



# **Comprehensive Annual Financial Report**

**Richmond, Virginia**

**For the year ended June 30, 2010**

---



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**RICHMOND METROPOLITAN AUTHORITY**

Richmond, Virginia

For the Year Ended June 30, 2010

Prepared by

The Department of Finance

Greg L. Akers, Director of Finance



# RICHMOND METROPOLITAN AUTHORITY

## Comprehensive Annual Financial Report

Year Ended June 30, 2010

### TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	6
Principal Officials .....	7
Organization Chart.....	8
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	10
Management's Discussion and Analysis .....	12
<b>Basic Financial Statements:</b>	
Balance Sheet.....	22
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	23
Statement of Cash Flows .....	24
Notes to Financial Statements.....	25
<b>Required Supplementary Information (Unaudited):</b>	
Defined Benefit Pension Plan .....	54
Other Post-Employment Benefits .....	54
Modified Approach for Reporting Infrastructure .....	55
<b>Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Funds.....	60
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Funds.....	61
Combining Statement of Cash Flows – Nonmajor funds .....	62
<b>STATISTICAL SECTION</b>	
Table of Contents .....	64
<b>Financial Trends:</b>	
Net Assets (Deficit) by Component.....	66
Net Assets (Deficit) by Component by Fund.....	67
Changes in Net Assets .....	68
Expressway System Changes in Net Assets .....	69
Expressway Parking Deck Changes in Net Assets .....	69
Stadium Changes in Net Assets .....	70
Main Street Station Changes in Net Assets .....	70
Second Street Parking Facility Changes in Net Assets.....	71
Carytown Parking Facilities Changes in Net Assets.....	71
Operating Revenues by Fund.....	72
Operating Expenses by Fund .....	72

# **RICHMOND METROPOLITAN AUTHORITY**

## **Comprehensive Annual Financial Report**

**Year Ended June 30, 2010**

### **TABLE OF CONTENTS**

	<b>Page</b>
<b>Revenue Capacity:</b>	
Operating Revenues by Source .....	73
Toll rates .....	74
<b>Debt Capacity:</b>	
Expressway System Revenue Bond Coverage .....	75
Second Street Parking Facility Revenue Bond Coverage.....	75
Expressway Parking Deck Revenue Bond Coverage .....	76
<b>Demographic and Economic Information:</b>	
Metropolitan Area Principal Employers .....	77
Metropolitan Area Estimated Population Data .....	78
<b>Operating Information</b>	
Operating and Capital Indicators .....	79
Number of Employee by Identifiable Activities.....	80
 <b>COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	81



# **Introductory Section**

**919 East Main Street, Suite 600, Richmond, Virginia 23219  
Telephone 804 523-3300, Fax 804-523-3330, [www.rmaonline.org](http://www.rmaonline.org)**



October 14, 2010

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, 2010 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management of the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and reported in a manner designed to present fairly the financial position and changes in financial position of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included. The Authority's Management Discussion and Analysis (MD&A) can be found immediately following the report of independent auditors. The Statistical Section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

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

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

The Authority's toll Expressway System is comprised of the Powhite Parkway, the Downtown Expressway, and the Boulevard Bridge. Together they provide 49.9 lane miles of roads and 36 bridges connecting downtown Richmond with surrounding areas.

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

- The Second Street Parking Deck, built at the request of the City of Richmond, opened in 1975. This facility provides 350 parking spaces in support of the retail and office market in the area.
- In 1991, two virtually identical parking structures were opened to support Carytown merchants. Parking at these two facilities is free of charge, in accordance with an agreement with the City of Richmond. Since opening, these two parking decks have supported an increase in business activity in the Carytown area by offering 220 convenient parking spaces to shoppers and visitors. The City of Richmond provides funding to the Authority for the maintenance and operation of these decks.
- The Expressway Parking Deck, which opened in 1992, provides approximately 1,000 parking spaces in downtown Richmond. Located in the City's financial district, the deck is within walking distance of historic Shockoe Slip and the State Capitol. During 2010, in accordance with a 1992 agreement relative to air-rights over the deck, developer Armada Hoffler completed the construction of Williams Mullen 16-story office building adjacent and over a portion of the existing Expressway Parking Deck.

The Diamond Stadium, built in 1984, provides a home for minor league baseball in the metropolitan area. No baseball was played at the Diamond for the 2009 season due to the relocation of the former team. RMA's work with our regional partners culminated in the return of baseball to the Richmond area for the 2010 season. The Flying Squirrels won the Eastern League attendance race in the 2010 inaugural season. The Squirrels took first place in overall attendance with 463,842 and also won average attendance with 6,626 fans per game.

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

## **MAJOR INITIATIVES**

**Express Lanes** – Expansion of Open Road Tolling (ORT) technology to the Downtown Expressway is planned for fiscal year 2012, with construction beginning May 2011. Considered the standard for all future toll facilities constructed throughout the world, ORT is a barrier free system that allows for toll collection and violation enforcement under normal highway driving conditions. Convenience, safety, improved air quality, and fuel economy are the driving forces behind the popularity of the system. ORT enhances traffic flow, lowers fuel consumption, and

eliminates congestion and gridlock. The Authority, is working with the consulting firm of Howard Needles Tammen & Bergendoff (HNTB) on project design as anticipated in our Capital Improvement Program. The project will extend the benefits of ORT, enjoyed by our Powhite Expressway customers since fiscal year 2009, to the Downtown Expressway westbound lanes.

**Bond Rating** – On July 12, 2010, Fitch Ratings affirmed the Authority’s “A-” outlook stable rating on the outstanding expressway system revenue bonds. Fitch noted the Authority has:

- “short debt maturity relative to the useful life of the assets”, and
- “historically sized annual capital expenditures to a breakeven cash flow after debt service”.

**Baseball** – The Authority’s work with our regional partners to bring baseball back to the Richmond area came to fruition on April 15, 2010 when the Flying Squirrels rewarded an opening day capacity crowd with a victory in their first game at the Diamond. While a regional solution on a new or renovated stadium is yet to be resolved, the Authority will continue to partner with the new team to provide a family friendly environment at the Diamond for baseball.

## **ECONOMIC CONDITION AND OUTLOOK**

RMA system traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. Although employment during the past year presented greater challenges than anticipated, other factors such as more stable fuel costs, and lower than anticipated violation rates for Powhite ORT lanes (opened fall 2008) allowed us to achieve budgeted fiscal year 2010 revenues. The Authority’s fiscal year 2010 financial results demonstrate how our conservative financial planning has allowed us to successfully weather the storm.

Recessionary conditions in the Richmond and surrounding areas since early 2008 have mirrored the nation’s economic conditions. It is currently anticipated that the economic recovery will occur gradually over the next two years. Our traffic and revenue consultant Jacobs, Inc. fiscal year 2011 forecasts assume a “continued worsening of economic situation”, followed by a gradual recovery. The unemployment rate from the Bureau of Labor Statistics grew significantly from 4.2% June 2008 to 8.0% June 2009, reaching a high of 8.6% February 2010. Since February 2010, the unemployment rate has fluctuated, generally down to the June 2010 estimate of 7.9%.

Jacob’s advises “while the unemployment rate indicates the direction of the economy”, the Richmond MSA employment levels are a “more appropriate economic indicator” to correlate to RMA traffic. Although not as sharp as the change in unemployment rates, employment has retreated to around 2005 levels. Since January 2010, employment levels have increased slightly. Jacob’s notes while the Authority is “not immune to the global recession, it appears from the data and analysis” that “losses in traffic have been slowing and have begun to increase” by late fiscal year 2010. Traffic volumes for the first two months of fiscal year 2011 are slightly ahead

of projections. The Authority will continue to monitor monthly revenue and traffic numbers relative to projections.

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

- Fortune 500 company, MeadWestvaco relocated corporate headquarters from Connecticut to the Riverfront Development of the City. The global packaging company began moving employees into the new building in December 2009, and approximately 650 employees now work in the building.
- Completion of the Williams Mullen Tower, attached to the Authority's Expressway Parking Deck in June 2010. The building is 16 stories and approximately 210,000 square feet and provides a combination of business, retail and restaurant space. The anchor tenant, Richmond Law Firm Williams Mullen, employees over 350 people.
- Renovation has started on the historic Hotel John Marshall. The 16 story hotel will be converted into a mixed-use residential and commercial building with 238 rental apartments and 20,000 square feet of street level retail space. The \$66 million project is planned to be completed in the fall of 2011.
- In July 2010, City Council approved a project to convert the former Reynolds Packaging facility into residential and retail space. The renovation will open up the length of the Canal Walk, previously blocked by the facility, and will contain over 200 apartments and mixed use space.
- A privately developed \$18 million student housing project is currently under construction off Canal Street to serve Virginia Commonwealth University. The 285,000 square foot building consists of 160 apartment units with 540 beds and is planned to open for the 2011-2012 school year.

## **FINANCIAL INFORMATION**

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

**Budgetary Controls** - Annually, the Authority submits a budget to the Board of Directors for consideration and adoption. The Authority maintains monthly budgetary monitoring as part of its system of internal controls. Budget to actual financial reports are prepared monthly and presented to management and the Board of Directors. As an additional budgetary control, Section 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, consulting engineers and the traffic and revenue consultants, to certify that the annual operating budget provides sufficient

revenues to meet budgeted expenses and to maintain the quality of the Authority's facilities. Section 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.

## **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 basic financial statements is included in the financial section of this report.

**Award** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Richmond Metropolitan Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2009. 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 sixteen 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 their leadership and support in planning and conducting the financial affairs of the Authority in a responsible and progressive manner.

Sincerely,



Robert M. Berry  
General Manager



Greg L. Akers  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Richmond Metropolitan Authority  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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, 2010

Board of Directors

Appointed by  
City of Richmond

Appointed by  
Chesterfield County

---

Mr. David P. Baugh, Vice-Chairman  
Mr. Charles B. Arrington, Jr.  
Ms. Beverly A. Burton, Esquire  
Mr. D. Mychael Dickerson  
Ms. Jacqueline G. Epps  
Mr. Corey Nicholson

---

Mr. A. Dale Cannady  
Mr. Charles R. White

---

Appointed by  
Henrico County

---

Appointed by  
Commissioner, Department of  
Transportation

Mr. James L. Jenkins, Chairman  
Mr. David A. Brat

Mr. Gerald P. McCarthy

General Manager

Mr. Robert M. Berry

Director of Operations

Mr. James B. Kennedy

Director of Finance

Mr. Greg L. Akers

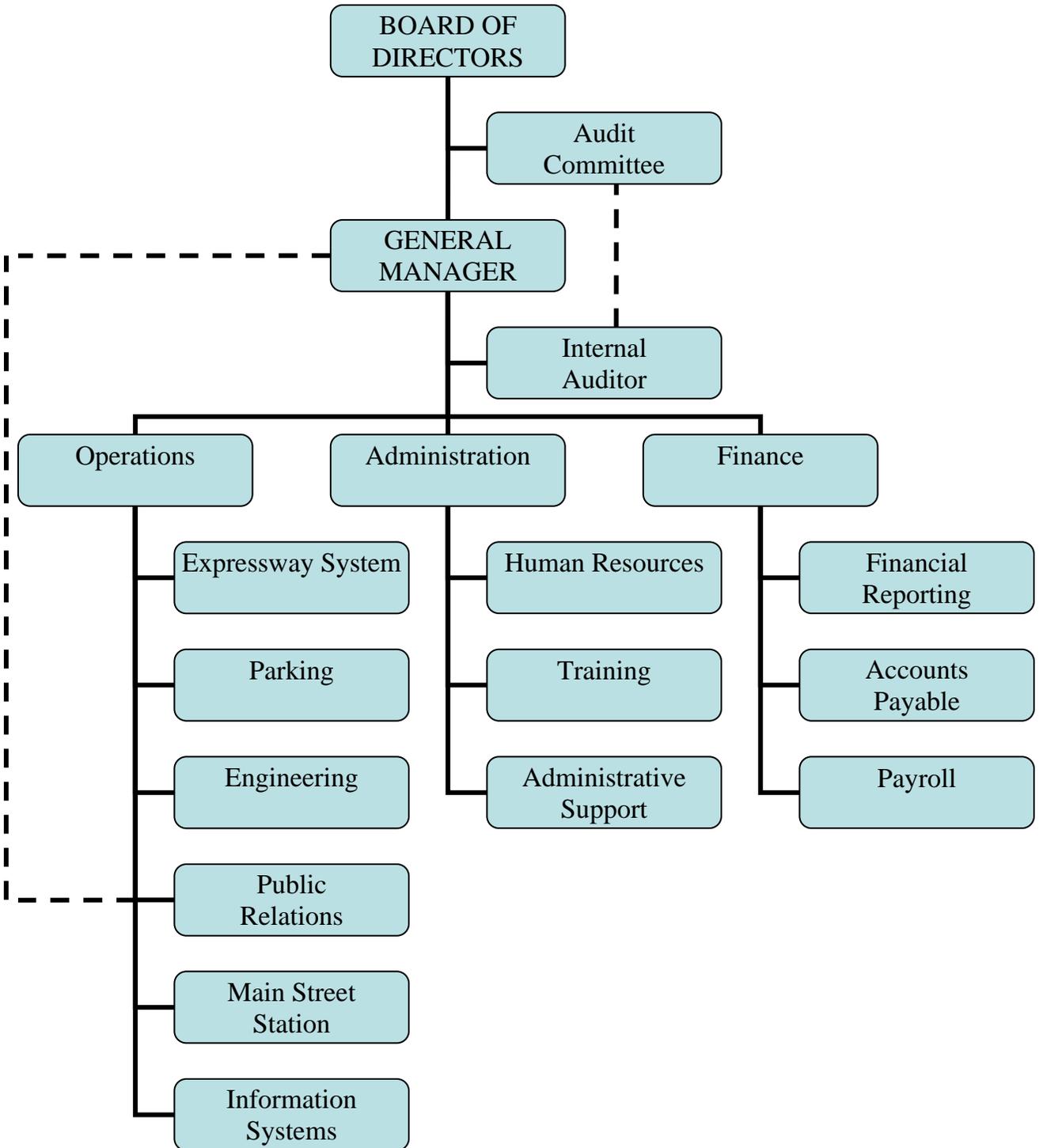
Director of Administration

Ms. Paulette S. Cook

Secretary and General Counsel

Mr. Eric E. Ballou

Richmond Metropolitan Authority  
Organizational Chart  
June 30, 2010





# **Financial Section**



## Independent Auditors' Report

To the Board of Directors  
Richmond Metropolitan Authority  
Richmond, Virginia

We have audited the business type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of and for the year ended June 30, 2010, as listed in the table of contents, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of Richmond Metropolitan Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business types activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of June 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2010 on our consideration of the Richmond Metropolitan Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Modified Approach for Reporting Infrastructure, and Schedule of Funding Progress for a Defined Benefit Pension Plan and Other Post Employment Benefits (OPEB) are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation

of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The introductory section, statistical section, and the nonmajor funds combining financial statements listed in the table of contents, which are also the responsibility of the management of Richmond Metropolitan Authority, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Richmond Metropolitan Authority. The nonmajor funds combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cherry, Beckett & Holland, L.L.P.*

Richmond, Virginia  
October 14, 2010

**Richmond Metropolitan Authority**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2010**

This section of the Authority's Comprehensive Annual Financial Report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2010. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Assets of the Authority exceeded liabilities by \$59.3 million (net assets), an increase of \$10.6 million or 21.8%. Key factors that resulted in the net asset increase include:

- Current and other assets of \$63.7 million increased by \$5.2 million.
- Long-term liabilities of \$202.3 million decreased by \$5.7 million.
- Restricted net assets of \$18.2 million increased by \$4.3 million.
- Operating revenues of \$36.5 million increased by \$1.1 million or 3.2%.
- Operating expenses of \$19.2 million decreased by \$5.1 million or 21.1%.

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

**Expressway**

- The Authority's expressway system provides a vital urban transportation link. The Powhite Parkway provides the only high speed crossing of the James River located in the geographical center of the region. It links expressways running north-south and east-west through the heart of the metropolitan area. The Downtown Expressway connects the Powhite Parkway to downtown Richmond and Interstate 95. The Boulevard Bridge provides a two lane river crossing serving a residential area south of the James River. By far, the largest portion of the Authority's financial activity is associated with the Expressway fund which represents 125.0% of the \$59.3 million total net assets and 105.3% of the current year \$10.6 million net asset increase.
- Toll revenue of \$34.5 million increased \$1.4 million from the prior year, primarily from current toll rate being in effect for the full fiscal year. The toll rate increase in September 2008 only covered a portion of previous fiscal year.
- Traffic volume of 54 million vehicles was 2.5% ahead of the fiscal year projection.

### **Expressway Parking Deck**

- Operating revenues of \$1.1 million increased 2.5% over prior year, with the primary revenue source (89%) from monthly rentals. The 977 average monthly spaces rental increased 1.8% from the prior year. The increased volume was related to an increase in available parking spaces that were unavailable for a portion of prior year, during initial construction of an office building, adjacent and over a portion of the deck. In addition, transient parking revenue increased by \$13,000 or 12.5%.
- In June 2010, the City of Richmond gave approval to the Authority to transfer from the Expressway Parking Deck of \$39,630 to the Second Street Parking Deck fund, to provide funding for the principal payments on the Series 1974 Second Street Parking Garage Revenue Bonds. Similar transfers were made in fiscal years 2007 through 2009.

### **Stadium**

- Due to the relocation of the previous club, no baseball was played at the Diamond stadium for the 2009 season. Activity in fiscal year 2009 covers the last half of 2008 season and cost associated with maintaining the facility. Fiscal year 2010 covers the first half of the 2010 baseball season, as well as cost to maintain and prepare the facility for reopening. As described at note 15, the team is responsible for certain facility operations and expenses.
- Operating revenues of \$178,000 were 33.1 % less than prior year. The \$88,000 operating revenue decrease is primarily from an \$110,000 decrease in skybox lease revenue to \$8,000. Under the new operating agreement starting with the 2010 season, the team is responsible for skybox leasing and rental that was handled by the Authority with the prior club.
- Operating expenses of \$878,000 increased 16.0% from prior year, primarily due to maintenance costs associated with preparing the facility for reopening with the 2010 season.
- Non-operating revenue of \$1.3 million increased by \$1.2 million or 1196.5%. \$510,000 (\$170,000 each) was provided by the City of Richmond, and the Counties of Chesterfield and Henrico to replenish contingency reserve and prepare the facility for occupancy by the new team. In addition, “other contributions” revenue of \$647,717 recognizes improvements and maintenance performed by the new club under the operating agreement.

### **Main Street Station**

- Operating revenues of \$456,000 decreased \$179,000 from the prior year, primarily due to loss of the tenant for office space at conclusion of fiscal year 2009. As described at note 15, the office space was rented to the City’s Economic Development Department beginning May 2010.
- As described at note 11 to the financial statements, the City of Richmond agreed to fund all operating expenses in excess of operating revenues associated with facility operation. Non-operating revenue “support from localities” has been recognized to extent operating expenses exceed operating revenue. Additional funding received under the agreement with City to provide operating cash is shown as an advance, and accordingly there are no net assets for this fund.

### **Second Street Parking Deck (non-major fund)**

- Operating revenues of \$151,000 increased 1.4% from prior year.
- The Second Street Parking Deck continued to struggle financially, but there were signs of stability in average monthly parking levels which have increased from an average of 171 in fiscal year 2008. The 210 average monthly parkers for current year is a slight increase over 208 for fiscal year 2009. The deck's 350 spaces provide additional capacity should economic conditions near the location improve. The debt service on the 1974 bonds is scheduled for completion in fiscal year 2015.
- The deck continued to provide sufficient cash flow to cover operating expenses and interest on the Series 1974 Parking Garage Revenue Bonds. However, it did not provide sufficient revenues to pay principal on the debt. As a result, cash in the amount of \$39,630 was transferred from the Expressway Parking Deck to the Second Street Parking Deck revenue account to provide sufficient funds for the July 1, 2009 principal payment on the Series 1974 bonds.

### **Carytown Parking Decks (non-major fund)**

- Carytown parking decks operating revenue remained stable during the fiscal year 2010. As described at note 11 to the financial statements, the City of Richmond provides funding for operation of the decks.
- Operating expenses of \$93,000 decreased 25.8% from prior year. The current year expense decrease was primarily from \$31,000 maintenance expense required during fiscal year 2009 to replace stairs at both decks.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

## FINANCIAL ANALYSIS OF THE AUTHORITY

### Net Assets

	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Increase (Decrease) 2010 - 2009</b>	<b>% change</b>
Current and other assets	\$ 63,728,295	\$ 58,455,645	\$ 5,272,650	9.0%
Capital assets	215,531,997	215,612,157	(80,160)	0.0%
Total assets	<u>279,260,292</u>	<u>274,067,802</u>	<u>5,192,490</u>	1.9%
Current liabilities	17,591,510	17,274,257	317,253	1.8%
Long-term liabilities	202,333,974	208,080,017	(5,746,043)	-2.8%
Total liabilities	<u>219,925,484</u>	<u>225,354,274</u>	<u>(5,428,790)</u>	-2.4%
Net Assets (deficit):				
Invested in capital assets, net of related debt	50,278,485	43,958,577	6,319,908	14.4%
Restricted for repairs and contingency	18,224,463	13,967,331	4,257,132	30.5%
Unrestricted	(9,168,140)	(9,212,380)	44,240	-0.5%
Total net assets	<u>\$ 59,334,808</u>	<u>\$ 48,713,528</u>	<u>\$ 10,621,280</u>	21.8%

- Assets exceeded liabilities at the close of the most recent fiscal year by \$59.3 million (net assets), an increase of \$10.6 million or 21.8%.
- Current and other assets of \$63.7 million increased by \$5.2 million, primarily for resources accumulated for planned Expressway capital improvements and maintenance requirements.
- Long-term liabilities of \$202.3 million decreased by \$5.7 million, reflective of the Authority's "pay as you go" capital approach and current year debt service, offset by an additional \$1.2 million interest expense accrual relative to subordinated debt for Expressway owed the City of Richmond. For additional information, see note 8 for a summary of long-term liabilities, note 9 for detail for bonds payable, and note 10 for subordinated notes payable.
- Restricted net assets of \$18.2 million increased by \$4.3 million, primarily for resources accumulated for planned Expressway capital improvements and maintenance requirements.

## Changes in Fund Net Assets

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease) 2010 - 2009</u>	<u>% change</u>
Operating revenues:				
Tolls	\$ 34,476,969	\$ 33,114,311	\$ 1,362,658	4.1%
Parking fees and rentals	1,941,725	2,093,770	(152,045)	-7.3%
Stadium and sky box rentals	96,942	193,419	(96,477)	-49.9%
Other	15,504	13,831	1,673	12.1%
Total operating revenues	<u>36,531,140</u>	<u>35,415,331</u>	<u>1,115,809</u>	<u>3.2%</u>
Operating expenses				
Employee compensation & benefits	6,874,119	6,838,818	35,301	0.5%
Maintenance	5,804,327	10,820,760	(5,016,433)	-46.4%
Depreciation	868,744	839,421	29,323	3.5%
Consulting fees	591,082	724,731	(133,649)	-18.4%
Heat, light, power	492,322	637,103	(144,781)	-22.7%
Insurance	376,907	362,533	14,374	4.0%
Toll tag processing	2,788,310	2,828,881	(40,571)	-1.4%
Other	1,359,955	1,218,927	141,028	11.6%
Total operating expenses	<u>19,155,766</u>	<u>24,271,174</u>	<u>(5,115,408)</u>	<u>-21.1%</u>
Operating income	<u>17,375,374</u>	<u>11,144,157</u>	<u>6,231,217</u>	<u>55.9%</u>
Nonoperating revenues (expenses)				
Investment earnings	1,139,023	2,342,855	(1,203,832)	-51.4%
Interest expense:				
Bonds	(8,167,198)	(8,794,460)	627,262	-7.1%
Notes	(1,378,039)	(1,378,039)	-	0.0%
Support from localities	1,004,403	513,077	491,326	95.8%
Other Contributions	647,717	-	647,717	-
Total nonoperating revenues (expenses)	<u>(6,754,094)</u>	<u>(7,316,567)</u>	<u>562,473</u>	<u>-7.7%</u>
Change in net assets	10,621,280	3,827,590	6,793,690	177.5%
Net assets - beginning	48,713,528	44,885,938	3,827,590	8.5%
Net assets - ending	<u>\$ 59,334,808</u>	<u>\$ 48,713,528</u>	<u>\$ 10,621,280</u>	<u>21.8%</u>

Operating revenues of \$36.5 million increased by \$1.1 million or 3.2%. Primarily for additional toll revenue, that comprises 94.4% of operating revenues. Operating expenses of \$19.2 million decreased by \$5.1 million or 21.1%. Primarily the result of the varied timing and scope of Expressway maintenance projects between years. The prior year included \$5.3 million for a portion of project that was expensed under the modified approach for reporting infrastructure. The \$10.6 million increase in net assets resulted from combination of planned debt service and the accumulation of restricted resources for future Expressway capital improvements and maintenance requirements.

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

	Expressway	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds
Fiscal year 2010	\$ 74,141,581	\$(20,572,841)	\$5,657,206	\$ -	\$ 108,862
Fiscal year 2009	62,960,351	(19,635,931)	5,103,528	166,500	119,080
Increase/(Decrease)	<u>\$ 11,181,230</u>	<u>\$( 936,910)</u>	<u>\$ 553,678</u>	<u>\$(166,500)</u>	<u>\$ (10,218)</u>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2010, capital assets increased to \$230.9 million, which includes roads, bridges, buildings, land, the stadium and equipment. Net of accumulated depreciation, the Authority's net capital assets at June 30, 2010 totaled approximately \$215.5 million.

#### **Richmond Metropolitan Authority's Capital Assets Net of Depreciation** *(in thousands of dollars)*

	2010	2009	Increase (Decrease) 2010–2009
Expressway system	\$ 190,005	\$ 189,881	\$ 124
Boulevard Bridge	9,777	9,777	–
Land	1,629	1,629	–
Parking garages	9,342	9,808	(466)
Stadium facility	4,779	4,517	262
Total	<u>\$ 215,532</u>	<u>\$ 215,612</u>	<u>\$ (80)</u>

See footnote 17 for additional information relative to capital assets.

The Authority has elected to use the “modified approach” to account for certain infrastructure assets, as provided in GASB Statement No. 34. Under the modified approach, the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset. Utilization of this approach requires the Authority to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the Authority, 2) maintain an inventory of the assets and perform periodic condition assessments to

ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Bridges and expressways maintained by the Authority are accounted for using the modified approach. For fiscal year 2010, there was no significant variance between the amount planned and expended for maintaining and preserving infrastructure assets at targeted condition levels.

The Authority manages its bridge network using the engineering firm of Howard, Needles Tammen & Bergendoff (HNTB) for biennial inspections. HNTB uses the Bridge Management and Inspection Program in order to evaluate the condition of bridges and the Authority accounts for them using the modified approach, as provided by GASB 34. The bridge condition rating is a numerical condition scale ranging from 1 (impaired or load restricted) to 9 (new). A bridge is considered “deficient” – that is, needs maintenance or preservation – when its condition rating falls below 5. A bridge is unsafe – impaired or load restricted – when its rating falls below condition level 2. It is the Authority’s policy that no bridge, including the deck surface, will be rated as level 4, “structurally deficient.” The 2010 condition assessment, as conducted by HNTB, indicates that the Authority is in compliance with the above stated policy.

HNTB, utilizing the asphalt specific Washington State Department of Transportation (WSDOT) Pavement Condition Rating (PCR) System as a guide, generated a condition rating for defined segments of the Authority’s expressway system. The surface pavement of the expressway system is composed entirely of asphalt. A PCR rating will fall into one of four distinct Treatment Groups with each having corresponding maintenance strategies and potential treatments. Group 1, PCR between 75 – 100, indicates excellent to very good condition; Group 2, PCR between 50 – 74, indicates very good to good condition; Group 3, PCR between 25 – 49, indicates good to fair condition; and Group 4, PCR between 0 – 24, indicates fair to poor condition. The Authority has a preventative maintenance program that will not permit surface pavements to fall below a PCR value of 40 or Group 3 condition. All of the Authority’s road surfaces have a Group 2 or better rating, thereby complying with our preventative maintenance program. During fiscal year 2010, the Authority spent approximately \$3.6 million to preserve and maintain the roads and bridges at, or above, this level.

### **Debt Administration**

The Authority met its capital needs without the issuance of additional debt. All non-subordinate debt is scheduled for retirement in fiscal year 2023 (calendar 2022). At June 30, 2010, outstanding bonds and notes payable of \$165,253,512 decreased by \$6,400,068 or 3.7% from the prior year. The non-current accrued interest of \$49,806,116 increased by \$1,834,610 or 3.8% from the prior year. See footnotes 8, 9, and 10 for additional information relative Authority debt. A summary by fund follows:

#### **Expressway System**

Bonds and notes payable totaled \$145,471,530 and is comprised of:

- Expressway parity debt (excluding deductions of \$6,345,492 for discounts and premiums) totaled \$129,045,000. Of this amount, \$7,234,000 is payable July 15, 2010.
- Subordinated notes, payable to the City of Richmond, in the amount of \$22,772,022. Unpaid accrued interest on these notes totaled \$37,561,897 at June 30, 2010. Total debt

payable to the City of Richmond totaled \$60,333,919. During FY 2010, the Authority made a \$120,832 payment to the City of Richmond applied against the accrued interest.

#### **Expressway Parking Deck**

Bonds payable to the City of Richmond totaled \$18,857,482 (excluding deductions of \$17,518 for unamortized discounts.) Unpaid accrued interest at June 30, 2010 was \$11,335,325. Under the terms of the 1990 and 1992 bond indentures, the Authority is not in a default status.

#### **Second Street Parking Deck**

Bonds and notes payable of \$924,500, which consist of:

- \$515,000 for 1974 Series Parking Garage Revenue Bonds. Of this amount, \$95,000 is payable July 1, 2010.
- \$409,500 note payable to the City of Richmond. Accrued interest on this note totals \$883,300. The note is payable upon retirement of the Series 1974 Bonds, but not later than 50-years.

### **ECONOMIC FACTORS AND NEXT YEAR'S RATES**

Residents of the surrounding counties, commuting daily to employment centers and cultural activities in downtown Richmond, represent the primary users of the Authority's Expressway System. Expressway system traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. Although recessionary conditions in the Richmond and surrounding areas since early 2008 have mirrored the nation's economic conditions, the region remains a growing community with a diverse economy. Over the past decade, population has continued to increase, as illustrated at Table 18 in the Statistical Section. Also the regional unemployment level of 7.1% for July 2010 compares favorably to Virginia's 8.0% and the national rate of 9.7%.

Traffic levels are illustrated at table 19 in the Statistical Section for the past decade. Fiscal year 2010 traffic volume of 54 million decreased 1.9% from fiscal year 2009. It is estimated this traffic reduction was primarily related to the economy and reaction to the September 2008 toll increase. It is currently anticipated that the economic recovery will occur gradually over the next two years. Our revenue consultant, Jacob's, estimates traffic that is a function of employment will begin to grow in late fiscal year 2011. Accordingly toll revenues are anticipated to increase by 1% fiscal year 2011.

### **Fiscal year 2011 rates**

Expressway tolls were last increased September 2008 and remain unchanged for next fiscal year. Table 13 in the statistical section, illustrates toll rates for the past ten years.

Expressway parking deck rates will increase based on an internal rate analysis and market study:

- Effective July 1, 2010, transient rate increases from \$2 to \$3 per hour, with daily cap increasing from \$10 to \$15.
- Effective January 1, 2011, monthly rates of \$90 group and \$95 non-group increase to a single rate of \$100.

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions concerning this report or require additional information, contact the Richmond Metropolitan Authority, Attention: Director of Finance, 919 East Main St., Suite 600, Richmond, Virginia 23219. Interested parties may also call (804) 523-3300.



# **Basic Financial Statements**

**Richmond Metropolitan Authority**

**Balance Sheet**

**June 30, 2010**

	<b>Expressway System</b>	<b>Expressway Parking Deck</b>	<b>Stadium</b>	<b>Main Street Station</b>	<b>Other Non- Major Funds</b>	<b>Total Business Type Activities</b>
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 12,596,223	\$ 1,079,123	\$ 276,949	\$ 87,438	\$ 73,907	\$ 14,113,640
Restricted investments held by trustee	25,350,338	-	-	-	110,457	25,460,795
Other short-term investments	2,005,620	-	-	-	24,885	2,030,505
Accrued interest receivable	146,415	-	-	2,945	741	150,101
Receivables	76,337	1,049	63,460	100,647	180	241,673
Prepaid expenses	11,802	-	-	-	-	11,802
Deferred financing cost	168,632	23,778	-	-	-	192,410
<b>Total current assets</b>	<b>40,355,367</b>	<b>1,103,950</b>	<b>340,409</b>	<b>191,030</b>	<b>210,170</b>	<b>42,200,926</b>
<b>Noncurrent Assets:</b>						
Restricted investments held by trustee	14,136,943	-	-	-	-	14,136,943
Other long-term investments	5,731,433	-	-	50,000	-	5,781,433
Deferred financing costs	1,088,423	17,031	-	-	-	1,105,454
Escrow assets	503,539	-	-	-	-	503,539
<b>Capital assets:</b>						
Land	-	134,366	612,000	-	882,615	1,628,981
Parking garages	-	15,731,308	-	-	2,898,223	18,629,531
Stadium facility	-	-	10,723,373	-	-	10,723,373
Expressway system	189,952,583	-	-	-	-	189,952,583
Boulevard bridge	9,777,483	-	-	-	-	9,777,483
Construction in progress	197,064	-	-	-	-	197,064
<b>Total capital assets</b>	<b>199,927,130</b>	<b>15,865,674</b>	<b>11,335,373</b>	<b>-</b>	<b>3,780,838</b>	<b>230,909,015</b>
Accumulated depreciation	(145,032)	(7,274,989)	(5,944,846)	-	(2,012,151)	(15,377,018)
<b>Net capital assets</b>	<b>199,782,098</b>	<b>8,590,685</b>	<b>5,390,527</b>	<b>-</b>	<b>1,768,687</b>	<b>215,531,997</b>
<b>Total noncurrent assets</b>	<b>221,242,436</b>	<b>8,607,716</b>	<b>5,390,527</b>	<b>50,000</b>	<b>1,768,687</b>	<b>237,059,366</b>
<b>Total assets</b>	<b>261,597,803</b>	<b>9,711,666</b>	<b>5,730,936</b>	<b>241,030</b>	<b>1,978,857</b>	<b>279,260,292</b>
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued liabilities	1,370,051	80,361	32,280	91,058	20,139	1,593,889
Accrued interest payable	2,954,438	-	-	-	15,450	2,969,888
Advance	-	-	-	42,980	-	42,980
Unearned revenue	11,427	7,426	41,450	106,429	1,012	167,744
Bonds and notes payable, current portion	6,729,092	5,992,917	-	-	95,000	12,817,009
<b>Total current liabilities</b>	<b>11,065,008</b>	<b>6,080,704</b>	<b>73,730</b>	<b>240,467</b>	<b>131,601</b>	<b>17,591,510</b>
<b>Noncurrent Liabilities:</b>						
Accrued liabilities	86,879	3,913	-	563	-	91,355
Bonds and notes payable	138,742,438	12,864,565	-	-	829,500	152,436,503
Accrued interest payable	37,561,897	11,335,325	-	-	908,894	49,806,116
<b>Total noncurrent liabilities</b>	<b>176,391,214</b>	<b>24,203,803</b>	<b>-</b>	<b>563</b>	<b>1,738,394</b>	<b>202,333,974</b>
<b>Total liabilities</b>	<b>187,456,222</b>	<b>30,284,507</b>	<b>73,730</b>	<b>241,030</b>	<b>1,869,995</b>	<b>219,925,484</b>
<b>Net Assets (deficit):</b>						
Invested in capital assets, net of related debt	54,310,568	(10,266,797)	5,390,527	-	844,187	50,278,485
Restricted for repairs and contingency	17,625,439	431,500	126,372	-	41,152	18,224,463
Unrestricted	2,205,574	(10,737,544)	140,307	-	(776,477)	(9,168,140)
<b>Total net assets (deficit)</b>	<b>74,141,581</b>	<b>(20,572,841)</b>	<b>5,657,206</b>	<b>-</b>	<b>108,862</b>	<b>59,334,808</b>
<b>Total liabilities and net assets</b>	<b>\$ 261,597,803</b>	<b>\$ 9,711,666</b>	<b>\$ 5,730,936</b>	<b>\$ 241,030</b>	<b>\$ 1,978,857</b>	<b>\$ 279,260,292</b>

See accompanying notes to financial statements

**Richmond Metropolitan Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended June 30, 2010**

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total Business Type Activities
Operating revenues:						
Tolls	\$ 34,476,969	\$ -	\$ -	\$ -	\$ -	\$ 34,476,969
Parking fees and rentals	59,195	1,128,062	77,815	454,737	221,916	1,941,725
Stadium and sky box rentals	-	-	96,942	-	-	96,942
Other	6,007	4,355	3,005	1,494	643	15,504
Total operating revenues	34,542,171	1,132,417	177,762	456,231	222,559	36,531,140
Operating expenses:						
Employee compensation and benefits	6,280,107	323,537	-	203,143	67,332	6,874,119
Maintenance	5,004,064	53,897	433,572	297,297	15,497	5,804,327
Depreciation	72,516	393,283	330,490	-	72,455	868,744
Consulting fees	582,153	5,352	582	948	2,047	591,082
Heat, light, power	139,596	55,265	30,767	236,349	30,345	492,322
Insurance	291,852	40,700	28,045	3,552	12,758	376,907
Toll tag processing	2,788,310	-	-	-	-	2,788,310
Other	857,952	150,694	54,237	281,266	15,806	1,359,955
Total operating expenses	16,016,550	1,022,728	877,693	1,022,555	216,240	19,155,766
Operating income (loss)	18,525,621	109,689	(699,931)	(566,324)	6,319	17,375,374
Nonoperating revenues (expenses):						
Investment earnings	1,134,432	2,951	892	421	327	1,139,023
Interest expense:						
Bonds	(7,126,378)	(1,009,920)	-	-	(30,900)	(8,167,198)
Notes	(1,352,445)	-	-	-	(25,594)	(1,378,039)
Support from localities	-	-	605,000	399,403	-	1,004,403
Other contributions	-	-	647,717	-	-	647,717
Total nonoperating revenues (expenses)	(7,344,391)	(1,006,969)	1,253,609	399,824	(56,167)	(6,754,094)
Transfers	-	(39,630)	-	-	39,630	-
Change in net assets	11,181,230	(936,910)	553,678	(166,500)	(10,218)	10,621,280
Net assets (deficit)-beginning of year	62,960,351	(19,635,931)	5,103,528	166,500	119,080	48,713,528
Net assets (deficit)-end of year	\$ 74,141,581	\$ (20,572,841)	\$ 5,657,206	\$ -	\$ 108,862	\$ 59,334,808

See accompanying notes to financial statements

**Richmond Metropolitan Authority**  
**Statement of Cash Flows**  
**Year Ended June 30, 2010**

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non Major Funds	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 34,552,087	\$ 1,136,978	\$ 157,729	\$ 564,346	\$ 151,239	\$ 36,562,379
Receipts from City of Richmond	-	-	-	-	71,525	71,525
Payments to suppliers	(10,539,432)	(306,400)	(433,145)	(806,034)	(73,554)	(12,158,565)
Payments to employees	(6,252,626)	(321,508)	(7,601)	(201,062)	(66,635)	(6,849,432)
Net cash provided by (used in) operating activities	17,760,029	509,070	(283,017)	(442,750)	82,575	17,625,907
Cash flows from non-capital financing activities:						
Transfers	-	(39,630)	-	-	39,630	-
Receipts from localities	-	-	605,000	511,070	-	1,116,070
Net cash provided by (used in) non-capital financing activities	-	(39,630)	605,000	511,070	39,630	1,116,070
Cash flows from capital and related financing activities:						
Interest paid on revenue bonds and notes	(6,738,466)	(405,788)	-	-	(33,450)	(7,177,704)
Principal paid on revenue bonds and notes	(6,810,000)	-	-	-	(85,000)	(6,895,000)
Capital expenditures	(197,064)	-	(61,752)	-	-	(258,816)
Net cash provided by (used in) capital and related financing activities	(13,745,530)	(405,788)	(61,752)	-	(118,450)	(14,331,520)
Cash flows from investing activities:						
Purchase of investment securities	(37,160,412)	-	-	-	(5,894)	(37,166,306)
Proceeds from sale and maturities of investment securities	36,449,577	-	-	-	-	36,449,577
Interest received on investing activities	965,846	2,951	892	367	300	970,356
Net cash provided by (used in) investing activities	255,011	2,951	892	367	(5,594)	253,627
Net increase (decrease) in cash	4,269,510	66,603	261,123	68,687	(1,839)	4,664,084
Cash balances-beginning of year	8,326,713	1,012,520	15,826	18,751	75,746	9,449,556
Cash balances-end of year	<u>\$ 12,596,223</u>	<u>\$ 1,079,123</u>	<u>\$ 276,949</u>	<u>\$ 87,438</u>	<u>\$ 73,907</u>	<u>\$ 14,113,640</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 18,525,621	\$ 109,689	\$ (699,931)	\$ (566,324)	\$ 6,319	\$ 17,375,374
Depreciation	72,516	393,283	330,490	-	72,455	868,744
Maintenance expense contributed by club	-	-	117,949	-	-	117,949
Changes in assets and liabilities:						
Accounts receivable (Operating Portion)	612	6,330	(61,483)	58,186	(37)	3,608
Prepays and other	3,659	-	-	-	-	3,659
Accounts payable and accrued liabilities	(851,683)	1,537	(11,492)	15,459	3,596	(842,583)
Unearned revenue	9,304	(1,769)	41,450	49,929	242	99,156
Net cash provided (used in) operating activities	<u>\$ 17,760,029</u>	<u>\$ 509,070</u>	<u>\$ (283,017)</u>	<u>\$ (442,750)</u>	<u>\$ 82,575</u>	<u>\$ 17,625,907</u>
Noncash capital, financing and investing activities						
Net change in fair value of investments	\$ 243,112	\$ -	\$ -	\$ -	\$ -	\$ 243,112
Other contributions, capital improvements	-	-	529,768	-	-	-

See accompanying notes to financial statements

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Note 1 - Authorizing legislation and description**

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

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

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

**Note 2 - Basis of presentation**

The Authority administers six enterprise funds: the Expressway System, the Expressway Parking Deck, the Stadium Facility, and the Main Street Station are considered major funds. The Second Street Parking Facility and the two Carytown Parking Facilities are combined as other non-major funds. The Authority also maintains two sub-funds: the Repair and Contingency, and Central Administration, that are incorporated into the six enterprise funds at year-end. The Repair and Contingency (R&C) sub-fund is used to account for expressway construction and maintenance expenses. The bond indenture requires that the Authority maintain an R&C sub-fund for the purpose of accumulating funds, as determined by our consulting engineers, sufficient to maintain the assets of the Expressway System. Monthly, after satisfying operating and debt service requirements as specified by the bond indenture, the Authority transfers excess funds from the Expressway Revenue Account to the R&C sub-fund. All Expressway System maintenance and construction projects are accounted for in this sub-fund. Qualifying expenses are capitalized in accordance with established policy, while the remaining expenses are reflected in the Expressway System Statement of Revenues, Expenses, and Change in Fund Net Assets. The Central

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

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

**Note 3 - Significant accounting policies**

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

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

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

*Operating revenues and expenses* - The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expense are those that result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operation. The principal operating revenues of the Authority are charges to customers for transportation and parking. Passenger revenues are recorded as revenue at the time services are performed. Cash received for which services have not been performed at year end are recorded as unearned revenue on the Balance Sheet (statement of net assets).

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

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

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

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

administered and maintained by the Authority's Trustee. Cash and investments reflected in the R&C accounts are not considered restricted.

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

*Capital assets* - Capital assets are stated at cost including, as appropriate, interest and related costs incurred during the construction period. All land and non-depreciable land improvements are capitalized, regardless of cost. Construction in progress consists of costs capitalized in connection with construction of and improvements to facilities. Construction costs also include capitalized interest, for which there was no accrual for FY 2010. All expenditures, including equipment and furnishings, are capitalized if they are related to: 1) the construction or occupancy of a new facility; or 2) a major renovation of an existing facility that enhances the efficiency or functionality of the asset. Any expenditure in connection with maintaining an existing facility in good working order is expensed. Other expenditures incidental to an existing facility are capitalized if the cost is over \$10,000.

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

The Authority has elected to use the "modified approach" to account for certain infrastructure assets, as provided in GASB Statement No. 34. Under the modified approach, the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset. Utilization of this approach requires the Authority to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the Authority, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Bridges and expressways maintained by the Authority are accounted for using the modified approach. The administration building constructed at the Powhite Parkway Plaza was capitalized and is depreciated.

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.

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

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

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

*Deficit Net Assets* – At June 30, 2010, two of the funds reflected a deficit in net assets. The Expressway Parking Deck reflected a deficit in net assets of \$20,572,841 which is due primarily to unpaid principal and interest to the City of Richmond relative to the Series 1990 and 1992 bonds that were issued for construction of the Expressway Parking Facility. Under the terms of the bond indenture, the Authority is not in default of the bonds. See Note 9 for a further discussion. The Second Street Parking Facility reflected a deficit in net assets of \$1,016,186. The deficit is primarily the result of subordinated debt of \$409,500 and \$908,894 of accrued interest payable to the City of Richmond. As described in note 10, neither the principal nor the interest on this subordinated debt may be repaid until the outstanding revenue bonds have been retired. Agreements with the City of Richmond recognize and provide for any deficits resulting from the lack of revenue to cover operating costs and debt payments.

**Note 4 - Deposits with banks**

At June 30, 2010, the carrying amount of deposits with banks was \$14,014,152. The bank balance of these deposits at June 30, 2010 was \$14,698,241. The difference between the carrying and bank totals is primarily due to outstanding disbursement checks and deposits in transit.

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

The amounts indicated above exclude petty cash and change funds not held by banks of \$99,488 at June 30, 2010.

**Note 5 – Investments**

At June 30, 2010, funds held by the trustee in the amount of \$39,597,738 are restricted because their use is limited by the terms of applicable bond covenants. Of this amount, \$25,460,795 is classified as current, and \$14,136,943 as non-current. Non-restricted investments total \$7,811,938, for total investments of \$47,409,676.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating</b>
Federal agencies:		
Bonds and Notes	\$ 21,873,995	AAA, Aaa
U.S. Government Obligations - Money Market Funds	25,460,796	AAAm, Aaa
Repurchase Agreements	74,885	AAA (Collateral)
<b>Total Investments</b>	<b>\$ 47,409,676</b>	

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

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

At June 30, 2010, the fair values and investment maturities were are as follows:

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	2-3 years	4-5 years
Federal Agencies:				
Bonds and notes	\$ 21,873,995	\$ 2,005,620	\$ 14,136,942	\$ 5,731,433
U.S. Treasury:				
Market funds	25,460,796	25,460,796	-	-
Repurchase agreements	74,885	74,885	-	-
<b>Total Investments</b>	<b>\$ 47,409,676</b>	<b>\$ 27,541,301</b>	<b>\$ 14,136,942</b>	<b>\$ 5,731,433</b>

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

*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, 2010, the Authority's investment portfolio consisted of the following:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Government Money Market	53.70%
Federal Home Loan Bank - FHLB	41.70%
Federal National Mortgage Association – Fannie Mae	4.44%
Repurchase Agreements	0.16%

*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 \$74,885 in open repurchase agreements, collateralized with \$82,868 par of US Treasury Securities and held by the investment's counterparty, in the name of the Authority.

**Note 6 – Receivables**

Receivables at June 30, 2010 for the Authority's major and non-major funds are as follows:

	<b>Expressway System</b>	<b>Expressway Parking Deck</b>	<b>Stadium</b>	<b>Main Street Station</b>	<b>Other Non- Major Funds</b>	<b>Total</b>
Receivables:						
Due from state and local governments	\$ 28,479	\$ -	\$ 2,300	\$ 99,925	\$ -	\$ 130,704
Accounts	47,858	1,049	61,160	722	180	110,969
Total receivables	<u>\$ 76,337</u>	<u>\$ 1,049</u>	<u>\$ 63,460</u>	<u>\$ 100,647</u>	<u>\$ 180</u>	<u>\$ 241,673</u>

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Note 7 – Payables and accrued liabilities**

Payables and accrued liabilities at June 30, 2010 for the Authority’s major and non-major funds are as follows:

	<b>Expressway System</b>	<b>Expressway Parking Deck</b>	<b>Stadium</b>	<b>Main Street Station</b>	<b>Other Non- Major Funds</b>	<b>Total</b>
Current:						
Due to state and local governments	\$ 296,108	\$ 1,340	\$ 9,578	\$ 8,757	\$ 150	\$ 315,933
Salaries and employee benefits	112,322	4,392	218	1,457	960	119,349
Compensated absences	495,989	22,338	-	3,212	-	521,539
Accounts	465,632	52,291	22,484	77,632	19,029	637,068
Total current	<u>\$ 1,370,051</u>	<u>\$ 80,361</u>	<u>\$ 32,280</u>	<u>\$ 91,058</u>	<u>\$ 20,139</u>	<u>\$ 1,593,889</u>
Noncurrent:						
Compensated absences	<u>\$ 86,879</u>	<u>\$ 3,913</u>	<u>\$ -</u>	<u>\$ 563</u>	<u>\$ -</u>	<u>\$ 91,355</u>

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Note 8 - Long-term liabilities**

<b>Issue</b>	<b>June 30, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2010</b>	<b>Due Within One Year</b>
<b>Bonds &amp; notes payable:</b>					
Expressway System - 1992 bonds	\$ 4,920,000	\$ -	\$ 830,000	\$ 4,090,000	\$ 900,000
Expressway System - 1998 bonds	69,650,000	-	3,080,000	66,570,000	3,245,000
Expressway System - 1999 bonds	6,800,000	-	1,400,000	5,400,000	1,460,000
Expressway System - 2000 bonds	920,000	-	420,000	500,000	440,000
Expressway System - 2002 bonds	27,560,000	-	25,000	27,535,000	30,000
Expressway System - 2005 New Money bonds	6,919,000	-	44,000	6,875,000	45,000
Expressway System - 2006 bonds	9,086,000	-	495,000	8,591,000	515,000
Expressway System - 2008 bonds	10,000,000	-	516,000	9,484,000	599,000
Issuance premiums	1,740,605	-	218,828	1,521,777	205,636
Issuance discounts	(362)	-	(305)	(57)	(40)
Deferred Amount of Refundings	(8,577,716)	-	(710,504)	(7,867,212)	(710,504)
Subordinated notes payable	22,772,022	-	-	22,772,022	-
<b>Total Expressway system</b>	<b>151,789,549</b>	<b>-</b>	<b>6,318,019</b>	<b>145,471,530</b>	<b>6,729,092</b>
Expressway Parking Deck - 1990 bonds	16,500,000	-	-	16,500,000	3,870,000
Expressway Parking Deck - 1992 bonds	2,375,000	-	-	2,375,000	2,125,000
Issuance discount	(20,469)	-	(2,951)	(17,518)	(2,083)
<b>Total Expressway Parking Deck</b>	<b>18,854,531</b>	<b>-</b>	<b>(2,951)</b>	<b>18,857,482</b>	<b>5,992,917</b>
Second Street Parking Facility- 1974 bonds	600,000	-	85,000	515,000	95,000
Second Street Parking Facility- Subordinated note payable	409,500	-	-	409,500	-
<b>Total Second Street Parking Facility</b>	<b>1,009,500</b>	<b>-</b>	<b>85,000</b>	<b>924,500</b>	<b>95,000</b>
<b>Total bonds payable</b>	<b>171,653,580</b>	<b>-</b>	<b>6,400,068</b>	<b>165,253,512</b>	<b>12,817,009</b>
<b>Accrued interest</b>					
Expressway System	39,445,057	4,306,883	3,235,605	40,516,335	2,954,438
Expressway Parking Deck	10,757,922	983,191	405,788	11,335,325	-
Other Non-Major Funds	901,300	41,044	18,000	924,344	15,450
<b>Total accrued interest</b>	<b>51,104,279</b>	<b>5,331,118</b>	<b>3,659,393</b>	<b>52,776,004</b>	<b>2,969,888</b>
Compensated absences	608,689	522,166	517,961	612,894	521,539
<b>Total long-term liabilities</b>	<b>\$ 223,366,548</b>	<b>\$ 5,853,284</b>	<b>\$ 10,577,422</b>	<b>\$ 218,642,410</b>	<b>\$16,308,436</b>

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Note 9 - Bonds payable**

**Expressway System - Series 1992 Bonds**

*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 through the final maturity date in July 2013.

The outstanding balance of the Series 1992-C Bonds at June 30, 2010 was \$4,090,000. Debt service requirements on the 1992 bonds are scheduled as follows (in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 900	\$ 309	\$ 1,209
2012	980	230	1,210
2013	1,060	143	1,203
2014	1,150	49	1,199
	\$ 4,090	\$ 731	\$ 4,821

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway System - Series 1998 Bonds**

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.

The outstanding balance of the Series 1998 Bonds at June 30, 2010 was \$66,570,000. Debt service requirements on the 1998 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,245	\$ 3,410	\$ 6,655
2012	3,430	3,235	6,665
2013	3,595	3,050	6,645
2014	3,775	2,857	6,632
2015	4,730	2,633	7,363
2016 – 2020	27,755	9,055	36,810
2021 – 2023	20,040	1,595	21,635
	<u>\$ 66,570</u>	<u>\$ 25,835</u>	<u>\$ 92,405</u>

The unamortized original issue premium and the unamortized deferred refunding amount related to the 1998 bonds were \$701,666 and \$5,512,946, respectively, at June 30, 2010.

**Expressway System - Series 1999 Bonds**

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 optional redemption at par plus accrued interest at any time.

The outstanding balance of the 1999 bonds at June 30, 2010 was \$5,400,000. Debt service requirements on the 1999 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,460	\$ 195	\$ 1,655
2012	1,920	124	2,044
2013	2,020	42	2,062
	<u>\$ 5,400</u>	<u>\$ 361</u>	<u>\$ 5,761</u>

Unamortized deferred refunding costs relative to the Expressway 1999 bonds was \$135,346 at June 30, 2010.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway System - Series 2000 Bonds**

Revenue bonds in the principal amount of \$8,400,000 were issued under terms of a bond resolution dated October 15, 2000. In fiscal year 2006, \$6,459,000 of bonds maturing July 15, 2013 through 2022 was defeased through proceeds of 2005 revenue and refunding bonds. Remaining bonds mature annually through July 15, 2013 and bear interest ranging between 4.50% and 5.00% 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.

The outstanding balance of the 2000 bonds at June 30, 2010 was \$500,000. Debt service requirements on the 2000 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 440	\$ 13	\$ 453
2012	30	2	32
2013	30	1	31
	<u>\$ 500</u>	<u>\$ 16</u>	<u>\$ 516</u>

The unamortized original issue discount and the unamortized deferred refunding amount related to the Expressway 2000 bonds were approximately \$305 and \$76,968, respectively, at June 30, 2010.

**Expressway System - Series 2002 Bonds**

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 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.

The outstanding balance of the 2002 bonds at June 30, 2010 was \$27,535,000. Debt service requirements on the 2002 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 30	\$ 1,445	\$ 1,475
2012	30	1,443	1,473
2013	30	1,442	1,472
2014	1,825	1,393	3,218
2015	2,315	1,285	3,600
2016 – 2020	13,435	4,423	17,858
2021 – 2023	9,870	795	10,665
	<u>\$ 27,535</u>	<u>\$ 12,226</u>	<u>\$ 39,761</u>

The unamortized original issue premium and unamortized deferred refunding amount related to the 2002 Expressway bonds were \$820,111 and \$1,365,912, respectively, at June 30, 2010.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway System - Series 2005 Bonds**

Revenue and refunding bonds in the principal amount of \$7,051,000 were issued to establish an irrevocable trust to provide resources for all future debt service payments for a \$6,495,000 portion of the 2000 Revenue Bonds. As a result, the refunded 2000 bonds are considered to be defeased, and the liability has been removed from the statement of net assets. The reacquisition price exceeded the carrying value of the old debt by \$1,089,046. This amount is being netted against the new debt, and is amortized over the life of the new debt issued, which is shorter than the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments by \$569,000 over the next 16 years, resulting in an economic gain (present value savings) of \$423,000. Bonds maturing on or after July 15, 2018 are subject to optional redemption.

The outstanding balance of the 2005 bonds at June 30, 2010 was \$6,875,000. Debt service requirements on the 2005 bonds are scheduled as follows (in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 45	\$ 252	\$ 297
2012	45	251	296
2013	50	249	299
2014	485	239	724
2015	600	219	819
2016 – 2020	3,334	741	4,075
2021 – 2023	2,316	130	2,446
	<u>\$ 6,875</u>	<u>\$ 2,081</u>	<u>\$ 8,956</u>

The unamortized deferred refunding amount related to the 2005 bonds was \$776,040 at June 30, 2010.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway System - Series 2006 Bonds**

Revenue bonds in the principal amount of \$10,000,000 were issued under terms of a bond resolution dated June 20, 2006. These bonds mature annually July 15, 2007 through July 15, 2022 and bear interest at 4.06% per annum. The Series 2006 bonds maturing on or before July 15, 2017 may not be redeemed until maturity. Bonds maturing on or after July 15, 2018 may be redeemed at par plus up to 2% and accrued interest beginning July 17, 2017.

The outstanding balance of the 2006 bonds on June 30, 2010 was \$8,951,000. Debt service requirements on the 2006 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 515	\$ 338	\$ 853
2012	536	317	853
2013	557	295	852
2014	580	272	852
2015	604	248	852
2016 – 2020	3,406	842	4,248
2021 – 2023	2,393	148	2,541
	<u>\$ 8,591</u>	<u>\$ 2,460</u>	<u>\$ 11,051</u>

**Expressway System - Series 2008 Bonds**

Revenue bonds in the principal amount of \$10,000,000 were issued under terms of a bond resolution dated April 15, 2008. These bonds mature annually July 15, 2009 through July 15, 2022, and bear interest at 3.21% per annum.

The outstanding balance of the 2008 bonds at June 30, 2010 was \$9,484,000. Debt service requirements on the 2008 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 599	\$ 295	\$ 894
2012	619	275	894
2013	638	255	893
2014	659	234	893
2015	680	213	893
2016 – 2020	3,743	716	4,459
2021 – 2023	2,546	125	2,671
	<u>\$ 9,484</u>	<u>\$ 2,113</u>	<u>\$ 11,597</u>

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway System - Defeased Bonds**

At June 30, 2010, outstanding bonds in the amount of \$35,425,000 are considered defeased. Investments and cash are held in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liabilities for defeased bonds are not included in the accompanying financial statements.

**Expressway System - Escrow Asset**

Funds transferred from the Expressway revenue account for early retirement of defeased bonds, as required by the 1992 bond resolution, totaled \$105,104 in fiscal year 2010. The escrow receivable was established to reflect amounts to be received from the escrow account once all previously issued bonds are repaid.

**Expressway System – Arbitrage**

At June 30, 2010 only the Expressway series bonds are subject to federal arbitrage regulations. To ensure compliance with the IRS regulations regarding arbitrage rebates, all expressway bond issues are reviewed annually by the firm of Bingham Arbitrage Rebate Services Incorporated. At June 30, 2010, none of the bond series is accruing an arbitrage rebate liability.

**Second Street Parking Facility – Series 1974 Bonds**

*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 2014 and bear interest at a rate of 6.00% per annum.

The outstanding balance at June 30, 2010 was \$515,000. Debt service requirements on the 1974 bonds are scheduled as follows (in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	95	28	123
2012	95	23	118
2013	105	16	121
2014	105	11	116
2015	115	3	118
	\$ 515	\$ 81	\$ 596

The revenues derived from the operation, ownership, and management of the Second Street Parking Facility are pledged to the payment of the revenue bonds.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Expressway Parking Deck – Series 1990 Bonds**

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.

The outstanding balance at June 30, 2010 was \$16,500,000. Debt service requirements on the 1990 bonds are scheduled as follows (in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Unpaid in prior years	\$ 3,145	\$ 9,420	\$ 12,565
2011	725	935	1,660
2012	850	884	1,734
2013	950	825	1,775
2014	1,090	758	1,848
2015	1,200	682	1,882
2016 – 2020	8,540	1,917	10,457
	<u>\$ 16,500</u>	<u>\$ 15,421</u>	<u>\$ 31,921</u>

The unamortized original issue discount related to these bonds amounted to \$17,518 at June 30, 2010.

**Expressway Parking Deck – Series 1992 Bonds**

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 2012. These bonds bear interest at rates ranging from 4.50% to 6.40% per annum.

The outstanding balance at June 30, 2010 was \$2,375,000. Debt service requirements on the 1992 bonds are scheduled as follows (in thousands):

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Unpaid in prior years	\$ 2,000	\$ 1,476	\$ 3,476
2011	125	20	145
2012	125	12	137
2013	125	4	129
	<u>\$ 2,375</u>	<u>\$ 1,512</u>	<u>\$ 3,887</u>

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

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

The scheduled principal and interest payments on the above 1990 and 1992 bonds of the Expressway Parking Deck were not made in full for fiscal years 1995 through 2010 due to insufficient cash flows. The Authority made a partial interest payment to the City of Richmond in fiscal year 2010 of \$405,788. Annual interest payments to the City are applied to the outstanding balance of the 1990 bonds first, followed by the 1992 debt. Under the terms of a bond resolution, dated November 20, 1990, a default on the 1990 and 1992 bonds has not occurred. The above “unpaid in prior years” totals reflect the accumulative sum of unpaid principal and interest amounts as noted on the respective 1990 and 1992 bond amortization schedules.

**Note 10 - Subordinated notes payable**

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

Due Date	June 30, 2010 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 interest payments relative to the subordinated notes in July 2009 of \$120,832. Accrued interest relative to the subordinated debt totaled \$37,561,897 at June 30, 2010, for a total outstanding principal and interest balance of \$60,333,919.

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

*Second street parking facility* - A subordinated note in the amount of \$409,500 was issued to the City of Richmond in December 1974 relative to the conveyance of land for the construction of the second street parking facility. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired (see Note 9). Accordingly, no interest payments have been made on the note. The Authority has recorded accrued interest related to this note of approximately \$908,894 at June 30, 2010.

**Note 11 - Transactions with the City of Richmond and localities**

*Carytown Parking Facilities* – In 1991, the Authority signed two separate agreements with the City of Richmond for the rental and operation of the two Carytown Parking Facilities. Under the terms of the agreements, the Authority agreed to operate and manage the Carytown Parking Facilities, and the City agreed to provide the Authority with funds sufficient to carry out all responsibilities as defined in the two agreements. Annually, the Authority submits to the City estimates of costs to be incurred to operate and manage the facilities. The City pays the Authority one-fourth of the estimated amount for operations quarterly. Payments totaling \$71,525 for operations were received from the City during fiscal year 2010 and are reported as operating revenues in the Statement of Revenue, Expenses, and Changes in Fund Net Assets.

*Stadium Facility* - Under the terms of a Moral Obligation Agreement with the City of Richmond, and the counties of Chesterfield and Henrico, the Authority submits information to each of the localities annually showing the estimated difference between net revenues available to the Authority from the Stadium Facility, and the operating cost and reserve fund requirements with respect to the Stadium. Based on this information and the Authority's request for funds to meet reserve requirements and other Stadium Facility Fund needs, the localities may, but are not legally bound to, appropriate money to the Authority for such purposes. In addition, pursuant to the Moral Obligation Agreement, the City of Richmond may appropriate to the Authority the estimated total taxes payable with respect to admission tickets sold for events held at the Stadium Facility. For fiscal year 2010, the Authority has received \$605,000 from the localities for support for the Stadium, which includes \$95,000 from the City of Richmond relative to prior year admissions tax (2008 season) at the Diamond. Currently, there is no outstanding bonded indebtedness on the facility.

*Main Street Station*- In June 2003, the City of Richmond completed the renovation of Main Street Station and related parking lots. The RMA was requested by the City to provide management services for both the station and parking facilities. The City agreed to pay all operating expenses in excess of revenues associated with the RMA's management of the facility. The RMA is not responsible for any facility debt and the facility remains property of the City. Starting May 2010, the City's Economic & Community Development Department began leasing office space at the facility. See Note 15 for additional information.

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Note 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, or at age 50 with 30 years of service. Benefits are payable to retirees monthly for life in an amount equal to 1.7 percent of the employee's 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. A copy of that report is available on VRS web site at <http://www.varetire.org/Pdf/Publications/2009-annual-report.pdf> or 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 paid by the Authority on behalf of the employees. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Authority contributed 9.13% of annual covered payroll in FY 2010, which includes the employee's 5% share. 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 2010, the Authority's annual pension cost of \$388,615 (9.13% of covered payroll) was equal to the Authority's required and actual contributions. The required contribution rate was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method.

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 388,615	100%	–
2009	386,425	100	–
2008	370,325	100	–

Significant actuarial assumptions used include: (a) an investment rate of return (net of administrative expenses) of 7.5%, (b) projected salary increases ranging from 3.75% to 5.60%, and (c) 2.5% per year cost of living adjustments. Both the investment rate of return and the projected salary increase rate include an inflation rate of 2.5%. The actuarial value of assets was determined using the modified market value of assets. This method uses techniques that smooth the effects of short-term market volatility in the market value of assets over a five-year period. 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, 2007 was 20 years. The table below reflects funding progress.

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, 2009	\$ 12,187,979	\$ 11,816,886	\$ 371,094	103.14%	\$ 4,271,071	8.69%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets are increasing or decreasing over time relative to actuarial liabilities for benefits.

**Note 13 - Other post-employment benefits**

Plan Description

In addition to the pension benefits described in Note 12 (defined benefit pension plan), the Authority provides other postemployment health care benefits (“OPEB”) for retired employees through a single-employer defined benefit plan (“Plan”). The benefit levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority with approval of the RMA Board.

The Authority participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), which is an “agent multiple-employer plan” that operates an irrevocable trust established for the purpose of accumulating

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

assets to fund postemployment health care benefits other than pensions. The trust fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for the purpose of GASB Statement 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan. The Trust Fund issues a separate Comprehensive Annual Financial Report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (“VML”) at P.O. Box 12164, Richmond, Virginia 23241.

Plan Provisions

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

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

Spouses are eligible for all three tiers, provided they were enrolled in the RMA medical plan for at least two years prior to the date of retirement. With the exception of the third tier, retirees are responsible for 100 percent of monthly premium relative to their spouse. For FY 2010, the combined premium expense for the three tiers totaled approximately \$71,238.

The first tier is applicable to employees with at least 25 years of RMA service, and who were promoted or hired to a full-time position on or after July 1, 2007. Eligible retirees who participate in the RMA health plan will receive a monthly contribution credit of \$6 for each year of full-time RMA service. As of June 30, 2010, no employees qualify for this tier.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

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

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

\*1 – Percent of monthly premium

The third tier retiree medical benefit plan is reserved for employees hired prior to July 1, 1998. The Authority will pay 100 percent of the employee’s and fifty percent of the spouse’s monthly premium, less a \$15 per month retiree contribution. Upon the death of the retiree, the surviving spouse may continue coverage at full cost. As of June 30, 2010, 9 employees qualify for this tier.

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

Membership

At June 30, 2010, membership consisted of:

Retirees and beneficiaries	18
Active employees	104
Total participants	<u>122</u>

Funding Policy

The Authority plans to contribute amounts to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution (“ARC”), an actuarially determined contribution amount in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Annual OPEB Cost and Net OPEB Obligation (Asset)

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare cost as of July 1, 2008. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$2,479,824 and an ARC of \$355,342. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method. The calculation

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

was based on a 7.0 percent discount rate and the amortization of the UAAL over 12 years. The 12 year amortization period coincides with the 2022 retirement of RMA debt, and the anticipated transfer of the Expressway System to the City of Richmond. This represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and the amortization of the UAAL over 12 years. The current ARC of \$355,342 is 8.2 percent of the \$4,333,333 annual covered payroll. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the year ended June 30, 2010.

**Net OPEB Obligation (Asset)**

Annual Required Contribution (ARC)	\$	355,342
Interest on Net OPEB Obligation (Asset)		-
Adjustment to the ARC		-
Annual OPEB Cost		355,342
Employer's Contributions:		
To OPEB Trust		273,773
Retiree Premiums		81,569
Total Employer Contributions		355,342
Net OPEB Obligation (Asset) beginning of year		-
Net OPEB Obligation (Asset) end of year	\$	-

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010 is as follows:

<b>Trend Information for the Authority</b>			
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net OPEB Liability (Assets)</b>
2010	\$ 355,342	100%	-
2009	355,342	100	-

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

Funded Status and Funding Progress

The table below reflects funding progress as of June 30, 2008 actuarial valuation, the most recent actuarial valuation date.

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2008	\$ -	\$ 2,479,824	\$ 2,479,824	- %	\$ 4,333,333	57.2%

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

Actuarial Methods and Assumptions

The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the July 1, 2008 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent rate of return and an annual healthcare cost trend rate of 8.00 percent trending down over the next five years to a rate of 5.00 percent for future years. The remaining amortization period at June 30, 2010 for the UAAL was 10 years.

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Note 14 - Risk management**

The Authority, through the operation of the Expressway System, the vehicular parking facilities, the Stadium, and Main Street Station is exposed to the risk of loss due to the wide range of services provided by its employees. Auto fleet coverage, general liability, property damage, building and contents, bridge, inland marine, boiler and machinery, dishonesty bond (crime), and workers' compensation are obtained through membership in the Virginia Municipal League. Public officials and employees legal liability coverage is also obtained through membership in the Virginia Municipal League. Members are liable for any and all unpaid claims in the event the association is in a deficit position. No settlements have exceeded coverage limits during the three years ended June 30, 2010.

**Note 15 – Leases**

*Stadium* – The Diamond baseball stadium is owned by the Authority. During fiscal year 2010, the Authority entered a lease agreement with the Flying Squirrels double-A minor league team for the 2010 and 2011 seasons. The Flying Squirrels are responsible for concession sales, skybox leasing and rental, playing field maintenance, cleaning, certain equipment maintenance, and utility cost. The team also operates parking for games, with net parking revenues split evenly with the Authority. The Authority supplies certain equipment maintenance and maintains the structure in good repair. The Authority also retained use of one skybox. The financial statements include rental revenue for the Authority's skybox.

*Main Street Station* – Approximately 12,203 square feet of office space in the Main Street Station is available for occupancy by a tenant. The previous tenant's lease expired June 30, 2009. Starting May 2010, the City's Economic and Community Development Department began leasing available office space at a monthly rate of \$8,750. Rental payments are paid directly to the RMA and are reflected in the enclosed financial statements.

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

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 115,000

Rent expense on all leases amounted to approximately \$134,600 in 2010.

**Note 16 – Contingencies**

In the normal course of 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.

**RICHMOND METROPOLITAN AUTHORITY**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2010**

**Note 17 - Capital assets**

The following schedule summarizes the capital asset activities of the Authority for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	June 30, 2010
Capital assets, not being depreciated:				
Land	\$ 1,628,981	\$ -	\$ -	\$ 1,628,981
Expressway System	187,051,962	-	-	187,051,962
Boulevard Bridge	9,777,483	-	-	9,777,483
Construction in progress	-	197,064	-	197,064
Total capital assets, not being depreciated	198,458,426	197,064	-	198,655,490
Capital assets, being depreciated:				
Powhite Administration Building	2,900,621	-	-	2,900,621
Parking Garages	18,629,531	-	-	18,629,531
Stadium Facility	10,131,853	591,520	-	10,723,373
Total capital assets, being depreciated	31,662,005	591,520	-	32,253,525
Less accumulated depreciation for:				
Powhite Administration Building	(72,516)	(72,516)	-	(145,032)
Parking Garages	(8,821,402)	(465,738)	-	(9,287,140)
Stadium Facility	(5,614,356)	(330,490)	-	(5,944,846)
Total accumulated depreciation	(14,508,274)	(868,744)	-	(15,377,018)
Total capital assets, being depreciated, net	17,153,731	(277,224)	-	16,876,507
Total capital assets, net	\$215,612,157	\$ (80,160)	\$ -	\$ 215,531,997

Depreciation expense for the year ended June 30, 2010 related to capital assets was \$868,744. The Authority has elected to use the “modified approach” to account for certain Expressway System infrastructure assets. Consequently, these assets are not depreciated (See Note 3, Capital Assets).

Stadium additions of \$591,520 include \$529,768 for certain capital improvements completed by the tenant under terms of the Stadium Operating Agreement.

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Note 18 - Segment Information for Enterprise Funds**

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

<b>Condensed statement of net assets</b>	<u>Second Street Parking</u>
Assets:	
Current assets	\$ 153,431
Capital assets	688,616
Total assets	<u>842,047</u>
Liabilities:	
Current liabilities	119,839
Noncurrent liabilities	1,738,394
Net assets (deficit):	
Invested in capital assets, net of related debt	(235,884)
Restricted	25,753
Unrestricted	(806,055)
Total liabilities and net assets	<u>\$ 842,047</u>
<b>Condensed statement of revenues, expenses and changes in net assets</b>	
Operating revenues	\$ 151,033
Depreciation	(42,247)
Other operating expenses	(81,050)
Operating income (loss)	<u>27,736</u>
Nonoperating revenue (expenses):	
Net investment earnings	153
Interest expense	(56,494)
Transfers	<u>39,630</u>
Change in net assets	11,025
Beginning net assets (deficit)	<u>(1,027,211)</u>
Ending net assets (deficit)	<u>\$ (1,016,186)</u>
<b>Condensed statement of cash flows</b>	
Net cash provided by:	
Operating activities	\$ 70,397
Non-Capital financing activities	39,630
Capital & financing activities	(118,450)
Investing activities	(5,768)
Net increase (decrease)	<u>(14,191)</u>
Beginning cash and cash equivalents	<u>31,387</u>
Ending cash and cash equivalents	<u>\$ 17,196</u>

RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2010

**Note 19 – Subsequent Event**

On October 13, 2010 the Authority renewed its operating lease for administrative offices, which was to expire April 2011. Future minimum lease payments for the renewal period through June 2015 are \$597,191.





# **Required Supplementary Information (Unaudited)**

**RICHMOND METROPOLITAN AUTHORITY**  
**Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2010**

**Virginia Retirement System - Defined Benefit Pension Plan**

The following information was provided to the Authority by Cavanaugh Macdonald Consulting, LLC actuaries for the Virginia Retirement System, as part of the June 30, 2009 actuarial valuation, the most recent actuarial valuation date.

**Schedule of Funding Progress**

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, 2009	\$ 12,187,979	\$ 11,816,886	\$ 371,094	103.14%	\$ 4,271,071	8.69%
June 30, 2008	11,727,694	10,952,742	774,952	107.07%	4,103,191	18.89%
June 30, 2007	10,559,143	10,137,391	421,752	104.16%	3,756,589	11.23%

**Authority - Other Post Employment Benefits (OPEB) Plan**

The following information was provided by Wachovia Retirement Services for the Authority, as part of the June 30, 2008 actuarial valuation, the most recent actuarial valuation date.

**Schedule of Funding Progress**

Valuation Date *	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2008	\$ -	\$ 2,479,824	\$ 2,479,824	- %	\$ 4,333,333	57.2%

\* - An actuarial valuation is required at least triennially for plans with less than 200 participants. Additional years will be displayed in the future as actuarial valuations are performed and data is available. Annual required contributions have been made since fiscal year 2008, see note 13 to the financial statements for additional information.

**RICHMOND METROPOLITAN AUTHORITY**  
**Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2010**

**Modified Approach for Reporting Infrastructure**

As allowed by GASB, the Authority has adopted an alternative approach in lieu of recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 49.9 lane miles of roads and 36 bridges (spans in excess of 20 feet) that the Authority is responsible to maintain.

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

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

**Results of Last Five Condition Assessments**

The Authority assesses condition on a calendar year basis. The following table reports the percentage of pavement meeting the ratings in Groups 1 – 4. Calendar year 2003 was the first year of pavement inspection utilizing the Pavement Condition Rating System. For more detail about the rating system see the Notes to Required Supplementary Information.

<b>Fiscal Year</b>	<b>Rating</b>			
	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>
2010	86.1%	13.9%	0.0%	0.0%
2009	54.4%	45.6%	0.0%	0.0%
2008	59.0%	41.0%	0.0%	0.0%
2007	57.9%	42.1%	0.0%	0.0%
2006	66.2%	33.8%	0.0%	0.0%

**Budgeted and Estimated Costs Last Five Years**

The following table presents the Authority’s estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the Established Condition Level and the actual

**RICHMOND METROPOLITAN AUTHORITY**  
**Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2010**

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

<u>Fiscal Year</u>	<u>Estimated Spending</u>	<u>Actual Spending</u>
2009-2010	\$ 6,800,000	\$ 3,560,850
2008-2009	3,500,000	8,973,845
2007-2008	2,000,000	4,864,531
2006-2007	2,000,000	2,155,535
2005-2006	2,000,000	2,769,000

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.

**Notes to Required Supplementary Information**

**Roads - Measurement Scale**

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

**RICHMOND METROPOLITAN AUTHORITY**  
**Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2010**

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

**Established Condition Level**

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

**Bridges - Measurement Scale**

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

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

**RICHMOND METROPOLITAN AUTHORITY**  
**Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2010**

Established Condition Level

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

Assessed Conditions

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

<b>Calendar Year</b>	<b>Structurally Deficient</b>
2010	0%
2008	0%
2006	0%
2004	0%
2002	0%

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

- Expenditures during fiscal year 2006 remained consistent with previous years' routine maintenance requirements.
- Expenditures during fiscal year 2007 remained consistent with previous years' routine maintenance requirements.
- Fiscal year 2008 expenses increased \$2.7 million. This increase was directly related to normal maintenance costs, and costs associated with the opening of the express lanes on the Powhite Parkway.
- Fiscal year 2009 expenses increased \$4.1 million primarily due to the completion of construction activity relative to the ORT lanes on the Powhite Parkway, in July and August of 2008. The Authority also initiated three major repair contracts related to signage, maintenance and repair, and coatings.
- Fiscal year 2010 expenses decreased \$5.4 million, consistent with routine maintenance requirements. Also timing of certain projects was shifted to subsequent years.



# **Supplementary Information**

**Richmond Metropolitan Authority**  
**Non-Major Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	<b>Second Street Facility</b>	<b>Carytown Facilities</b>	<b>Total Non-major Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 17,196	\$ 56,711	\$ 73,907
Restricted investments held by trustee	110,457	-	110,457
Other short-term investments	24,885	-	24,885
Accrued interest receivable	741	-	741
Receivables	152	28	180
Total current assets	<u>153,431</u>	<u>56,739</u>	<u>210,170</u>
Noncurrent Assets:			
Capital assets:			
Land	435,000	447,615	882,615
Parking garages	1,689,887	1,208,336	2,898,223
Total capital assets	<u>2,124,887</u>	<u>1,655,951</u>	<u>3,780,838</u>
Accumulated depreciation	<u>(1,436,271)</u>	<u>(575,880)</u>	<u>(2,012,151)</u>
Net capital assets	688,616	1,080,071	1,768,687
Total noncurrent assets	<u>688,616</u>	<u>1,080,071</u>	<u>1,768,687</u>
Total assets	<u><u>842,047</u></u>	<u><u>1,136,810</u></u>	<u><u>1,978,857</u></u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	8,377	11,762	20,139
Accrued interest payable	15,450	-	15,450
Unearned revenue	1,012	-	1,012
Bonds and notes payable, current portion	95,000	-	95,000
Total current liabilities	<u>119,839</u>	<u>11,762</u>	<u>131,601</u>
Noncurrent Liabilities:			
Bonds and notes payable	829,500	-	829,500
Accrued interest payable	908,894	-	908,894
Total noncurrent liabilities	<u>1,738,394</u>	<u>-</u>	<u>1,738,394</u>
Total Liabilities	<u>1,858,233</u>	<u>11,762</u>	<u>1,869,995</u>
<b>Net Assets (deficit):</b>			
Invested in capital assets, net of related debt	(235,884)	1,080,071	844,187
Restricted for repairs and contingency	25,753	15,399	41,152
Unrestricted	(806,055)	29,578	(776,477)
Total net assets (deficit)	<u>(1,016,186)</u>	<u>1,125,048</u>	<u>108,862</u>
Total liabilities and net assets	<u><u>\$ 842,047</u></u>	<u><u>\$ 1,136,810</u></u>	<u><u>\$ 1,978,857</u></u>

**Richmond Metropolitan Authority**  
**Non-Major Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended June 30, 2010**

	<b>Second Street Facility</b>	<b>Carytown Facilities</b>	<b>Total Non-major Funds</b>
<b>Operating Revenues</b>			
Operating revenues:			
Parking fees and rentals	\$ 150,391	\$ 71,525	\$ 221,916
Other	642	1	643
Total operating revenues	151,033	71,526	222,559
Operating expenses			
Employee compensation & benefits	28,548	38,784	67,332
Maintenance	8,306	7,191	15,497
Depreciation	42,247	30,208	72,455
Consulting fees	627	1,420	2,047
Heat, light, power	23,964	6,381	30,345
Insurance	8,748	4,010	12,758
Other	10,857	4,949	15,806
Total operating expenses	123,297	92,943	216,240
Operating income (loss)	27,736	(21,417)	6,319
Nonoperating revenues (expenses)			
Investment earnings	153	174	327
Interest expense:			
Bonds	(30,900)	-	(30,900)
Notes	(25,594)	-	(25,594)
Total operating revenues (expenses)	(56,341)	174	(56,167)
Transfers	39,630	-	39,630
Change in net assets	11,025	(21,243)	(10,218)
Net assets (deficit)-beginning of year	(1,027,211)	1,146,291	119,080
Net assets (deficit)-end of year	\$ (1,016,186)	\$ 1,125,048	\$ 108,862

**Richmond Metropolitan Authority**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2010**

	<b>Second Street</b>	<b>Carytown Facilities</b>	<b>Total Non-major Funds</b>
Cash flows from operating activities:			
Receipts from customers	\$ 151,239	\$ -	\$ 151,239
Receipts from City of Richmond	-	71,525	71,525
Payments to suppliers	(52,296)	(21,258)	(73,554)
Payments to employees	(28,546)	(38,089)	(66,635)
Net cash provided by operating activities	<u>70,397</u>	<u>12,178</u>	<u>82,575</u>
Cash flows from non-capital financing activities:			
Transfers	39,630	-	39,630
Net cash provided by non-capital financing activities	<u>39,630</u>	<u>-</u>	<u>39,630</u>
Cash flows from capital and related financing activities:			
Interest paid on revenue bonds and notes	(33,450)	-	(33,450)
Principal paid on revenue bonds and notes	(85,000)	-	(85,000)
Net cash used in capital and related financing activities	<u>(118,450)</u>	<u>-</u>	<u>(118,450)</u>
Cash flows from investing activities:			
Purchase of investment securities	(5,894)	-	(5,894)
Interest received on investing activities	126	174	300
Net cash provided by (used in) investing activities	<u>(5,768)</u>	<u>174</u>	<u>(5,594)</u>
Net increase (decrease) in cash	(14,191)	12,352	(1,839)
Cash balances-beginning of year	31,387	44,359	75,746
Cash balances-end of year	<u>\$ 17,196</u>	<u>\$ 56,711</u>	<u>\$ 73,907</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 27,736	\$ (21,417)	\$ 6,319
Depreciation	42,247	30,208	72,455
Changes in assets and liabilities:			
Accounts receivable (Operating Portion)	(36)	(1)	(37)
Accounts payable and accrued liabilities	208	3,388	3,596
Unearned revenue	242	-	242
Net cash provided (used in) operating activities	<u>\$ 70,397</u>	<u>\$ 12,178</u>	<u>\$ 82,575</u>





# Statistical Section

This section of the Authority's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority's overall financial health. This information has not been audited by the independent auditor.

## **Financial Trends**

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

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

STATISTICAL SECTION (CONTINUED)

**Revenue Capacity**

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

Table 12	Operating Revenues by Source
Table 13	Toll Rates

**Debt Capacity**

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

Table 14	Expressway System Revenue Bond Coverage
Table 15	Second Street Parking Facility Revenue Bond Coverage
Table 16	Expressway Parking Deck Revenue Bond Coverage

**Economic and Demographic Information**

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

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

**Operating Information**

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

Table 19	Operating and Capital Indicators
Table 20	Employees by Identifiable Activities

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

Fiscal Year	Invested in Capital Assets Net of Related Debt	Restricted Net Assets (1)	Unrestricted Net Assets	Total Net Assets
2003 (2)	\$ 11,864,943	\$ 7,331,286	\$ 137,356	\$ 19,333,585
2004	16,683,617	12,909,099	(4,142,692)	25,450,024
2005	25,258,578	17,657,309	(11,331,645)	31,584,242
2006	31,944,663	14,048,201	(10,561,171)	35,431,693
2007	37,002,460	15,976,753	(10,186,159)	42,793,054
2008	44,980,515	9,890,574	(9,985,151)	44,885,938
2009	43,958,577	13,967,331	(9,212,380)	48,713,528
2010	50,278,485	18,224,228	(9,167,905)	59,334,808

- (1) Restricted assets represent cash and investments in the repair and contingency fund being accumulated for future years' capital projects. Balances at year end fluctuate based on timing of projects.
- (2) Retroactive to fiscal year 2003, when the Authority implemented GASB Statement 34.

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

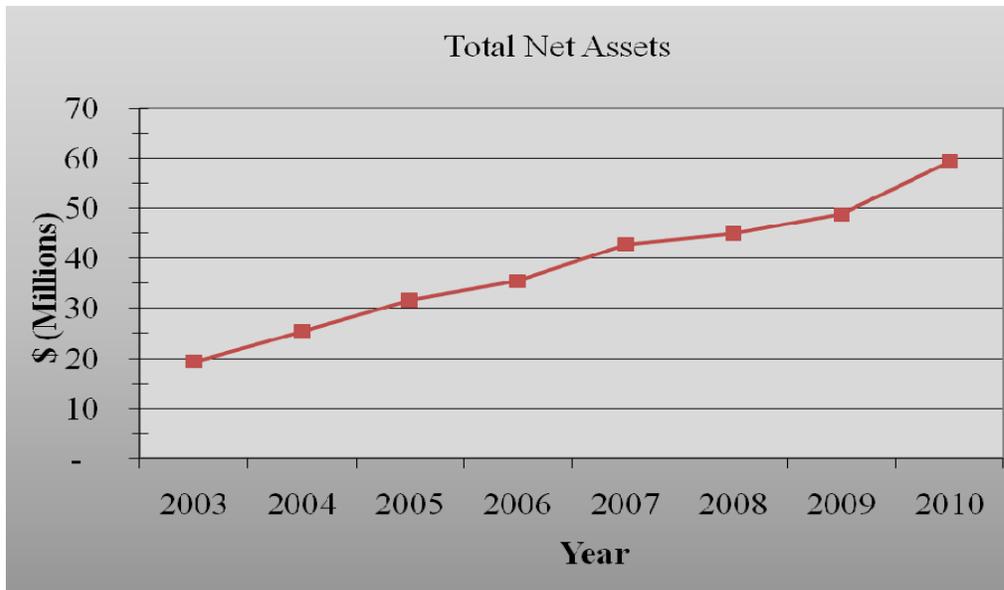


Table 2  
 Richmond Metropolitan Authority  
 Net Assets (Deficit) by Component by Fund  
 Fiscal Year 2003 to 2010

	2003 (1)	2004	2005	2006	2007	2008	2009	2010
<b>Expressway System</b>								
Invested in capital assets, Net of related debt	\$13,153,299	\$17,664,223	\$26,791,581	\$34,342,000	\$39,836,177	\$48,144,699	\$47,868,001	\$54,310,568
Restricted	6,945,993	12,523,419	17,250,964	13,856,981	15,659,148	9,454,748	13,665,129	17,625,439
Unrestricted	7,330,758	3,787,786	(2,981,255)	(1,871,529)	(611,009)	173,275	1,427,221	2,205,574
Total net assets (deficit)	27,430,050	33,975,428	41,061,290	46,327,452	54,884,316	57,772,722	62,960,351	74,141,581
<b>Expressway Parking Deck</b>								
Invested in capital assets, Net of related debt	(7,502,242)	(7,712,048)	(8,129,108)	(8,546,169)	(9,075,373)	(9,473,945)	(9,870,563)	(10,266,797)
Restricted	72,797	63,322	183,394	191,220	262,659	327,361	261,198	431,500
Unrestricted	(6,768,857)	(7,412,324)	(7,934,621)	(8,424,154)	(8,814,419)	(9,423,686)	(10,026,566)	(10,737,544)
Total net assets (deficit)	(14,198,302)	(15,061,050)	(15,880,335)	(16,779,103)	(17,627,133)	(18,570,270)	(19,635,931)	(20,572,841)
<b>Stadium</b>								
Invested in capital assets, Net of related debt	5,647,512	6,055,074	5,992,191	5,854,885	5,690,102	5,430,664	5,129,497	5,390,527
Restricted	312,496	322,358	222,951	-	-	66,898	-	126,372
Unrestricted	(52,295)	(175,667)	(62,149)	(61,482)	(41,069)	-	(25,969)	140,307
Total net assets (deficit)	5,907,713	6,201,765	6,152,993	5,793,403	5,649,033	5,497,562	5,103,528	5,657,206
<b>Main Street Station</b>								
Unrestricted	-	233,816	216,393	157,778	62,180	48,695	166,500	-
Total net assets (deficit)	-	233,816	216,393	157,778	62,180	48,695	166,500	-
<b>Non-major Funds</b>								
Invested in capital assets, Net of related debt	566,374	676,368	603,914	531,459	551,554	879,097	831,642	844,187
Restricted	-	-	-	-	54,946	41,567	41,004	41,152
Unrestricted	(372,250)	(576,303)	(570,013)	(599,696)	(781,842)	(783,435)	(753,566)	(776,477)
Total net assets (deficit)	194,124	100,065	33,901	(68,237)	(175,342)	137,229	119,080	108,862

(1) Management of the Main Street Station began July 1, 2003. Net asset information provided retroactive to FY 2003, when GASB 34 was implemented.

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

	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010
Operating revenues:										
Tolls	\$ 24,270,116	\$ 25,036,887	\$ 24,590,032	\$ 25,473,603	\$ 24,976,704	\$ 25,079,121	\$ 25,717,464	\$ 25,765,372	\$ 33,114,311	\$ 34,476,969
Parking fees and rentals	1,547,249	1,613,290	1,717,016	1,517,345	1,628,944	1,688,295	2,040,242	2,158,576	2,093,770	1,941,725
Stadium and sky box rentals	477,618	488,653	488,711	501,129	494,107	464,987	447,942	428,427	193,419	96,942
Other	106,033	103,740	68,382	87,410	77,595	110,753	52,630	12,645	13,831	15,504
Total operating revenues	26,401,016	27,242,570	26,864,141	27,579,487	27,177,350	27,343,156	28,258,278	28,365,020	35,415,331	36,531,140
Operating expenses:										
Employee compensation and benefits	4,475,037	4,952,010	4,712,283	5,029,713	5,231,440	5,456,477	5,690,125	6,150,445	6,838,818	6,874,119
Maintenance	6,527,270	1,633,220	2,334,240	2,294,968	2,494,552	3,670,377	3,902,174	5,454,649	10,820,760	5,804,327
Depreciation	1,361,324	1,453,204	1,640,674	737,586	737,585	737,585	737,585	737,585	839,421	868,744
Consulting fees	813,277	1,072,547	1,116,624	952,515	1,273,765	1,183,667	854,207	1,805,216	724,731	591,082
Heat, light, power	293,722	296,840	283,799	326,738	474,854	509,619	538,562	580,861	637,103	492,322
Insurance	149,891	159,283	258,637	302,991	347,395	376,182	415,135	332,543	362,533	376,907
Toll tag processing	541,824	560,076	567,112	579,021	562,752	1,392,650	2,228,449	2,130,368	2,828,881	2,788,310
Other	1,613,807	1,040,229	2,131,248	1,369,732	2,355,686	1,959,833	1,302,444	1,212,446	1,218,927	1,359,955
Total operating expenses	15,776,152	11,167,409	13,044,617	11,593,264	13,478,029	15,286,390	15,668,681	18,404,113	24,271,174	19,155,766
Operating income	10,624,864	16,075,161	13,819,524	15,986,223	13,699,321	12,056,766	12,589,597	9,960,907	11,144,157	17,375,374
Nonoperating revenues (expenses):										
Investment earnings	2,449,579	2,111,433	1,121,362	(254,125)	1,399,156	880,030	2,632,208	1,984,321	2,342,855	1,139,023
Gain on insurance proceeds	-	-	-	-	400,226	-	-	-	-	-
Gain on sale of land	-	-	-	-	-	-	1,846,122	875	-	-
Gain (Loss) - disposal of fixed assets	-	-	-	-	-	-	-	(238,700)	-	-
Interest expense:										
Bonds	(9,839,531)	(9,220,987)	(9,157,635)	(9,302,924)	(9,107,476)	(8,407,902)	(8,681,393)	(8,618,759)	(8,794,460)	(8,167,198)
Notes	(1,378,039)	(1,378,039)	(1,378,039)	(1,378,039)	(1,378,039)	(1,283,040)	(1,378,039)	(1,473,038)	(1,378,039)	(1,378,039)
Support from localities	1,175,181	905,756	529,587	1,065,304	1,121,013	601,614	352,862	477,282	513,077	1,004,403
Other contributions	-	-	-	-	-	-	-	-	-	647,717
Total nonoperating revenues (expenses)	(7,592,810)	(7,581,837)	(8,884,725)	(9,869,784)	(7,565,120)	(8,209,298)	(5,228,240)	(7,868,019)	(7,316,567)	(6,754,094)
Change in net assets	3,032,054	8,493,324	4,934,799	6,116,439	6,134,201	3,847,468	7,361,357	2,092,888	3,827,590	10,621,280
Net assets (deficit)-beginning of year	2,873,408	5,905,462	14,398,786	19,333,585	25,450,024	31,584,225	35,431,693	42,793,050	44,885,938	48,713,528
Net assets (deficit)-end of year	\$ 5,905,462	\$ 14,398,786	\$ 19,333,585	\$ 25,450,024	\$ 31,584,225	\$ 35,431,693	\$ 42,793,050	\$ 44,885,938	\$ 48,713,528	\$ 59,334,808

(1) The Authority implemented Governmental Accounting Standards Board (GASB) Statement 34 in fiscal year 2003.

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
2001	\$ 24,339,908	\$ 13,868,187	\$ 10,471,721	\$ (7,383,964)	\$ 3,087,757
2002	25,109,883	9,195,285	15,914,598	(7,111,039)	8,803,559
2003	24,652,886	11,271,217	13,381,669	(8,068,980)	5,312,689
2004	25,555,350	9,404,393	16,150,957	(9,605,579)	6,545,378
2005	25,047,668	10,550,361	14,497,307	(7,411,452)	7,085,855
2006	25,185,296	12,325,801	12,859,495	(7,592,926)	5,266,569
2007	25,762,972	12,935,528	12,827,444	(4,270,980)	8,556,464
2008	25,840,518	15,571,300	10,269,218	(7,380,810)	2,888,408
2009	33,190,599	21,283,027	11,907,572	(6,719,943)	5,187,629
2010	34,542,171	16,016,550	18,525,621	(7,344,391)	11,181,230

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses) and Transfers	Change in Net Assets
2001	\$ 996,548	\$ 921,059	\$ 75,489	\$ (1,203,702)	\$ (1,128,213)
2002	1,076,658	1,019,971	56,687	(1,211,397)	(1,154,710)
2003	1,140,025	814,080	325,945	(1,202,979)	(877,034)
2004	1,132,892	785,461	347,431	(1,210,179)	(862,748)
2005	1,215,338	844,932	370,406	(1,189,697)	(819,291)
2006	1,210,795	956,330	254,465	(1,153,227)	(898,762)
2007	1,252,419	840,140	412,279	(1,260,309)	(848,030)
2008	1,258,186	883,469	374,717	(1,317,852)	(943,135)
2009	1,104,723	1,033,594	71,129	(1,136,790)	(1,065,661)
2010	1,132,417	1,022,728	109,689	(1,046,599)	(936,910)

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues/ (Expenses)	Contributions from Localities	Change in Net Assets
2001	\$ 666,316	\$ 736,598	\$ (70,282)	\$ (65,178)	\$ 1,175,181	\$1,039,721
2002	660,207	729,215	(69,008)	(51,778)	905,756	784,970
2003	672,948	747,880	(74,932)	(37,706)	529,587	416,949
2004	686,523	931,638	(245,115)	(26,110)	565,277	294,052
2005	650,669	1,307,959	(657,290)	2,098	606,418	(48,774)
2006	626,047	1,081,762	(455,715)	12,660	83,467	(359,588)
2007	607,421	859,266	(251,845)	17,581	89,894	(144,370)
2008	604,565	849,237	(244,672)	(1,799)	95,000	(151,471)
2009	265,688	756,416	(490,728)	1,694	95,000	(394,034)
2010	177,762	877,693	(699,931)	648,609	605,000	553,678

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Reimbursements from the City of Richmond	Change in Net Assets
2004	\$ 9,138	\$ 275,521	\$ (266,383)	\$ 172	\$ 500,027	\$ 233,816
2005	38,461	571,763	(533,302)	1,284	514,595	(17,423)
2006	114,519	696,802	(582,283)	5,521	518,147	(58,615)
2007	451,057	822,412	(371,355)	12,789	262,968	(95,598)
2008	479,717	874,373	(394,656)	(1,113)	382,282	(13,487)
2009	635,085	936,552	(301,467)	1,195	418,077	117,805
2010	456,231	1,022,555	(566,324)	421	399,403	(166,500)

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

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses) and Transfers	Change in Net Assets
2001	\$ 129,611	\$ 147,774	\$ (18,163)	\$ (88,513)	\$ (106,676)
2002	125,998	134,265	(8,267)	(89,714)	(97,981)
2003	130,952	120,537	10,415	(90,106)	(79,691)
2004	145,552	112,547	33,005	(90,227)	(57,222)
2005	173,418	122,253	51,165	(89,182)	(38,017)
2006	155,370	136,985	18,385	(84,505)	(66,120)
2007	129,458	129,125	333	(84,258)	(83,925)
2008	123,334	137,606	(14,272)	353,434	339,162
2009	148,977	136,257	12,720	23,750	36,470
2010	151,033	123,297	27,736	(16,711)	11,025

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
2001	\$ 268,633	\$ 102,534	\$ 166,099	\$ (26,634)	\$ 139,465
2002	269,824	88,673	181,151	(23,665)	157,486
2003	267,330	90,903	176,427	(14,541)	161,886
2004	50,032	83,704	(33,672)	(3,165)	(36,837)
2005	51,796	80,761	(28,965)	816	(28,149)
2006	51,129	88,710	(37,581)	1,565	(36,016)
2007	54,951	82,210	(27,259)	4,079	(23,180)
2008	58,700	88,128	(29,428)	2,839	(26,589)
2009	70,259	125,328	(55,069)	450	(54,619)
2010	71,526	92,943	(21,417)	174	(21,243)

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

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station (1)	Second Street Facility	Carytown Facilities	Total
2001	\$ 24,339,908	\$ 996,548	\$ 666,316	\$ –	\$ 129,611	\$ 268,633	\$ 26,401,016
2002	25,109,883	1,076,658	660,207	–	125,998	269,824	27,242,570
2003	24,652,886	1,140,025	672,948	–	130,952	267,330	26,864,141
2004	25,555,350	1,132,892	686,523	9,138	145,552	50,032	27,579,487
2005	25,047,668	1,215,338	650,669	38,461	173,418	51,796	27,177,350
2006	25,185,296	1,210,795	626,047	114,519	155,370	51,129	27,343,156
2007	25,762,972	1,252,419	607,421	451,057	129,458	54,951	28,258,278
2008	25,840,518	1,258,186	604,565	479,717	123,334	58,700	28,365,020
2009	33,190,599	1,104,723	265,688	635,085	148,977	70,259	35,415,331
2010	34,542,171	1,132,417	177,762	456,231	151,033	71,526	36,531,140

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

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

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station (1)	Second Street Facility	Carytown Facilities	Total
2001	\$ 13,868,187	\$ 921,059	\$ 736,598	\$ –	\$ 147,774	\$ 102,534	\$ 15,776,152
2002	9,195,285	1,019,971	729,215	–	134,265	88,673	11,167,409
2003	11,271,217	814,080	747,880	–	120,537	90,903	13,044,617
2004	9,404,393	785,461	931,638	275,521	112,547	83,704	11,593,264
2005	10,550,361	844,932	1,307,959	571,763	122,253	80,761	13,478,029
2006	12,325,801	956,330	1,081,762	696,802	136,985	88,710	15,286,390
2007	12,935,528	840,140	859,266	822,412	129,125	82,210	15,668,681
2008	15,571,300	883,469	849,237	874,373	137,606	88,128	18,404,113
2009	21,283,027	1,033,594	756,416	936,552	136,257	125,328	24,271,174
2010	16,016,550	1,022,728	877,693	1,022,555	123,297	92,943	19,155,766

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

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

Fiscal Year	Tolls	Parking	Rent	Other (1)	Total
2001	\$ 24,270,116	\$ 1,516,924	\$ 567,433	\$ 46,543	\$ 26,401,016
2002	25,036,887	1,591,468	572,303	41,912	27,242,570
2003	24,590,032	1,695,792	572,064	6,253	26,864,141
2004	25,473,603	1,490,575	600,616	14,693	27,579,487
2005	24,976,704	1,582,394	609,145	9,107	27,177,350
2006	25,079,121	1,688,295	464,987	110,753	27,343,156
2007	25,717,464	2,040,242	447,942	52,630	28,258,278
2008	25,765,372	2,158,576	428,427	12,645	28,365,020
2009 (2)	33,114,311	1,738,644	548,545	13,831	35,415,331
2010 (3)	34,476,969	1,777,032	261,635	15,504	36,531,140

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

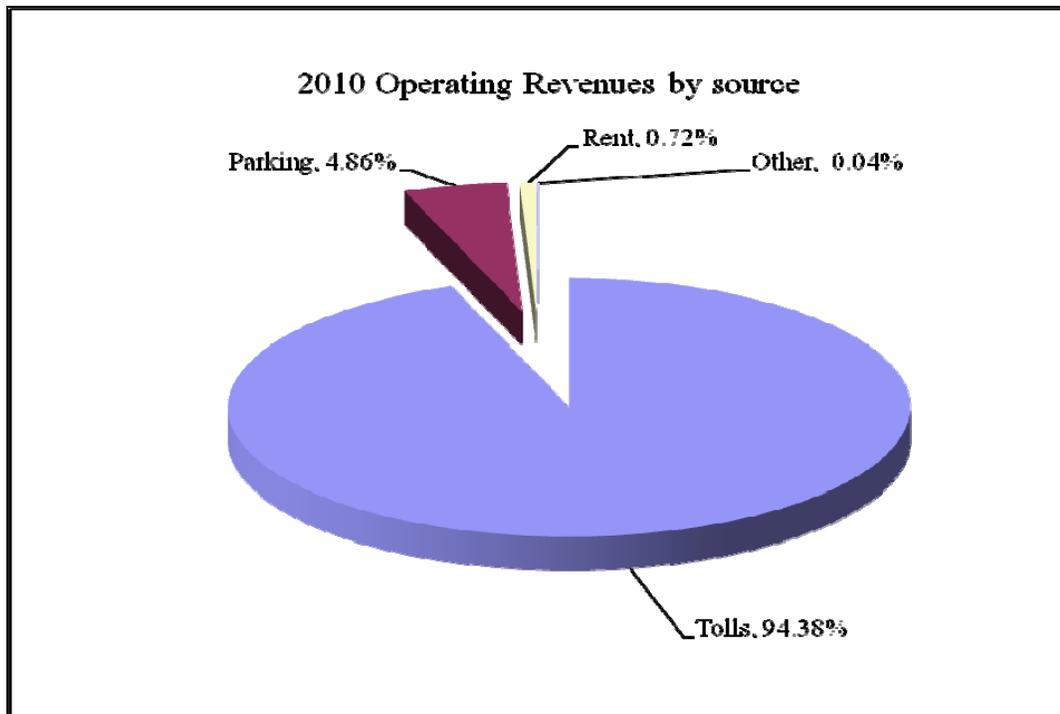


Table 13  
 Richmond Metropolitan Authority  
 Toll Rates Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Two-axle vehicles:										
Powhite Parkway	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Forest Hill Avenue	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Douglasdale Road	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.20	0.20
Boulevard Bridge	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35
Downtown Expressway	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Second Street	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35
Eleventh Street	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30
Three-axle vehicles:										
Powhite Parkway	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80
Forest Hill Avenue	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40
Boulevard Bridge	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Downtown Expressway	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60
Four-axle vehicles:										
Powhite Parkway	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90
Forest Hill Avenue	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60
Five-axle vehicles:										
Powhite Parkway	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00
Forest Hill Avenue	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60

Table 14

Richmond Metropolitan Authority  
Expressway System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal(2)	Interest	Total	
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
2006	26,495,000	8,337,264	18,157,736	4,958,000	6,869,444	11,827,444	1.54
2007	27,510,653	9,069,133	18,441,520	5,678,000	6,268,291	11,946,291	1.54
2008	27,314,921	9,696,510	17,618,411	5,980,000	6,786,412	12,766,412	1.38
2009	34,409,168	11,866,709	22,542,459	6,810,000	6,860,225	13,670,225	1.65
2010	35,433,491	11,865,436	23,568,055	7,234,000	6,442,811	13,676,811	1.72

- (1) Does not include depreciation, unrealized gains/losses, and expenses from the Repair & Contingency Account, which is funded after debt service requirements have been met.
- (2) The Authority has used available funds in the Bond Retirement Account to retire bonds ahead of schedule.

Table 15

Richmond Metropolitan Authority  
Second Street Parking Facility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Revenue (3)	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (2)	Interest	Total	
2001	\$ 129,611	\$ 105,527	\$ 24,084	\$ 20,000	\$ 61,880	\$ 81,880	0.29
2002	125,998	92,019	33,979	–	61,400	61,400	0.55
2003	130,952	78,290	52,662	–	65,100	65,100	0.81
2004	145,552	70,299	75,253	–	65,100	65,100	1.16
2005	173,418	80,006	93,412	–	65,100	65,100	1.43
2006	155,370	79,649	75,721	–	65,100	65,100	1.16
2007	129,458	86,878	42,580	–	53,100	53,100	0.80
2008	542,334	95,359	446,975	425,000	40,283	465,283	0.96
2009	234,321	94,010	140,311	85,000	36,000	121,000	1.16
2010	190,663	81,050	109,613	95,000	30,900	125,900	0.87

- (1) Does not include depreciation expense.
- (2) In August 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2002 through 2006 to fiscal year 2008.
- (3) In fiscal year 2008, \$419,000 was transferred from the Expressway Parking Deck to the Second Street Parking Deck to fund the July 2007 and July 2008 principal debt payments. Transfers of \$85,000 and \$39,630 were required in fiscal years 2009 and 2010.

Table 16  
 Richmond Metropolitan Authority  
 Expressway Parking Deck Revenue Bond Coverage  
 Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
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
2006	1,231,000	445,970	785,030	430,000	1,153,068	1,583,068	0.50
2007	1,302,092	446,857	855,235	490,000	1,120,613	1,610,613	0.53
2008	1,296,042	909,186	386,856	590,000	1,073,233	1,663,233	0.23
2009	1,111,481	725,311	386,170	660,000	1,029,584	1,689,584	0.23
2010	1,135,368	669,075	466,293	770,000	981,022	1,751,022	0.27

(1) Does not include depreciation expense.

(2) The City of Richmond has provided additional funds to cover debt service.

Table 17

Richmond Metropolitan Authority  
Metropolitan Area Principal Employers  
Current Year and Prior Years (1)

Employer	Fiscal Year 2010			Fiscal Year 2009			Fiscal Year 2008			Fiscal Year 2007			Fiscal Year 2006		
	Number of Employees	Rank	% of Top 50 Employers	Number of Employees	Rank	% of Top 50 Employers	Number of Employees	Rank	% of Top 50 Employers	Number of Employees	Rank	% of Top 50 Employers	Number of Employees	Rank	% of Top 50 Employers
State government	26,845	1	15.74 %	25,728	1	14.23 %	27,124	1	14.73 %	26,463	1	14.44 %	25,405	1	14.35 %
Federal Government	15,800	2	9.27	15,300	2	8.46	15,100	2	8.20	15,100	2	8.24	15,100	2	8.53
Chesterfield County	10,845	3	6.36	11,369	3	6.29	11,067	3	6.01	10,826	3	5.91	10,467	3	5.91
Henrico County	10,694	4	6.27	10,545	4	5.83	10,372	4	5.63	10,124	4	5.52	9,848	4	5.56
Richmond City	8,583	5	5.03	8,672	5	4.80	8,445	5	4.59	8,940	5	4.88	8,833	5	4.99
VCU Health System	7,244	6	4.25	7,399	6	4.09	7,082	6	3.85	6,990	8	3.81	6,729	7	3.80
Capital One Fin. Corp.	6,828	7	4.00	6,703	7	3.71	6,474	8	3.52	7,389	7	4.03	7,057	6	3.99
HCA Inc.	6,679	8	3.92	6,624	8	3.66	6,941	7	3.77	7,719	6	4.21	6,678	8	3.77
Dominion Resources Inc.	5,721	9	3.35	5,761	10	3.19	5,362	10	2.91	-	-	-	-	-	-
Bon Secours Richmond Health System	5,626	10	3.30	-	-	-	-	-	-	-	-	-	-	-	-
Wal-Mart Stores Inc.	-	-	-	6,238	9	3.45	6,173	9	3.35	5,862	10	3.20	5,371	10	3.03
Phillip Morris U.S.A.	-	-	-	-	-	-	-	-	-	6,100	9	3.33	6,300	9	3.56
Total for top 10 employers	104,865		61.50	104,339		57.72	104,140		56.54	105,513		57.56	101,788		57.50
Other employers	65,657		38.50	76,415		42.28	80,032		43.46	77,784		42.44	75,233		42.50
Total Top 50 employers	170,522		100.00 %	180,754		100.00 %	184,172		100.00 %	183,297		100.00 %	177,021		100.00 %

(1) Data is presented from fiscal year 2006, up to nine years prior will be presented in future years as additional years data becomes available.

Source: *Richmond Times Dispatch*.

Table 18

Richmond Metropolitan Authority  
 Metropolitan Area Estimated Population Data

Last Ten Years

<b>Year</b>	<b>City of Richmond</b>	<b>Chesterfield County</b>	<b>Henrico County</b>	<b>Total</b>
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
2006	193,300	286,500	283,300	763,100
2007	192,030	292,500	286,800	771,330
2008	195,300	298,721	289,788	783,809
2009	195,463	303,538	291,767	790,768
2010	198,102	307,594	296,490	802,186

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

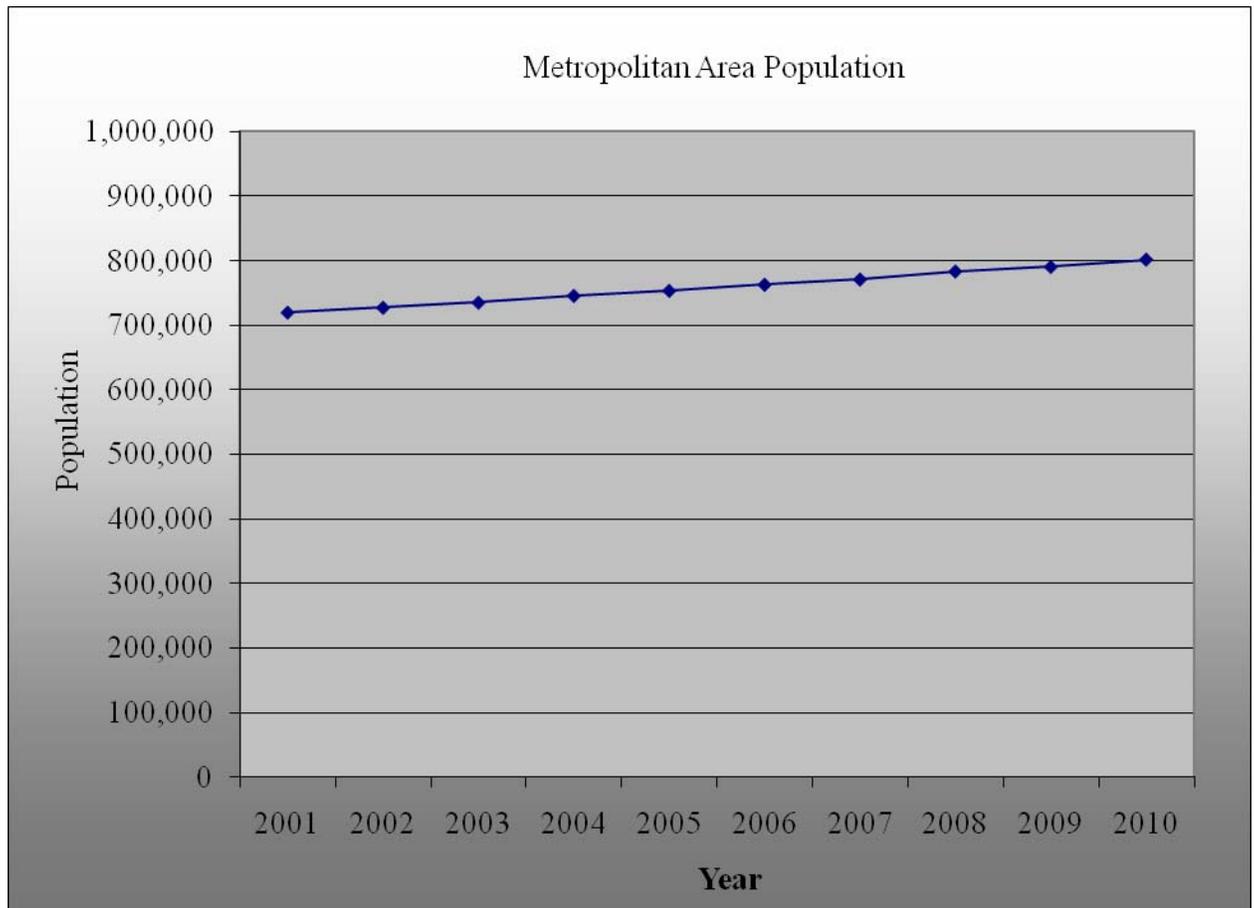


Table 19  
 Richmond Metropolitan Authority  
 Operating and Capital Indicators  
 Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expressway Traffic										
Powwhite	32,481,885	33,735,578	33,767,965	35,112,800	32,727,627	33,185,285	33,893,494	33,937,909	31,381,286	31,057,461
Downtown										
Expressway Boulevard Bridge	17,809,228	18,037,150	17,947,925	18,751,860	19,020,040	19,722,805	20,586,135	20,966,648	18,857,745	18,326,751
Total	5,331,493	5,321,892	5,068,404	5,102,544	5,166,411	4,997,137	4,995,311	4,964,251	4,800,726	4,619,608
	55,622,606	57,094,620	56,784,294	58,967,204	56,914,078	57,905,227	59,474,940	59,868,808	55,039,857	54,003,820
Lane Miles	45.00	45.00	45.00	45.00	45.00	45.00	46.94	45.91	45.91	49.9
Stadium:										
Attendance (1)	451,500	447,020	452,961	446,882	375,029	402,815	378,228	342,090	--	463,842
Number of seats (2)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	--	9,560
Parking:										
Number of spaces:										
Carytown	220	220	220	220	220	220	220	220	220	220
Second Street	350	350	350	350	350	350	350	350	350	350
Downtown										
Expressway	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	991

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

(2) Seating reconfigured 2010 season.

Table 20

**Richmond Metropolitan Authority**

**Employees by Identifiable Activity**

**Last Nine Fiscal Years (1)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Summary:</b>									
Full-Time	99	99	98	99	101	100	110	115	115
Part-Time	31	37	34	36	34	34	32	32	34
<b>Total Employees</b>	<b>130</b>	<b>136</b>	<b>132</b>	<b>135</b>	<b>135</b>	<b>134</b>	<b>142</b>	<b>147</b>	<b>149</b>
<b>Expressway:</b>									
Full-Time	80	80	79	79	82	80	89	94	94
Part-Time	25	31	28	30	28	27	26	26	27
<b>Total Employees</b>	<b>105</b>	<b>111</b>	<b>107</b>	<b>109</b>	<b>110</b>	<b>107</b>	<b>115</b>	<b>120</b>	<b>121</b>
<b>Central Administration:</b>									
Full-Time	17	17	17	17	16	16	17	17	17
Part-Time	1	1	1	1	1	1	1	1	1
<b>Total Employees</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Parking:</b>									
Full-Time	2	2	2	2	2	2	2	2	2
Part-Time	5	5	5	5	5	6	5	5	6
<b>Total Employees</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>8</b>
<b>Main Street Station (2):</b>									
Full-Time	-	-	-	1	1	2	2	2	2
Part-Time	-	-	-	-	-	-	-	-	-
<b>Total Employees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

(1) Presented from fiscal year 2002, up to nine years prior will be presented in future years as additional years data becomes available.

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



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

To the Board of Directors  
Richmond Metropolitan Authority  
Richmond, Virginia

We have audited the business type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated October 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Richmond Metropolitan Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Cherry, Bekaert & Holland, L.L.P.*

Richmond, Virginia  
October 14, 2010