



# **Comprehensive Annual Financial Report**

**Richmond, Virginia**

**For the year ended June 30, 2011**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**RICHMOND METROPOLITAN AUTHORITY**

Richmond, Virginia

For the Year Ended June 30, 2011

Prepared by

The Department of Finance

Greg L. Akers, Director of Finance



# RICHMOND METROPOLITAN AUTHORITY

## Comprehensive Annual Financial Report

Year Ended June 30, 2011

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## **Comprehensive Annual Financial Report**

**Year Ended June 30, 2011**

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# **Introductory Section**

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



September 20, 2011

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, 2011 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 the Richmond Flying Squirrels minor league baseball in the metropolitan area. The Flying Squirrels won the Eastern League attendance race in their 2010 inaugural season with 463,842, an average of 6,626 fans per game. The 2011 season continued to provide entertainment to the metropolitan area for 447,520 fans, with the average fans per event increasing to 6,679.

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** – Construction started in June 2011 for the expansion of Open Road Tolling (ORT) technology to the Downtown Expressway in summer 2012. Considered the standard for all future toll facilities constructed throughout the world, ORT is a barrier free system that allows for toll collection and violation enforcement under normal highway driving conditions. Convenience, 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) to monitor construction and the implementation 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.

**Toll System Replacement** – The Authority also worked with HNTB to select a toll system provider for our traditional lanes as anticipated in our Capital Improvement Program. The new provider mobilized in June 2011, with transition scheduled to occur by lane starting in spring 2012 through fall 2012. The project renovates and replaces systems and equipment that are at the end of their effective life cycle.

**Bond Rating** – On July 1, 2011, Fitch Ratings affirmed the Authority’s “A-” outlook stable rating on the outstanding expressway system revenue bonds. Fitch noted the Authority has:

- “mature traffic profile and significant commuter base”, and
- “Moderate leverage with a relatively flat debt service and low dependence on future traffic growth”.

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

## ECONOMIC CONDITION AND OUTLOOK

Expressway system fiscal year traffic of 55.2 million increased 2.2% from the prior year. RMA system traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. Richmond continues to experience a gradual recovery from the 2008 recession. After improvement the latter half of fiscal year 2010, regional employment remained relatively stable fiscal year 2011 at slightly above 600,000. It is anticipated that the economic recovery will occur slowly over several years. Our traffic and revenue consultant, Jacobs, Inc., forecasts a 0.5% increase in fiscal year 2012 toll revenue. Traffic volumes for the first two months of fiscal year 2012 are near projections. The Authority will continue to monitor monthly revenue and traffic numbers relative to projections.

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

- The Williams Mullen Tower, attached to the Authority's Expressway Parking Deck continued to add tenants during the past year, with office space now fully leased. The building which opened June 2010 is 16 stories and approximately 210,000 square feet and provides a combination of business, retail and restaurant space. In February 2011, the accounting firm Cherry Bekaert & Holland relocated their offices from Henrico County, and in July 2011 the La Parisienne Bistro and Café opened. Capital One will open a commercial banking branch in early 2012. The anchor tenant, Richmond Law Firm Williams Mullen, employees over 350 people.
- Renovation continues on the historic Hotel John Marshall with opening planned for November 2011. 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.
- 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. Construction is planned to start fall 2011, with the first units to open in mid-2012.
- Virginia Commonwealth University (VCU), located in the heart of Richmond with an enrollment in excess of 32,000 students, continues as key factor in new development. In August 2011, Gilbane Development Company completed 8 ½ Canal Street, a private student housing project to serve VCU. The 285,000 square foot, eight-story building consisting of 160 apartment units with 540 beds was 100% pre-leased. The building includes two parking levels with nearly 200 parking spaces. VCU has a West Grace Street university housing project under construction planned to open for the 2012-13 school year with 459 beds. The West Grace development includes a 212 vehicle parking deck to open during fall of 2011 with retail and restaurant space.

## **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, 2010. 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 seventeen consecutive years. The Authority believes the current report continues to conform to the Certificate of Achievement program requirements and is being submitted to GFOA for consideration.

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

Sincerely,



Robert M. Berry  
General Manager



Greg L. Akers  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Richmond Metropolitan Authority  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**RICHMOND METROPOLITAN AUTHORITY**  
Principal Officials

June 30, 2011

Board of Directors

Appointed by  
City of Richmond

Appointed by  
Chesterfield County

---

Mr. David P. Baugh, Vice-Chairman  
Ms. Beverly A. Burton, Esquire  
Mr. Carlos M. Brown  
Mr. D. Mychael Dickerson  
Mr. Darius A. Johnson  
Ms. Betty Jolly

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

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Appointed by  
Henrico County

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Appointed by  
Commissioner, Department of  
Transportation

---

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

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Mr. Gerald P. McCarthy

General Manager

Mr. Robert M. Berry

Director of Operations

Mr. David T. Caudill

Director of Finance

Mr. Greg L. Akers

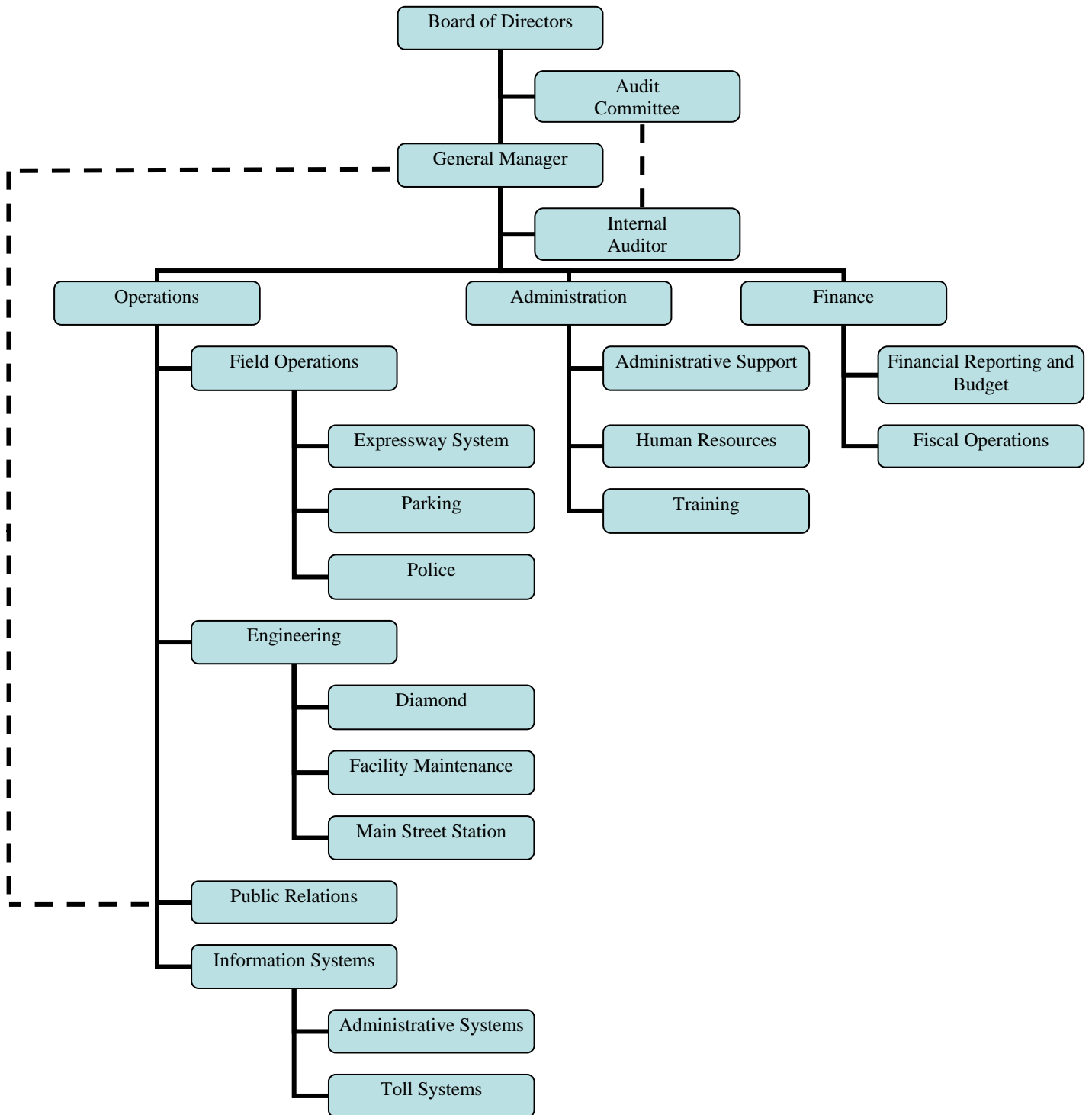
Director of Administration

Ms. Paulette S. Cook

Secretary and General Counsel

Mr. Eric E. Ballou

# Richmond Metropolitan Authority Organizational Chart June 30, 2011









# **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, 2011, 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, 2011, 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 September 20, 2011 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, Bekeert & Holland, L.L.P.*

Richmond, Virginia  
September 20, 2011

**Richmond Metropolitan Authority**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2011**

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, 2011. 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 \$71.4 million (net assets), an increase of \$12.1 million or 20.3%. Changes in key elements from the prior year include:

- Current and other assets of \$69.9 million increased by \$6.2 million.
- Capital assets of \$217.3 million increased by \$1.8 million.
- Long-term liabilities of \$195.9 million decreased by \$6.4 million.
- Restricted net assets of \$22.5 million increased by \$4.3 million.
- Operating revenues of \$37.9 million increased by \$1.3 million or 3.7%.
- Operating expenses of \$17.7 million decreased by \$1.5 million or 7.6%.

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

**Expressway**

- The Authority's expressway system provides a vital urban transportation link. The Powhite Parkway provides the only high speed crossing of the James River located in the geographical center of the region. It links expressways running north-south and east-west through the heart of the metropolitan area. The Downtown Expressway connects the Powhite Parkway to downtown Richmond and Interstate 95. The Boulevard Bridge provides a two lane river crossing serving a residential area south of the James River. By far, the largest portion of the Authority's financial activity is associated with the Expressway fund, with \$87.2 million of total net assets and a \$13.0 million increase in net assets.
- Toll revenue of \$35.4 million increased \$0.9 million from the prior year, primarily from increases in traffic volume.
- Traffic volume of 55.2 million vehicles was 2.2% ahead of the fiscal year projection provided by our traffic and revenue consultant, Jacobs, Inc.
- Construction of west bound open road tolling (ORT) lanes at the Downtown Expressway and a toll system replacement project started in fiscal year 2011. Costs of \$2.5 million were capitalized for these projects in fiscal year 2011.

### **Expressway Parking Deck**

- Operating revenues of \$1.3 million increased 14.7% over prior year, with the primary revenue source (88%) from monthly rentals. In addition to an 11% rate increase effective January 1, 2011, average monthly rentals of 1,029 spaces increased 11% from the prior year. The increased volume was related to the completed construction of an office building adjacent and over a portion of the deck. In addition, transient parking revenue increased by \$26,000 or 22.2%.
- In June 2011, the City of Richmond gave approval to the Authority to transfer \$95,000 from the Expressway Parking Deck to the Second Street Parking Deck fund, to provide funding for the principal payments on the Series 1974 Second Street Parking Garage Revenue Bonds. Similar transfers were made in fiscal years 2007 through 2010.

### **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 2010 covered the first half of the 2010 baseball season and costs associated with maintaining the facility. Fiscal year 2011 reflects a full year and covers the second half of the 2010 baseball season and the first half of the 2011 baseball season, as well as costs associated with maintaining the facility. As described at note 15, the team is responsible for certain facility operations and expenses.
- Operating revenues of \$291,000 were 63.8% more than prior year. The \$113,000 operating revenue increase is primarily due to a full season's activity in fiscal year 2011. As noted above, fiscal year 2010 only included half of a season.
- Operating expenses of \$593,000 decreased 32.4% from prior year, primarily due to decreased maintenance costs. Significant maintenance costs were incurred in fiscal year 2010 associated with preparing the facility for reopening with the 2010 season.
- Non-operating revenue of \$1,000 decreased by \$1.3 million or 99.9%. In fiscal year 2010, \$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 \$648,000 in fiscal year 2010 recognized improvements and maintenance performed by the new club under the operating agreement. For fiscal year 2011, based on the reserve balances on hand, the Authority did not request payments from the localities for support for the stadium.

### **Main Street Station**

- Operating revenues increased \$148,000 from the prior year to \$604,000, primarily due to an increase in rental revenue for office space. As described at note 15, the office space was rented to the City's Economic Development Department beginning May 2010 after being vacant for most of fiscal year 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 the 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 \$141,000 decreased 6.9% from prior year.
- The Second Street Parking Deck continued to struggle financially. However the current volume continues to be an improvement from 171 average monthly parkers as recently as fiscal year 2008. The 208 average monthly parkers for the current year is a slight decrease over 210 for fiscal year 2010. 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 \$95,000 was transferred from the Expressway Parking Deck to the Second Street Parking Deck revenue account to provide sufficient funds for the July 1, 2010 principal payment on the Series 1974 bonds.

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

- Expenses at the Carytown parking decks remained stable during the fiscal year 2011. Parking at these two facilities is free of charge. As described at note 11 to the financial statements, the City of Richmond provides funding for operation of the decks.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

## FINANCIAL ANALYSIS OF THE AUTHORITY

### Net Assets

	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>Increase (Decrease) 2011 - 2010</b>	<b>% change</b>
Current and other assets	\$ 69,933,257	\$ 63,728,295	\$ 6,204,962	9.7%
Capital assets	<u>217,308,427</u>	<u>215,531,997</u>	1,776,430	0.8%
Total assets	<u>287,241,684</u>	<u>279,260,292</u>	7,981,392	2.9%
Current liabilities	19,978,165	17,591,510	2,386,655	13.6%
Long-term liabilities	<u>195,865,019</u>	<u>202,333,974</u>	(6,468,955)	-3.2%
Total liabilities	<u>215,843,184</u>	<u>219,925,484</u>	(4,082,300)	-1.9%
Net Assets (deficit):				
Invested in capital assets, net of related debt	58,876,924	50,278,485	8,598,439	17.1%
Restricted for repairs and contingency	22,529,329	18,224,463	4,304,866	23.6%
Unrestricted	<u>(10,007,753)</u>	<u>(9,168,140)</u>	(839,613)	9.2%
Total net assets	<u>\$ 71,398,500</u>	<u>\$ 59,334,808</u>	<u>\$ 12,063,692</u>	20.3%

- Assets exceeded liabilities at the close of the most recent fiscal year by \$71.4 million (net assets), an increase of \$12.1 million or 20.3%.
- Current and other assets of \$69.9 million increased by \$6.2 million, primarily for resources accumulated for planned Expressway capital improvements and maintenance requirements.
- Capital assets of \$217.3 million increased by \$1.8 million, primarily due to the capitalization of expenses related to the Downtown Expressway ORT project.
- Current liabilities of \$20.0 million increased by \$2.4 million, primarily due to the timing of accounts payable and accrued liabilities payments at year end.
- Long-term liabilities of \$195.9 million decreased by \$6.4 million, reflective of the Authority's "pay as you go" capital approach and current year debt service, offset by an additional \$1.3 million interest expense accrual relative to subordinated debt for the Expressway owed to 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 \$22.5 million increased by \$4.3 million, primarily for resources accumulated for planned Expressway capital improvements and maintenance requirements.

## Changes in Fund Net Assets

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease) 2011 - 2010</u>	<u>% change</u>
Operating revenues:				
Tolls	\$ 35,391,965	\$ 34,476,969	\$ 914,996	2.7%
Parking fees and rentals	2,262,483	1,941,725	320,758	16.5%
Stadium and sky box rentals	177,705	96,942	80,763	83.3%
Other	33,038	15,504	17,534	113.1%
Total operating revenues	<u>37,865,191</u>	<u>36,531,140</u>	<u>1,334,051</u>	<u>3.7%</u>
Operating expenses				
Employee compensation & benefits	6,921,337	6,874,119	47,218	0.7%
Maintenance	4,632,533	5,804,327	(1,171,794)	-20.2%
Depreciation	976,684	868,744	107,940	12.4%
Consulting fees	154,453	591,082	(436,629)	-73.9%
Heat, light, power	471,582	492,322	(20,740)	-4.2%
Insurance	344,908	376,907	(31,999)	-8.5%
Toll tag processing	2,947,335	2,788,310	159,025	5.7%
Other	1,252,713	1,359,955	(107,242)	-7.9%
Total operating expenses	<u>17,701,545</u>	<u>19,155,766</u>	<u>(1,454,221)</u>	<u>-7.6%</u>
Operating income	<u>20,163,646</u>	<u>17,375,374</u>	<u>2,788,272</u>	<u>16.0%</u>
Nonoperating revenues (expenses)				
Investment earnings	563,070	1,139,023	(575,953)	-50.6%
Interest expense:				
Bonds	(7,678,700)	(8,167,198)	488,498	-6.0%
Notes	(1,367,350)	(1,378,039)	10,689	-0.8%
Support from localities	383,026	1,004,403	(621,377)	-61.9%
Other Contributions	-	647,717	(647,717)	-100%
Total nonoperating revenues (expenses)	<u>(8,099,954)</u>	<u>(6,754,094)</u>	<u>(1,345,860)</u>	<u>19.9%</u>
Change in net assets	<u>12,063,692</u>	<u>10,621,280</u>	<u>1,442,412</u>	<u>13.6%</u>
Net assets - beginning	<u>59,334,808</u>	<u>48,713,528</u>	<u>10,621,280</u>	<u>21.8%</u>
Net assets - ending	<u>\$ 71,398,500</u>	<u>\$ 59,334,808</u>	<u>\$ 12,063,692</u>	<u>20.3%</u>

Operating revenues of \$37.9 million increased by \$1.3 million or 3.7%, primarily due to additional toll revenue, which comprises 93.5% of operating revenues. Operating expenses of \$17.7 million decreased by \$1.5 million or 7.6%, primarily due to the varied timing and scope of Expressway maintenance projects between years. The current year projects include \$2.5 million that was capitalized. The \$12.1 million increase in net assets resulted from a 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 2011	\$ 87,167,628	\$(21,272,432)	\$5,355,760	\$ -	\$ 147,544
Fiscal year 2010	74,141,581	(20,572,841)	5,657,206	-	108,862
Increase/(Decrease)	<u>\$ 13,026,047</u>	<u>\$ (699,591)</u>	<u>\$ (301,446)</u>	<u>\$ -</u>	<u>\$ 38,682</u>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2011, capital assets increased to \$234.1 million, which includes roads, bridges, buildings, land, the stadium and equipment. Net of accumulated depreciation, the Authority's net capital assets at June 30, 2011 totaled approximately \$217.3 million.

#### **Richmond Metropolitan Authority's Capital Assets Net of Depreciation**

	2011	2010	Increase (Decrease) 2011-2010
Expressway system	\$ 192,454,588	\$ 190,004,615	\$ 2,449,973
Boulevard Bridge	9,777,483	9,777,483	-
Land	1,628,981	1,628,981	-
Parking garages	8,876,653	9,342,391	(465,738)
Stadium facility	4,418,725	4,778,527	(359,802)
Vehicles	151,997	-	151,997
Total	<u>\$ 217,308,427</u>	<u>\$ 215,531,997</u>	<u>\$ 1,776,340</u>

See Note 17 for additional information relative to capital assets.

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

Authority, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Bridges and expressways maintained by the Authority are accounted for using the modified approach. For fiscal year 2011, there was no significant variance between the amount planned and expended for maintaining and preserving infrastructure assets at targeted condition levels.

The Authority manages its bridge network using the engineering firm of Howard, Needles Tammen & Bergendoff (HNTB) for biennial inspections. HNTB uses the Bridge Management and Inspection Program in order to evaluate the condition of bridges and the Authority accounts for them using the modified approach, as provided by GASB 34. The bridge condition rating is a numerical condition scale ranging from 1 (impaired or load restricted) to 9 (new). A bridge is considered “deficient” – that is, needs maintenance or preservation – when its condition rating falls below 5. A bridge is unsafe – impaired or load restricted – when its rating falls below condition level 2. It is the Authority’s policy that no bridge, including the deck surface, will be rated as level 4, “structurally deficient.” The latest condition assessment, as conducted by HNTB in 2010, 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 2011, the Authority spent approximately \$2.4 million to preserve and maintain the roads and bridges at, or above, this level.

## **Debt Administration**

The Authority did not issue debt during the fiscal year. All non-subordinate debt is scheduled for retirement in fiscal year 2023 (calendar 2022). At June 30, 2011, outstanding bonds and notes payable of \$158,431,503 decreased by \$6,822,009 or 4.1% from the prior year. The non-current accrued interest of \$51,482,748 increased by \$1,676,632 or 3.4% from the prior year. See Notes 8, 9, and 10 for additional information relative to the Authority’s debt. A summary by fund follows:

### **Expressway System**

Bonds and notes payable totaled \$138,742,438 and is comprised of:

- Expressway parity debt (excluding deductions of \$5,840,584 for discounts and premiums) totaled \$121,811,000. Of this amount, \$7,590,000 is payable July 15, 2011.

- Subordinated notes, payable to the City of Richmond, in the amount of \$22,772,022. Unpaid accrued interest on these notes totaled \$38,789,272 at June 30, 2011. Total debt payable to the City of Richmond totaled \$61,561,294. During FY 2011, the Authority made a \$125,069 payment to the City of Richmond applied against the accrued interest.

### **Expressway Parking Deck**

Bonds payable to the City of Richmond totaled \$18,875,000 (excluding deductions of \$15,435 for unamortized discounts.) Unpaid accrued interest at June 30, 2011 was \$11,758,989. 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 \$829,500, which consist of:

- \$420,000 for 1974 Series Parking Garage Revenue Bonds. Of this amount, \$95,000 is payable July 1, 2011.
- \$409,500 note payable to the City of Richmond. Accrued interest on this note totals \$934,487. 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 Richmond and the 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. Regional unemployment of 7.0% in June 2011 is a slight improvement compared to 7.1% in the prior year. The regional unemployment is slightly behind Virginia's 6.3% and compares favorably to the national rate of 9.3%.

Traffic levels are illustrated at table 19 in the Statistical Section for the past decade. Fiscal year 2011 traffic volume of 55.2 million increased 2.2% from fiscal year 2010. It is currently anticipated that the economic recovery will continue to occur gradually over the next several years. Our revenue consultant, Jacob's, estimates traffic that is a function of employment will continue to slowly grow in fiscal year 2012. Accordingly toll revenues are anticipated to increase by 0.5% in fiscal year 2012.

### **Fiscal year 2012 rates**

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

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

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



# **Basic Financial Statements**

**Richmond Metropolitan Authority**  
**Balance Sheet**  
**As of June 30, 2011**

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total Business Type Activities
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 17,696,276	\$ 1,226,328	\$ 320,695	\$ 45,707	\$ 98,500	\$ 19,387,506
Restricted investments held by trustee	18,465,148	-	-	-	107,607	18,572,755
Other short-term investments	-	-	-	52,998	25,652	78,650
Accrued interest receivable	202,676	-	-	-	-	202,676
Receivables	201,280	6,747	118,827	154,465	2,210	483,529
Prepaid expenses	1,686	-	-	-	-	1,686
Deferred financing cost	161,297	17,031	-	-	-	178,328
<b>Total current assets</b>	<b>36,728,363</b>	<b>1,250,106</b>	<b>439,522</b>	<b>253,170</b>	<b>233,969</b>	<b>38,905,130</b>
Noncurrent Assets:						
Restricted investments held by trustee	21,640,253	-	-	-	-	21,640,253
Other long-term investments	7,876,820	-	-	-	-	7,876,820
Deferred financing costs	927,126	-	-	-	-	927,126
Escrow assets	583,928	-	-	-	-	583,928
Capital assets:						
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
Vehicles	642,133	-	-	-	-	642,133
Expressway system	189,952,583	-	-	-	-	189,952,583
Boulevard bridge	9,777,483	-	-	-	-	9,777,483
Construction in progress	2,719,553	-	-	-	-	2,719,553
<b>Total capital assets</b>	<b>203,091,752</b>	<b>15,865,674</b>	<b>11,335,373</b>	<b>-</b>	<b>3,780,838</b>	<b>234,073,637</b>
Accumulated depreciation	(707,684)	(7,668,272)	(6,304,648)	-	(2,084,606)	(16,765,210)
<b>Net capital assets</b>	<b>202,384,068</b>	<b>8,197,402</b>	<b>5,030,725</b>	<b>-</b>	<b>1,696,232</b>	<b>217,308,427</b>
<b>Total noncurrent assets</b>	<b>233,412,195</b>	<b>8,197,402</b>	<b>5,030,725</b>	<b>-</b>	<b>1,696,232</b>	<b>248,336,554</b>
<b>Total assets</b>	<b>\$ 270,140,558</b>	<b>\$ 9,447,508</b>	<b>\$ 5,470,247</b>	<b>\$ 253,170</b>	<b>\$ 1,930,201</b>	<b>\$ 287,241,684</b>
<b>Liabilities</b>						
Current Liabilities:						
Accounts payable and accrued liabilities	2,585,284	76,964	35,737	87,286	5,702	2,790,973
Accrued interest payable	2,782,701	-	-	-	12,600	2,795,301
Advance	-	-	-	43,740	-	43,740
Unearned revenue	-	9,797	78,750	122,144	368	211,059
Bonds and notes payable, current portion	7,074,175	6,967,917	-	-	95,000	14,137,092
<b>Total current liabilities</b>	<b>12,442,160</b>	<b>7,054,678</b>	<b>114,487</b>	<b>253,170</b>	<b>113,670</b>	<b>19,978,165</b>
Noncurrent Liabilities:						
Accrued liabilities	73,235	14,625	-	-	-	87,860
Bonds and notes payable	131,668,263	11,891,648	-	-	734,500	144,294,411
Accrued interest payable	38,789,272	11,758,989	-	-	934,487	51,482,748
<b>Total noncurrent liabilities</b>	<b>170,530,770</b>	<b>23,665,262</b>	<b>-</b>	<b>-</b>	<b>1,668,987</b>	<b>195,865,019</b>
<b>Total liabilities</b>	<b>182,972,930</b>	<b>30,719,940</b>	<b>114,487</b>	<b>253,170</b>	<b>1,782,657</b>	<b>215,843,184</b>
<b>Net Assets (deficit):</b>						
Invested in capital assets, net of related debt	63,641,630	(10,662,163)	5,030,725	-	866,732	58,876,924
Restricted for repairs and contingency	21,765,287	532,000	190,589	-	41,453	22,529,329
Unrestricted	1,760,711	(11,142,269)	134,446	-	(760,641)	(10,007,753)
<b>Total net assets (deficit)</b>	<b>87,167,628</b>	<b>(21,272,432)</b>	<b>5,355,760</b>	<b>-</b>	<b>147,544</b>	<b>71,398,500</b>
<b>Total liabilities and net assets</b>	<b>\$ 270,140,558</b>	<b>\$ 9,447,508</b>	<b>\$ 5,470,247</b>	<b>\$ 253,170</b>	<b>\$ 1,930,201</b>	<b>\$ 287,241,684</b>

See accompanying notes to financial statements

**Richmond Metropolitan Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2011**

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non- Major Funds	Total Business Type Activities
Operating revenues:						
Tolls	\$ 35,391,965	\$ -	\$ -	\$ -	\$ -	\$ 35,391,965
Parking fees and rentals	53,315	1,292,142	112,683	598,884	205,459	2,262,483
Stadium and sky box rentals	-	-	177,705	-	-	177,705
Other	20,109	6,838	740	4,716	635	33,038
Total operating revenues	35,465,389	1,298,980	291,128	603,600	206,094	37,865,191
Operating expenses:						
Employee compensation and benefits	6,224,936	337,729	73,616	207,516	77,540	6,921,337
Maintenance	4,233,474	24,726	108,546	247,196	18,591	4,632,533
Depreciation	151,144	393,283	359,802	-	72,455	976,684
Consulting fees	89,709	45,815	475	18,289	165	154,453
Heat, light, power	133,888	51,683	1,259	257,388	27,364	471,582
Insurance	299,261	18,235	14,606	6,482	6,324	344,908
Toll tag processing	2,947,335	-	-	-	-	2,947,335
Other	867,259	91,094	34,882	250,097	9,381	1,252,713
Total operating expenses	14,947,006	962,565	593,186	986,968	211,820	17,701,545
Operating income (loss)	20,518,383	336,415	(302,058)	(383,368)	(5,726)	20,163,646
Nonoperating revenues (expenses):						
Investment earnings	559,950	1,964	612	342	202	563,070
Interest expense:						
Bonds	(6,710,530)	(942,970)	-	-	(25,200)	(7,678,700)
Notes	(1,341,756)	-	-	-	(25,594)	(1,367,350)
Support from localities	-	-	-	383,026	-	383,026
Total nonoperating revenues (expenses)	(7,492,336)	(941,006)	612	383,368	(50,592)	(8,099,954)
Transfers	-	(95,000)	-	-	95,000	-
Change in net assets	13,026,047	(699,591)	(301,446)	-	38,682	12,063,692
Net assets (deficit)-beginning of year	74,141,581	(20,572,841)	5,657,206	-	108,862	59,334,808
Net assets (deficit)-end of year	\$ 87,167,628	\$ (21,272,432)	\$ 5,355,760	\$ -	\$ 147,544	\$ 71,398,500

See accompanying notes to financial statements

**Richmond Metropolitan Authority**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	Expressway System	Expressway Parking Deck	Stadium	Main Street Station	Other Non Major Funds	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 35,329,019	\$ 1,295,653	\$ 273,061	\$ 507,743	\$ 138,909	\$ 37,544,385
Receipts from City of Richmond	-	-	-	-	65,400	65,400
Payments to suppliers	(7,294,513)	(222,898)	(156,269)	(786,353)	(77,357)	(8,537,390)
Payments to employees	(6,289,643)	(339,069)	(73,658)	(204,949)	(77,334)	(6,984,653)
Net cash provided by (used in) operating activities	21,744,863	733,686	43,134	(483,559)	49,618	22,087,742
Cash flows from non-capital financing activities:						
Transfers	-	(95,000)	-	-	95,000	-
Receipts from localities	-	-	-	441,540	-	441,540
Net cash provided by (used in) non-capital financing activities	-	(95,000)	-	441,540	95,000	441,540
Cash flows from capital and related financing activities:						
Interest paid on revenue bonds and notes	(6,323,108)	(493,445)	-	-	(28,051)	(6,844,604)
Principal paid on revenue bonds and notes	(7,234,000)	-	-	-	(95,000)	(7,329,000)
Capitalized interest	(59,044)	-	-	-	-	(59,044)
Capital expenditures	(2,694,070)	-	-	-	-	(2,694,070)
Net cash provided by (used in) capital and related financing activities	(16,310,222)	(493,445)	-	-	(123,051)	(16,926,718)
Cash flows from investing activities:						
Purchase of investment securities	(35,319,281)	-	-	(54)	(120,226)	(35,439,561)
Proceeds from sale and maturities of investment securities	34,215,081	-	-	-	123,050	34,338,131
Interest received on investing activities	769,612	1,964	612	342	202	772,732
Net cash provided by (used in) investing activities	(334,588)	1,964	612	288	3,026	(328,698)
Net increase (decrease) in cash	5,100,053	147,205	43,746	(41,731)	24,593	5,273,866
Cash balances-beginning of year	12,596,223	1,079,123	276,949	87,438	73,907	14,113,640
Cash balances-end of year	\$ 17,696,276	\$ 1,226,328	\$ 320,695	\$ 45,707	\$ 98,500	\$ 19,387,506
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 20,518,383	\$ 336,415	\$ (302,058)	\$ (383,368)	\$ (5,726)	\$ 20,163,646
Depreciation	151,144	393,283	359,802	-	72,455	976,684
Changes in assets and liabilities:						
Accounts receivable (Operating Portion)	(124,943)	(5,698)	(55,367)	(111,572)	(1,141)	(298,721)
Prepays and other	10,116	-	-	-	-	10,116
Accounts payable and accrued liabilities	1,201,590	7,315	3,457	(4,334)	(15,326)	1,192,702
Unearned revenue	(11,427)	2,371	37,300	15,715	(644)	43,315
Net cash provided (used in) operating activities	\$ 21,744,863	\$ 733,686	\$ 43,134	\$ (483,559)	\$ 49,618	\$ 22,087,742
Noncash capital, financing and investing activities						
Net change in fair value of investments	\$ (265,839)	\$ -	\$ -	\$ -	\$ -	\$ (265,839)

See accompanying notes to financial statements



RICHMOND METROPOLITAN AUTHORITY  
Notes to the Financial Statements  
Year Ended June 30, 2011

**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, 2011

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, 2011**

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 (see Note 17). All expenditures, including equipment and furnishings, are capitalized if they are related to: 1) the construction or occupancy of a new facility; or 2) a major renovation of an existing facility that enhances the efficiency or functionality of the asset. Any expenditure in connection with maintaining an existing facility in good working order is expensed. Other expenditures incidental to an existing facility are capitalized if the cost is over \$10,000.

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

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

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

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

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

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

*Deficit Net Assets* – At June 30, 2011, two of the funds reflected a deficit in net assets. The Expressway Parking Deck reflected a deficit in net assets of \$21,272,432 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 \$951,605. The deficit is primarily the result of subordinated debt of \$409,500 and \$947,087 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, 2011, the carrying amount of deposits with banks was \$19,287,415. The bank balance of these deposits at June 30, 2011 was \$19,925,374. 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 \$100,091 at June 30, 2011.

**Note 5 – Investments**

At June 30, 2011, funds held by the trustee in the amount of \$40,213,008 are restricted because their use is limited by the terms of applicable bond covenants. Of this amount, \$18,572,755 is classified as

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current, and \$21,640,253 as non-current. Non-restricted investments total \$7,955,470, for total investments of \$48,168,478.

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	\$ 29,517,073	AAA, AAA
U.S. Government Obligations - Money Market Funds	18,572,755	AAAm, Aaa
Repurchase Agreements	78,650	AAA (Collateral)
<b>Total Investments</b>	<b>\$ 48,168,478</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, 2011, 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	\$ 29,517,073	\$ -	\$ 22,595,602	\$ 6,921,471
U.S. Treasury:				
Market funds	18,572,755	18,572,755	-	-
Repurchase agreements	78,650	78,650	-	-
<b>Total Investments</b>	<b>\$ 48,168,478</b>	<b>\$ 18,651,405</b>	<b>\$ 22,595,602</b>	<b>\$ 6,921,471</b>

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*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, 2011, the Authority's investment portfolio consisted of the following:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Government Money Market	38.56%
Federal Home Loan Mortgage Corporation – Freddie Mac	26.44%
Federal Home Loan Bank - FHLB	18.77%
Federal National Mortgage Association – Fannie Mae	16.07%
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 \$78,650 in open repurchase agreements, collateralized with \$88,405 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, 2011 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	\$ 19,611	\$ -	\$ -	\$ 146,825	\$ -	\$ 166,436
Accounts	181,669	6,747	118,827	7,640	2,210	317,093
Total receivables	<u>\$ 201,280</u>	<u>\$ 6,747</u>	<u>\$ 118,827</u>	<u>\$ 154,465</u>	<u>\$ 2,210</u>	<u>\$ 483,529</u>

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**Note 7 – Payables and accrued liabilities**

Payables and accrued liabilities at June 30, 2011 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>
<b>Current:</b>						
Due to state and local governments	\$ 271,807	\$ 563	\$ 8,985	\$ 6,716	\$ 206	\$ 288,277
Salaries and employee benefits	92,212	4,886	176	1,788	1,166	100,228
Compensated absences	480,220	9,793	-	6,012	-	496,025
Accounts	1,741,045	61,722	26,576	72,770	4,330	1,906,443
<b>Total current</b>	<b>\$ 2,585,284</b>	<b>\$ 76,964</b>	<b>\$ 35,737</b>	<b>\$ 87,286</b>	<b>\$ 5,702</b>	<b>\$ 2,790,973</b>
<b>Noncurrent:</b>						
Compensated absences	\$ 73,235	\$ 14,625	\$ -	\$ -	\$ -	\$ 87,860

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**Note 8 - Long-term liabilities**

<u>Issue</u>	<u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>Due Within One Year</u>
<b>Bonds &amp; notes payable:</b>					
Expressway System - 1992 bonds	\$ 4,090,000	\$ -	\$ 900,000	\$ 3,190,000	\$ 980,000
Expressway System - 1998 bonds	66,570,000	-	3,245,000	63,325,000	3,430,000
Expressway System - 1999 bonds	5,400,000	-	1,460,000	3,940,000	1,920,000
Expressway System - 2000 bonds	500,000	-	440,000	60,000	30,000
Expressway System - 2002 bonds	27,535,000	-	30,000	27,505,000	30,000
Expressway System - 2005 New Money bonds	6,875,000	-	45,000	6,830,000	45,000
Expressway System - 2006 bonds	8,591,000	-	515,000	8,076,000	536,000
Expressway System - 2008 bonds	9,484,000	-	599,000	8,885,000	619,000
Issuance premiums	1,521,777	-	205,636	1,316,141	194,696
Issuance discounts	(57)	-	(40)	(17)	(17)
Deferred Amount of Refundings	(7,867,212)	-	(710,504)	(7,156,708)	(710,504)
Subordinated notes payable	22,772,022	-	-	22,772,022	-
<b>Total Expressway system</b>	<b>145,471,530</b>	<b>-</b>	<b>6,729,092</b>	<b>138,742,438</b>	<b>7,074,175</b>
Expressway Parking Deck - 1990 bonds	16,500,000	-	-	16,500,000	4,720,000
Expressway Parking Deck - 1992 bonds	2,375,000	-	-	2,375,000	2,250,000
Issuance discount	(17,518)	-	(2,083)	(15,435)	(2,083)
<b>Total Expressway Parking Deck</b>	<b>18,857,482</b>	<b>-</b>	<b>(2,083)</b>	<b>18,859,565</b>	<b>6,967,917</b>
Second Street Parking Facility- 1974 bonds	515,000	-	95,000	420,000	95,000
Second Street Parking Facility- Subordinated note payable	409,500	-	-	409,500	-
<b>Total Second Street Parking Facility</b>	<b>924,500</b>	<b>-</b>	<b>95,000</b>	<b>829,500</b>	<b>95,000</b>
<b>Total bonds payable</b>	<b>165,253,512</b>	<b>-</b>	<b>6,822,009</b>	<b>158,431,503</b>	<b>14,137,092</b>
<b>Accrued interest</b>					
Expressway System	40,516,335	4,135,146	3,079,508	41,571,973	2,782,701
Expressway Parking Deck	11,335,325	917,109	493,445	11,758,989	-
Other Non-Major Funds	924,344	38,194	15,451	947,087	12,600
<b>Total accrued interest</b>	<b>52,776,004</b>	<b>5,090,449</b>	<b>3,588,404</b>	<b>54,278,049</b>	<b>2,795,301</b>
Compensated absences	612,894	495,698	524,707	583,885	496,025
<b>Total long-term liabilities</b>	<b>\$ 218,642,410</b>	<b>\$ 5,586,147</b>	<b>\$ 10,935,120</b>	<b>\$ 213,293,437</b>	<b>\$17,428,418</b>



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**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, 2011 was \$3,190,000. 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>
2012	\$ 980	\$ 230	\$ 1,210
2013	1,060	143	1,203
2014	1,150	49	1,199
	\$ 3,190	\$ 422	\$ 3,612

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**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, 2011 was \$63,325,000. 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>
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	4,995	2,378	7,373
2017 – 2021	29,220	7,560	36,780
2022 – 2023	13,580	712	14,292
	<u>\$ 63,325</u>	<u>\$ 22,425</u>	<u>\$ 85,750</u>

The unamortized original issue premium and the unamortized deferred refunding amount related to the 1998 bonds were \$610,958 and \$5,053,504, respectively, at June 30, 2011.

**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, 2011 was \$3,940,000. 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>
2012	\$ 1,920	\$ 124	\$ 2,044
2013	2,020	42	2,062
	<u>\$ 3,940</u>	<u>\$ 166</u>	<u>\$ 4,106</u>

Unamortized deferred refunding costs relative to the Expressway 1999 bonds was \$69,194 at June 30, 2011.

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**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, 2011 was \$60,000. 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>
2012	\$ 30	\$ 2	\$ 32
2013	30	1	31
	<u>\$ 60</u>	<u>\$ 3</u>	<u>\$ 63</u>

The unamortized original issue discount and the unamortized deferred refunding amount related to the Expressway 2000 bonds were approximately \$17 and \$70,554, respectively, at June 30, 2011.

**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, 2011 was \$27,505,000. 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>
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	2,425	1,160	3,585
2017 – 2021	14,130	3,699	17,829
2022 – 2023	6,750	359	7,109
	<u>\$ 27,505</u>	<u>\$ 10,781</u>	<u>\$ 38,286</u>

The unamortized original issue premium and unamortized deferred refunding amount related to the 2002 Expressway bonds were \$705,183 and \$1,252,086, respectively, at June 30, 2011.

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**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, 2011 was \$6,830,000. 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>
2012	\$ 45	\$ 251	\$ 296
2013	50	249	299
2014	485	239	724
2015	600	219	819
2016	620	197	817
2017 – 2021	3,454	616	4,070
2022 – 2023	1,576	58	1,634
	<u>\$ 6,830</u>	<u>\$ 1,829</u>	<u>\$ 8,659</u>

The unamortized deferred refunding amount related to the 2005 bonds was \$711,370 at June 30, 2011.

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**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, 2011 was \$8,076,000. 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>
2012	\$ 536	\$ 317	\$ 853
2013	557	295	852
2014	580	272	852
2015	604	248	852
2016	628	223	851
2017 – 2021	3,544	700	4,244
2022 – 2023	1,627	67	1,694
	<u>\$ 8,076</u>	<u>\$ 2,122</u>	<u>\$ 10,198</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, 2011 was \$8,885,000. 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>
2012	\$ 619	\$ 275	\$ 894
2013	638	255	893
2014	659	234	893
2015	680	213	893
2016	702	191	893
2017 – 2021	3,863	594	4,457
2022 – 2023	1,724	56	1,780
	<u>\$ 8,885</u>	<u>\$ 1,818</u>	<u>\$ 10,703</u>

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**Expressway System - Defeased Bonds**

At June 30, 2011, outstanding bonds in the amount of \$20,060,000 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 \$80,389 in fiscal year 2011. 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, 2011 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, 2011, 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, 2011 was \$420,000. 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>
2012	\$ 95	\$ 23	\$ 118
2013	105	16	121
2014	105	11	116
2015	115	3	118
	\$ 420	\$ 53	\$ 473

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

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**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, 2011 was \$16,500,000. Debt service requirements on the 1990 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Unpaid in prior years	\$ 3,870	\$ 10,267	\$ 14,137
2012	850	884	1,734
2013	950	825	1,775
2014	1,090	758	1,848
2015	1,200	682	1,882
2016	1,355	597	1,952
2017 – 2020	7,185	1,320	8,505
	<u>\$ 16,500</u>	<u>\$ 15,333</u>	<u>\$ 31,833</u>

The unamortized original issue discount related to these bonds amounted to \$15,435 at June 30, 2011.

**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, 2011 was \$2,375,000. Debt service requirements on the 1992 bonds are scheduled as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Unpaid in prior years	\$ 2,125	\$ 1,492	\$ 3,617
2012	125	12	137
2013	125	4	129
	<u>\$ 2,375</u>	<u>\$ 1,508</u>	<u>\$ 3,883</u>

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

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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 2011 due to insufficient cash flows. The Authority made a partial interest payment to the City of Richmond in fiscal year 2011 of \$493,445. 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, 2011 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 September 2010 of \$125,069. Accrued interest relative to the subordinated debt totaled \$38,789,272 at June 30, 2011, for a total outstanding principal and interest balance of \$61,561,294.



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*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 \$947,087 at June 30, 2011.

**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 \$65,400 for operations were received from the City during fiscal year 2011 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 the previous calendar year at the Stadium Facility. For fiscal year 2011, based on the reserve balances on hand, the Authority did not request payments from the localities for support for the Stadium. The Authority did not receive admissions tax revenue in fiscal year 2011 as no baseball was played in calendar year 2009. 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.

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**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/2010-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 9.18% of annual covered payroll in FY 2011, 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 2011, the Authority's annual pension cost of \$389,999 (9.18% of covered payroll) was equal to the Authority's required and actual contributions.

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 389,999	100%	—
2010	388,615	100	—
2009	386,425	100	—

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The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) a cost-of living adjustment of 2.5% per year. Both the investment rate of return and the projected salary increase rate include an inflation component of 2.5%. The actuarial value of the Authority's is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years. The table below represents funding progress as of June 30, 2010, the most recent actuarial valuation date.

<b>Valuation Date</b>	<b>Actuarial Value of Plan Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>FEEAL as % of Payroll</b>
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2010	\$ 12,515,879	\$ 13,466,091	\$ (950,212)	92.94%	\$ 4,335,238	(21.92)%

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 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

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Financial Report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (“VML”) at P.O. Box 12164, Richmond, Virginia 23241.

Plan Provisions

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

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

Spouses are eligible for all three tiers, provided they were enrolled in the RMA medical plan for at least two years prior to the date of retirement. With the exception of the third tier, retirees are responsible for 100 percent of monthly premium relative to their spouse. For fiscal year 2011, the combined premium expense for the three tiers totaled approximately \$87,223.

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, 2011, no employees qualify for this tier.

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

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

\*1 – Percent of monthly premium

As of June 30, 2011, 2 employees qualify for this tier.

The third tier retiree medical benefit plan is reserved for employees hired prior to July 1, 1998. The Authority will pay 100 percent of the employee’s and fifty percent of the spouse’s monthly premium, less a \$15 per month retiree contribution. Upon the death of the retiree, the surviving spouse may continue coverage at full cost. As of June 30, 2011, 7 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, 2011, membership consisted of:

Retirees and beneficiaries	25
Active employees	108
Total participants	133

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

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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 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, 2011.

**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, 2011 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>
2011	\$ 355,342	100%	-
2010	355,342	100	-
2009	355,342	100	-

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Funded Status and Funding Progress

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

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
January 1, 2011	\$ 661,700	\$ 3,143,200	\$ 2,481,500	21.1 %	\$ 4,248,332	58.4%

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

Actuarial Methods and Assumptions

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

In the January 1, 2011 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent rate of return and an annual healthcare cost trend rate of 6.40 percent trending down over the next 80 years to a rate of 4.70 percent for future years. The remaining amortization period at June 30, 2011 for the UAAL was 11 years.

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**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, 2011.

**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. This lease was renewed in fiscal year 2011 for the 2012 season. The Flying Squirrels are responsible for concession sales, skybox leasing and rental, playing field maintenance, cleaning, certain equipment maintenance, and utility cost. The team also operates parking for games, with net parking revenues split evenly with the Authority. The Authority supplies certain equipment maintenance and maintains the structure in good repair. The Authority also retained use of one skybox. The financial statements include rental revenue for the Authority's skybox.

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

*Office Space Rental* - The Authority leases its administrative offices under an operating lease agreement expiring in June 2015. Future minimum lease payments are approximately as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 131,000
2013	147,000
2014	151,000
2015	156,000

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

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 5,876
2013	5,876
2014	1,469

Rent expense on all leases amounted to approximately \$131,198 in 2011.



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**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.

**Note 17 - Capital assets**

The following schedule summarizes the capital asset activities of the Authority for the fiscal year ended June 30, 2011:

	June 30, 2010	Additions	Deletions	June 30, 2011
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	2,522,489	-	2,719,553
Total capital assets, not being depreciated	198,655,490	2,522,489	-	201,177,979
Capital assets, being depreciated:				
Powhite Administration Building	2,900,621	-	-	2,900,621
Parking Garages	18,629,531	-	-	18,629,531
Stadium Facility	10,723,373	-	-	10,723,373
Vehicles	411,508	230,625	-	642,133
Total capital assets, being depreciated	32,665,033	230,625	-	32,895,658
Less accumulated depreciation for:				
Powhite Administration Building	(145,032)	(72,516)	-	(217,548)
Parking Garages	(9,287,140)	(465,738)	-	(9,752,878)
Stadium Facility	(5,944,846)	(359,802)	-	(6,304,648)
Vehicles	(411,508)	(78,628)	-	(490,136)
Total accumulated depreciation	(15,788,526)	(976,684)	-	(16,765,210)
Total capital assets, being depreciated, net	16,876,507	(746,059)	-	16,130,448
Total capital assets, net	\$215,531,997	\$ 1,776,430	\$ -	\$ 217,308,427

Depreciation expense for the year ended June 30, 2011 related to capital assets was \$976,684. The Authority has elected to use the “modified approach” to account for certain Expressway System infrastructure assets. Consequently, these assets are not depreciated (See Note 3, Capital Assets). Construction in progress additions of \$2,522,489 includes \$59,044 of capitalized interest.

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**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	\$ 184,049
Capital assets	646,369
Total assets	<u>830,418</u>
Liabilities:	
Current liabilities	113,036
Noncurrent liabilities	1,668,987
Net assets (deficit):	
Invested in capital assets, net of related debt	(183,131)
Restricted	25,778
Unrestricted	(794,252)
Total liabilities and net assets	<u>\$ 830,418</u>
<b>Condensed statement of revenues, expenses and changes in net assets</b>	
Operating revenues	\$ 140,658
Depreciation	(42,247)
Other operating expenses	(78,129)
Operating income (loss)	<u>20,282</u>
Nonoperating revenue (expenses):	
Net investment earnings	93
Interest expense	(50,794)
Transfers	95,000
Change in net assets	64,581
Beginning net assets (deficit)	<u>(1,016,186)</u>
Ending net assets (deficit)	<u>\$ (951,605)</u>
<b>Condensed statement of cash flows</b>	
Net cash provided by:	
Operating activities	\$ 57,471
Non-Capital financing activities	95,000
Capital & financing activities	(123,051)
Investing activities	2,917
Net increase (decrease)	<u>32,337</u>
Beginning cash and cash equivalents	17,196
Ending cash and cash equivalents	<u>\$ 49,533</u>

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**Note 19 - Commitments**

The Authority has active construction projects as of June 30, 2011. At year end, the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Downtown Expressway ORT	\$ 313,630	\$ 8,992,791
Protective Coatings	687,252	2,082,304
Toll System Replacement	302,840	4,999,236
	<u>\$ 1,303,722</u>	<u>\$ 16,074,331</u>





# **Required Supplementary Information (Unaudited)**

**RICHMOND METROPOLITAN AUTHORITY**  
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**Year Ended June 30, 2011**

**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, 2010 actuarial valuation, the most recent actuarial valuation date.

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	FEAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2010	\$ 12,515,879	\$ 13,466,879	\$ (950,212)	92.94%	\$ 4,335,238	(21.92)%
June 30, 2009	12,187,979	11,816,886	371,094	103.14%	4,271,071	8.69%
June 30, 2008	11,727,694	10,952,742	774,952	107.07%	4,103,191	18.89%

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

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

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
January 1, 2011	\$ 661,700	\$ 3,143,200	\$ 2,481,500	21.1 %	\$ 4,248,332	58.4%
June 30, 2008	\$ -	\$ 2,479,824	\$ 2,479,824	- %	\$ 4,333,333	57.2%

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**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>
2011	87.6%	12.4%	0.0%	0.0%
2010	86.1%	13.9%	0.0%	0.0%
2009	54.4%	45.6%	0.0%	0.0%
2008	59.0%	41.0%	0.0%	0.0%
2007	57.9%	42.1%	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**  
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**Year Ended June 30, 2011**

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>
2010-2011	\$ 5,821,000	\$ 2,435,040
2009-2010	6,800,000	3,560,850
2008-2009	3,500,000	8,973,845
2007-2008	2,000,000	4,864,531
2006-2007	2,000,000	2,155,535
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, 2011**

<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, 2011**

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 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.
- Fiscal year 2011 maintenance spending of \$2.4 million was \$1.1 million less than the prior year. Based on construction timing, certain planned cost shifted to future years.



# **Supplementary Information**

**Richmond Metropolitan Authority**  
**Non-Major Funds**  
**Combining Balance Sheet**  
**As of June 30, 2011**

	<b>Second Street Facility</b>	<b>Carytown Facilities</b>	<b>Total Non-major Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 49,533	\$ 48,967	\$ 98,500
Restricted investments held by trustee	107,607	-	107,607
Other short-term investments	25,652	-	25,652
Receivables	1,257	953	2,210
Total current assets	<u>184,049</u>	<u>49,920</u>	<u>233,969</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>(1,478,518)</u>	<u>(606,088)</u>	<u>(2,084,606)</u>
Net capital assets	646,369	1,049,863	1,696,232
Total noncurrent assets	<u>646,369</u>	<u>1,049,863</u>	<u>1,696,232</u>
Total assets	<u>\$ 830,418</u>	<u>\$ 1,099,783</u>	<u>\$ 1,930,201</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	5,068	634	5,702
Accrued interest payable	12,600	-	12,600
Unearned revenue	368	-	368
Bonds and notes payable, current portion	95,000	-	95,000
Total current liabilities	<u>113,036</u>	<u>634</u>	<u>113,670</u>
Noncurrent Liabilities:			
Bonds and notes payable	734,500	-	734,500
Accrued interest payable	934,487	-	934,487
Total noncurrent liabilities	<u>1,668,987</u>	<u>-</u>	<u>1,668,987</u>
Total Liabilities	<u>1,782,023</u>	<u>634</u>	<u>1,782,657</u>
<b>Net Assets (deficit):</b>			
Invested in capital assets, net of related debt	(183,131)	1,049,863	866,732
Restricted for repairs and contingency	25,778	15,675	41,453
Unrestricted	<u>(794,252)</u>	<u>33,611</u>	<u>(760,641)</u>
Total net assets (deficit)	<u>(951,605)</u>	<u>1,099,149</u>	<u>147,544</u>
Total liabilities and net assets	<u>\$ 830,418</u>	<u>\$ 1,099,783</u>	<u>\$ 1,930,201</u>

**Richmond Metropolitan Authority**  
**Non-Major Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2011**

	<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	\$ 140,059	\$ 65,400	\$ 205,459
Other	599	36	635
Total operating revenues	140,658	65,436	206,094
Operating expenses			
Employee compensation & benefits	34,806	42,734	77,540
Maintenance	9,949	8,642	18,591
Depreciation	42,247	30,208	72,455
Consulting fees	67	98	165
Heat, light, power	22,409	4,955	27,364
Insurance	4,587	1,737	6,324
Other	6,311	3,070	9,381
Total operating expenses	120,376	91,444	211,820
Operating income (loss)	20,282	(26,008)	(5,726)
Nonoperating revenues (expenses)			
Investment earnings	93	109	202
Interest expense:			
Bonds	(25,200)	-	(25,200)
Notes	(25,594)	-	(25,594)
Total operating revenues (expenses)	(50,701)	109	(50,592)
Transfers	95,000	-	95,000
Change in net assets	64,581	(25,899)	38,682
Net assets (deficit)-beginning of year	(1,016,186)	1,125,048	108,862
Net assets (deficit)-end of year	\$ (951,605)	\$ 1,099,149	\$ 147,544

**Richmond Metropolitan Authority**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

	<b>Second Street</b>	<b>Carytown Facilities</b>	<b>Total Non-major Funds</b>
Cash flows from operating activities:			
Receipts from customers	\$ 138,909	\$ -	\$ 138,909
Receipts from City of Richmond	-	65,400	65,400
Payments to suppliers	(47,004)	(30,353)	(77,357)
Payments to employees	(34,434)	(42,900)	(77,334)
Net cash provided by operating activities	<u>57,471</u>	<u>(7,853)</u>	<u>49,618</u>
Cash flows from non-capital financing activities:			
Transfers	95,000	-	95,000
Net cash provided by non-capital financing activities	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Cash flows from capital and related financing activities:			
Interest paid on revenue bonds and notes	(28,051)	-	(28,051)
Principal paid on revenue bonds and notes	(95,000)	-	(95,000)
Net cash used in capital and related financing activities	<u>(123,051)</u>	<u>-</u>	<u>(123,051)</u>
Cash flows from investing activities:			
Purchase of investment securities	(120,226)	-	(120,226)
Proceeds from sale and maturities of investment securities	123,050	-	123,050
Interest received on investing activities	93	109	202
Net cash provided by (used in) investing activities	<u>2,917</u>	<u>109</u>	<u>3,026</u>
Net increase (decrease) in cash	32,337	(7,744)	24,593
Cash balances-beginning of year	17,196	56,711	73,907
Cash balances-end of year	<u>\$ 49,533</u>	<u>\$ 48,967</u>	<u>\$ 98,500</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 20,282	\$ (26,008)	\$ (5,726)
Depreciation	42,247	30,208	72,455
Changes in assets and liabilities:			
Accounts receivable (Operating Portion)	(1,105)	(36)	(1,141)
Accounts payable and accrued liabilities	(3,309)	(12,017)	(15,326)
Unearned revenue	(644)	-	(644)
Net cash provided (used in) operating activities	<u>\$ 57,471</u>	<u>\$ (7,853)</u>	<u>\$ 49,618</u>
Noncash capital, financing and investing activities			





# 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 Nine 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	18,224,463	(9,168,140)	59,334,808
2011	58,876,924	22,529,329	(10,007,753)	71,398,500

- (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

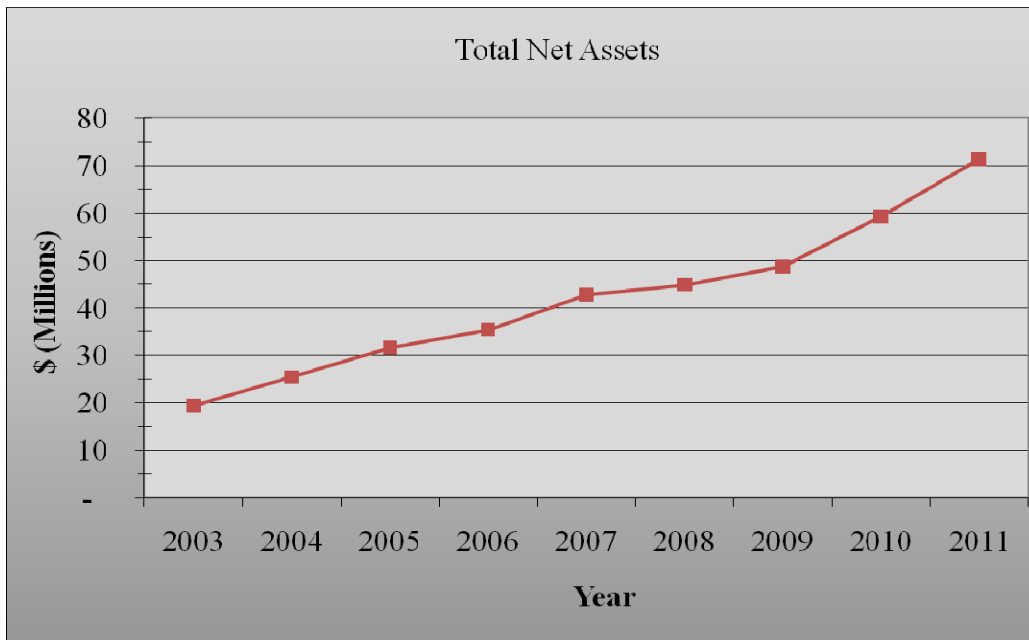


Table 2  
 Richmond Metropolitan Authority  
 Net Assets (Deficit) by Component by Fund  
 Fiscal Year 2003 to 2011

	2003 (1)	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$63,641,630
Restricted	6,945,993	12,523,419	17,250,964	13,856,981	15,659,148	9,454,748	13,665,129	17,625,439	21,765,287
Unrestricted	7,330,758	3,787,786	(2,981,255)	(1,871,529)	(611,009)	173,275	1,427,221	2,205,574	1,760,711
Total net assets (deficit)	27,430,050	33,975,428	41,061,290	46,327,452	54,884,316	57,772,722	62,960,351	74,141,581	87,167,628
<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)	(10,662,163)
Restricted	72,797	63,322	183,394	191,220	262,659	327,361	261,198	431,500	532,000
Unrestricted	(6,768,857)	(7,412,324)	(7,934,621)	(8,424,154)	(8,814,419)	(9,423,686)	(10,026,566)	(10,737,544)	(11,142,269)
Total net assets (deficit)	(14,198,302)	(15,061,050)	(15,880,335)	(16,779,103)	(17,627,133)	(18,570,270)	(19,635,931)	(20,572,841)	(21,272,432)
<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	5,030,725
Restricted	312,496	322,358	222,951	-	-	66,898	-	126,372	190,589
Unrestricted	(52,295)	(175,667)	(62,149)	(61,482)	(41,069)	-	(25,969)	140,307	134,446
Total net assets (deficit)	5,907,713	6,201,765	6,152,993	5,793,403	5,649,033	5,497,562	5,103,528	5,657,206	5,355,760
<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	866,732
Restricted	-	-	-	-	54,946	41,567	41,004	41,152	41,453
Unrestricted	(372,250)	(576,303)	(570,013)	(599,696)	(781,842)	(783,435)	(753,566)	(776,477)	(760,641)
Total net assets (deficit)	194,124	100,065	33,901	(68,237)	(175,342)	137,229	119,080	108,862	147,544

(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

	2002	2003 (1)	2004	2005	2006	2007	2008	2009	2010	2011
Operating revenues:										
Tolls	\$ 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	\$ 35,391,965
Parking fees and rentals	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	2,262,483
Stadium and sky box rentals	488,653	488,711	501,129	494,107	464,987	447,942	428,427	193,419	96,942	177,705
Other	103,740	68,382	87,410	77,595	110,753	52,630	12,645	13,831	15,504	33,038
Total operating revenues	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	37,865,191
Operating expenses:										
Employee compensation and benefits	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	6,921,337
Maintenance	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	4,632,533
Depreciation	1,453,204	1,640,674	737,586	737,585	737,585	737,585	737,585	839,421	868,744	976,684
Consulting fees	1,072,547	1,116,624	952,515	1,273,765	1,183,667	854,207	1,805,216	724,731	591,082	154,453
Heat, light, power	296,840	283,799	326,738	474,854	509,619	538,562	580,861	637,103	492,322	471,582
Insurance	159,283	258,637	302,991	347,395	376,182	415,135	332,543	362,533	376,907	344,908
Toll tag processing	560,076	567,112	579,021	562,752	1,392,650	2,228,449	2,130,368	2,828,881	2,788,310	2,947,335
Other	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	1,252,713
Total operating expenses	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	17,701,545
Operating income	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	20,163,646
Nonoperating revenues (expenses):										
Investment earnings	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	563,070
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	(9,220,987)	(9,157,635)	(9,302,924)	(9,107,476)	(8,407,902)	(8,681,393)	(8,618,759)	(8,794,460)	(8,167,198)	(7,678,700)
Notes	(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)	(1,367,350)
Support from localities	905,756	529,587	1,065,304	1,121,013	601,614	352,862	477,282	513,077	1,004,403	383,026
Other contributions	-	-	-	-	-	-	-	-	647,717	-
Total nonoperating revenues (expenses)	(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)	(8,099,954)
Change in net assets	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	12,063,692
Net assets (deficit)-beginning 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
Net assets (deficit)-end of year	\$ 14,398,786	\$ 19,333,585	\$ 25,450,024	\$ 31,584,225	\$ 35,431,693	\$ 42,793,050	\$ 44,885,938	\$ 48,713,528	\$ 59,334,808	\$ 71,398,500

(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
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
2011	35,465,389	14,947,006	20,518,383	(7,492,336)	13,026,047

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
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)
2011	1,298,980	962,565	336,415	(1,036,006)	(699,591)

**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
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
2011	291,128	593,186	(302,058)	612	-	(301,446)

**Table 7**  
**Richmond Metropolitan Authority**  
**Main Street Station Changes in Net Assets**  
**Last Eight 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)
2011	603,600	986,968	(383,368)	342	383,026	-

(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
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
2011	140,658	120,376	20,282	44,299	64,581

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
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)
2011	65,436	91,444	(26,008)	109	(25,899)

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
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
2011	35,465,389	1,298,980	291,128	603,600	140,658	65,436	37,865,191

(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
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
2011	14,947,006	962,565	593,186	986,968	120,376	91,444	17,701,545

(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
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
2011	35,391,965	1,963,254	476,934	33,038	37,865,191

- (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.

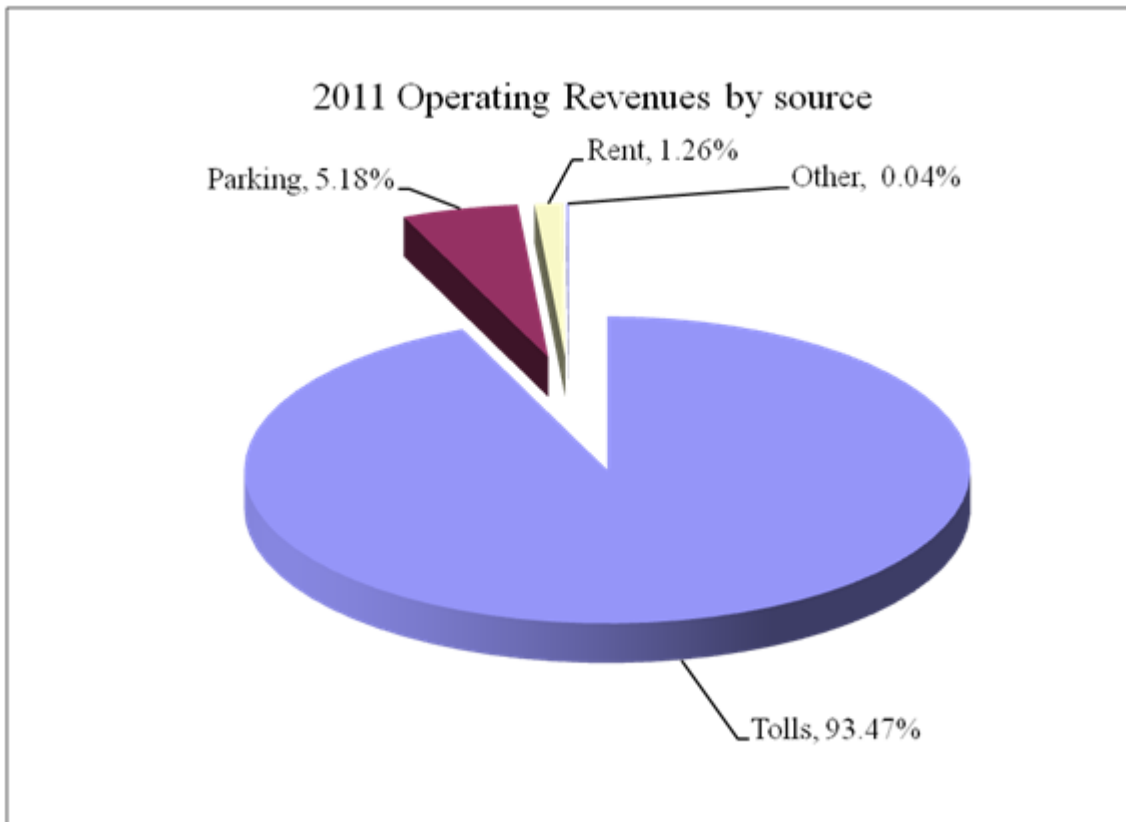


Table 13  
 Richmond Metropolitan Authority  
 Toll Rates Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Two-axle vehicles:										
Powhite Parkway	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Forest Hill Avenue	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Douglasdale Road	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.20	0.20	0.20
Boulevard Bridge	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35
Downtown Expressway	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Second Street	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.35	0.35	0.35
Eleventh Street	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30
Three-axle vehicles:										
Powhite Parkway	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80
Forest Hill Avenue	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40
Boulevard Bridge	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Downtown Expressway	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80	0.80	0.80
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60
Four-axle vehicles:										
Powhite Parkway	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90
Forest Hill Avenue	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.90	0.90	0.90
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60
Five-axle vehicles:										
Powhite Parkway	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00
Forest Hill Avenue	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00
Douglasdale Road	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.00	1.00
Second Street	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.60	0.60	0.60

Table 14

Richmond Metropolitan Authority  
Expressway System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal(2)	Interest	Total	
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
2011	36,291,178	12,360,824	23,930,354	7,590,000	6,071,349	13,661,349	1.75

- (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	
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
2011	235,658	78,129	157,529	95,000	25,200	120,200	1.31

- (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. A transfer of \$95,000 was required in fiscal year 2011.

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	
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
2011	1,300,944	664,282	636,662	850,000	925,475	1,775,475	0.36

(1) Does not include depreciation expense.

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

Table 17

Richmond Metropolitan Authority

Richmond Metropolitan Area Principal Employers

Current and Nine Years Prior (1)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employer (2):										
Virginia Commonwealth University	4	4	4	4	4	4	3	1	1	1
Henrico County School Board	3	3	3	3	2	2	2	3	3	2
Chesterfield County School Board	2	2	2	1	1	1	1	2	2	3
Capital One Bank	1	1	1	2	3	3	4	4	4	4
MCV Hospital	8	8	8	8	6	5	5	5	5	5
U.S. Department of Defense	7	7	7	7	8	8	7	8	8	6
Bon Secours Richmond Health System	-	-	-	-	10	9	8	7	6	7
Wal-Mart	6	6	6	5	5	6	6	6	7	8
Richmond City Public Schools	10	9	9	9	9	10	10	9	9	9
City of Richmond	-	-	-	-	-	-	-	10	10	10
Philip Morris U.S.A., Inc.	5	5	5	6	7	7	9	-	-	-
Ukrops	9	10	10	10	-	-	-	-	-	-
Total Richmond Metropolitan Area Employment (3)	556,643	563,040	571,621	585,981	596,413	610,065	621,200	624,830	606,699	604,492

(1) Final quarter data for most recent calendar year (2010-2001).

(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All employers have over 1,000 individuals employed.

(3) Total employment data obtained from the Bureau of Labor Statistics. Employment numbers are not seasonally adjusted.

Source: Virginia Employment Commission, Bureau of Labor Statistics

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>
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
2011	204,326	317,711	308,066	830,103

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

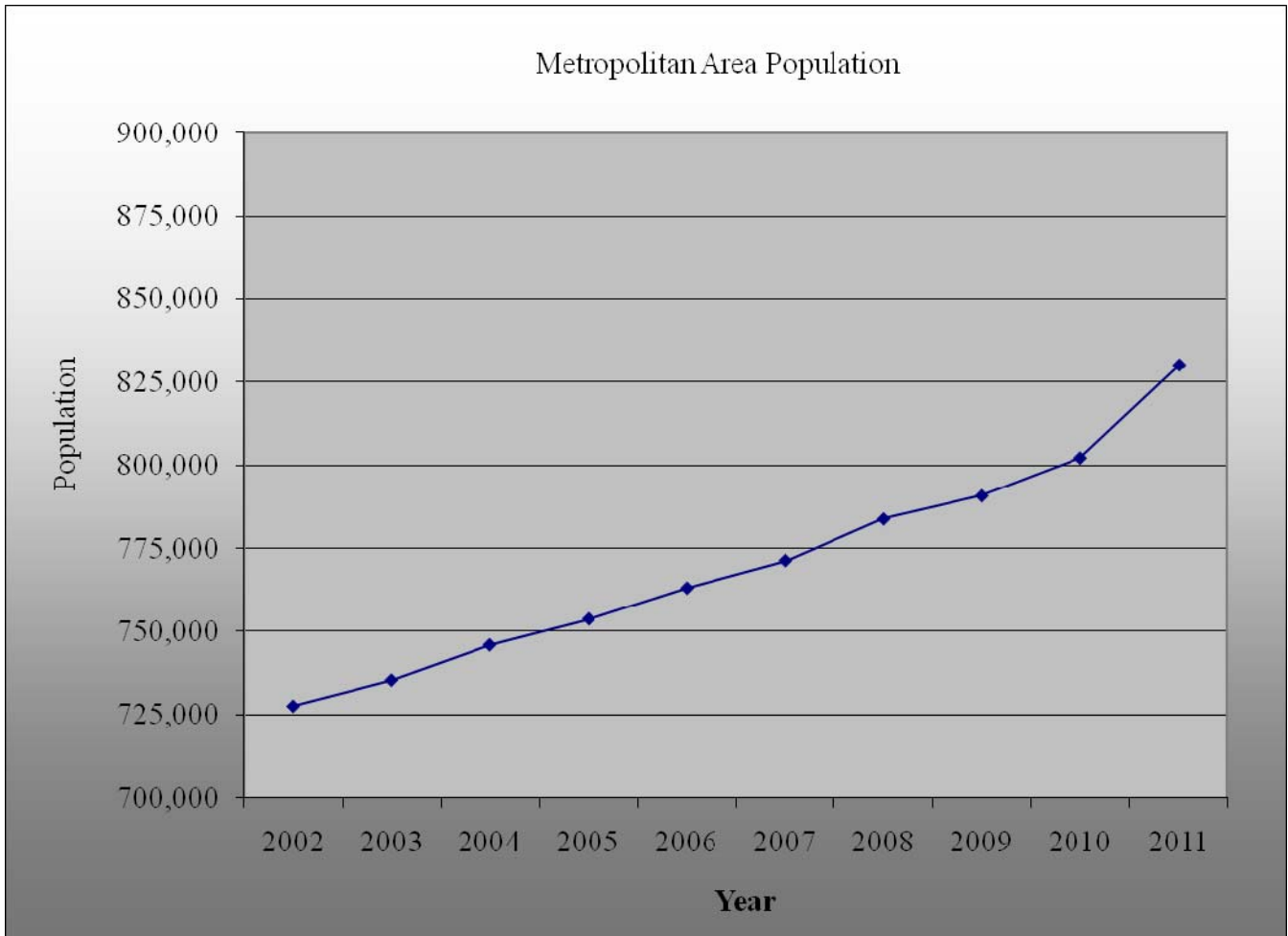


Table 19  
 Richmond Metropolitan Authority  
 Operating and Capital Indicators  
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expressway Traffic										
Powwhite	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	31,787,393
Downtown										
Expressway Boulevard Bridge	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	18,838,516
Total	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	4,575,223
	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	55,201,132
Lane Miles	45.00	45.00	45.00	45.00	45.00	46.94	45.91	45.91	49.9	49.9
Stadium:										
Attendance (1)	447,020	452,961	446,882	375,029	402,815	378,228	342,090	--	463,842	447,520
Number of seats (2)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	--	9,560	9,560
Parking:										
Number of spaces:										
Carytown	220	220	220	220	220	220	220	220	220	220
Second Street	350	350	350	350	350	350	350	350	350	350
Downtown										
Expressway	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	991	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 Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Summary:</b>										
Full-Time	99	99	98	99	101	100	110	110	110	110
Part-Time	31	37	34	36	34	34	32	32	34	33
<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>142</b>	<b>144</b>	<b>143</b>
<b>Expressway:</b>										
Full-Time	80	80	79	79	82	80	89	89	89	89
Part-Time	25	31	28	30	28	27	26	26	27	26
<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>115</b>	<b>116</b>	<b>115</b>
<b>Central Administration:</b>										
Full-Time	17	17	17	17	16	16	17	17	17	17
Part-Time	1	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>18</b>
<b>Parking:</b>										
Full-Time	2	2	2	2	2	2	2	2	2	2
Part-Time	5	5	5	5	5	6	5	5	6	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>8</b>
<b>Main Street Station (1):</b>										
Full-Time	-	-	-	1	1	2	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>	<b>2</b>

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





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

To the Board of Directors  
Richmond Metropolitan Authority  
Richmond, Virginia

We have audited the business type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, Bekant & Holland, L.L.P.*

Richmond, Virginia  
September 20, 2011