major Funds

Combining Statement of Cash Flows

Year ended June 30, 2005

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Cash flows from operating activities			
Receipts from customers	$ 179,479	$ 51,796	$ 231,275
Payments to suppliers	(50,452)	(50,070)	(100,522)
Payments to employees	(30,585)	–	(30,585)
Net cash provided by operating activities	98,442	1,726	100,168
Cash flows from capital and related financing activities			
Interest paid on revenue bonds and notes	(65,100)	–	(65,100)
Principal paid on revenue bonds and notes	–	–	–
Net cash used by capital and related financing activities	(65,100)	–	(65,100)
Cash flows from investing activities			
Purchase of investment securities	(65,437)	–	(65,437)
Proceeds from sale and maturities of investment securities	59,807	–	59,807
Interest received on investments	360	815	1,175
Net cash provided by investing activities	(5,270)	815	(4,455)
Net increase (decrease) in cash	28,072	2,541	30,613
Balances – beginning of the year	48,513	58,868	107,381
Balances – end of the year	$ 76,585	$ 61,409	$ 137,994
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 51,165	$ (28,965)	$ 22,200
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	42,247	30,208	72,455
Changes in assets and liabilities:			
Accounts receivable	5,731	–	5,731
Prepaids and other	110	58	168
Accounts payable and accrued liabilities	(1,141)	425	(716)
Unearned revenue	330	–	330
Net cash provided by operating activities	$ 98,442	$ 1,726	$ 100,168

Statistical Section

Richmond Metropolitan Authority

Operating Revenues by Fund

Last Ten Fiscal Years

Fiscal Year	Expressway System	Parking Funds: Second Street Facility	Parking Funds: Downtown Facility	Parking Funds: Carytown Facilities	Stadium Facility	Main Street Station (1)	Total
1996	$ 16,664,862	$ 267,801	$ 797,235	$ 245,047	$ 757,694	$ –	$ 18,732,639
1997	17,245,838	276,258	947,605	370,780	647,530	–	19,488,011
1998	19,724,373	242,685	1,032,465	249,775	640,943	–	21,890,241
1999	22,754,061	185,297	1,030,855	265,357	722,680	–	24,958,250
2000	23,399,730	160,819	984,152	270,720	651,644	–	25,443,545
2001	24,339,908	129,611	996,548	268,633	666,316	–	26,401,016
2002	25,109,883	125,998	1,076,658	269,824	660,207	–	27,242,570
2003	24,652,886	130,952	1,140,025	267,330	672,948	–	26,864,141
2004	25,555,350	145,552	1,132,892	50,032	686,523	9,138	27,579,487
2005	25,047,668	173,418	1,215,338	51,796	650,669	38,461	27,177,350

Richmond Metropolitan Authority

Operating Expenses by Fund

Last Ten Fiscal Years

Fiscal Year	Expressway System	Parking Funds: Second Street Facility	Parking Funds: Downtown Facility	Parking Funds: Carytown Facilities	Stadium Facility	Main Street Station (1)	Total
1996	$ 7,270,329	$ 143,870	$ 786,844	$ 85,619	$ 747,846	$ –	$ 9,034,508
1997	8,508,810	143,019	813,916	88,234	1,698,257	–	11,252,236
1998	8,246,010	152,329	810,136	91,938	1,933,016	–	11,233,429
1999	8,543,433	151,378	798,752	113,683	827,060	–	10,434,306
2000	10,648,177	147,681	816,588	89,914	685,593	–	12,387,953
2001	13,868,187	147,774	921,059	102,534	736,598	–	15,776,152
2002	9,195,285	134,265	1,019,971	88,673	729,215	–	11,167,409
2003	11,271,217	120,537	814,080	90,903	747,880	–	13,044,617
2004	9,404,393	112,547	785,461	83,704	931,638	275,521	11,593,264
2005	10,550,361	122,253	844,932	80,761	1,307,959	571,763	13,478,029

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

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority

Expressway System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal(2)	Interest(3)	Total	Coverage
1996	$ 16,664,862	$ 4,762,764	$ 11,902,098	$ 1,095,000	$ 8,715,394	$ 810,394	1.21
1997	17,245,838	4,840,969	12,404,869	1,110,000	9,066,284	10,176,284	1.22
1998	19,724,373	5,098,183	14,626,190	1,230,000	7,765,900	8,995,900	1.63
1999	22,754,061	5,079,153	17,674,908	1,895,000	8,159,383	10,054,383	1.76
2000	23,399,730	5,753,242	17,646,488	2,310,000	8,057,045	10,367,045	1.70
2001	24,339,908	6,220,090	18,119,818	3,254,760	7,667,666	10,922,426	1.66
2002	25,109,883	6,893,653	18,216,230	3,840,300	7,216,359	11,056,659	1.65
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

(1) Does not include depreciation, 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.
(3) Shown net of interest income from reserve fund.

Richmond Metropolitan Authority

Second Street Parking Facility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1996	$ 267,801	$ 101,621	$ 166,180	$ 40,000	$ 0,700	$ 120,700	1.38
1997	276,258	100,772	175,486	45,000	78,150	123,150	1.42
1998	242,685	110,082	132,603	45,000	76,800	121,800	1.09
1999	185,297	109,132	76,165	50,000	74,875	124,875	0.61
2000	160,819	105,433	55,386	55,000	71,100	126,100	0.44
2001	129,611	105,527	24,084	20,000	61,880	81,880	0.29
2002	125,998	92,019	33,979	– (2)	61,400	61,400	0.55
2003	130,952	78,290	52,662	– (2)	65,100	65,100	0.81
2004	145,552	70,299	75,253	– (2)	65,100	65,100	1.16
2005	173,418	80,006	93,412	– (2)	65,100	65,100	1.43

(1) Does not include depreciation expense.
(2) In August 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2003 through 2006 to a future period.

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority
Downtown Parking Facility Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (2)
1996	$ 797,235	$ 358,650	$ 438,585	$ 125,000	$ 1,269,329	$ 1,394,329	0.31
1997	947,605	396,094	551,511	125,000	1,263,547	1,388,547	0.40
1998	1,032,465	395,256	637,209	125,000	1,260,824	1,385,824	0.46
1999	1,030,855	383,871	646,984	160,000	1,253,218	1,413,218	0.46
2000	984,152	407,343	576,809	200,000	1,243,063	1,443,063	0.40
2001	996,548	506,179	490,369	200,000	1,231,436	1,431,436	0.34
2002	1,076,658	462,461	614,197	245,000	1,218,022	1,463,022	0.42
2003	1,140,025	397,020	743,005	240,000	1,203,114	1,443,114	0.51
2004	1,132,892	392,178	740,714	285,000	1,186,553	1,471,553	0.50
2005	1,215,338	451,649	763,689	375,000	1,165,255	1,540,255	0.50

(1) Does not include depreciation expense.
(2) The City of Richmond has provided additional funds to cover debt service.

Richmond Metropolitan Authority
Carytown Parking Facilities Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1996	$ 245,047	$ 49,580	$ 95,467	$ 130,000	$ 81,975	$ 211,975	0.88
1997	279,982	52,195	227,787	140,000	73,594	213,594	1.07
1998	249,775	55,899	193,876	145,000	64,219	209,219	0.93
1999	265,357	76,820	188,537	155,000	54,219	209,219	0.90
2000	270,720	52,228	218,492	165,000	51,683	216,683	1.01
2001	268,633	64,848	203,785	180,000	40,672	220,672	0.92
2002	269,824	50,541	219,283	190,000	28,955	218,955	1.00
2003	267,330	53,383	213,947	200,000	16,614	216,614	0.99
2004	269,880(3)	53,496	216,384	215,000	6,719	221,719	0.98
2005	51,796	50,553	1,243(4)	–	–	–	n/a

(1) Does not include revenue from City of Richmond for certain repairs to the facility.
(2) Does not include depreciation and amortization expense.
(3) Lease revenue plus proceeds from reserve fund refunded to City
(4) The Carytown Revenue Bonds were repaid during fiscal year 2004. Since revenues are provided by the City of Richmond, any excess amount remaining after direct operating expenses is refunded to the City.

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority

Stadium Facility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Contri-butions from Localities	Total Avail. for Debt Svc.	Debt Service Requirements Principal	Interest	Total	Coverage
1996	$ 757,694	$ 507,010	$ 250,684	$ 87,700	$ 338,384	$ 175,000	$ 136,513	$ 311,513	1.09
1997	647,530	400,364	247,166	85,456	332,622	200,000	128,638	328,638	1.01
1998	640,943	402,789	238,154	197,363	435,517	225,000	119,550	344,550	1.26
1999	722,680	403,576	319,104	497,977	817,081	875,000	167,120	1,042,120	0.78
2000	651,644	389,704	261,940	1,078,446	1,340,386	915,000	153,327	1,068,327	1.25
2001	666,316	477,041	189,275	1,175,181	1,364,456	680,000	107,277	787,277	1.73
2002	660,207	430,557	229,650	905,756	1,135,406	705,000	68,561	773,561	1.47
2003	672,948	468,413	204,535	529,587	734,122	350,000	55,113	405,113	1.81
2004	686,523	659,791	26,732	565,277	592,009	400,000	34,100	434,100	1.36
2005	650,669	591,739	58,930	606,418	665,348	400,000	11,400	411,400	1.62

(1) Does not include depreciation and amortization and excludes expenses funded by nonoperating revenues or the 1997 bonds.

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority

Expressway System Vehicle Traffic By Fiscal Year

Last Ten Fiscal Years

Fiscal Year	**Powhite Parkway**	**Boulevard Bridge**	**Downtown Expressway**	**Total**
1996	29,620,000	4,520,588	17,122,383	51,262,971
1997	30,735,425	4,850,331	17,525,897	53,111,653
1998	30,036,225	5,046,300	17,051,919	52,134,444
1999	29,343,068	5,335,716	16,432,803	51,111,587
2000	30,627,361	5,290,849	16,841,337	52,759,547
2001	32,481,885	5,331,493	17,809,228	55,622,606
2002	33,735,578	5,321,892	18,037,150	57,094,620
2003	33,767,965	5,068,404	17,947,925	56,784,294
2004	35,112,800	5,102,544	18,751,860	58,967,204
2005	32,727,627 (1)	5,166,411	19,020,040	56,914,078

(1) Decline in Powhite Parkway traffic due to opening of SR 288 on November 19, 2004 and damage to toll collection equipment by Tropical Storm Gaston on August 31, 2004.

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority

Metropolitan Area Estimated Population Data

Last Ten Years

Year	City of Richmond	Chesterfield County	Henrico County	Total
1996	199,600	242,200	241,200	683,000
1997	197,000	244,800	248,200	690,000
1998	198,400	248,100	252,400	698,900
1999	197,800	253,300	254,100	705,200
2000	197,300	257,800	258,700	713,800
2001	197,790	259,903	262,300	719,993
2002	195,600	264,600	267,400	727,600
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

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

Richmond Metropolitan Authority

Stadium Attendance

Last Ten Years

Calendar Year	**Attendance**
1996	500,035
1997	512,727
1998	528,230
1999	523,670
2000	451,500
2001	447,020
2002	452,960
2003	393,200
2004	315,000
2005	350,000(1)

(1) *Source: Richmond Braves Website.*