RMTA
RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

For the year ended June 30, 2015

Serving Chesterfield, Henrico, and Richmond, Virginia

RMTA

RICHMOND METROPOLITAN
TRANSPORTATION AUTHORITY

RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY
CHESTERFIELD, HENRICO, AND RICHMOND, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Prepared by the Department of Finance:
Curtis Doughtie, Director
Marcus Taylor, Accounting and Financial Reporting Analyst
Christina Buisset, Accounting Supervisor
George Boyd, Accounting Technician
Paul Morgan, Accounting Technician

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October 13, 2015

Board of Directors
Richmond Metropolitan Transportation Authority
Richmond, Virginia

Honorable Members of the Board:

The comprehensive annual financial report of the Richmond Metropolitan Transportation Authority (the "Authority") for the fiscal year ended June 30, 2015 is hereby submitted. Section 710 of a resolution, adopted October 18, 2011, creating and establishing an issue of revenue bonds of the Authority, requires an annual audit of the Authority's financial statements by independent certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cherry Bekaert LLP, has issued an unmodified ("clean") audit opinion on the Authority's financial statements for the year ending June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

The Authority was created in March 1966 by an Act of the General Assembly of the Commonwealth of Virginia to plan, finance, build, and maintain a toll expressway system to serve the Richmond metropolitan area. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to construction 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.

Legislation was introduced and passed during the 2014 General Assembly session that changed the Authority's name to the Richmond Metropolitan Transportation Authority and equalized representation on the Authority's Board of Directors. Previously, the Authority's eleven member Board included six members appointed by the Mayor of the City of Richmond, Virginia (the "City"), with the approval of City

Council, and two each by the Boards of Supervisors of the Counties of Chesterfield and Henrico (the "Counties"). The Commonwealth Transportation Commissioner appointed the eleventh member from the Commonwealth Transportation Board.

Effective July 1, 2014, the Authority's Board size increased to sixteen members. The City and Counties each are authorized to appoint five members to the Board, with the option of one member from each jurisdiction being an elected official. The Commonwealth Transportation Commissioner is authorized to appoint the sixteenth member from the Commonwealth Transportation Board. Reappointment remains the sole responsibility of the aforementioned entities.

The Authority's Board is required to adopt a budget for the fiscal year no less than 30 days prior to the beginning of each fiscal year. The annual budget serves as the foundation for the Authority's financial planning and control. The Authority maintains budgetary monitoring as part of its system of internal controls, with monthly budget to actual financial reports presented to management and the Authority's Board. As an additional budgetary control, existing bond documents require the Authority's Consulting Engineers and Traffic and Revenue Consultant to certify that the annual operating budget provides sufficient revenues to meet budgeted expenses and to maintain the quality of the Authority's facilities. These bond documents also require the Consulting Engineers to annually certify the amount to be deposited into the Authority's Repair and Contingency fund to pay the extraordinary and non-recurring costs of operation, maintenance, repairs, and replacements to the Expressway System.

Operations of the Authority

The Authority is a self-supporting entity, depending solely on the revenues derived from operations and proceeds from the issuance of revenue bonds to fund the Expressway System. The resolutions authorizing the issuance of bonds prohibit the commingling of funds between the Authority's different operations, i.e. tolls generated from the Expressway System cannot be used to support any of the Authority's other facilities.

Comprised of the Powhite Parkway, Downtown Expressway, and Boulevard Bridge, the Expressway System contains over 50 lane miles of roads and 37 bridges. The Expressway System continues to provide a vital urban transportation link for the Richmond metropolitan area, as annual traffic has grown from 17 million transactions in 1976 to over 59 million transactions in 2015.

Powhite Parkway – Opening in 1973, 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.

Downtown Expressway – Opening in 1976, the Downtown Expressway connects the Powhite Parkway to downtown Richmond and Interstate 95. The Downtown Expressway extends 2.5 miles from the Meadow Street Ramp in the west to I-95 in the east. The continuation of the Downtown Expressway to the west of Meadow Street is maintained by VDOT and offers a connection to I-195 to the north and the Powhite Parkway to the south.

Boulevard Bridge – Purchased in November 1969, the Boulevard Bridge was the first acquisition for the Authority. The steel truss bridge was built in 1925 to improve connectivity of the Westover Hills neighborhood south of the river to areas north of the river.

In June 2003, the City of Richmond completed the renovation of Main Street Station and related parking lots. Upon completion of the renovation, the Authority was requested by the City to provide management services for both the station and parking facilities. The Authority is not responsible for any facility debt and the facility remains property of the City.

The City agreed to pay all operating expenses in excess of revenues associated with the Authority's management of the facility – this contribution is budgeted so net revenue over expenses equals zero. The Authority submits monthly financial reports, annual budgets, and audited financial statements to the City. The Authority's operation of the facility is subject to periodic renewals of the operating agreement, with the current agreement expiring June 30, 2016.

The Authority also owned and operated The Diamond Stadium Facility during fiscal year 2015. Built in 1984 to replace the aging Parker Field, The Diamond has provided a home for the Richmond Flying Squirrels minor league baseball team since 2010. At its December 2013 meeting, the Authority's Board voted to transfer the facility to the City on January 1, 2015. Neither the Authority nor the Counties of Chesterfield and Henrico have any future funding obligations.

Major Initiatives

Since its inception, the Authority has provided a forum for its three member jurisdictions to work together for the benefit of the entire metropolitan area. The Expressway System has contributed to the region's continued economic strength, and illustrates the benefits of working together collectively. The Virginia General Assembly passed legislation in 2014 that embraced regional cooperation for the Richmond area by equalizing the Authority's board membership to five members from each of the three jurisdictions (for a total of sixteen members – with one member appointed from the Commonwealth Transportation Board) and changing the Authority's name to Richmond Metropolitan Transportation Authority.

Progress amongst the sixteen board members since the beginning of fiscal year 2015 may be noted through ongoing in-depth conversations as to the Authority's future and the potential role it can play in assisting the Richmond region on transportation related projects and initiatives. Newly appointed board members from Chesterfield, Henrico and Richmond add a diversity of backgrounds with a specific focus on transportation, economic development and planning. With the complement of sixteen board members representing the Richmond region, the Authority is primed to work collaboratively with its local jurisdictions on determining the role it can play in regional mobility initiatives over the course of the next fifty years. The model of regional collaboration that worked so effectively resulting in the inception of the Authority and the projects the Authority had custodianship over has played a significant role in mobility solutions that resulted in economic viability in the Richmond region. The model used yesterday by our predecessors is still applicable today, and the Authority can continue to play a leading role as we collectively examine the regions' economic growth and mobility needs over the next fifty years.

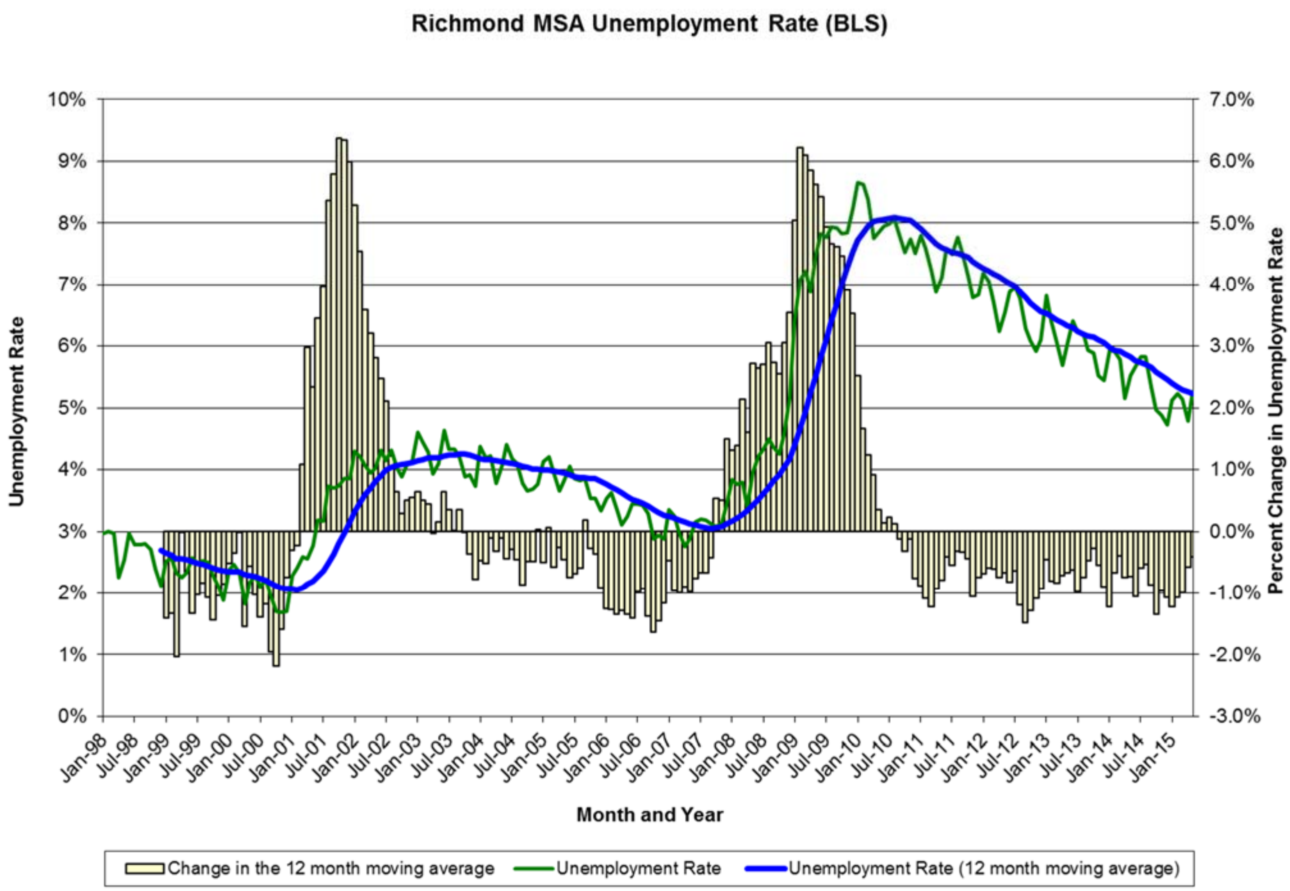
Economic Condition and Outlook

Area employment levels directly impact the number of daily commuter trips on the Authority's Expressway System. The unemployment rate for the Richmond Metropolitan Service Area (MSA) from the Bureau of Labor Statistics from January 1998 to June 2015 is presented in *Figure 1*. The green line represents the unemployment rate by month, fluctuating based on seasonal variations of employment.

The blue line is the 12 month moving average of the unemployment rate, essentially smoothing the curve to present a full picture of the Richmond economy while removing the seasonal movement.

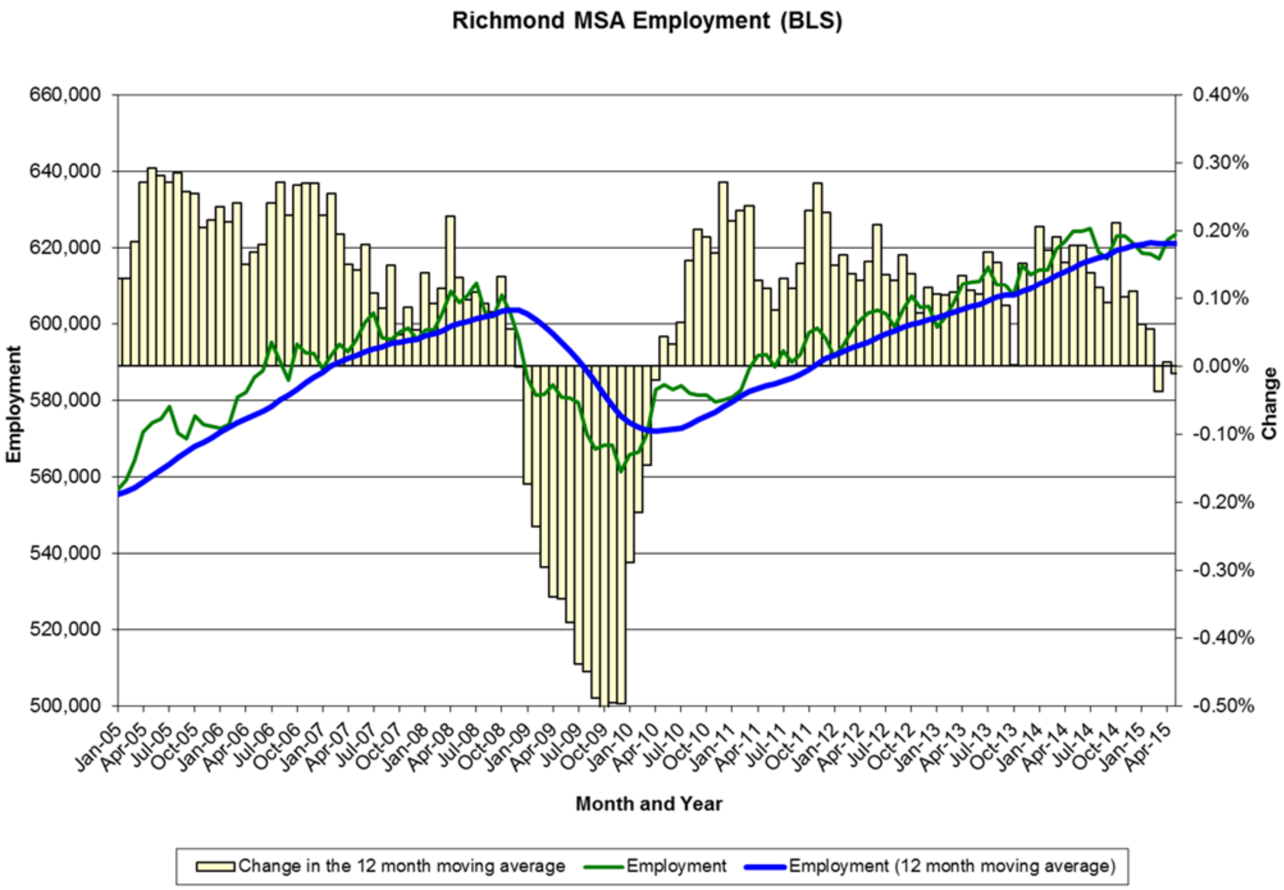
Generally, since the end of recession in 2009 the unemployment rate has decreased slightly to the June 2015 rate of 5.3%, indicating a steady, slow recovery. Since May 2010, the 12 month moving average of the unemployment rate has decreased each of month, a more explicit sign of recovery.

Figure 1: Richmond MSA Unemployment Rate, January 1998-June 2015



While the unemployment rate indicates the general direction of the economy, the Traffic and Revenue Consultant advises that the Richmond MSA employment level (*Figure 2*) is a more appropriate economic indicator to correlate to the Authority's traffic.

Figure 2: Richmond MSA Total Employment Levels, January 2005-June 2015



As a result of the 2008-2009 economic recession, employment levels for the Richmond MSA retreated to 2005-2006 levels by June 2010. Through February 2015, employment levels increased every month, showing the Richmond area is set on a course of stable growth. The final four months of fiscal year 2015 saw employment drop for the first time since the end of the Great Recession, which is a cause for caution for future forecasts.

The price of gasoline has been very volatile since 2008 and this represents a new normal. The potential impact of high fuel prices is considered when developing traffic projections on the Expressway System. It is estimated that gas prices would have to increase substantially higher than the $4.00 per gallon seen during the summer of 2008 and be sustained over many months to have a negative impact on Expressway System traffic; if those two things occur it is estimated that traffic volumes could potentially decrease between 5% and 10%.

Even in the event of a 10% loss in traffic and toll revenue, the fiscal year 2016 traffic projection estimates that all debt service coverage requirements would be satisfied and no toll increase will be required during fiscal year 2016; in an extreme case of a 25-30% loss in traffic and toll revenue, fiscal year 2016 revenue would still be sufficient to pay required debt service.

In addition to employment levels, continued demand for the Expressway System is generated by new development and construction in the Richmond MSA. Recent developments include:

- Construction started during the summer of 2013 on the Gateway Plaza, a new 18-story office building in downtown Richmond. McGuireWoods Consulting, LLC is the anchor tenant of this new building and construction was completed in 2015.

- Virginia Commonwealth University, located in the heart of Richmond with an enrollment in excess of 31,000 students, continues to be a key factor in new development. The university and its health system plan to invest $3.5 billion in the region over the next 12 to 15 years. Current projects include the $181 million Children's Hospital of Richmond Pavilion facility and an $83 million expansion on West Grace Street, which includes two student-housing buildings and a seven-story office and classroom tower.

- Construction on the First Freedom Center and connecting Marriott hotel, located in downtown Richmond at Cary and 14th Street, was completed in early 2015. The First Freedom Center celebrates the 1786 Virginia law that guaranteed religious freedom, while the Marriot hotel provides approximately 200 guest rooms.

- The historic rehabilitation of The Locks, a mixed-use residential and commercial development along the Haxall and Kanawha Canals, continues with the construction of a four-story structure of approximately 52 apartment units at the corner of 12th and Byrd. The first phase of the project, completed in the summer of 2013, created 175 apartments with 8,000 square feet of retail space. Future plans call for a potential office/residential tower structure at 10th and Byrd.

- Richmond welcomed the Washington Redskins to their new training facility in July 2013. The City's $10.8 million investment provides an opportunity for fans to connect with the team during their annual two-week training camp in Richmond.

- Meadowville Technology Park in Chesterfield County continues to be a cornerstone of future economic growth in the County. Located at Interstate 295 and Meadowville Road, development activity in the park includes a one million square foot Amazon fulfillment center (opened October 2012) and a 242,000 square foot data center for Capital One (opened March 2014).

- In June 2014, China's Shandong Tralin Paper Company announced plans to build a $2 billion paper and fertilizer factory at James River Industrial Center in Chesterfield, near Interstate 95 and Route 288. Supported by a grant from the Governor's Opportunity Fund, the facility is expected to create over 2,000 jobs. Groundbreaking is expected to begin in 2016.

- Construction began in summer 2013 at Libbie Mill, a new $434 million mixed-use community on 80 acres on Staples Mill Road in Henrico County. The development is projected to have 994 homes, 1,096 apartments, and about 160,000 square feet of office and retail space. The first announced retail tenant, Southern Season, opened a 53,000 square foot store in July 2014. Ongoing construction includes a new 50,000 square foot Henrico County library opening October 2015 and a new 43,000 square foot office building opening in early 2016. Construction on a new five-story retail and apartment building is scheduled to begin in late 2015 or early 2016.

- The Wegman's supermarket chain announced its planned expansion into the Richmond market with planned store developments in Chesterfield County (Stonehenge Village Shopping Center near Chesterfield Town Center Mall) and Henrico County (West Broad Marketplace near Short Pump Mall). In May 2014, Whole Foods announced a second Richmond-area supermarket near West Broad and Boulevard in the City's Fan District.

- Evonik Industries, a Germany-based chemicals maker with operations in the Richmond area, opened a new business and innovation center in Chesterfield County in July 2015. The company invested more than $15 million to renovate a building in the Chesterfield Airport Industrial Park to serve as a research and development facility, employing about 125 people. The company plans to invest more than $4 billion in research and development over the next 10 years globally.

- Minacs, a global business solutions company, is hiring more than 400 employees for its Henrico-based call center. The company currently has about 200 employees in its call center, which provides health care industry services. Minacs expects to fill the 400 positions by the end of the calendar year.

In September 2011, the City was selected to host the 2015 UCI Road World Championships (the "Worlds"), considered cycling's pinnacle event. The Worlds took place on September 19-27, 2015 and drew an estimated 645,000 spectators to the Richmond area. Road closures were required to ensure the safety of cyclists and spectators; as a result, the fiscal year 2016 forecast was lowered in total by 0.3%. The Authority worked closely with the City and race organizers to minimize the impact of the event to our patrons.

Financial Policies

The Authority's financial policies serve as guidelines for both the financial planning and internal financial management of the Authority. These policies represent a combination of required practices under existing bond documents and recommended best practices. The Authority's Board of Directors formally adopted a comprehensive set of financial policies during fiscal year 2014, with a focus on four key areas: financial planning, revenue and expenses, debt management, and reserve funds.

In April 2015, the Board adopted an additional financial policy focused on accounting and financial reporting. The new policy addresses accounting standards, the maintenance of accurate and timely accounting records, formalizes the audit requirement and establishment of an audit committee, establishes guidelines to the preparation of the annual budget and Comprehensive Annual Financial Report, and establishes the Authority's web site as the primary means of communicating financial information. The new accounting and financial reporting policy provides a way to formalize many of the accounting and financial reporting practices the Authority has implemented throughout the years.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twenty-first consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 Authority believes its current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and is being submitted to the GFOA to determine its eligibility for another certificate.

The Authority received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2015 budget for the first time. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. The Authority believes its fiscal year 2016 budget continues to conform to program requirements and has submitted it to the GFOA to determine its eligibility for another award.

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

Sincerely,

Angela Gray
Chief Executive Officer

Curtis Doughtie
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Richmond Metropolitan Authority

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

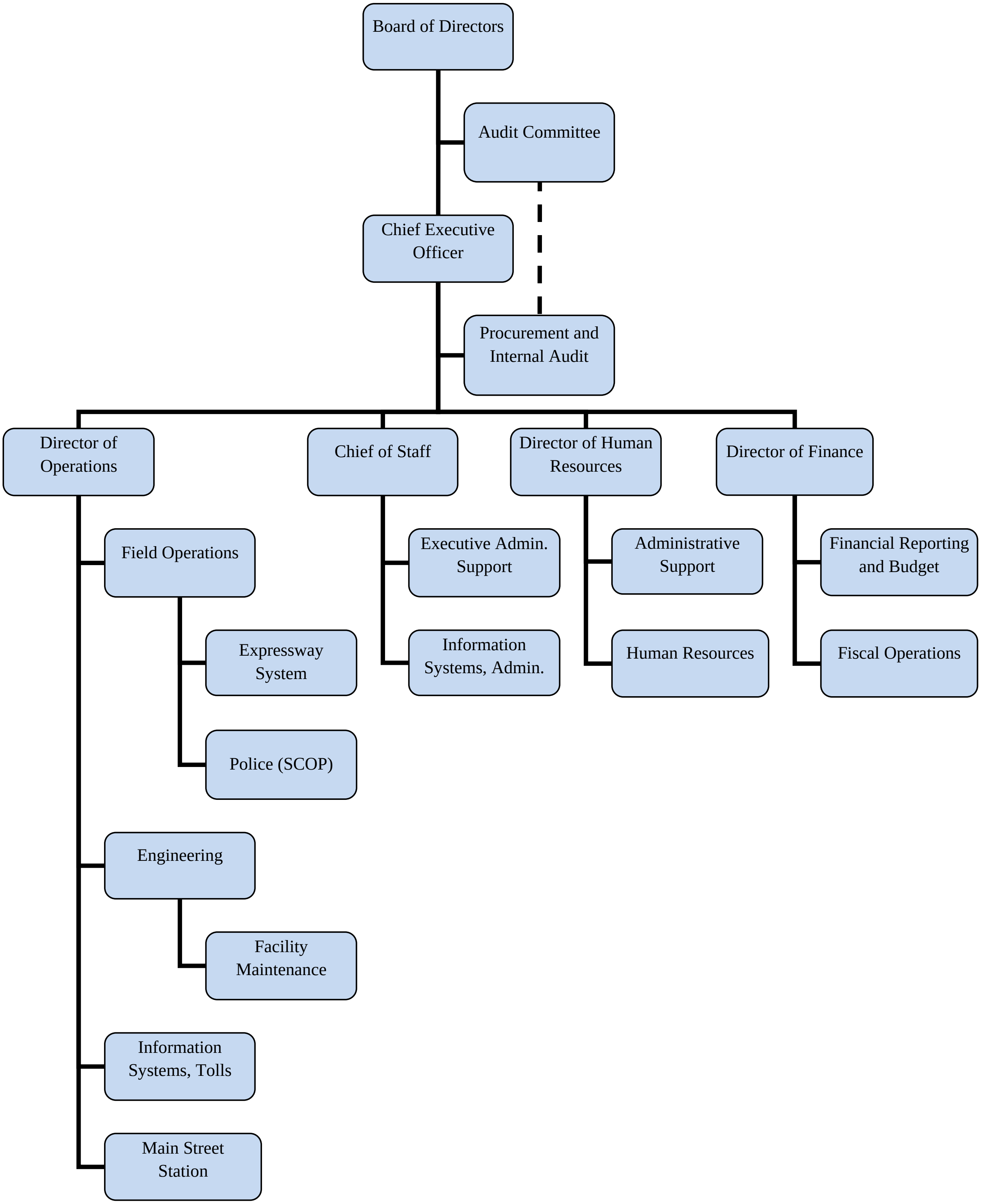
Board of Directors

Jim Holland, Chairman	Chesterfield County
Darius Johnson, Vice-Chair	City of Richmond
Carlos Brown	Commonwealth Transportation Board
A. Dale Cannady	Chesterfield County
Virgil Hazelett	Henrico County
Harvey Hinson	Henrico County
Pierce Homer	City of Richmond
Bryan Kornblau	Henrico County
Tyrone Nelson	Henrico County
Marvin Tart, Sr.	Henrico County
Marilyn West	City of Richmond
Gregory Whirley	Chesterfield County
Charles R. White	Chesterfield County
Bill Woodfin	Chesterfield County
Vacant	City of Richmond
Vacant	City of Richmond

Management and Counsel

Angela Gray	Chief Executive Officer
Joi Dean	Chief of Staff
Curtis Doughtie	Director of Finance
Sheryl Johnson	Director of Human Resources
Theresa Simmons	Director of Operations
Eric Ballou	Secretary and General Counsel

Organizational Chart



RMTA

RICHMOND METROPOLITAN
TRANSPORTATION AUTHORITY

FINANCIAL SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
Richmond Metropolitan Transportation Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Richmond Metropolitan Transportation Authority (the "Authority"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Richmond Metropolitan Transportation Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 16 and presented in Note 10 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, net position as of June 30, 2014 of the statement of revenues, expenses, and changes in net position has been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit trend information and modified approach for reporting infrastructure information on pages 16-20, 50-52, and 52-55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, on our consideration of the Richmond Metropolitan Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Richmond Metropolitan Transportation Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
October 13, 2015

This section presents management's discussion and analysis of the financial performance of the Richmond Metropolitan Transportation Authority (the "Authority") during the fiscal year ended June 30, 2015. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by $117.3 million (net position), an increase of $5.6 million or 5.0%. This increase in net position is primarily due to increases in restricted and unrestricted assets as a result of operations, offset by the accounting loss of $4.4 million on the planned transfer of the Diamond facility to the City of Richmond, Virginia (the "City") during fiscal year 2015.
- Operating revenues of $39.3 million increased by 0.2%, primarily due to an increase in toll revenue (2.9%) offset by $0.9 million less in parking revenues after the parking facility asset transfers in fiscal year 2014. Operating expenses of $20.7 million decreased by 20.2% primarily due to planned Expressway System preservation and capital maintenance projects.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of two components: 1) fund financial statements and 2) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 of America (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 Statement of Revenues, Expenses, and Changes in Net Position. All assets, liabilities, and net position associated with the operation of the Authority are included in the Statement of Net Position. Net position – the difference between assets plus deferred inflows and deferred outflows plus liabilities – is one way to measure the Authority's financial health or position.

Overall Financial Position Analysis

The following table presents a summary of the Authority's financial position for fiscal years 2015 and 2014, followed by a description of significant changes:

	2015	2014	Increase (Decrease)	% Change
Current and other assets	$ 70,940,502	$ 64,944,690	$ 5,995,812	9.2%
Capital assets	218,300,356	225,131,140	(6,830,784)	(3.0%)
Total assets	289,240,858	290,075,830	(834,972)	(0.3%)
Deferred outflows of resources, as restated	11,058,667	12,347,220	(1,288,553)	(10.4%)
Current liabilities	10,636,852	13,834,855	(3,198,003)	(23.1%)
Long-term liabilities, as restated	171,396,083	176,897,343	(5,501,260)	(3.1%)
Total liabilities	182,032,935	190,732,198	(8,699,263)	(4.6%)
Deferred inflows of resources	969,666	-	969,666	N/A
Net position (deficit):				
Net investment in capital assets	97,560,342	101,416,492	(3,856,150)	(3.8%)
Restricted	37,907,088	31,380,545	6,526,543	20.8%
Unrestricted	(18,170,506)	(21,106,185)	2,935,679	(13.9%)
Total net position	$ 117,296,924	$ 111,690,852	$ 5,606,072	5.0%

- Current and other assets of $70.9 million increased due to an increase unrestricted ($3.2 million) and restricted ($3.1 million) cash and investments as a result of operations.
- Capital assets of $218.3 million decreased due to the planned transfer of the Diamond to the City and routine depreciation of capitalized assets.
- Deferred outflows of resources decreased by $1.3 million due to routine amortization and the change in deferred outflows of resources related to pensions (see Note 8 and Note 10).
- Current liabilities decreased primarily due to a $3.0 million decrease in accounts payable at fiscal year-end as a result of timing and operating activity.
- The Authority implemented Governmental Accounting Standards Board Statement (GASB) No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Accordingly, the Authority recorded the impact of the related net pension liability on net position, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by $1,098,507 at June 30, 2014. See Note 10 and Note 16 for additional information.
- Net position, net investment in capital assets decreased due to the planned transfer of the Diamond to the City.

- Net position, restricted increased by $6.5 million, primarily due to the accumulation of resources for planned capital needs of the Expressway System.
- Net position, unrestricted represents the residual net position that does not meet the definition of "net investment in capital assets" or "restricted". Unrestricted net position is reduced by the outstanding principal liability for Series 2011-D debt. See Note 8 for additional information.

Overall Revenue and Expense Analysis

The following table presents a summary of the Authority's revenues, expenses, and change in net position for fiscal years 2015 and 2014, followed by a description of significant changes:

	2015	2014	Increase (Decrease)	% Change
Tolls	$ 38,799,387	$ 37,714,962	$ 1,084,425	2.9%
Parking	-	891,834	(891,834)	(100.0%)
Rental	453,521	551,123	(97,602)	(17.7%)
Other	23,117	31,253	(8,136)	(26.0%)
Total operating revenue	39,276,025	39,189,172	86,853	0.2%
Operating expense	20,650,433	25,890,750	(5,240,317)	(20.2%)
Operating income	18,625,592	13,298,422	5,327,170	40.1%
Nonoperating expenses	(8,029,869)	(9,064,756)	(1,034,887)	(11.4%)
Change in net position before special items	10,595,723	4,233,666	6,362,057	150.3%
Capital asset write-down	(601,559)	-	(601,559)	(100.0%)
Transfer of facilities	(4,388,092)	26,547,983	(30,936,075)	(116.5%)
Total change in net position	5,606,072	30,781,649	(25,175,577)	(81.8%)
Beginning net position	111,690,852	82,007,710	29,683,142	36.2%
Cumulative effect of change in accounting principle	-	(1,098,507)	1,098,507	N/A
Ending net position	$ 117,296,924	$ 111,690,852	$ 5,606,072	5.0%

- Operating revenues of $39.3 million increased by 0.2%, primarily due to an increase in toll revenue from ridership growth as toll rates were last changed in 2008, offset by the elimination of parking revenues after the planned parking facility transfers in fiscal year 2014.
- Operating expenses of $20.7 million decreased by $5.2 million or 20.2%, primarily due to a decrease in fiscal year 2015 of planned Expressway System preservation and capital maintenance projects. Preservation and capital maintenance routinely varies between years based on capital plan requirements.
- Nonoperating expenses of $8.0 million decreased by 11.4%, primarily as a result of the planned transfer of the Expressway Parking Deck in the prior year.

- In fiscal year 2015, the Authority wrote off $601,559 of construction in progress costs due to stoppage of the Powhite ORT Replacement Project. This write-off included approximately $9,660 of capitalized interest.
- The Authority completed the planned transfer of the Diamond to the City in fiscal year 2015, resulting in a net accounting loss of $4.4 million for the facility transfer. In the prior year, the Authority completed the planned transfers of the Expressway Parking Deck and Second Street Parking Facility to the City, resulting in a net accounting gain of $26.5 million for the forgiveness of debt and facility transfers in fiscal year 2014.

The following table summarizes the change in net position by fund:

	Expressway System	**Stadium**	**Main Street Station**	**Total**
Fiscal year 2015	$ 117,296,924	$ -	$ -	$ 117,296,924
Fiscal year 2014	107,234,603	4,456,249	-	111,690,852
Increase (Decrease)	$ 10,062,321	$ (4,456,249)	$ -	$ 5,606,072

Capital Assets

The Authority's capital assets consist of roads, bridges, tunnels, land, buildings, systems, and equipment. As of June 30, 2015, capital assets net of accumulated depreciation decreased from $225.1 million to $218.3 million, primarily due to the transfer of the Stadium facility to the City and routine depreciation. The change in capital assets is summarized by asset type below:

	2015	**2014**	**Change**
Expressway system	$ 209,969,531	$ 209,969,531	$ -
Land (Stadium)	-	612,000	(612,000)
Construction in progress	-	601,559	(601,559)
Buildings	2,415,509	2,488,650	(73,141)
Stadium facility	-	3,339,319	(3,339,319)
Vehicles and equipment	116,612	194,213	(77,601)
Systems	5,798,704	7,925,868	(2,127,164)
Total	$ 218,300,356	$ 225,131,140	$ (6,830,784)

See Note 5 for additional information relative to capital assets.

The Authority has elected to use the modified approach to account for certain infrastructure assets, as provided for in GAAP wherein the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset. Bridges and expressways maintained by the Authority are accounted for using this modified approach. Utilization of this approach requires the Authority to commit to maintaining and preserving affected assets at or above a condition level established by the Authority, maintain an inventory of the assets, perform periodic condition assessments to ensure that the condition level is being maintained, and make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. For fiscal year 2015, the Authority spent approximately $3.9 million to preserve and maintain the roads and bridges at or above this level.

The Authority utilizes its independent Consulting Engineer to perform condition assessments and facility inspections. Pavement condition assessments and inspections of fracture critical bridge elements are performed annually while other bridge elements are inspected on a biennial basis. The latest inspection and condition assessment reports, along with the spending noted above, indicate the Authority is in compliance with its established condition levels. See additional information in the Required Supplementary Information section of this document.

Debt Administration

The Authority did not issue debt during fiscal year 2015. At June 30, 2015, outstanding bonds payable of $175.4 million decreased by $4.3 million or 2.4% from the prior year, primarily due to scheduled debt service payments. The total outstanding bonds payable of $175.4 million is comprised of $171.8 million in Expressway System parity debt and related issuance premiums of $3.6 million. Principal in the amount of $4.2 million is payable on July 15, 2015. See Note 8 for additional detail.

Economic Factors and Next Year's Budget

Residents of the surrounding counties, commuting daily to employment centers and cultural activities in downtown Richmond, represent the primary users of the Authority's Expressway System. Expressway System traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips. The region remains a growing community with a diverse economy and continues to experience a gradual recovery from the 2008 recession. Regional employment of 624,406 at June 2014 decreased slightly to 619,852 at June 2015. Over the past decade, population has continued to increase, as illustrated at Table 17 in the statistical section. Regional unemployment of 5.3% in June 2015 is an improvement compared to 5.7% in the prior year. The regional unemployment rate is slightly behind Virginia's 5.0% and is comparable to the national rate of 5.3%.

Traffic levels are illustrated at Table 18 in the statistical section for the past decade. Fiscal year 2015 traffic volume of 59.5 million increased 2.4% from fiscal year 2014. The Authority's Traffic and Revenue Consultant projects that the fiscal year 2016 toll revenue forecast can be achieved with no growth from the prior year.

Fiscal Year 2016 Rates

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

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 Transportation 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 Transportation Authority
Statement of Net Position
As of June 30, 2015

	Expressway System	Main Street Station	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	$ 5,641,647	$ 168,252	$ 5,809,899
Restricted cash (Note 2)	11,486,751	-	11,486,751
Restricted investments held by trustee (Note 3)	8,511,385	-	8,511,385
Other short-term investments (Note 3)	9,358,967	-	9,358,967
Accrued interest receivable	60,946	-	60,946
Receivables (Note 4)	64,808	54,644	119,452
Prepaid expenses	62,211	-	62,211
Total current assets	35,186,715	222,896	35,409,611
Noncurrent assets:			
Restricted investments held by trustee (Note 3)	22,037,226	-	22,037,226
Other long-term investments (Note 3)	13,461,888	-	13,461,888
Escrow asset (Note 8)	31,777	-	31,777
Capital assets (Note 5):			
Land and other non-depreciable assets	209,969,531	-	209,969,531
Buildings, systems, and equipment	12,149,982	-	12,149,982
Less: Accumulated depreciation	(3,819,157)	-	(3,819,157)
Capital assets, net	218,300,356	-	218,300,356
Total noncurrent assets	253,831,247	-	253,831,247
Total assets	289,017,962	222,896	289,240,858
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding (Note 8)	10,765,926	-	10,765,926
Deferred outflows related to pensions (Note 10)	292,741	-	292,741
Total deferred outflows of resources	11,058,667	-	11,058,667
Total assets and deferred outflows of resources	$ 300,076,629	$ 222,896	$ 300,299,525
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities (Note 6)	$ 1,738,916	$ 51,904	$ 1,790,820
Accounts payable from restricted cash (Note 6)	253,150	-	253,150
Accrued interest payable (Note 7, 8)	3,976,802	-	3,976,802
Advance	-	127,780	127,780
Unearned revenues	-	43,212	43,212
Bonds payable, current (Note 7, 8)	4,445,088	-	4,445,088
Total current liabilities	10,413,956	222,896	10,636,852
Noncurrent liabilities:			
Accrued liabilities (Note 6, 7)	221,480	-	221,480
Bonds payable (Note 7, 8)	170,935,852	-	170,935,852
Net pension liability (Note 10)	238,751	-	238,751
Total noncurrent liabilities	171,396,083	-	171,396,083
Total liabilities	181,810,039	222,896	182,032,935
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 10)	969,666	-	969,666
NET POSITION (DEFICIT)			
Net investment in capital assets	97,560,342	-	97,560,342
Restricted for repairs and contingency	19,515,972	-	19,515,972
Restricted for debt service	18,391,116	-	18,391,116
Unrestricted	(18,170,506)	-	(18,170,506)
Total net position	117,296,924	-	117,296,924
Total liabilities, deferred inflows of resources, and net position	$ 300,076,629	$ 222,896	$ 300,299,525

See accompanying notes to financial statements

Richmond Metropolitan Transportation Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2015

	Expressway System	Main Street Station	Stadium	Total
Operating revenues:				
Tolls	$ 38,799,387	$ -	$ -	$ 38,799,387
Rentals	50,448	262,914	140,159	453,521
Other	5,714	17,403	-	23,117
Total operating revenues	38,855,549	280,317	140,159	39,276,025
Operating expenses:				
Salaries and benefits	6,464,023	166,303	45,823	6,676,149
Operations	6,783,152	696,228	108,096	7,587,476
Preservation and capital maintenance	3,922,463	-	-	3,922,463
Depreciation	2,297,752	-	166,593	2,464,345
Total operating expenses	19,467,390	862,531	320,512	20,650,433
Operating income (loss)	19,388,159	(582,214)	(180,353)	18,625,592
Nonoperating revenues (expenses):				
Investment earnings	602,346	100	196	602,642
Support from localities	-	582,114	112,000	694,114
Interest expense on bonds	(9,326,625)	-	-	(9,326,625)
Total nonoperating revenues (expenses), net	(8,724,279)	582,214	112,196	(8,029,869)
Change in net position before special items	10,663,880	-	(68,157)	10,595,723
Capital asset write-down (Note 5)	(601,559)	-	-	(601,559)
Facility transfer - loss on disposal (Note 9)	-	-	(4,388,092)	(4,388,092)
Change in net position	10,062,321	-	(4,456,249)	5,606,072
Net position - beginning, as restated	107,234,603	-	4,456,249	111,690,852
Net position - ending	$ 117,296,924	$ -	$ -	$ 117,296,924

See accompanying notes to financial statements

Richmond Metropolitan Transportation Authority
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

	Expressway System	Main Street Station	Stadium	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 38,871,550	$ 195,965	$ 171,665	$ 39,239,180
Payments to suppliers and service providers	(13,415,353)	(717,577)	(110,697)	(14,243,627)
Payments to employees for salaries and benefits	(6,511,647)	(162,633)	(45,823)	(6,720,103)
Payment to localities, fund settlement	-	-	(603,366)	(603,366)
Net cash provided by (used for) operating activities	18,944,550	(684,245)	(588,221)	17,672,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from localities	-	649,458	112,000	761,458
Net cash provided by non-capital financing activities	-	649,458	112,000	761,458
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on revenue bonds and notes	(8,792,064)	-	-	(8,792,064)
Principal paid on revenue bonds and notes	(3,960,000)	-	-	(3,960,000)
Capital expenses	(19,845)	-	-	(19,845)
Net cash used for capital and related financing activities	(12,771,909)	-	-	(12,771,909)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(36,341,033)	-	-	(36,341,033)
Proceeds from sale and maturities of investments	29,720,735	-	-	29,720,735
Interest on investments	434,058	100	196	434,354
Net cash provided by (used for) investing activities	(6,186,240)	100	196	(6,185,944)
Net decrease in cash and cash equivalents	(13,599)	(34,687)	(476,025)	(524,311)
Cash and cash equivalents - July 1	17,141,997	202,939	476,025	17,820,961
Cash and cash equivalents - June 30	$ 17,128,398	$ 168,252	$ -	$ 17,296,650
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 19,388,159	$ (582,214)	$ (180,353)	$ 18,625,592
Depreciation expense	2,297,752	-	166,593	2,464,345
Pension expense	109,910	-	-	109,910
Current year pension contributions made subsequent to the measurement date	(292,741)	-	-	(292,741)
(Increase) decrease in accounts receivable	16,001	(31,325)	229,756	214,432
Increase in prepaids and other	(24,904)	2,384	1,407	(21,113)
Decrease in accounts payable and accrued liabilities	(2,549,627)	(20,063)	(4,008)	(2,573,698)
Decrease in unearned revenue	-	(53,027)	(198,250)	(251,277)
Decrease in net position, fund settlement	-	-	(603,366)	(603,366)
Net cash provided by (used for) operating activities	$ 18,944,550	$ (684,245)	$ (588,221)	$ 17,672,084
Non-cash investing activities:				
Net change in fair value of investments	187,474	-	-	187,474

See accompanying notes to financial statements

Note 1 – Summary of significant accounting policies

Reporting entity

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

The Authority is empowered to issue revenue bonds which shall be payable from revenues derived from the operation of the facilities. In addition, the Authority is empowered to issue bonds for the purpose of refunding any revenue bonds. Under the provisions of the Act, no bond issue of the Authority or any interest thereon is an obligation of the Commonwealth of Virginia or other government entity. The Expressway System bond resolution provides that when all related revenue bonds and interest thereon have been paid, the Expressway System will become the property of the City of Richmond, Virginia (the "City"). The resolution authorizing the issuance of bonds prohibit the commingling of funds of the Authority's 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.

Legislation was introduced and passed during the 2014 General Assembly session that changed the Authority's name to the Richmond Metropolitan Transportation Authority and equalized representation on the Authority's Board of Directors. Previously, the Authority's eleven member Board included six members appointed by the Mayor of the City, with the approval of City Council, and two each by the Boards of Supervisors of the Counties of Chesterfield and Henrico. The Commonwealth Transportation Commissioner appointed the eleventh member from the Commonwealth Transportation Board.

Effective July 1, 2014, the Authority's Board size increased to sixteen members. The City and Counties of Chesterfield and Henrico each are authorized to appoint five members to the Board, with the option of one member from each jurisdiction being an elected official. The Commonwealth Transportation Commissioner is authorized to appoint the sixteenth member from the Commonwealth Transportation Board. Reappointment remains the sole responsibility of the aforementioned entities.

Basis of presentation

The Authority administers three enterprise funds: Expressway System, Stadium Facility, and Main Street Station are considered major funds. Each enterprise fund is used to separate the Authority's resources and liabilities by facility. The Authority also maintains two sub-funds: Repair and Contingency and Central Administration.

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

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

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

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

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

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

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

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

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

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

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

Land, construction in progress, and the Expressway System are not depreciated. The other capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	40
Stadium facility	40
Systems	5 to 7
Vehicles and equipment	3 to 8

Deferred outflows of resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Authority has two items that qualifies for reporting in this category: accounting loss on debt refunding and deferred outflows of resources related to pensions. Deferred losses on refundings are recognized as a component of interest expense over the shorter of the life of the old debt or new debt (see Note 8). Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the next fiscal year (see Note 10).

Deferred inflows of resources – In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Authority has one item that qualifies for reporting in this category: deferred inflows related to pensions. The net difference between projected and actual earnings on pension plan investments are amortized over a closed five year period (see Note 10).

Pensions – For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Revenues and expenses

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

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

Note 2 – Cash and cash equivalents

At June 30, 2015 the carrying amount of deposits with banks was $17,296,650, with $11,486,751 being restricted for repairs and contingency. The bank balance of these deposits at June 30, 2015 was $16,951,405. These amounts exclude petty cash and change funds not held by banks of $115,425. The difference between the carrying and bank totals is primarily due to outstanding checks and deposits in transit.

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

Note 3 – Investments

As of June 30, 2015 the Authority had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Credit Rating (Moody's, S&P)	% of Total Portfolio
U.S. Treasuries	$ 15,826,560	0.45	N/A, N/A	29.7%
Federal National Mortgage Association	11,954,129	2.60	AAA, AA+	22.4
Federal Farm Credit Bureau	11,648,353	1.85	AAA, AA+	21.8
U.S. Federally Insured Money Market	8,557,383	0.01	Aaa-mf, AAAm	16.0
Federal Home Loan Bank	3,888,261	2.70	AAA, AA+	7.3
Federal Home Loan Mortgage Corporation	1,494,780	2.69	AAA, AA+	2.8
	$ 53,369,466	1.71		

Certain funds are held as restricted investments because their use is limited by the terms of applicable bond covenants. The Authority's investments are classified as follows:

Purpose	Restricted	Unrestricted	Total
Bond retirement principal and interest	$ 8,510,795	$ -	$ 8,510,795
Debt service reserves	13,827,237	-	13,827,237
Restricted for Repair and Contingency	8,210,579	-	8,210,579
Reserve funds	-	22,820,855	22,820,855
	$ 30,548,611	$ 22,820,855	$ 53,369,466

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

Credit risk – The *Code of Virginia* and other applicable law, the Authority's bond indentures, and the Authority's investment policy adopted by the Board of Directors, limit 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, cities, towns, districts, authorities, or public bodies; obligations of and obligations guaranteed by the United States or certain of its agencies; "prime" quality commercial paper; shares of any investment company the assets of which are invested exclusively in the aforementioned instruments; and certain other instruments of specified quality and rating as dictated by the resolutions.

Concentration of credit risk – The Code of Virginia and the Authority's investment policy place no limit on the amount the Authority may invest in any one issuer. The composition of the Authority's total investment portfolio by issuer can be found above.

Note 4 – Receivables

Receivables at June 30, 2015 for the Authority consisted of:

Type	Expressway System	Main Street Station	Total
Due from other governments	$ 57,412	$ 24,167	$ 81,579
Due from other funds	-	28,757	28,757
Accounts receivable	7,396	1,720	9,116
Total receivables	$ 64,808	$ 54,644	$ 119,452

Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Disposals	June 30, 2015
Non-depreciable:				
Land (Stadium)	$ 612,000	$ -	$ (612,000)	$ -
Expressway System	209,969,531	-	-	209,969,531
Construction in progress	601,559	-	(601,559)	-
Total non-depreciable	211,183,090	-	(1,213,559)	209,969,531
Depreciable:				
Buildings	2,925,621	-	-	2,925,621
Stadium facility	10,723,373	-	(10,723,373)	-
Vehicles and equipment	695,863	19,845	-	715,709
Systems	8,508,652	-	-	8,508,652
Total depreciable	22,853,509	19,845	(10,723,373)	12,149,982
Less accumulated depreciation:				
Buildings	(436,971)	(73,141)	-	(510,112)
Stadium facility	(7,384,054)	(166,593)	7,550,647	-
Vehicles and equipment	(501,650)	(97,447)	-	(599,097)
Systems	(582,784)	(2,127,164)	-	(2,709,948)
Total accumulated depreciation	(8,905,459)	(2,464,345)	7,550,647	(3,819,157)
Total depreciable, net	13,948,050	(2,444,500)	(3,172,726)	8,300,825
Total capital assets, net	$ 225,131,140	$ (2,444,500)	$ (4,386,285)	$ 218,300,356

Depreciation expense for the year ended June 30, 2015 was $2,464,345. The Authority has elected to use the "modified approach" to account for certain Expressway System infrastructure assets. Consequently, these assets are not depreciated (see Note 1, Capital Assets).

For fiscal year 2015, the Authority wrote off $601,559 of construction in progress costs due to stoppage of the Powhite ORT Replacement Project. This write-off included approximately $9,660 of capitalized interest.

Note 6 – Payables and accrued liabilities

Payables and accrued liabilities at June 30, 2015 for the Authority consisted of:

Type	Expressway System	Main Street Station	Total
Current:			
Due to other governments	$ 675,643	$ 1,109	$ 676,752
Due to other funds	28,757	-	28,757
Salaries and benefits	308,662	4,542	313,204
Compensated absences	463,430	3,479	466,909
Accounts payable	515,574	42,774	558,348
Total current	$ 1,992,066	$ 51,904	$ 2,043,970
Noncurrent:			
Compensated absences	$ 221,480	$ -	$ 221,480

Note 7 – Long-term liabilities

Long-term liabilities at June 30, 2015 for the Authority consisted of:

Type	June 30, 2014	Additions	Reductions	June 30, 2015	Due within One Year
Bonds payable:					
1998 Series	$ 30,450,000	-	(3,305,000)	$ 27,145,000	$ 1,745,000
2002 Series	23,975,000	-	(670,000)	23,305,000	2,425,000
2011 Series A, B, C	77,490,000	-	-	77,490,000	-
2011 Series D	43,875,000	-	-	43,875,000	-
Issuance premiums	3,846,975	-	(281,035)	3,565,940	275,088
	$ 179,636,975	$ -	$ (4,256,035)	$ 175,380,940	$ 4,445,088
Other liabilities:					
Accrued interest	$ 4,442,673	$ 3,976,802	$ (4,442,673)	$ 3,976,802	$ 3,976,802
Compensated absences	624,162	492,397	(428,170)	688,389	466,909
	5,066,835	4,469,199	(4,870,843)	4,665,191	4,443,711
Total long-term liabilities	$ 184,703,810	$ 4,469,199	$ (9,126,878)	$ 180,046,131	$ 8,888,799

Note 8 – Bonds payable

The Authority's issued and outstanding bonds for the Expressway System are:

Series	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	As of June 30, 2015 Outstanding Balance	Unamortized Premium	Deferred Loss on Refunding
1998	March 1998	80,705,000	3.65-5.25%	July 2022	$ 27,145,000	$ 316,123	$ 5,883,118
2002	April 2002	28,430,000	3.50-5.25%	July 2022	23,305,000	425,973	1,186,162
2011 A, B, C	Nov. 2011	77,490,000	4.62-4.75%	July 2041	77,490,000	2,823,844	2,440,880
2011 D	Nov. 2011	43,875,000	4.29%	July 2041	43,875,000	-	-
Previously defeased debt		-	-	-	-	-	1,255,766
					$171,815,000	$ 3,565,940	$ 10,765,926

Series 1998 bonds

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

Series 2002 bonds

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

Series 2011-A, B, & C bonds

Revenue bonds were issued to refund a portion of Series 1998 and Series 2002 bonds; fully refund Series 1999, Series 2000, Series 2005, Series 2006, and Series 2008 bonds; and fund various construction of $22.3 million, including the Downtown Expressway Open Road Tolling Project.

Series 2011-D bonds

Revenue bonds were issued and combined with other resources to pay off $22.8 million of subordinate notes and $39.4 million of accrued interest to the City. The Authority issued debt in 1975 to construct the Expressway System with a Moral Obligation from the City to cover debt service short falls. Between 1975 and 1991, the Authority issued subordinate notes to the City for amounts equal to the City's contributions. Based on the non-capital nature of the subordinate notes, the outstanding principal liability for Series 2011-D is applied against unrestricted net position.

Defeased bonds

At June 30, 2015, outstanding bonds in the amount of $31,639,000 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.

Escrow asset

The escrow receivable was created by funds transferred from the Expressway System revenue account for the early retirement of defeased bonds, as required by the 1992 bond resolution. The Authority has directed the trustee, to the extent possible, to purchase Series 1998 bonds in the open market from these funds. During the fiscal year, approximately $18,000 was paid, reducing Series 1998 principal by $15,000. As a result of the Series 2011 refunding, no additional transfers to escrow will occur.

Arbitrage
Expressway System bond issues are reviewed annually to ensure compliance with the IRS regulations regarding arbitrage rebates. As of June 30, 2015 none of the bond series are accruing an arbitrage rebate liability.

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

Year ending June 30,	Principal	Interest	Total
2016	$ 4,170,000	$ 8,567,196	$ 12,737,196
2017	4,390,000	8,342,496	12,732,496
2018	4,615,000	8,106,114	12,721,114
2019	6,860,000	7,804,896	14,664,896
2020	7,220,000	7,435,296	14,655,296
2021-2025	31,410,000	31,572,999	62,982,999
2026-2030	24,290,000	25,321,656	49,611,656
2031-2035	30,830,000	18,612,649	49,442,649
2036-2040	39,365,000	9,849,610	49,214,610
2041-2042	18,665,000	951,428	19,616,428
	$ 171,815,000	$ 126,564,340	$ 298,379,340

Note 9 – Transactions with the City and localities
Stadium Facility – Under the terms of a Moral Obligation Agreement with the City and the Counties of Chesterfield and Henrico, the localities may, but are not legally bound to, appropriate money to the Authority to meet reserve requirements and other Stadium Facility needs. For fiscal year 2015, the Authority did not receive payments from the localities to support the Stadium Facility. Pursuant to the Moral Obligation Agreement, the City may appropriate to the Authority the estimated total taxes payable with respect to admission tickets sold for events held the previous calendar year at the Stadium Facility. The Authority received $112,000 from the City for admissions tax revenue in fiscal year 2015. In December 2013, the Authority's Board voted to transfer the facility to the City effective January 2015; the Authority continued to operate the facility until the transfer date. Upon conveyance, neither the Authority nor the counties of Chesterfield and Henrico have any future funding obligations. The facility transfer was finalized in January 2015. In accordance with the facility transfer agreement, all remaining fund assets from operations were paid in equal portions to the localities in March 2015.

Main Street Station – In June 2003, the City completed the renovation of Main Street Station. Upon completion of the renovation, the Authority was requested by the City to provide management services for the facility. The operating agreement is subject to periodic renewals, with the current agreement expiring June 30, 2016. Through the operating agreement, the City agreed to pay all operating expenses in excess of revenues. The Authority is not responsible for any facility debt and the facility remains property of the City. The City's Department of Economic & Community Development leases office space at the facility. See Note 13 for additional information.

Note 10 – Defined benefit pension plan

Plan description

The Authority participates in the Virginia Retirement System ("VRS"), an agent multiple employer pension plan administered by the Virginia Retirement System ("System"). All full-time, salaried permanent employees of the Authority are automatically covered by VRS upon employment. This plan is administered by the Virginia Retirement System (VRS) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave, and previously refunding VRS service credit in their plan based on specific criteria as defined in the *Code of Virginia*.

Within the VRS Plan, the System administers three different benefit plans – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as defined below:

VRS Plan 1

Overview – VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Eligibility – Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Retirement Contributions – The contribution requirements for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Members are required to contribute 5.0% of their compensation each month to their member contribution account through a pre-tax salary reduction. Prior to July 1, 2012, all or part of the 5.0% member contribution was assumed by the Authority. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0% member contribution. The Authority provided a salary increase equal to the amount of the increase in the employee-paid member contribution. The Authority's contractually required contribution rate for the year ended June 30, 2015 was 7.2% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 3013. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. The Authority contributed

$299,893 and $292,741 to the pension plan for the years ended June 30, 2015 and June 30, 2014, respectively.

Creditable Service – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

Normal Retirement Age – Age 65.

Earliest Unreduced Retirement Eligibility – Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility – Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement – The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage –Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

<u>VRS Plan 2</u>

Overview – VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Eligible Members – Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election – VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1,

2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

Retirement Contributions – Same as VRS Plan 1.

Creditable Service – Same as VRS Plan 1.

Vesting – Same as VRS Plan 1.

Calculating the Benefit – See definition under VRS Plan 1.

Average Final Compensation – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier – Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age – Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility – Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement – The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility and exceptions to COLA effective dates are the same as VRS Plan 1.

Disability Coverage –Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service – Same as VRS Plan 1.

VRS Hybrid Retirement Plan

Overview – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes state employees, school division employees, political subdivision employees, judges appointed or elected to an original term on or after January 1, 2014, members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Some employees are not eligible to participate in the Hybrid Retirement Plan. They include members of the State Police Officers' Retirement System (SPORS), members of the Virginia Law Officers' Retirement System (VaLORS), and political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Retirement Contributions – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service, Defined Benefit Component – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Creditable Service, Defined Contributions Component – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting, Defined Benefit Component – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Vesting, Defined Contributions Component – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Calculating the Benefit, Defined Benefit Component – See definition under VRS Plan 1.

Calculating the Benefit, Defined Contribution Component – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation – Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier – The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Normal Retirement Age, Defined Benefit Component – Same as VRS Plan 2.

Normal Retirement Age, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility, Defined Benefit Component – Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Earliest Unreduced Retirement Eligibility, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility, Defined Benefit Component – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Earliest Reduced Retirement Eligibility, Defined Contribution Component – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement, Defined Benefit Component – Same as VRS Plan 2. Eligibility and exceptions to COLA effective dates are the same as VRS Plan 1 and VRS Plan 2.

Cost-of-Living Adjustment (COLA) in Retirement, Defined Contribution Component – Not applicable.

Disability Coverage – Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service, Defined Benefit Component – Same as VRS Plan 1 and VRS Plan 2.

Purchase of Prior Service, Defined Contribution Component – Not applicable.

Funding policy
Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. This contribution is paid by the employees. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended June 30, 2015 was 7.20% of the annual covered payroll.

Employees covered by benefit terms
At June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees, vested	5
Inactive employees, non-vested	51
Employees active elsewhere in VRS	10
Total inactive employees	66
Inactive employees or beneficiaries currently receiving benefits	41
Active employees	108
	215

VRS financial statements
The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (see the VRS website at http://www.varetire.org).

Actuarial methods and assumptions

The Authority's total pension liability was determined based on an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial cost method	Entry age
Amortization method	Level percentage closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*
Projected salary increases	3.5-5.35%, including inflation
*Inflation	2.5%

Mortality rates were based on the following tables:

Pre-Retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with Males set forward 4 years and Females set back 2 years.
Post-Retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with Males set forward 1 year
Post-Disablement	RP-2000 Disabled Life Mortality Table Projected to 2020 with Males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows: Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increases by 0.25% per year.

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the Employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board and the member rate.

Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Authority's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension investments was determined used a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Using stochastic projection results provides an expected range of real rates of return over various time horizons. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current members were projected through 2121.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class for use in the last actuarial experience study for the four-year period ending June 30, 2012 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	19.50%	6.46%
Developed Non U.S. Equity	16.50%	6.28%
Emerging Market Equity	6.00%	10.00%
Fixed Income	15.00%	0.09%
Emerging Debt	3.00%	3.51%
Rate Sensitive Credit	4.50%	3.51%
Non-Rate Sensitive Credit	4.50%	5.00%
Convertibles	3.00%	4.81%
Public Real Estate	2.25%	6.12%
Private Real Estate	12.75%	7.10%
Private Equity	12.00%	10.41%
Cash	1.00%	-1.50%
Total	100.00%	

The following table presents the net pension liability of the Authority, calculated using the discount rate of 7%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%):

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	$2,417,697	$238,751	$(1,575,653)

Changes in the net pension liability

	Increase (decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a-b)**
Balance at June 30, 2013	$ 15,130,651	$ 13,732,251	$ 1,398,400
Changes for the year:			
Service cost	468,184	-	468,184
Interest	1,040,878	-	1,040,878
Contributions – employer	-	299,893	299,893
Contributions – employee	-	207,869	207,869
Net investment income	-	2,172,443	2,172,443
Benefit payments, including refunds of employee contributions	(521,921)	(521,921)	-
Administrative expense	-	(11,608)	(11,608)
Other changes	-	114	114
Net changes	987,141	2,146,790	(1,159,649)
Balances at June 30, 2014	$ 16,117,792	$ 15,879,041	$ 238,751

Roll forward of the total pension liability

Total pension liability as of June 30, 2013	$ 15,130,651
Entry age normal cost for the period June 30, 2013-June 30, 2014	437,555
Actual benefit payments and refunds for the period June 30, 2013-June 30, 2014	521,921
Total pension liability as of June 30, 2014	$ 16,117,792

Pension expense and deferred outflows and deferred inflows of resources related to pensions

For the year ending June 30, 2015, the Authority recognized pension expense of $109,910. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Employer contributions subsequent to the measurement date	$ 292,741	$ -
Net difference between projected and actual earnings on pension plan investments	-	969,666
	$ 292,741	$ 969,666

Deferred outflows of resources of $292,741 reported as related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$(242,417)
2017	(242,417)
2018	(242,417)
2019	(242,415)
Thereafter	-
	$ 969,666

Note 11 – Other postemployment benefits

Plan description

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

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

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

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

The first tier is applicable to employees with at least 25 years of service and who were promoted or hired to a full-time position on or after July 1, 2007. Eligible retirees receive a monthly contribution credit of $6 for each year of full-time service.

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

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

The third tier is applicable to employees hired before 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.

Spouses are eligible for all three tiers, provided they were enrolled in the Authority's medical plan for at least two years prior to the date of retirement. With the exception of the third tier, retirees are responsible for 100 percent of monthly premiums attributable to their spouses. Eligible retirees who are age 65 or over must enroll in Medicare Part B coverage and can participate only in the Authority's health insurance plans that coordinate with Medicare benefits.

At June 30, 2015, the number of retiree participants and active employees eligible for immediate retirement benefits for each tier were:

	Tier 1	Tier 2	Tier 3	Total
Retirees	-	2	22	24
Active employees	-	4	7	11
Total	-	6	29	35

For fiscal year 2015, the Authority's combined premium expense for all three tiers was approximately $126,300.

Funding policy
The Authority contributes to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined amount in accordance with GAAP.

Annual OPEB cost and net OPEB obligation

The most recent triennial actuarial study was prepared as of January 1, 2014. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at $1,682,612 and an ARC of $399,311. The postemployment healthcare cost was determined under the projected unit credit actuarial funding method. The calculation was based on a 7.0 percent discount rate and the amortization of the UAAL over 7 years. This represents a level of funding that if paid on an ongoing basis is projected to cover normal cost each year and the amortization of the UAAL over 7 years. The current ARC of $399,311 is 9.5 percent of the $4,522,294 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, 2015.

Annual required contribution ("ARC")	$ 399,311
Employer contributions	(274,311)
Employee contributions (premiums)	(125,000)
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	-

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

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage of ARC Contributed	Net OEPB Liability (Asset)
2013	$ 467,800	100%	-
2014	477,400	100	-
2015	399,311	100	-

Funded status and funding progress

As of January 1, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	$ 3,658,909
Actuarial value of plan assets	1,976,297
Unfunded actuarial liability (UAAL)	$ 1,682,612
Funded ratio (actuarial value of plan assets /AAL)	54.0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 4,522,294
UAAL as a percentage of covered payroll	37.2%

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

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

The ARC for the plan was determined as part of the January 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percent of payroll, closed
Remaining amortization period	7 years
Asset valuation method	market value
Investment return	7.00%
Healthcare cost trend rate	6.40-4.70%
Projected salary increases	2.50%

Note 12 – Risk management
The Authority 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 coverage is 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, 2015.

Note 13 – Leases
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 Department of Economic and Community Development began leasing available office space. Monthly rent of $8,750 and $3,333 for 24-hour security services are paid directly to the Authority and are reflected in the enclosed financial statements.

Office Space Rental – The Authority leases its administrative offices under an operating lease agreement expiring in June 2017. Future minimum lease payments are approximately $158,100 for fiscal year 2016 and $162,800 for fiscal year 2017.

Office Equipment Rental – The Authority leases certain office equipment under an operating lease agreement expiring in October 2016. Future minimum lease payments are approximately $5,300 for fiscal year 2016 and $1,800 for fiscal year 2017.

Rent expense on all leases was approximately $161,000 in fiscal year 2015.

Note 14 – Contingencies

In the normal course of operations, the Authority may have commitments, contingent liabilities, lawsuits, and claims. 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 15 – Commitments

The Authority has active construction projects and various open purchase orders at times during the fiscal year. As of June 30, 2015, the Authority had open purchase orders totaling $32,299 all within the Expressway System fund.

Note 16 – Restatement of beginning net position

The Authority restated beginning net position for the Expressway System fund due to a change in accounting principle from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No, 68*. These pronouncements changed the accounting and financial reporting requirements of pension obligations by reporting pension obligations not only in the note disclosure and required supplementary information sections, but also on the face of the basic financial statements. Accordingly, the restatement below records the beginning net pension liability and deferred outflows of resources related to pensions.

The Statement of Net Position adjustment is as follows:

Expressway System	Balance June 30, 2014 Previously Reported	Restatement	June 30, 2014 As Restated
Deferred outflows	$ -	299,893	299,893
Net pension liability	-	1,398,400	(1,398,400)

The fiscal year 2014 net position beginning balance adjustment is as follows:

	Expressway System	Total Net Position
Net position, June 30, 2014 as previously reported	$ 108,333,110	$ 112,789,359
GASB 68 Adjustment	(1,098,507)	(1,098,507)
Net position, June 30, 2014 as restated	$ 107,234,603	$ 111,690,852

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Schedule of Changes in Net Pension Liability and Related Ratios

	2015
Total Pension Liability	
Service cost	$ 468,184
Interest	1,040,878
Benefit Payments	(497,795)
Refunds of employee contributions	(24,126)
Net change	$ 987,141
Total pension liability – beginning	15,130,651
Total pension liability – ending (a)	$16,117,792
Plan Fiduciary Net Position	
Benefit payments	$ (497,795)
Refunds of employee contributions	(24,126)
Contributions –employer	299,893
Contributions – employee	207,869
Net investment income	2,172,443
Administrative expense	(11,608)
Other changes	114
Net change	$ 2,146,790
Plan fiduciary net position – beginning	13,732,251
Plan fiduciary net position – ending (b)	$15,879,041
Net Pension Liability (a)-(b)	$ 238,751
Plan fiduciary net position as a percentage of the total pension liability	98.5%
Covered payroll	$ 4,345,581
Net pension liability as a percentage of covered payroll	5.5%

Notes to schedule

Information is presented only for those years for which it is available.

Schedule of Pension Contributions

	2015
Actuarially determined contribution	$ 292,741
Actual contributions	(292,741)
Contribution deficiency (excess)	$ -
Covered payroll	$ 4,345,581
Actual contributions as a percentage of covered payroll	6.7%

Notes to schedule

The actuarially determined contribution rates are determined every two years. The last determination of the actuarial contribution rates was as of June 30, 2013 payable for the fiscal years 2015 and 2016. The following actuarial methods and assumptions were used to determine contribution rates as of the June 30, 2013 actuarial valuation:

Actuarial cost method	Entry age
Amortization method	Level percentage closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*
Projected salary increases	3.5-5.35%, including inflation
*Inflation	2.5%

Information is presented only for those years for which it is available.

Other Postemployment Benefits ("OPEB") Schedule of Funding Progress

The following schedule of funding progress includes data through the plan's most recent actuarial valuation (January 1, 2014:

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2008	$ -	$ 2,479,824	$ 2,479,824	- %	$ 4,333,333	57.2%
January 1, 2011	661,700	3,143,200	2,481,500	21.1	4,241,081	58.5
January 1, 2014	1,976,297	3,658,909	1,682,612	54.0	4,522,294	37.2

Modified Approach for Reporting Infrastructure

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

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

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

The following tables, combined with condition assessment ratings, demonstrate the Authority has incurred the necessary expenses to meet its established condition levels.

Pavement condition assessment, measurement scale, and established condition level

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

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

The Authority last modified the treatment group scoring model in August 2006.

The Authority's established condition level requires asphalt pavement be maintained at optimum levels and that no subsection PCR score is less than 40. Condition assessment ratings for the last five fiscal years were:

	Rating			
Fiscal Year	Group 1	Group 2	Group 3	Group 4
2011	87.6%	12.4%	0.0%	0.0%
2012	86.6%	12.4%	1.0%	0.0%
2013	57.9%	35.2%	6.9%	0.0%
2014	30.3%	68.2%	1.5%	0.0%
2015	14.0%	84.1%	1.9%	0.0%

Bridge condition assessment, measurement scale, and established condition level

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

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

“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 Authority’s established condition level requires that none of the Authority’s bridges shall be rated as “structurally deficient.”

A complete inspection of the Authority’s bridges is accomplished on a biennial basis. The percentage of bridges rated as “structurally deficient” for the past five inspections were:

Calendar Year	Structurally Deficient
2006	0%
2008	0%
2010	0%
2012	0%
2014	0%

Estimated and actual costs, last five fiscal years

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

Fiscal Year	Estimated Spending	Actual Spending
2011	$ 4,244,000	$ 2,435,040
2012	7,955,000	4,362,817
2013	5,875,000	5,576,876
2014	6,476,000	10,404,690
2015	3,722,000	3,922,463
	$ 27,272,000	$ 26,705,909

The budget process and timing of projects results in spending in one fiscal year from amounts that were certified as necessary in a previous year(s). This timing difference does not allow a true comparison of amounts budgeted and spent within a given year. This table, combined with condition assessment ratings, demonstrate the Authority has incurred the necessary expenses to meet its established condition levels.

Expressway System actual maintenance expense for the last five fiscal years by project group was:

Group	2011	2012	2013	2014	2015
Maintenance and repair	$1,124,896	$1,076,315	$4,789,009	$4,735,482	$1,728,482
Protective coatings	870,677	2,681,809	298,145	4,237,595	72,900
Inspections and engineering	334,528	360,090	326,362	1,057,310	850,652
Support fleet	66,683	92,480	114,186	68,900	22,003
Other	38,256	152,123	49,174	305,403	1,248,426
Total	$2,435,040	$4,362,817	$5,576,876	$10,404,690	$3,922,463

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

Table 12	Operating Revenues by Source
Table 13	Toll Rates

Debt Capacity

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

Table 14	Expressway System, Revenue Bond Coverage
Table 15	Expressway System, Debt per Toll Revenue and Toll Transactions

Demographic and Economic Information

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

Table 16	Principal Employers, Richmond Metropolitan Area
Table 17	Estimated Population, Richmond Metropolitan Area

Operating Information

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

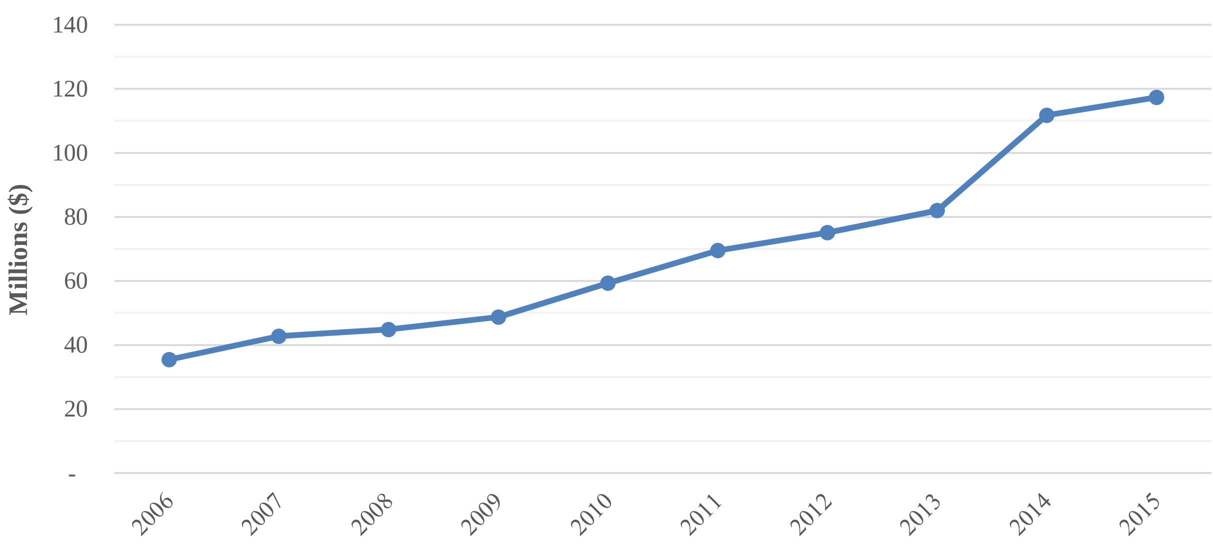
Table 18	Expressway System, Operating and Capital Indicators
Table 19	Employees by Identifiable Activity

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

Fiscal Year	Net Investment in Capital Assets	Restricted (1)	Unrestricted	Total Net Position
2006	$ 31,944,663	$ 14,048,201	$ (10,561,171)	$ 35,431,693
2007	37,002,460	15,976,753	(10,186,159)	42,793,054
2008	44,980,515	9,890,574	(9,985,151)	44,885,938
2009	43,958,577	13,967,331	(9,212,380)	48,713,528
2010	50,278,485	18,224,463	(9,168,140)	59,334,808
2011	58,876,924	22,529,329	(11,848,617)	69,557,636
2012	88,262,025	28,481,179	(41,660,745)	75,082,459
2013	85,344,801	38,700,689	(42,037,780)	82,007,710
2014	101,416,492	31,380,545	(21,106,185)	111,690,852
2015	97,560,342	37,907,088	(18,170,506)	117,296,924

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

Total Net Position
Last Ten Fiscal Years



The significant net position increase in fiscal year 2014 is related to the transfer of the Expressway Parking Deck; this facility had debt that exceeded the historical asset carrying value by approximatley $25 million prior to the transfer (see Table 2). $4.5 million of the fiscal year 2015 decrease is due to the transfer of the Stadium (see Table 2).

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expressway System										
Net inv. in capital assets	$34,342,000	$39,836,177	$48,144,699	$47,868,001	$54,310,568	$63,641,630	$93,759,354	$92,553,786	$97,465,173	$97,560,342
Restricted	13,856,981	15,659,148	9,454,748	13,665,129	17,625,439	21,765,287	27,821,271	37,880,382	31,252,379	37,907,088
Unrestricted	(1,871,529)	(611,009)	173,275	1,427,221	2,205,574	1,760,711	(27,320,318)	(27,178,061)	(21,482,949)	(18,170,506)
Total net position	46,327,452	54,884,316	57,772,722	62,960,351	74,141,581	87,167,628	94,260,307	103,256,107	107,234,603	117,296,924
Stadium (1)										
Net inv. in capital assets	5,854,885	5,690,102	5,430,664	5,129,497	5,390,527	5,030,725	4,670,923	4,311,121	3,951,319	-
Restricted	-	-	66,898	-	126,372	190,589	144,100	242,386	128,166	-
Unrestricted	(61,482)	(41,069)	-	(25,969)	140,307	134,446	172,989	208,722	376,764	-
Total net position	5,793,403	5,649,033	5,497,562	5,103,528	5,657,206	5,355,760	4,988,012	4,762,229	4,456,249	-
Main Street Station (2)										
Unrestricted	157,778	62,180	48,695	166,500	-	-	-	-	-	-
Total net position	157,778	62,180	48,695	166,500	-	-	-	-	-	-
Expressway Parking Deck (3)										
Net inv. in capital assets	(8,546,169)	(9,075,373)	(9,473,945)	(9,870,563)	(10,266,797)	(10,662,163)	(11,057,529)	(11,452,481)	-	-
Restricted	191,220	262,659	327,361	261,198	431,500	532,000	368,000	333,000	-	-
Unrestricted	(8,424,154)	(8,814,419)	(9,423,686)	(10,026,566)	(10,737,544)	(12,983,133)	(13,596,543)	(14,127,260)	-	-
Total net deficit	(16,779,103)	(17,627,133)	(18,570,270)	(19,635,931)	(20,572,841)	(23,113,296)	(24,286,072)	(25,246,741)	-	-
Other Non-major Funds (3)										
Net inv. in capital assets	531,459	551,554	879,097	831,642	844,187	866,732	889,277	(67,625)	-	-
Restricted	-	54,946	41,567	41,004	41,152	41,453	147,808	244,921	-	-
Unrestricted	(599,696)	(781,842)	(783,435)	(753,566)	(776,477)	(760,641)	(916,873)	(941,181)	-	-
Total net position	(68,237)	(175,342)	137,229	119,080	108,862	147,544	120,212	(763,885)	-	-

(1) Stadium facility was transferred to the City in fiscal year 2015.
(2) Main Street Station net position was revised in fiscal year 2009 to more accurately reflect the Authority's operation of the facility.
(3) Parking facilities were transferred to the City in fiscal years 2013 (Carytown Parking Facilities) and 2014 (Expressway Parking Deck and Second Street Parking Facility).

Table 3 – Change in Net Position
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating revenues										
Tolls	$25,079,121	$25,717,464	$25,765,372	$33,114,311	$34,476,969	$35,391,965	$36,111,774	$36,585,702	$37,714,962	$38,799,387
Parking	1,688,295	2,040,242	2,158,576	2,093,770	1,941,725	2,262,483	2,313,737	1,566,154	891,834	-
Rentals	464,987	447,942	428,427	193,419	96,942	177,705	183,449	514,207	551,123	453,521
Other	110,753	52,630	12,645	13,831	15,504	33,038	19,577	18,188	31,253	23,117
Total	27,343,156	28,258,278	28,365,020	35,415,331	36,531,140	37,865,191	38,628,537	38,684,251	39,189,172	39,276,025
Operating expenses										
Salaries and benefits	5,456,477	5,690,125	6,150,445	6,838,818	6,874,119	6,921,337	7,234,307	7,504,865	7,138,845	6,676,149
Operations	6,323,328	7,085,436	6,651,552	7,619,090	7,852,053	7,368,484	7,006,658	6,108,233	6,931,250	7,587,476
Preservation and capital maintenance	2,769,000	2,155,535	4,864,531	8,973,845	3,560,850	2,435,040	4,362,817	5,703,506	10,450,097	3,922,463
Depreciation	737,585	737,585	737,585	839,421	868,744	976,684	964,974	981,402	1,370,558	2,464,345
Total	15,286,390	15,668,681	18,404,113	24,271,174	19,155,766	17,701,545	19,568,756	20,298,006	25,890,750	20,650,433
Operating income	12,056,766	12,589,597	9,960,907	11,144,157	17,375,374	20,163,646	19,059,781	18,386,245	13,298,422	18,625,592
Nonoperating revenue (expense)										
Investment earnings	880,030	2,632,208	1,984,321	2,342,855	1,139,023	563,070	233,663	(423,520)	800,816	602,642
Gain (loss) on fixed asset disposal	-	1,846,122	(237,825)	-	-	-	-	-	40,598	-
Interest expense – bonds	(8,407,902)	(8,681,393)	(8,618,759)	(8,794,460)	(8,167,198)	(7,678,700)	(11,016,816)	(11,020,426)	(10,698,738)	(9,326,625)
Interest expense – notes	(1,283,040)	(1,378,039)	(1,473,038)	(1,378,039)	(1,378,039)	(1,367,350)	(570,392)	(25,103)	-	-
Support from localities	601,614	352,862	477,282	513,077	1,004,403	383,026	469,793	1,029,990	792,568	694,114
Other contributions	-	-	-	-	647,717	-	-	-	-	-
Total, net	(8,209,298)	(5,228,240)	(7,868,019)	(7,316,567)	(6,754,094)	(8,099,954)	(10,883,752)	(10,439,059)	(9,064,756)	(8,029,869)
Capital contributions	-	-	-	-	-	-	25,000	-	-	-
Transfer of facilities	-	-	-	-	-	-	-	(1,021,935)	26,547,983	(4,388,092)
Capital asset write-down	-	-	-	-	-	-	-	-	-	(601,559)
Change in net position	3,847,468	7,361,357	2,092,888	3,827,590	10,621,280	12,063,692	8,201,029	6,925,251	30,781,649	5,606,072
Net position – beginning	31,584,225	35,431,693	42,793,050	44,885,938	48,713,528	59,334,808	69,557,636	75,082,459	82,007,710	111,690,852
Restatement	-	-	-	-	-	(1,840,864)	(2,676,206)	-	(1,098,507)	-
Net position – ending	$35,431,693	$42,793,050	$44,885,938	$48,713,528	$59,334,808	$69,557,636	$75,082,459	$82,007,710	$111,690,852	$117,296,924

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense), Net	Change in Net Position
2006	$ 25,185,296	$ 12,325,801	$ 12,859,495	$ (7,592,926)	$ 5,266,569
2007	25,762,972	12,935,528	12,827,444	(4,270,980)	8,556,464
2008	25,840,518	15,571,300	10,269,218	(7,380,810)	2,888,408
2009	33,190,599	21,283,027	11,907,572	(6,719,943)	5,187,629
2010	34,542,171	16,016,550	18,525,621	(7,344,391)	11,181,230
2011	35,465,389	14,947,006	20,518,383	(7,492,336)	13,026,047
2012	36,161,884	16,580,138	19,581,746	(9,812,861)	9,768,885
2013	36,631,858	17,484,942	19,146,916	(10,151,116)	8,995,800
2014	37,771,511	23,455,821	14,315,690	(9,238,687)	5,077,003
2015	38,855,549	19,467,390	19,388,159	(9,325,838)	10,062,321

Table 5 – Expressway Parking Deck, Change in Net Position
Last Ten Fiscal Years (1)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenue (Expense) and Gain on Special Items, Net	Change in Net Position
2006	$ 1,210,795	$ 956,330	$ 254,465	$ (1,153,227)	$ (898,762)
2007	1,252,419	840,140	412,279	(1,260,309)	(848,030)
2008	1,258,186	883,469	374,717	(1,317,852)	(943,135)
2009	1,104,723	1,033,594	71,129	(1,136,790)	(1,065,661)
2010	1,132,417	1,022,728	109,689	(1,046,599)	(936,910)
2011	1,298,980	962,565	336,415	(1,036,006)	(699,591)
2012	1,320,113	988,798	331,315	(1,504,091)	(1,172,776)
2013	1,283,788	964,879	318,909	(1,279,578)	(960,669)
2014	794,573	694,583	99,990	25,146,751	25,246,741
2015	-	-	-	-	-

(1) The Expressway Parking Deck was transferred to the City of Richmond in fiscal year 2014.

Table 6 – Stadium, Change in Net Position
Last Ten Fiscal Years (1)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Loss	Contribution from Localities	Total Nonoperating Revenue (Expense) and Gain on Special Items, Net	Change in Net Position
2006	$ 626,047	$1,081,762	$ (455,715)	$ 83,467	$ 12,660	$ (359,588)
2007	607,421	859,266	(251,845)	89,894	17,581	(144,370)
2008	604,565	849,237	(244,672)	95,000	(1,799)	(151,471)
2009	265,688	756,416	(490,728)	95,000	1,694	(394,034)
2010	177,762	877,693	(699,931)	605,000	648,609	553,678
2011	291,128	593,186	(302,058)	-	612	(301,446)
2012	286,801	775,812	(489,011)	121,000	263	(367,748)
2013	284,760	631,792	(347,032)	121,000	249	(225,783)
2014	313,129	735,364	(422,235)	116,000	255	(305,980)
2015	140,159	320,512	(180,353)	112,000	(4,387,896)	(4,456,249)

(1) The Stadium was transferred to the City of Richmond in fiscal year 2015.

Table 7 – Main Street Station, Change in Net Position
Last Ten Fiscal Years (2)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Loss	Total Nonoperating Revenue (Expense), Net	Reimbursement from City of Richmond	Change in Net Position
2006	$ 114,519	$ 696,802	$ (582,283)	$ 5,521	$ 518,147	$ (58,615)
2007	451,057	822,412	(371,355)	12,789	262,968	(95,598)
2008	479,717	874,373	(394,656)	(1,113)	382,282	(13,487)
2009	635,085	936,552	(301,467)	1,195	418,077	117,805
2010	456,231	1,022,555	(566,324)	421	399,403	(166,500)
2011	603,600	986,968	(383,368)	342	383,026	-
2012	653,580	1,002,498	(348,918)	125	348,793	-
2013	283,120	972,205	(689,085)	95	688,990	-
2014	286,462	963,139	(676,677)	109	676,568	-
2015	280,317	862,531	(582,214)	100	582,114	-

(2) Main Street Station net position was revised in fiscal year 2009 to more accurately reflect the Authority’s operation of the facility.

Table 8 – Second Street Parking Facility, Change in Net Position
Last Ten Fiscal Years (1)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenue (Expense) and Gain on Special Items, Net	Change in Net Position
2006	$ 155,370	$ 136,985	$ 18,385	$ (84,505)	$ (66,120)
2007	129,458	129,125	333	(84,258)	(83,925)
2008	123,334	137,606	(14,272)	353,434	339,162
2009	148,977	136,257	12,720	23,750	36,470
2010	151,033	123,297	27,736	(16,711)	11,025
2011	140,658	120,376	20,282	44,299	64,581
2012	142,684	129,596	13,088	(12,016)	1,072
2013	137,300	137,202	98	181,255	181,353
2014	23,497	36,543	(13,046)	782,226	769,180
2015	-	-	-	-	-

(1) Second Street Parking Facility was transferred to the City of Richmond in fiscal year 2014

Table 9 – Carytown Parking Facilities, Change in Net Position
Last Ten Fiscal Years (2)

Fiscal Year	Operating Revenue	Operating Expenses	Operating Loss	Total Nonoperating Revenue (Expense) and Gain on Special Items, Net	Change in Net Position
2006	$ 51,129	$ 88,710	$ (37,581)	$ 1,565	$ (36,016)
2007	54,951	82,210	(27,259)	4,079	(23,180)
2008	58,700	88,128	(29,428)	2,839	(26,589)
2009	70,259	125,328	(55,069)	450	(54,619)
2010	71,526	92,943	(21,417)	174	(21,243)
2011	65,436	91,444	(26,008)	109	(25,899)
2012	63,475	91,914	(28,439)	35	(28,404)
2013	63,425	106,986	(43,561)	(1,021,889)	(1,065,450)
2014	-	5,300	(5,300)	5	(5,295)
2015	-	-	-	-	-

(2) Carytown Parking Facilities were transferred to the City of Richmond in fiscal year 2013.

Table 10 – Operating Revenues by Fund
Last Ten Fiscal Years

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Parking Facilities	Total
2006	$25,185,296	$ 1,210,795	$626,047	$114,519	$155,370	$ 51,129	$27,343,156
2007	25,762,972	1,252,419	607,421	451,057	129,458	54,951	28,258,278
2008	25,840,518	1,258,186	604,565	479,717	123,334	58,700	28,365,020
2009	33,190,599	1,104,723	265,688	635,085	148,977	70,259	35,415,331
2010	34,542,171	1,132,417	177,762	456,231	151,033	71,526	36,531,140
2011	35,465,389	1,298,980	291,128	603,600	140,658	65,436	37,865,191
2012	36,161,884	1,320,113	286,801	653,580	142,684	63,475	38,628,537
2013	36,631,858	1,283,788	284,760	283,120	137,300	63,425	38,684,251
2014	37,771,511	794,573	313,129	286,462	23,497	-	39,189,172
2015	38,855,549	-	140,159	280,317	-	-	39,276,025

Table 11 – Operating Expenses by Fund
Last Ten Fiscal Years

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Parking Facilities	Total
2006	$ 12,325,801	$ 956,330	$1,081,762	$ 696,802	$ 136,985	$ 88,710	$ 15,286,390
2007	12,935,528	840,140	859,266	822,412	129,125	82,210	15,668,681
2008	15,571,300	883,469	849,237	874,373	137,606	88,128	18,404,113
2009	21,283,027	1,033,594	756,416	936,552	136,257	125,328	24,271,174
2010	16,016,550	1,022,728	877,693	1,022,555	123,297	92,943	19,155,766
2011	14,947,006	962,565	593,186	986,968	120,376	91,444	17,701,545
2012	16,580,138	988,798	775,812	1,002,498	129,596	91,914	19,568,756
2013	17,484,942	964,879	631,792	972,205	137,202	106,986	20,298,006
2014	23,455,821	694,583	735,364	963,139	36,543	5,300	25,890,750
2015	19,467,390	-	320,512	862,531	-	-	20,650,433

Table 12 – Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Tolls	Parking	Rentals	Other (1)	Total
2006	$ 25,079,121	$ 1,688,295	$ 464,987	$ 110,753	$ 27,343,156
2007	25,717,464	2,040,242	447,942	52,630	28,258,278
2008	25,765,372	2,158,576	428,427	12,645	28,365,020
2009 (2)	33,114,311	2,093,770	193,419	13,831	35,415,331
2010	34,476,969	1,941,725	96,942	15,504	36,531,140
2011	35,391,965	2,262,483	177,705	33,038	37,865,191
2012	36,111,774	2,313,737	183,449	19,577	38,628,537
2013 (3)	36,585,702	1,566,154	514,207	18,188	38,684,251
2014 (4)	37,714,962	891,834	551,123	31,253	39,189,172
2015 (5)	38,799,387	-	453,521	23,117	39,276,025

(1) Advertising fees, late fees, forfeited deposits, and miscellaneous charges.
(2) A toll increase was implemented on September 9, 2008.
(3) Main Street Station parking was transferred to the City of Richmond in July 2012.
(4) Second Street and Expressway Parking Deck facilities were transferred to the City of Richmond in fiscal year 2014.
(5) Stadium was transferred to the City of Richmond in fiscal year 2015.

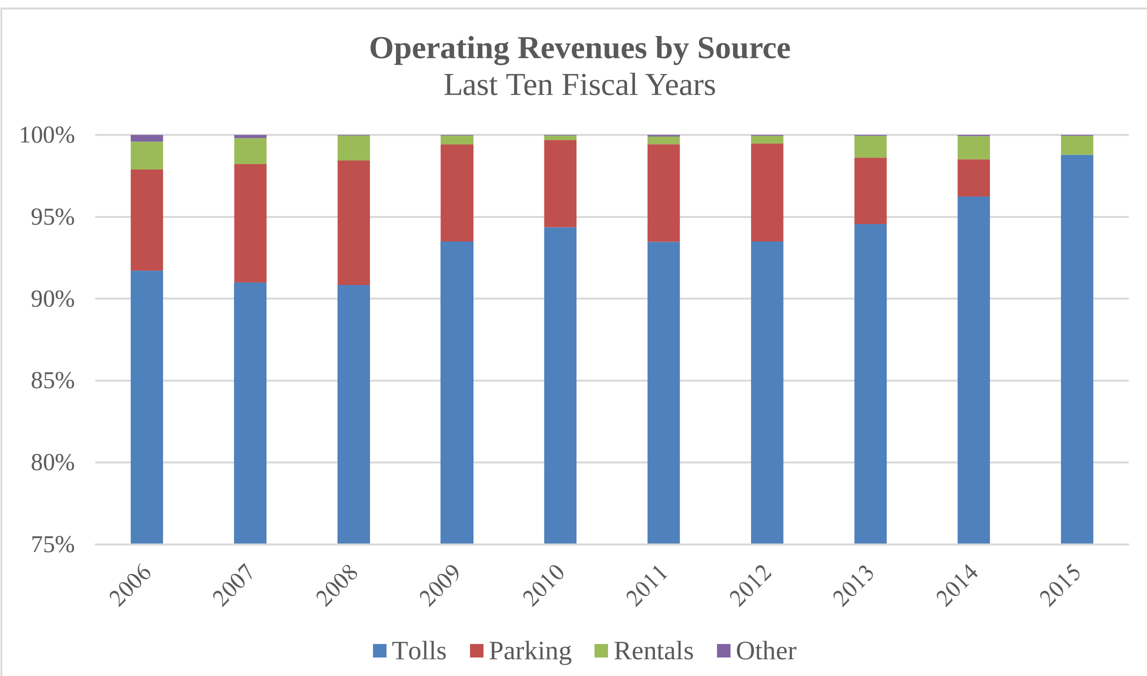


Table 13 – Toll Rates
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Two-axle vehicles:										
Powhite Parkway	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Forest Hill Avenue	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Douglasdale Road	0.15	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Boulevard Bridge	0.25	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Downtown Expressway	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Second Street	0.25	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Eleventh Street	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Three-axle vehicles:										
Powhite Parkway	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Forest Hill Avenue	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Douglasdale Road	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Downtown Expressway	0.60	0.60	0.60	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Second Street	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Four-axle vehicles:										
Powhite Parkway	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Forest Hill Avenue	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Douglasdale Road	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.70	0.70	0.70	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Second Street	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Five-axle vehicles:										
Powhite Parkway	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Forest Hill Avenue	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Douglasdale Road	0.25	0.25	0.25	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Boulevard Bridge	-	-	-	-	-	-	-	-	-	-
Downtown Expressway	0.80	0.80	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Second Street	0.50	0.50	0.50	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Eleventh Street	0.40	0.40	0.40	0.60	0.60	0.60	0.60	0.60	0.60	0.60

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

Fiscal Year	Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal (2)	Interest (3)	Total	Coverage
2006	$ 26,495,000	$ 8,337,264	$ 18,157,736	$ 4,958,000	$ 6,869,444	$ 11,827,444	1.54
2007	27,510,653	9,069,133	18,441,520	5,678,000	6,268,291	11,946,291	1.54
2008	27,314,921	9,696,510	17,618,411	5,980,000	6,786,412	12,766,412	1.38
2009	34,409,168	11,866,709	22,542,459	6,810,000	6,860,225	13,670,225	1.65
2010	35,433,491	11,865,436	23,568,055	7,234,000	6,442,811	13,676,811	1.72
2011	36,291,178	12,360,824	23,930,354	7,590,000	6,071,349	13,661,349	1.75
2012	36,819,240	12,077,889	24,741,351	3,510,000	8,392,478	11,902,478	2.08
2013	37,203,037	11,752,204	25,450,833	3,725,000	9,130,096	12,855,096	1.98
2014	38,176,186	12,293,218	25,882,968	3,960,000	8,895,357	12,855,357	2.01
2015	39,270,422	13,247,175	26,023,247	4,170,000	8,696,482	12,866,482	2.02

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

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

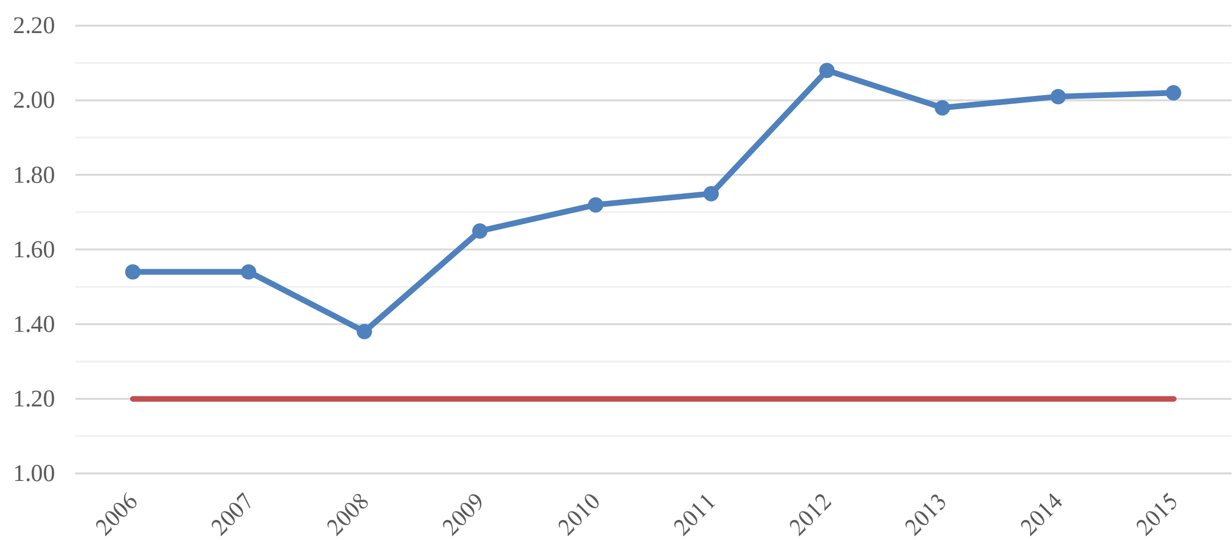
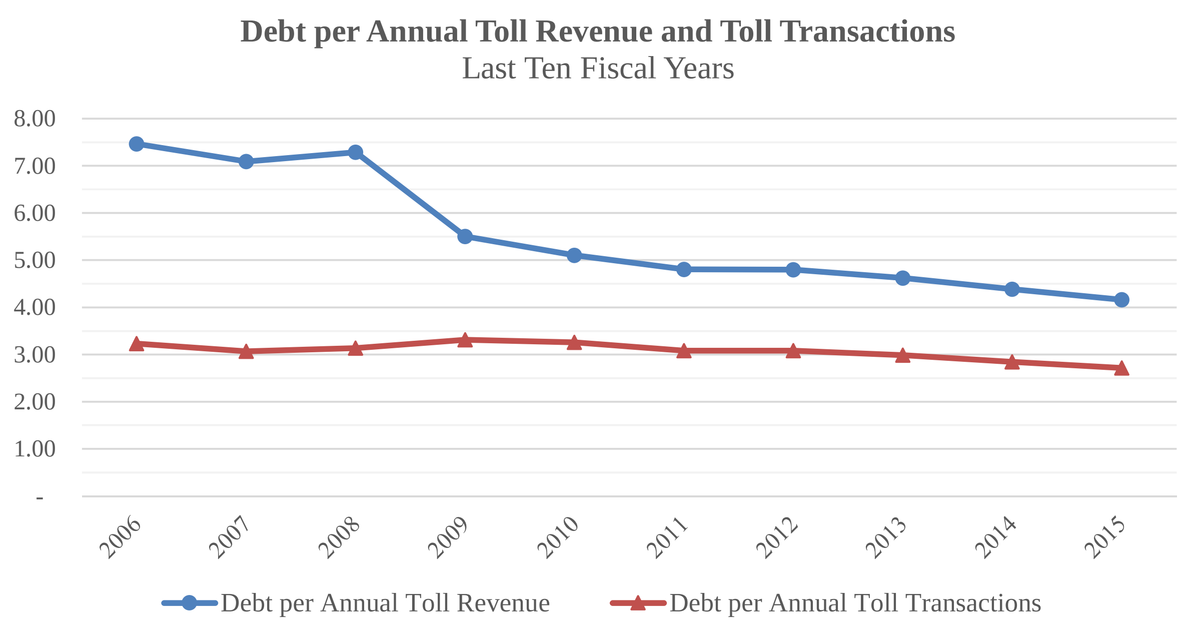


Table 15 – Expressway System, Debt per Toll Revenue and Toll Transactions
Last Ten Fiscal Years

Year	Outstanding Bonds, Net of Premiums and Discounts	Outstanding Subordinate Notes and Accrued Interest	Less: Debt Service Reserves	Total Debt, Net of Resources	Debt per Annual Toll Revenue (1)	Debt per Annual Toll Transactions (2)
2006	$144,948,769	$55,172,139	$ (12,926,451)	$187,194,457	7.46	3.23
2007	139,736,891	56,302,583	(13,662,691)	182,376,783	7.09	3.07
2008	143,809,010	57,800,028	(13,838,921)	187,770,117	7.29	3.14
2009	137,595,243	59,102,305	(14,352,025)	182,345,523	5.51	3.31
2010	130,566,720	60,333,919	(14,848,238)	176,052,401	5.11	3.26
2011	123,127,124	61,561,294	(14,530,282)	170,158,136	4.81	3.08
2012	187,875,953	-	(14,680,321)	173,195,632	4.80	3.08
2013	183,648,902	-	(14,570,022)	169,078,880	4.62	2.99
2014	179,636,975	-	(14,364,494)	165,272,481	4.38	2.85
2015	175,380,940	-	(13,827,237)	161,553,703	4.16	2.72

(1) Total debt outstanding divided by annual toll revenue. See Table 12 for annual toll revenue.
(2) Total debt outstanding divided by annual toll transactions. See Table 18 for annual toll transactions.



The significant debt per annual toll revenue decrease in fiscal year 2009 was due to the September 2008 toll increase, which led to significantly more revenue on fewer transactions (see Table 18).

Table 16 – Principal Employers, Richmond Metropolitan Area
Current and Nine Years Prior (1)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Employer (2):										
Capital One Bank	3	3	4	4	4	4	2	1	1	1
Virginia Commonwealth University	4	4	3	1	1	1	1	2	2	2
Henrico County School Board	2	2	2	3	3	2	3	4	4	3
Chesterfield County School Board	1	1	1	2	2	3	4	3	3	4
MCV Hospital	6	5	5	5	5	5	5	6	6	5
HCA Virginia Health System	-	-	-	-	-	-	-	5	5	6
Bon Secours Richmond Health System	10	9	8	7	6	7	6	9	8	7
U.S. Department of Defense	8	8	7	8	8	6	7	8	9	8
Wal-Mart	5	6	6	6	7	8	8	7	7	9
Integrity Staffing Solutions	-	-	-	-	-	-	-	-	10	10
Richmond City Public Schools	9	10	10	9	9	9	9	10	-	-
County of Henrico	-	-	-	-	-	-	10	-	-	-
City of Richmond	-	-	-	10	10	10	-	-	-	-
Philip Morris USA, Inc.	7	7	9	-	-	-	-	-	-	-
Total Richmond Metropolitan Area Employment (3)	570,317	586,083	595,963	603,549	575,851	578,495	590,932	601,037	609,203	620,569

(1) Final quarter data for most recent calendar year (2014-2005).
(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. Historical employment data was updated in fiscal year 2015 based on revised employment estimates.

Source: Virginia Employment Commission, Bureau of Labor Statistics

Table 17 – Estimated Population, Richmond Metropolitan Area
Last Ten Years

Year	City of Richmond	Chesterfield County	Henrico County	Total Participating Jurisdictions	Other Service Area	Total Population (1)
2006	194,500	292,000	287,500	774,000	406,200	1,180,200
2007	197,000	297,400	291,400	785,800	411,800	1,197,600
2008	198,800	302,300	296,100	797,200	417,100	1,214,300
2009	201,300	308,400	300,200	809,900	424,300	1,234,200
2010	198,200	311,600	304,600	814,400	426,900	1,241,300
2011	204,200	316,200	306,900	827,300	430,900	1,258,200
2012	206,200	319,600	310,700	836,500	443,800	1,280,300
2013	208,800	322,400	314,900	846,100	436,400	1,282,500
2014	211,172	326,950	316,973	855,095	404,171	1,259,266
2015	213,504	330,043	318,019	861,566	389,477	1,251,043

(1) Fiscal year 2005-2011 data revised in February 2011.

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

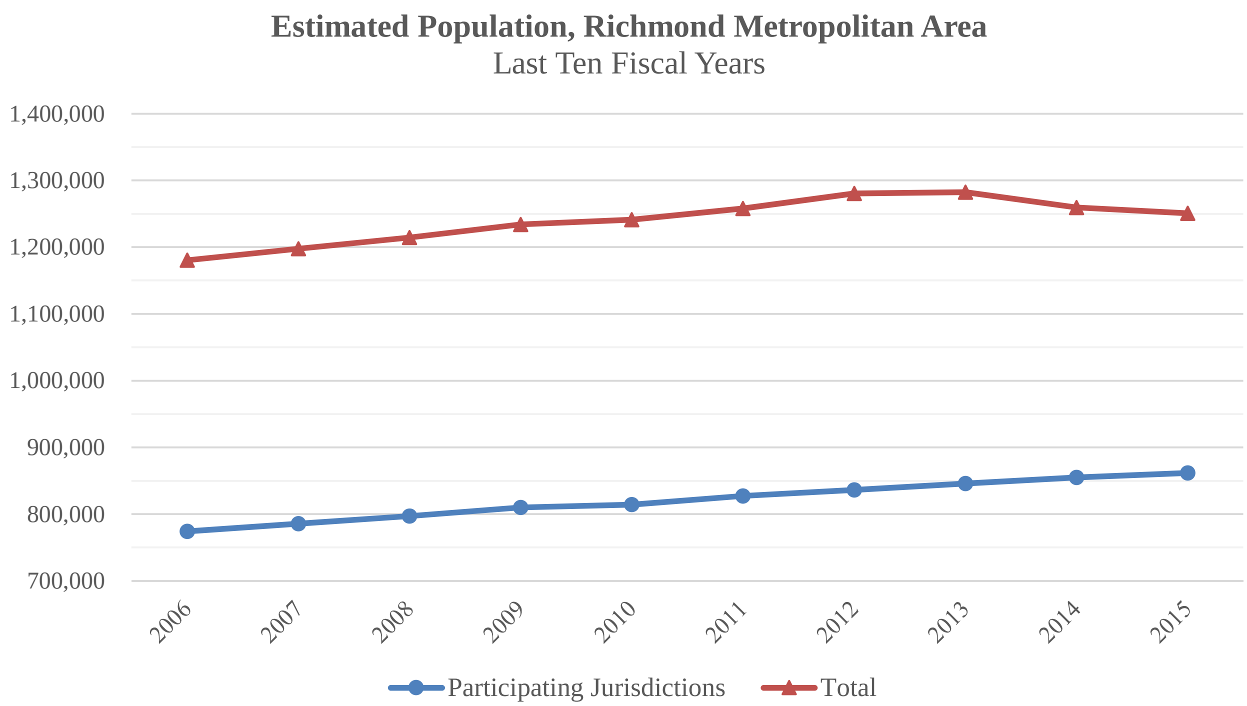


Table 18 – Expressway System, Operating and Capital Indicators
Last Ten Fiscal Years

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Toll Revenue (1):										
Powhite Parkway	$15,520,021	$15,794,137	$15,737,291	$19,975,538	$21,182,480	$21,650,023	$22,197,895	$22,399,507	$22,868,671	$23,606,375
Downtown Expressway	8,308,342	8,678,668	8,789,276	11,009,880	11,421,500	11,791,817	11,900,320	12,210,502	12,823,395	13,061,678
Boulevard Bridge	1,250,758	1,244,659	1,238,805	1,583,822	1,610,910	1,607,330	1,583,026	1,555,089	1,515,723	1,492,920
Total	$25,079,121	$25,717,464	$25,765,372	$32,569,240	$34,214,890	$35,049,170	$35,681,241	$36,165,098	$37,207,789	$38,160,973
Expressway Traffic:										
Powhite Parkway	33,185,285	33,893,494	33,937,909	31,381,386	31,057,461	31,787,393	32,666,065	32,842,238	33,554,196	34,579,728
Downtown Expressway	19,722,805	20,586,135	20,966,648	18,857,745	18,326,751	18,838,516	19,002,222	19,344,609	20,225,578	20,623,336
Boulevard Bridge	4,997,137	4,995,311	4,964,251	4,800,726	4,619,608	4,575,223	4,562,253	4,426,225	4,312,318	4,262,366
Total	57,905,227	59,474,940	59,868,808	55,039,857	54,003,820	55,201,132	56,230,540	56,613,072	58,092,092	59,465,430
Average Toll (2)	$0.43	$0.43	$0.43	$0.59	$0.63	$0.63	$0.63	$0.64	$0.64	$0.64
ETC % (3)	44.0%	47.1%	49.5%	55.5%	58.1%	59.6%	60.6%	62.0%	63.0%	64.9%
Lane Miles	45.00	46.94	45.91	45.91	49.90	49.90	49.90	50.15	50.15	50.15

(1) Toll revenue excludes violation processing revenue. Toll rates were last increased in September 2008 (fiscal year 2009).
(2) Average toll is determined by dividing total toll revenue by total traffic.
(3) Transactions paid via Electronic Toll Collection (E-ZPass) as a percentage of total traffic.

Table 19 – Employees by Identifiable Activity
Last Ten Fiscal Years

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Summary:										
Full-Time	101	100	110	110	110	110	110	108	101	104
Part-Time	34	34	32	32	34	33	36	34	33	35
Total	135	134	142	142	144	143	146	142	134	139
Expressway System:										
Full-Time	82	80	89	89	89	89	89	87	87	90
Part-Time	28	27	26	26	27	26	29	28	32	34
Total	110	107	115	115	116	115	118	115	119	124
Central Administration:										
Full-Time	16	16	17	17	17	17	17	17	12	12
Part-Time	1	1	1	1	1	1	1	1	1	1
Total	17	17	18	18	18	18	18	18	13	13
Parking:										
Full-Time	2	2	2	2	2	2	2	2	-	-
Part-Time	5	6	5	5	6	6	6	5	-	-
Total	7	8	7	7	8	8	8	7	-	-
Main Street Station										
Full-Time	1	2	2	2	2	2	2	2	2	2
Part-Time	-	-	-	-	-	-	-	-	-	-
Total	1	2	2	2	2	2	2	2	2	2

COMPLIANCE

Cherry Bekaert LLP
CPAs & Advisors

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

To the Board of Directors
Richmond Metropolitan Transportation Authority
Richmond, Virginia

We have audited, in accordance with the 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, the financial statements of each major fund of the Richmond Metropolitan Transportation Authority (the "Authority"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Richmond Metropolitan Transportation Authority's basic financial statements, and have issued our report thereon dated October 13, 2015. That report recognizes that the Authority implemented two new accounting standards effective July 1, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Richmond, Virginia
October 13, 2015