

COMPREHENSIVE ANNUAL FINANCIAL REPORT

RICHMOND METROPOLITAN AUTHORITY

Richmond, Virginia

Year Ended June 30, 2006

Prepared by

The Department of Finance

Roland M. Kooch, Director



RICHMOND METROPOLITAN AUTHORITY

Comprehensive Annual Financial Report

Year Ended June 30, 2006

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Introductory Section

November 7, 2006

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

The comprehensive annual financial report of the Richmond Metropolitan Authority (the Authority) for the fiscal year ended June 30, 2006 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management of the Authority. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and changes in financial position of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

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

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

The Authority is governed by a Board of Directors consisting of eleven members, six of whom are appointed by the Mayor of the City of Richmond, with the approval of the City Council, and two each by the Boards of Supervisors of the counties of Chesterfield and Henrico.

The Commonwealth Transportation Commissioner appoints the eleventh member from the Commonwealth Transportation Board. The Directors each serve four year terms. Reappointment is the sole responsibility of the aforementioned entities.

The Authority's toll Expressway System is comprised of the Powhite Parkway, the Downtown Expressway, and the Boulevard Bridge. Together they provide approximately 46.94 lane miles of roads and bridges connecting downtown Richmond with its surrounding areas.

In addition, the Authority owns and operates three parking facilities in the City of Richmond. The Second Street Parking Deck, built at the request of the City of Richmond, opened in 1975. It provides 370 parking spaces in support of the retail and office market in the area. In 1991, two virtually identical parking structures were opened to support Carytown merchants. Parking is free of charge, due to an agreement with the City of Richmond. Since opening, these two parking decks have supported the increased business in the Carytown area by offering 220 convenient parking spaces to shoppers, theater attendees, and others. The Downtown Parking Facility, which opened in 1992, provides 1,000 additional parking spaces to downtown Richmond. Located near Richmond's financial district, the deck is within walking distance of historic Shockoe Slip and the State Capitol. As part of the Main Street Station agreement with the City of Richmond, off street parking is also managed by the Authority for this facility.

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

In June 2003 the Authority signed an agreement with the City of Richmond to manage the Main Street Station when it re-opened as a train station in December 2003. During the past year, additional parking areas were opened and the agreement between RMA and the City of Richmond was amended to provide management of these monthly parking facilities. Main Street Station is an unstaffed Amtrak station offering a limited number of trains traveling to Newport News, as well as Washington, D.C., New York City, and Boston.

MAJOR INITIATIVES

The Capital Improvement Program, which is updated annually, outlined various projects and the funds required in meeting its current and future needs. We are currently working from a Capital Improvement Program that extends through 2008. The Powhite Creek Improvement Project, approximately 90% complete at June 30, 2005, was completed during fiscal year 2006. This \$6,800,000 project now provides an additional lane in the southbound direction and widens the northbound approach prior to the mainline plaza.

The Authority, working with the former consulting firm of Wilbur Smith Associates and the firm of Howard Needles Tammen & Bergendoff, has developed a plan of recommended improvements to the Expressway System to improve upon the efficiencies of the entire system with a major focus on improving throughput at the barrier plazas. The construction sequence has been developed based on existing revenue projections that will be sufficient to support the new capital requirements. The \$20 million Powhite Split Plaza Project was approved by the Board of Directors in June 2006. This 18-24 month project will provide RMA Expressway smart-tag patrons express lanes, a violation enforcement system, and a new plaza building.

A capital improvement program to renovate the Stadium has been delayed pending a decision to build a new stadium. In the meantime, the final year of the contract extension will begin on January 1, 2007.

ECONOMIC CONDITION AND OUTLOOK

In the City of Richmond, the downtown area is undergoing a major facelift. Developers are spending more than \$2 billion for renovations, new construction and redevelopment in the city's core. As a result, Richmond will offer luxury condominiums, more hotel rooms, increased health-care services, expanded academic facilities at VCU and a newly refurbished Capitol. Listed below are some of the projects giving downtown Richmond a serious makeover.

- Park Plaza at Belvidere – This is a 92-unit upscale apartment complex. This \$15 million project is located across the street from Monroe Park.
- Monroe Park Campus – Virginia Commonwealth University (VCU) has started construction on an 11-acre, \$228 million addition to its Monroe Park Campus. The addition will include a new School of Business, Phase II of its School of Engineering, and a new residential college.
- Federal Courthouse – By spring 2008, the U.S. Courthouse for the Richmond Division of the Eastern District of Virginia will have a new home. The \$102 million, 349,000 square foot federal courthouse will be located in the 700 block of East Broad Street.
- Philip Morris Research and Development Center – Philip Morris USA, the country's largest cigarette manufacturer, is spending \$350 million to build a 450,000 square foot research facility in the Virginia BioTechnology Research Park.

Although the national economy throttled back in the second quarter of 2006 as consumers and companies turned cautious amid surging energy prices, Virginia's and Richmond's economy continues to grow. For example, the unemployment picture for June 2006 was 4.8% compared to 5.6% in June 2005. From research facilities, luxury condominiums, continuing airport improvements, and other downtown development, Richmond's economy is certainly continuing on a positive note.

The Richmond metropolitan community landed its ninth Fortune 500 Company with the relocation of the Stamford, Connecticut based MeadWestvaco, a packaging and paper company. Along with relocating its headquarters, approximately 400 executives and employees will be moving to the area.

An increasing number of airline passengers are flying out of Richmond International Airport. In late April 2006, the Capital Region Airport Commission reported its 11th month of record passenger levels. The April 2006 passenger count increased by 22.3 percent from the number of passengers at the airport in April 2005. This increase can be attributed to a strong economy and a reduction in flight costs. Two new low cost carriers were introduced in 2006; JetBlue Airways and AirTran Airways which has helped reduce ticket prices. The newly revamped terminal is scheduled to open in phases beginning in the fall of 2006.

Recently, Forbes.com rated Richmond as the sixth best City in which to get a job. Additionally, next year with the celebration of the 400th anniversary of the founding of Jamestown, the region should receive a big boost in tourism. Based on the past years' performance and some exciting public and private development, the economic outlook for Richmond will continue to be very strong.

FINANCIAL INFORMATION

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

Budgetary Controls. Although not legally required to adopt or report on a budget, the Authority maintains budgetary monitoring as part of its internal controls. The objective of these budgetary controls is to measure results with the annual operations budget as approved by the Board of Directors in May of each year. Monthly reports are presented at each Board of Directors meeting. As an additional budgetary control, Section 8.10 of a resolution creating and establishing an issue of revenue bonds of the Authority, adopted December 30, 1970, requires the Authority's two consultants, Howard Needles Tammen & Bergendoff and Wilbur Smith Associates, to certify that the annual operating budget provides sufficient revenues to meet budgeted expenses and to maintain the quality of the Authority's facilities. Section 5.4 of the aforementioned resolution establishes the Repair and Contingency Fund to be maintained so long as any of the Bonds remain outstanding and unpaid, said Fund to be administered by the Authority. This section also stipulates that the consulting engineering firm will certify the amount(s) deposited into the Repair and Contingency Fund annually to pay the extraordinary and non-recurring costs of operation, maintenance, repairs and replacements to the Expressway not paid from the Operating Fund. For fiscal year 2006, the amount certified for deposit was \$5.83 million.

OTHER INFORMATION

Independent Audit. Section 8.12 of a resolution, adopted December 30, 1970, creating and establishing an issue of revenue bonds of the Richmond Metropolitan Authority requires an annual audit by independent certified public accountants. The auditors' report on the basic financial statements is included in the financial section of this report.

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Richmond Metropolitan Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Richmond Metropolitan Authority has received a Certificate of Achievement for twelve consecutive years. The Authority believes the current report continues to conform to the Certificate of Achievement program requirements and is being submitted to GFOA for consideration.

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

Sincerely,



Robert M. Berry
General Manager



Roland M. Kooch
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Richmond Metropolitan Authority, Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Fudge

President

Jeffrey R. Ennis

Executive Director

RICHMOND METROPOLITAN AUTHORITY

Principal Officials

June 30, 2006

Board of Directors

Appointed by City of Richmond	Appointed by Chesterfield County
Mr. A. Peter Brodell Mr. Herman L. Carter, Jr. Mr. Stuart G. Christian, Jr. Ms. Jennifer L. McClellan Mr. Jonathan M. Murdoch-Kitt Dr. Roy A. West, Vice-Chairman	Mr. Charles H. Foster, Jr. Mr. Charles R. White
Appointed by Henrico County	Appointed by Commonwealth of Virginia
Mr. James L. Jenkins, Chairman Mr. Reginald H. Nelson IV	Mr. Gerald P. McCarthy

General Manager

Mr. Robert M. Berry

Director of Finance

Mr. Roland M. Kooch

Director of Operations

Mr. James B. Kennedy

Director of Administration

Ms. Paulette Y. Smith

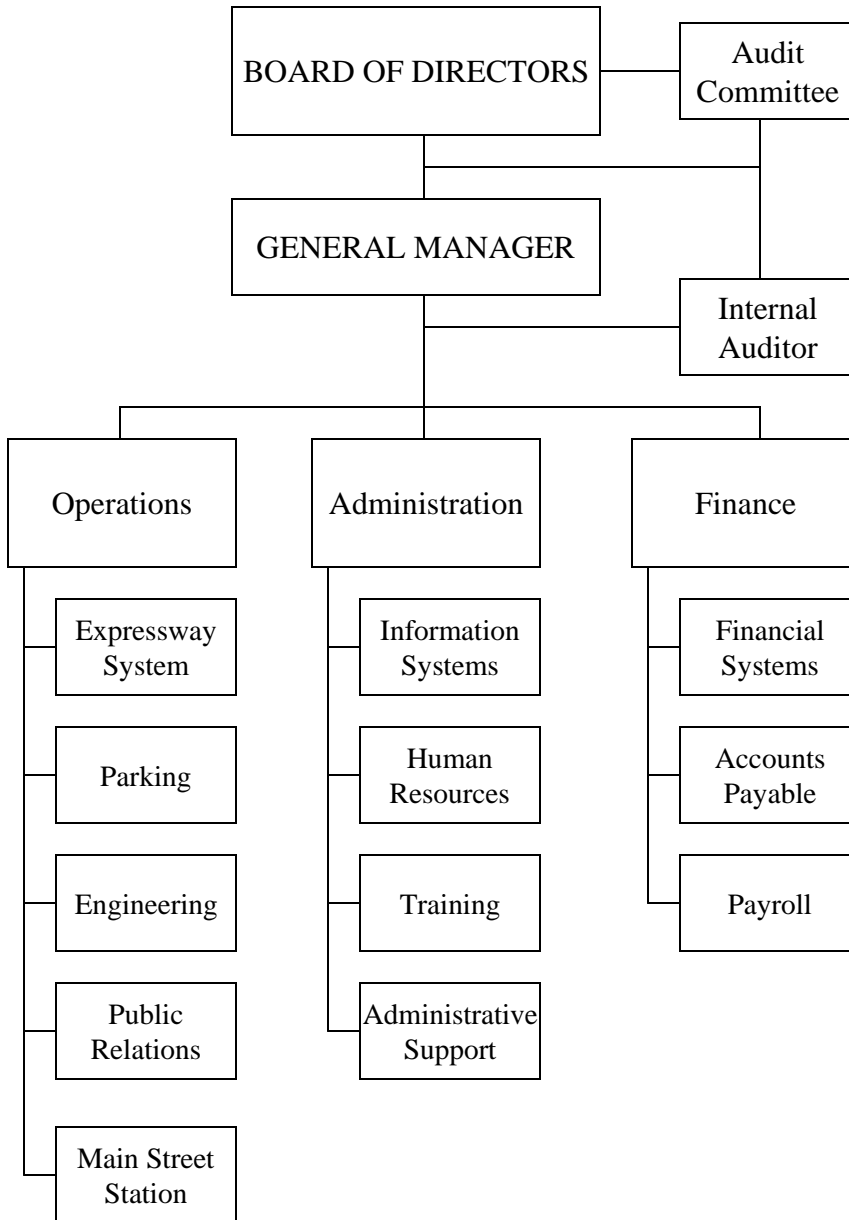
Secretary and General Counsel

Mr. Eric E. Ballou

Richmond Metropolitan Authority

Organization Chart

June 30, 2006



Financial Section



Independent Auditors' Report

To the Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

We have audited the business type activities, each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of and for the year ended June 30, 2006, as listed in the table of contents, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of Richmond Metropolitan Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Richmond Metropolitan Authority as of June 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2006 on our consideration of the Richmond Metropolitan Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Modified Approach for Reporting Infrastructure, and Schedule of Funding Progress for a Defined Benefit Pension Plan are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Richmond, Virginia
November 7, 2006

Richmond Metropolitan Authority

Management's Discussion and Analysis

Year Ended June 30, 2006

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2006. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

For fiscal year 2006, toll revenue was \$25.1 million compared to \$25.0 million for fiscal year 2005. The toll revenues were 2.0% more than the traffic and revenue consultant's projection of \$24.6 million for fiscal year 2006. Due to increased economic activity in the City of Richmond, the increase in revenue on the Downtown Expressway contributed to the overall change in actual toll revenue for the entire system compared to the projection. In August 2005, Smart Tag transactions from other states throughout the East Coast was implemented. This program, known as E-Z Pass, allows patrons from other states to access our toll facilities. Smart Tag/E-Z Pass transactions used on the Expressway System, (Powhite Parkway, Downtown Expressway, and Boulevard Bridge), increased by 12.8%, 9.4%, and 1.6% respectively from the prior fiscal year. Of the 57.9 million transactions on the expressway for fiscal 2006, 44.9% were processed electronically compared to 41.1% in fiscal year 2005. Total Smart Tag/E-Z Pass transactions increased 11.0% for the fiscal year ended June 30, 2006 while total traffic increased 1.7%.

Total operating expenses for the Expressway System were approximately \$12.3 million in fiscal year 2006, a 16.8% increase from total operating expenses in fiscal year 2005. Increased costs for processing our Smart Tag/E-Z Pass transactions and increased costs for roadway maintenance were the major factors for the change from the prior year.

For fiscal year 2006, parking fees from the Downtown Parking Facility (the "Expressway Parking Deck") were \$1.2 million and reflect no increase from fiscal year 2005. The majority of revenue is generated from monthly rentals. The facility was designed for 1,000 parking spaces and averaged 1,075 monthly rented spaces in fiscal year 2006 at a rate of \$90 for the majority of the spaces. The facility averaged 1,068 monthly rented spaces in fiscal year 2005.

Total operating expenses, including depreciation, for the Expressway Parking Deck were \$956,000 in fiscal year 2006, a 13.2% increase from total operating expenses in fiscal year 2005. Expenses for contractor services for repairs to the structure led to the increase from the prior year. The Expressway Parking Deck operating fund expenses for fiscal year 2006 were 2.7% below the annual operating budget. Decreased operating costs in fiscal year 2006 can be attributed to a reduction in administrative charges and a significant reduction in consulting engineering services compared to the prior year.

Total operating revenues for the Stadium for fiscal year 2006 were \$626,000 compared to \$651,000 for the fiscal year 2005. This difference of \$25,000 is attributed to a reduction in skybox revenue. The non-operating revenues for fiscal year 2006 were \$96,000 compared to \$613,000 in fiscal year 2005. The non-operating revenues includes the contributions from the City of Richmond and the counties of Henrico and Chesterfield for any deficit in operating expenses, debt service, or the contingency reserve fund. The only contribution that was received this year was the rebate of the Admissions Tax from the City of Richmond due to the fact there was no debt in fiscal 2006.

Total operating expenses for the Stadium, including depreciation, for fiscal year 2006 decreased from last year by 17.3%. This reduction is attributed to the fact that last years' expenses had additional costs to replace the irrigation system, renovate the playing field, and repairs.

Management of Main Street Station began on July 1, 2003 but the facility did not begin operation until December 2003. Due to a variety of changes at this facility, such as, increased parking for a satellite lot, growing interest in special events, and leasing office space, it will be difficult to determine how revenues and operating expenses are going to perform. Subsequently, operating revenues increased from \$38,000 in the prior year to \$114,000 at June 30, 2006. Monthly and transient parking revenue increased by more than \$53,000, while event rentals accounted for the remainder of the increase. There was an increase in numerous contractual services requirements, ranging from HVAC, elevator maintenance, and other on-demand services. Operating expenses increased from \$571,000 in fiscal year 2005 to \$696,000 in fiscal year 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

The Authority's total net assets at June 30, 2006 reached approximately \$35.4 million, a 12.2% increase over June 30, 2005. Total assets increased 3.6% to \$260.6 million, and total liabilities increased 2.4% to \$225.2 million. The Expressway System's total net assets at June 30, 2006 were approximately \$46.3 million. The Expressway Parking Deck's total net assets (deficit) were \$(16.8) million. The Stadium's total net assets were \$5.8 million. Main Street Station's total net assets were \$158,000 and other Non-Major funds total net assets were \$(68,000). (See Tables A-1 through A-5.)

Table A-1

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

	2006	2005	Percentage Change 2006– 2005
Current and other assets	\$ 59,306	\$ 52,820	12.3
Capital assets	181,354	177,961	1.9
Total assets	240,660	230,781	4.3
Current liabilities	9,421	11,928	(21.0)
Long-term liabilities	184,911	177,792	4.0
Total liabilities	194,332	189,720	2.4
Net assets:			
Invested in capital assets, net of related debt	34,343	26,791	(28.1)
Restricted	13,857	17,251	(19.7)
Unrestricted (deficit)	(1,872)	(2,981)	37.2
Total net assets	\$ 46,328	\$ 41,061	12.9

Total Authority Expressway System assets of \$240.7 million increased by 4.3% from that at June 30, 2005. The increase can be attributed to additional debt proceeds issued during fiscal year 2006 and capital assets acquired.

The 2.4% increase from fiscal year 2005 in total Authority Expressway System liabilities is a result of both a reduction in accounts payable and accrued liabilities plus an increase in bonds and notes payable.

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

The 19.7% decrease in restricted net assets is due to the expense for completing the required maintenance projects from funds that had been accumulated in the repair and contingency fund.

Total net assets increased 12.9% to \$46.3 million. This increase is a result of current year operations which revenues exceeded expenses, see table A-6 for further discussion.

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

	2006	2005	Percentage Change 2006– 2005
Current and other assets	\$ 1,226	\$ 1,211	1.2
Capital assets	10,164	10,557	(3.7)
Total assets	11,390	11,768	(3.2)
Current liabilities	3,215	2,704	18.9
Long-term liabilities	24,954	24,944	0.0
Total liabilities	28,169	27,648	1.9
Net assets (deficit):			
Invested in capital assets, net of related debt	(8,682)	(8,128)	(6.8)
Restricted	191	183	4.4
Unrestricted	(8,288)	(7,935)	(4.5)
Total net assets (deficit)	\$ (16,779)	\$ (15,880)	(5.7)

Total Expressway Parking Deck assets of \$11.4 million showed a slight decrease, (3.2%), from the prior year due to the annual depreciation of capital assets.

Due to a larger current portion of debt in fiscal 2006 and an increase in accrued interest payable, total liabilities increased by 1.9%.

Total net assets invested in capital assets, net of related debt, decreased by (6.8%) due to an increase in total liabilities.

The deficit in net assets increased by (5.7%) over fiscal 2005 as a result of current year operations as expenses exceeded revenues, see table A-7 for further discussion.

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

	2006	2005	Percentage Change 2006 – 2005
Current and other assets	\$ 275	\$ 366	(24.9)
Capital assets	5,720	5,992	(4.5)
Total assets	5,995	6,358	(5.7)
Current liabilities	202	205	(1.5)
Total liabilities	202	205	(1.5)
Net assets:			
Invested in capital assets, net of related debt	5,720	5,992	(4.5)
Restricted	-	223	(100.0)
Unrestricted (deficit)	73	(62)	217.8
Total net assets	\$ 5,793	\$ 6,153	(5.8)

Total Stadium assets of \$6.0 million showed a decrease, (5.7%), from the prior year. Contributing to the (5.7%) decrease in total assets was the decrease in short term investments and the increase in accumulated depreciation.

Total Stadium liabilities continued to decrease for fiscal year 2006 as a result of the elimination of debt service. Currently, there is no outstanding debt for the Stadium.

Total net assets invested in capital assets, net of related debt, decreased (4.5%) due primarily to the increase in accumulated depreciation. This led to a corresponding reduction in total net assets, which were \$360,000 or (5.8%) lower than the prior year.

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

	2006	2005	Percentage Change 2006 – 2005
Current and other assets	\$ 270	\$ 281	(3.9)
Total assets	270	281	(3.9)
Current liabilities	112	65	72.3
Long-term liabilities	–	–	–
Total liabilities	112	65	72.3
Net assets:			
Unrestricted	158	216	(27.0)
Total net assets	\$ 158	\$ 216	(27.0)

Total assets decreased by 3.9% from the prior year due to the increase in operating expenses of 2.2% from the prior year.

Total liabilities increased by 72.3% due to a major increase, 119.5%, in accounts payable and accrued liabilities at June 30, 2006.

Total net assets decreased (27.0%) due to the significant increase in operating expenses.

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

Table A-5
Richmond Metropolitan Authority's Net Assets
Other Non-Major Funds
(in thousands of dollars)

	2006	2005	Percentage Change 2006 – 2005
Current and other assets	\$ 234	\$ 224	4.5
Capital assets	2,059	2,131	(3.4)
Total assets	2,293	2,355	(2.7)
Current liabilities	60	46	30.4
Long-term liabilities	2,301	2,275	1.1
Total liabilities	2,361	2,321	1.7
Net assets:			
Invested in capital assets, net of related debt	564	604	(6.6)
Unrestricted	(632)	(570)	(10.9)
Total net assets	\$ (68)	\$ 34	(303.0)

Total assets decreased primarily due to the increase in accumulated depreciation in fiscal year 2006 compared to fiscal year 2005.

Total liabilities increased due to the increase in accrued interest payable from that of the prior fiscal year.

Total net assets decreased due to the decline in parking revenue at the Second Street Facility and the increased maintenance expense for internal repairs to that facility. The other Non-major fund stayed relatively the same since it is an outdoor deck (Carytown Parking Decks) with free parking for customers in the Carytown area of Richmond. Funding for this facility is entirely supported by the City of Richmond.

Table A-6

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

	2006	2005	Percentage Change 2006 – 2005
Operating revenues:			
Tolls	\$ 25,079	\$ 24,977	0.4
Other	106	71	49.3
Total operating revenues	25,185	25,048	0.5
Nonoperating revenues	1,310	1,789	(26.8)
Total revenues	26,495	26,837	(1.3)
Operating expenses:			
Employee compensation and benefits	5,001	4,841	3.3
Maintenance	2,729	1,516	80.0
Consulting fees	1,179	1,258	(6.3)
Heat, light and power	117	109	7.3
Insurance	313	294	6.5
Toll tag processing	1,393	563	147.4
Other	1,594	1,969	(19.1)
Total operating expenses	12,326	10,550	16.8
Nonoperating expenses	8,902	9,201	(3.2)
Total expenses	21,228	19,751	7.5
Change in net assets	5,267	7,086	(25.7)
Net assets-beginning	41,061	33,975	20.9
Net assets-ending	\$ 46,328	\$ 41,061	12.8

With traffic volumes slowly returning to pre Route 288 levels, toll revenue exceeded the previous fiscal year by 0.4 percent. Additionally, increased economic activity in the downtown Richmond area has led to stronger growth on the Downtown Expressway.

Every two years, the Expressway System has extensive inspections in order to assure the safety and maintenance of the roads and bridges. If the outcome of these inspections result in the requirement for additional maintenance, these recommendations are outlined in the report and budgeted accordingly. Fiscal year 2006 was the year for these extensive inspections. Additionally, the Expressway also experienced an increase in toll tag processing.

These expenses were the primary reasons the total operating expenses for the Expressway increased 16.8% over the previous year.

Non-operating expenses decreased 3.2% to \$8.9 million compared to fiscal 2005. The fair market value of investments at June 30, 2006 led to the change in non-operating expenses.

Table A-7
Changes in the Richmond Metropolitan Authority's Net Assets (Deficit)
Expressway Parking Deck
(in thousands of dollars)

	2006	2005	Percentage Change 2006 – 2005
Operating revenues:			
Parking fees and rentals	\$ 1,207	\$ 1,210	0.2
Other	4	5	(20.0)
Total operating revenues	1,211	1,215	0.3
Nonoperating revenues	20	–	1900.0
Total revenues	1,231	1,215	1.2
Operating expenses:			
Employee compensation and benefits	275	245	12.6
Maintenance	188	63	198.4
Depreciation	393	393	–
Consulting fees	2	14	(85.7)
Heat, light and power	47	45	4.4
Insurance	29	24	20.8
Other	22	61	(63.9)
Total operating expenses	956	845	13.2
Nonoperating expenses	1,174	1,190	(1.4)
Total expenses	2,130	2,035	4.6
Change in net assets (deficit)	(899)	(819)	(9.7)
Net assets (deficit)-beginning	(15,880)	(15,061)	(5.4)
Net assets (deficit)-ending	\$ (16,779)	\$ (15,880)	(5.7)

The change in net assets for the Expressway Parking Deck for the year ended June 30, 2006 reflected a deficit of \$(899,000) compared to the deficit in total net assets of \$(819,000) for the year ended June 30, 2005. (See Table A-7). Increased repairs to the facility that did not occur in fiscal year 2005 led to the increase. The deficit in net assets, also caused by the increased maintenance, at June 30, 2006 increased (5.7%) from a deficit of \$(15.9) million in fiscal year 2005 to a deficit of \$(16.8) million at June 30, 2006.

Total operating revenues for fiscal year 2006 reflected a slight increase from those in fiscal year 2005. There was a marginal increase in the average monthly parkers for fiscal year 2006 of 1,075 compared to 1,068 for fiscal year 2005.

Total operating expenses for the Expressway Parking Deck at June 30, 2006 increased by 13.2% from those of June 30, 2005. This is primarily due to an increase in maintenance expenses for repairs to the facility.

Non-operating expenses declined by 1.4% due to a reduction in the interest expense on the outstanding bonds.

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

	2006	2005	Percentage Change 2006 – 2005
Operating revenues:			
Parking fees and rentals	\$ 161	\$ 157	2.5
Stadium and skybox rentals	465	494	(5.9)
Total operating revenues	626	651	(3.9)
Nonoperating revenues	96	613	(84.3)
Total revenues	722	1,264	(42.9)
Operating expenses:			
Maintenance	550	805	(31.7)
Depreciation	272	272	–
Consulting fees	–	–	–
Heat, light and power	139	112	24.1
Insurance	21	18	16.7
Other	100	101	(1.0)
Total operating expenses	1,082	1,308	(17.3)
Nonoperating expenses	0	5	(100.0)
Total expenses	1,082	1,313	(17.6)
Change in net assets	(360)	(49)	(634.7)
Net assets-beginning	6,153	6,202	(0.8)
Net assets-ending	\$ 5,793	\$ 6,153	(5.9)

The change in net assets for the Stadium increased from \$(49,000) at June 30, 2005 to \$(360,000) at June 30, 2006. Due to less contributions from the localities, total revenues significantly decreased and maintenance expenses also declined. These two factors led to the increased change in net assets and a decline in net assets for fiscal year 2006.

Total operating revenues for fiscal year 2006 declined 3.9%, which is primarily attributed to a decrease in rental of skyboxes.

Total operating expenses were \$1.1 million in fiscal year 2006 compared to \$1.3 million in fiscal year 2005. This decrease of 17.3% was due to the reduction in expenses associated with the field replacement, a new irrigation system, and extensive roof repairs in fiscal year 2005.

Since there is no remaining debt on this facility, there was not any non-operating expenses.

Table A-9
Changes in the Richmond Metropolitan Authority's Net Assets
Main Street Station
(in thousands of dollars)

	2006	2005	Percentage Change 2006 – 2005
Operating revenues:			
Parking fees and rentals	\$ 114	\$ 38	200.0
Total operating revenues	114	38	200.0
Nonoperating revenues	524	516	1.5
Total revenues	638	554	15.2
Operating expenses:			
Employee compensation and benefits	111	113	(.9)
Maintenance	172	65	169.0
Heat, light and power	184	185	(0.5)
Insurance	4	3	33.3
Other	225	206	9.2
Total operating expenses	696	572	21.9
Total expenses	696	572	21.9
Change in net assets	(58)	(18)	(241.2)
Net assets-beginning	216	234	(7.7)
Net assets-ending	\$ 158	\$ 216	(26.8)

Operating revenues increased from the prior year primarily due to rental of an ancillary parking lot adjacent to the station.

Operating expenses increased by 21.9% from the prior year. Major reasons for the increase were due to increased maintenance and on demand services for HVAC, electrical services, and other miscellaneous expenses.

Since total operating expenses exceeded total revenues, net assets decreased from \$216,000 to \$158,000.

Table A-10
Changes in the Richmond Metropolitan Authority's Net Assets
Non-Major Funds
(in thousands of dollars)

	2006	2005	Percentage Change 2006- 2005
Operating revenues:			
Parking fees and rentals	\$ 206	\$ 225	(0.1)
Total operating revenues	206	225	(0.1)
Total revenues	206	225	(0.1)
Operating expenses:			
Employee compensation and benefits	67	33	1.0
Maintenance	32	46	(0.3)
Depreciation	72	72	-
Consulting fees	2	2	(0.2)
Heat, light and power	24	24	-
Insurance	9	8	0.1
Other	20	18	0.1
Total operating expenses	226	203	0.1
Nonoperating expenses	83	88	(0.1)
Total expenses	309	291	0.1
Change in net assets	(103)	(66)	0.6
Net assets - beginning	34	100	(0.7)
Net assets (deficit) - ending	\$ (69)	\$ 34	(3.0)

Total revenues declined due to the changing economic conditions around the Second Street Parking Facility. As stated earlier, funding for the other Non-major fund, Carytown Parking Decks, is funded directly from the City of Richmond.

Total operating expenses increased due to repairs to the Second Street Facility while the Carytown Parking Deck's expenses remained unchanged from the prior year.

Total net assets decreased significantly due to the decline in parking revenue at the Second Street Facility and the increased operating expenses (maintenance) for this facility while the other Non-major fund (Carytown Parking Decks) remained unchanged from fiscal year 2006. To the extent that operating expenses for the Second Street Facility exceeded operating revenues, they were paid from existing cash on hand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the Authority has invested approximately \$211.5 million in capital assets, including roads, bridges, buildings, land, and equipment. (See Table A-11.) Net of accumulated depreciation, the Authority's net capital assets at June 30, 2006 totaled approximately \$199.3 million. This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$2.7 million or 1.4% more than June 30, 2005.

Table A-11

The Richmond Metropolitan Authority's Capital Assets

(in thousands of dollars)

	2006	2005	Percentage Change 2006 – 2005
Expressway system	\$ 169,432	\$ 161,707	4.8
Boulevard Bridge	9,777	9,777	–
Land	1,629	1,629	–
Parking garages	11,205	11,671	(3.9)
Stadium facility	4,893	5,165	(5.2)
Construction in progress	2,360	6,691	(64.8)
Total	\$ 199,296	\$ 196,640	1.4

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

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

HNTB, utilizing the proposed asphalt specific Washington State Department of Transportation (WSDOT) Pavement Condition Rating (PCR) System as a guide, generated a condition rating for defined segments of the Authority's expressway system. The surface pavement of the expressway system is composed entirely of asphalt. A PCR rating will fall into one of four distinct Treatment Groups with each having corresponding maintenance strategies and potential treatments. Group 1, PCR between 75 – 100, Excellent condition to very good condition; Group 2, PCR between 50 – 74, Very good condition to good condition; Group 3, PCR between 25 – 49, Good condition to fair condition; and Group 4, PCR between 0 – 24, Fair condition to poor condition are the ratings adopted by the Authority. The Authority has adopted a preventative maintenance program that will not permit surface pavements to fall below a PCR value of 40 or Group 3 condition. During fiscal year 2006, the Authority spent \$2.7 million to preserve and maintain the roads and bridges at, or above, this level. This is \$167,000 more

than the estimate for the year ending June 30, 2005 due to an increase in consulting fees in connection with the biennial inspection of the Expressway and increased expenditures for electronic toll collection transponders.

More detail about the Authority's assets is presented in Note 18 to the financial statements. A \$5.5 million contract for widening portions of the Powhite Parkway and improving the adjacent creek was awarded in April 2004 and was completed during fiscal year 2006.

Debt Administration

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

Long-term debt includes revenue bonds payable and a payable of subordinated debt to the City of Richmond. At June 30, 2006, the Authority had approximately \$157.0 million in expressway revenue bonds and subordinated notes outstanding, a 3.8% increase from June 30, 2005. Long-term debt increased due to the \$10 million expressway revenue bonds issued on June 29, 2006. A payment of \$94,590 was made to the City of Richmond against the interest payable on the subordinated debt at June 30, 2005. This is due each year from the surplus cash of the Expressway System at June 30 after meeting the operating expenses, debt service payments, and the required deposits into the Repair and Contingency Fund certified by our consulting engineers. A payment of \$95,000 has been made to the City of Richmond from surplus cash at June 30, 2006.

At June 30, 2006, the Authority's total outstanding bonds and subordinated debt was \$177,351,971. This amount consisted of the following: \$157,000,000 Expressway System; \$1,494,500 Second Street Parking Facility; and \$18,845,908 Downtown Parking Facility. Of the \$134.2 million in Expressway revenue bonds outstanding, approximately \$114.5 million is insured and rated AAA by Fitch Investors Service and Standard & Poor's with an Aaa rating by Moody's Investors Service. An underlying rating of A- has also been assigned by Fitch Investors Service. More detail about the Authority's debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Virginia's unemployment rate was 3.3% in June 2006, increasing slightly from the previous month due to seasonal factors, but decreasing from 3.7% in June 2005. Virginia's economy continues to add jobs at a faster rate than the nation as a whole, according to state employment and jobless figures recently released. Both Virginia's rate of 3.3% and the MSA rate of 3.4% compared very favorably to the 4.8% rate of the United States in June 2006.

The four major funds of the Authority are the Expressway System, Expressway Parking Deck, the Stadium, and Main Street Station with the largest being the Expressway System. Projected Expressway System revenue for fiscal year 2007 is \$25,518,900 and is certified by URS Corporation, our traffic and revenue consultants. This represents a 1.5% increase in the toll revenue forecast over fiscal year 2006. This change in toll revenue between fiscal years 2007 and 2006 reflects anticipated moderate normal growth.

The fiscal year 2007 operating expense budget for the Expressway System increased 15.7% over fiscal year 2006. Liability insurance, group life insurance, contributions to the retirement system, and toll tag processing expenses accounted for the increase from the prior year.

The fiscal year 2007 revenue budget for the Expressway Parking Deck is projected to increase by 0.8% over fiscal year 2006 due to an increase in monthly parkers and transient revenue. The rates for this 1,000 space parking facility continue to be evaluated to ensure the fees charged are consistent with adjacent parking facilities.

The fiscal year 2007 expense budget for the Expressway Parking Deck increased 5.9% from fiscal year 2006. Administrative charges, liability insurance, and salaries contributed to the increase in operating expenses. An inspection report for the facility by our consulting engineers is not required in fiscal year 2007.

For fiscal year 2007, the operating revenue budget for the Stadium increased by 0.3%. This was due to an increase in admissions tax which results from ticket revenue reported to the City of Richmond. The other operating revenue sources, stadium rent, parking, and superbox rental, depend on attendance and nightly rental of the superbox which can vary greatly from year to year.

Due to increases in administrative charges and utilities, the operating expense budget increased 4% for fiscal year 2007 at the Stadium.

The operating revenue budget for Main Street Station for fiscal year 2007 was increased by 9.3% from fiscal year 2006. The majority of the increase is in monthly parking and rental of the facility for special events. Hourly parking revenue was also increased.

For fiscal year 2007, operating expenses for Main Street Station increased 30.3%. This increase is primarily due to the new demands for the services Main Street Station now provides. These expenses include a new position and the increase in security and janitorial services. A tenant is scheduled to move into the facility later this year which will cause additional operating expenses. Revenue for leased space will not be recognized for approximately 18 months.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Richmond Metropolitan Authority

Balance Sheet June 30, 2006

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total Business- type Activities
Assets						
Current assets:						
Cash and cash equivalents	\$ 8,086,528	\$ 1,065,614	\$ 116,193	\$ 175,638	\$ 84,502	\$ 9,528,475
Investments held by trustee	19,749,779	-	-	-	95,692	19,845,471
Other short-term investments	7,464,947	-	-	50,000	49,995	7,564,942
Accrued interest receivable	272,772	-	3,761	2,775	755	280,063
Receivables	119,393	14,210	14,220	40,763	-	188,586
Prepaid expenses	245,529	10,116	6,567	942	3,088	266,242
Total current assets	35,938,948	1,089,940	140,741	270,118	234,032	37,673,779
Noncurrent assets:						
Restricted investments held by trustee	21,415,944	-	-	-	-	21,415,944
Other long-term investments	-	-	134,541	-	-	134,541
Deferred financing costs	1,832,219	135,921	-	-	-	1,968,140
Escrow receivable	118,694	-	-	-	-	118,694
Capital assets:						
Land	-	134,366	612,000	-	882,615	1,628,981
Parking Garages	-	15,731,309	-	-	2,898,225	18,629,534
Stadium Facility	-	-	9,662,748	-	-	9,662,748
Expressway System	169,431,701	-	-	-	-	169,431,701
Boulevard Bridge	9,777,483	-	-	-	-	9,777,483
Construction in progress	2,144,779	-	215,091	-	-	2,359,870
Total capital assets	181,353,963	15,865,675	10,489,839	-	3,780,840	211,490,317
Accumulated depreciation	-	(5,701,857)	(4,769,495)	-	(1,722,331)	(12,193,683)
Net capital assets	181,353,963	10,163,818	5,720,344	-	2,058,509	199,296,634
Total noncurrent assets	204,720,820	10,299,739	5,854,885	-	2,058,509	222,933,953
Total assets	\$ 240,659,768	\$ 11,389,679	\$ 5,995,626	\$ 270,118	\$ 2,292,541	\$ 260,607,732

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total Business- type Activities
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,589,907	\$ 71,097	\$ 62,866	\$ 79,180	\$ 26,824	\$ 1,829,874
Accrued interest payable	3,164,949	-	-	-	32,550	3,197,499
Unearned revenue	165,380	19,136	139,357	33,160	385	357,418
Bonds and notes payable, current portion	4,500,843	3,125,000	-	-	-	7,625,843
Total current liabilities	9,421,079	3,215,233	202,223	112,340	59,759	13,010,634
Noncurrent liabilities:						
Bonds and notes payable	152,510,720	15,720,908	-	-	1,494,500	169,726,128
Accrued interest payable	32,400,117	9,232,641	-	-	806,519	42,439,277
Total noncurrent liabilities	184,910,837	24,953,549	-	-	2,301,019	212,165,405
Total liabilities	194,331,916	28,168,782	202,223	112,340	2,360,778	225,176,039
Net assets (deficit)						
Invested in capital assets, net of related debt	34,342,400	(8,682,090)	5,720,344	-	564,009	31,944,663
Restricted	13,856,981	191,220	-	-	-	14,048,201
Unrestricted	(1,871,529)	(8,288,233)	73,059	157,778	(632,246)	(10,561,171)
Total net assets (deficit)	46,327,852	(16,779,103)	5,793,403	157,778	(68,237)	35,431,693
Total liabilities and net assets	\$ 240,659,768	\$ 11,389,679	\$ 5,995,626	\$ 270,118	\$ 2,292,541	\$ 260,607,732

See accompanying notes to financial statements.

Richmond Metropolitan Authority

Statement of Revenues, Expenses, and Changes in Fund Net Assets Year ended June 30, 2006

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total Business-type Activities
Operating revenues						
Tolls	\$ 25,079,121	\$ -	\$ -	\$ -	\$ -	\$ 25,079,121
Parking fees and rentals	-	1,207,023	160,945	114,304	206,023	1,688,295
Stadium and sky box rentals	-	-	464,987	-	-	464,987
Other	106,175	3,772	115	215	476	110,753
Total operating revenues	<u>25,185,296</u>	<u>1,210,795</u>	<u>626,047</u>	<u>114,519</u>	<u>206,499</u>	<u>27,343,156</u>
Operating expenses						
Employee compensation and benefits	5,001,643	275,933	-	111,581	67,320	5,456,477
Maintenance	2,729,244	187,506	549,781	172,174	31,672	3,670,377
Depreciation	-	393,283	271,847	-	72,455	737,585
Consulting fees	1,179,347	1,719	455	498	1,648	1,183,667
Heat, light, and power	116,612	46,639	138,739	183,610	24,019	509,619
Insurance	312,863	28,756	21,175	4,382	9,006	376,182
Toll tag processing	1,392,650	-	-	-	-	1,392,650
Other	1,593,442	22,494	99,765	224,557	19,575	1,959,833
Total operating expenses	<u>12,325,801</u>	<u>956,330</u>	<u>1,081,762</u>	<u>696,802</u>	<u>225,695</u>	<u>15,286,390</u>
Operating income (loss)	<u>12,859,495</u>	<u>254,465</u>	<u>(455,715)</u>	<u>(582,283)</u>	<u>(19,196)</u>	<u>12,056,766</u>
Nonoperating revenues (expenses)						
Investment earnings	1,310,043	19,735	11,125	5,521	8,842	1,355,266
Net increase (decrease) in fair value of investments	(475,683)	-	1,535	-	(1,088)	(475,236)
Interest expense:						
Bonds	(7,169,840)	(1,172,962)	-	-	(65,100)	(8,407,902)
Notes	(1,257,446)	-	-	-	(25,594)	(1,283,040)
Support from localities	-	-	83,467	518,147	-	601,614
Total nonoperating revenues (expenses)	<u>(7,592,926)</u>	<u>(1,153,227)</u>	<u>96,127</u>	<u>523,668</u>	<u>(82,940)</u>	<u>(8,209,298)</u>
Change in net assets	5,266,569	(898,762)	(359,588)	(58,615)	(102,136)	3,847,468
Net assets (deficit)– beginning	<u>41,061,283</u>	<u>(15,880,341)</u>	<u>6,152,991</u>	<u>216,393</u>	<u>33,899</u>	<u>31,584,225</u>
Net assets (deficit)– ending	<u>\$ 46,327,852</u>	<u>\$ (16,779,103)</u>	<u>\$ 5,793,403</u>	<u>\$ 157,778</u>	<u>\$ (68,237)</u>	<u>\$ 35,431,693</u>

See accompanying notes to financial statements.

Richmond Metropolitan Authority

Statement of Cash Flows

Year ended June 30, 2006

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total Business- type Activities
Cash flows from operating activities						
Receipts from customers	\$ 25,380,160	\$ 1,210,926	\$ 645,378	\$ 111,757	\$ 206,638	\$ 27,554,859
Payments to suppliers	(10,722,682)	(352,561)	(705,236)	(565,377)	(78,666)	(12,424,522)
Payments to employees	(3,898,370)	(211,330)	(102,528)	(89,577)	(63,062)	(4,364,867)
Net cash provided by (used in) operating activities	10,759,108	647,035	(162,386)	(543,197)	64,910	10,765,470
Cash flows from capital and related financing activities						
Increase in escrow receivable	(94,590)	-	-	-	-	(94,590)
Interest paid on revenue bonds and notes	(6,639,701)	(650,000)	-	-	(65,100)	(7,354,801)
Principal paid on revenue bonds and notes	(4,157,440)	-	-	-	-	(4,157,440)
Capital expenditures	(3,393,379)	-	-	-	-	(3,393,379)
Net cash used by capital and related financing activities	(14,285,110)	(650,000)	-	-	(65,100)	(15,000,210)
Cash flows from non capital financing activities						
Receipts from localities	-	-	83,467	518,147	-	601,614
Cash flows from investing activities						
Purchase of investment securities	(33,387,005)	-	(130,975)	-	(127,719)	(33,645,699)
Proceeds from sale and maturities of investment securities	36,212,513	-	226,118	-	65,100	36,503,731
Interest received on investments	1,244,042	19,730	8,382	3,271	9,317	1,284,742
Net cash provided by (used in) investing activities	4,069,550	19,730	103,525	3,271	(53,302)	4,142,774
Net increase (decrease) in cash	543,548	16,765	24,606	(21,779)	(53,492)	509,648
Balances - beginning of the year	7,542,980	1,048,849	91,587	197,417	137,994	9,018,827
Balances - end of the year	\$ 8,086,528	\$ 1,065,614	\$ 116,193	\$ 175,638	\$ 84,502	\$ 9,528,475

(continued)

Richmond Metropolitan Authority

Statement of Cash Flows (continued) Year ended June 30, 2006

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total Business- type Activities
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 12,859,495	\$ 254,465	\$ (455,715)	\$ (582,283)	\$ (19,196)	\$ 12,056,766
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	-	393,283	271,847	-	72,455	737,585
Changes in assets and liabilities:						
Accounts receivable	195,367	(12,367)	30,700	(7,000)	517	207,217
Prepays and other	75,838	(9,686)	(6,567)	(942)	(3,085)	55,558
Accounts payable and accrued liabilities	(2,370,132)	8,843	8,716	42,793	14,599	(2,295,181)
Unearned revenue	(1,460)	12,497	(11,367)	4,235	(380)	3,525
Net cash provided by (used in) operating activities	<u>\$ 10,759,108</u>	<u>\$ 647,035</u>	<u>\$ (162,386)</u>	<u>\$ (543,197)</u>	<u>\$ 64,910</u>	<u>\$ 10,765,470</u>

Noncash capital, financing and investing activities

Net decrease in fair value of investments	\$ (475,683)	\$ -	\$ 1,535	\$ -	\$ (1,088)	\$ (475,236)
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See accompanying notes to financial statements.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 1 - Authorizing legislation and description

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

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

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

Note 2 - Basis of presentation

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

Note 3 - Significant accounting policies

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

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

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 3 - Significant accounting policies (continued)

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

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

Capital assets - Capital assets are stated at cost including, as appropriate, interest and related costs incurred during the construction period. All land and non-depreciable land improvements are capitalized, regardless of cost. Construction in progress consists of costs capitalized in connection with construction of and improvements to facilities. Approximately \$335,000 of interest was capitalized during fiscal year 2006. All expenditures, including equipment and furnishings, are capitalized if they are 1) related to the occupancy of a new facility, 2) related to a major renovation of an existing facility, or 3) related to improvements financed by the issuance of bonds by the Authority. Any expenditure in connection with maintaining an existing facility in good working order is expensed. Other expenditures incidental to an existing facility are capitalized if the cost is over \$5,000, with the exception of furniture and fixtures, computer hardware and software, office equipment, vehicles, and maintenance equipment, which are expensed regardless of amount.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Snow removal, landscaping services, and certain maintenance of the Expressway System are provided without charge by the Virginia Department of Highways and Transportation. The Authority is responsible for other maintenance requirements, which are expensed as incurred.

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

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

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

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

Operating revenues and expenses - The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expense are those that result from providing services and producing and delivering goods in connection with the Authority’s principal ongoing operation. The principal operating revenues of the Authority are charges to customers for transportation which results in

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 3 - Significant accounting policies (continued)

passenger revenues. Passenger revenues are recorded as revenue at the time services are performed. Cash received for which services have not been performed at year end are recorded as unearned revenue on the statement of net assets.

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

Deficit Net Assets – There were two funds with deficit net assets at June 30, 2006. The Downtown Parking Facility had a deficit in net assets of \$16,779,103 which is due primarily to the unpaid in prior years portion of the long-term debt of approximately \$13,000,000, see Note 9 for further discussion. The Second Street Parking Facility had deficit net assets of \$1,318,917. The deficit is primarily the result of subordinated debt of \$409,500 and \$781,000 of accrued interest payable to the City of Richmond. As described in note 10, neither the principal or the interest on this subordinated debt may be repaid until the outstanding revenue bonds have been retired. The Authority plans to recover the net assets deficit after the retirement of the revenue bonds through future revenues.

Note 4 - Deposits with banks

At June 30, 2006, the carrying amount of deposits with banks was \$9,528,475. The bank balance of these deposits at June 30, 2006 was \$9,658,152.

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

The amounts indicated above exclude change funds not held by banks of approximately \$98,000 at June 30, 2006.

At June 30, 2006, funds of \$21,415,944 of the investments held by trustee are restricted because their use is limited by the terms of applicable bond covenants.

Note 5 – Investments

At June 30, 2006 the fair value of the Authority's investments with their respective credit ratings, was as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Federal agencies:		
Bonds and Notes	\$ 40,617,327	AAA, Aaa
U.S. Treasury Money Market Funds	7,921,130	AAAm
Municipal Obligations:		
Bonds	422,421	AA+
Total Investments	<u>\$ 48,960,898</u>	

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 5 – Investments (continued)

Credit risk - The Code of Virginia and other applicable law, the Authority’s bond indentures, and the Authority’s investment policy adopted by the Board of Directors, limits credit risk by restricting authorized investments to the following: securitized time and certificates of deposit; obligations of and obligations guaranteed by the Commonwealth of Virginia or any of its counties, towns, districts, authorities, or other public bodies; obligations of and obligations guaranteed by the United States or certain of its agencies; “prime” quality commercial paper; shares of any investment company the assets of which are invested exclusively in the aforementioned instruments; and certain other instruments of specified quality and rating as dictated by the resolutions. Not all investment types are available to each of the enterprises due to the specifications of the individual bond indentures. All credit ratings indicated in the table above are Standard & Poors (S&P) ratings, except the Aaa rating for Federal agency notes and bonds, which is a Moody’s Investors Services (Moody’s) rating. At June 30, 2006, 83% of the portfolio was invested in AAA rated obligations and 16.2% was invested in an AAAM rated money market fund. The remaining 0.8% of the portfolio was invested in obligations rated AA+.

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

At June 30, 2006, the fair values and investment maturities were are follows:

	Investment Maturities (in years)			
	Fair Value	Less than 1 year	1-2 years	3-4 years
Federal Agencies:				
Bonds and notes	\$ 40,617,327	\$ 19,066,842	\$ 11,897,082	\$ 9,653,403
U.S. Treasury Money:				
Market funds	7,921,130	7,921,130	-	-
Municipal obligations:				
Bonds	422,441	422,441	-	-
Total investments	\$ 48,960,898	\$ 27,410,413	\$ 11,897,082	\$ 9,653,403

Concentration of credit risk - The Code of Virginia and the Authority’s investment policy places no limit on the amount the Authority may invest in any one issuer. However, the policy establishes limitation on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. At June 30, 2006, the portion of the Authority’s portfolio, excluding U.S. Government guaranteed obligations, that exceeded 5% of the Authority’s total investments were as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	13.5%
Federal Home Loan Bank	13.0%
Federal Home Loan Mortgage	30.3%
Federal National Mortgage Association	26.0%

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 5 – Investments (continued)

Custodial credit risk - The Code of Virginia and the Authority's investment policy permit investments in open repurchase agreements that are collateralized with securities that are approved for direct investment. The Authority's investment portfolio includes \$290,925 in open repurchase agreements, collateralized with \$305,000 par of Federal Home Loan Bank Bonds maturing April 13, 2010 and held by the investment's counterparty, not in the name of the Authority.

Note 6 – Receivables

Receivables at June 30, 2006 for the Authority's major and non-major funds are as follows:

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total
Receivables:						
Due from state and local governments	\$ 6,997	\$ -	\$ -	\$ 40,443	\$ -	\$ 47,440
Accounts	112,396	14,210	14,220	320	-	141,146
Total receivables	\$119,393	\$14,210	\$14,220	\$ 40,763	\$ -	\$188,586

Note 7 – Payables

Payables at June 30, 2006 for the Authority's major and non-major funds are as follows:

	Expressway System	Downtown Parking Facility	Stadium	Main Street Station	Other Non- Major Funds	Total
Payables:						
Due to state and local governments	\$ 50,000	\$ 497	\$ -	\$ 1,844	\$ 30	\$ 52,371
Salaries and employee benefits	552,231	19,032	-	1,576	54	572,893
Accounts	987,676	51,568	62,866	75,760	26,740	1,204,610
Total payables	\$1,589,907	\$71,097	\$62,866	\$79,180	\$ 26,824	\$1,829,874

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 8 - Long-term liabilities

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

	June 30, 2005	Additions	Reductions	June 30, 2006	Due Within One Year
Bonds payable:					
Expressway System – 1992 bonds	\$ 7,640,000	\$ –	\$ 600,000	\$ 7,040,000	\$ 650,000
Expressway System – 1998 bonds	78,315,000	–	210,000	78,105,000	2,715,000
Expressway System – 1999 bonds	9,610,000	–	90,000	9,520,000	95,000
Expressway System – 2000 bonds	8,285,000	–	6,540,000	1,745,000	45,000
Expressway System – 2002 bonds	27,910,000	–	275,000	27,635,000	25,000
Expressway System – 2002 New Money bonds	4,675,000	–	3,300,000	1,375,000	1,375,000
Expressway System – 2005 bonds	–	7,051,000	–	7,051,000	53,000
Expressway System – 2006 bonds	–	10,000,000	–	10,000,000	–
Second Street Parking Facility – 1974 bonds	1,085,000	–	–	1,085,000	–
Downtown Parking Facility – 1990 bonds	16,500,000	–	–	16,500,000	1,500,000
Downtown Parking Facility – 1992 bonds	2,375,000	–	–	2,375,000	1,625,000
Less deferred amounts:					
For issuance discounts	(109,938)	–	(78,464)	(31,474)	(1,427)
On refunding	(10,692,098)	(1,089,046)	(1,071,916)	(10,709,228)	(710,504)
Plus deferred amounts:					
For issuance premiums	2,734,925	–	254,774	2,480,151	254,774
Total bonds payable	148,327,889	15,961,954	10,119,394	154,170,449	7,625,843
Subordinated notes payable:					
Expressway System	22,772,022	–	–	22,772,022	–
Second Street Parking Facility	409,500	–	–	409,500	–
Total subordinated notes payable	23,181,522	–	–	23,181,522	–
Accrued interest	43,968,972	5,111,365	3,443,561	45,636,776	3,197,499
Compensated absences	569,146	364,788	369,707	564,227	366,512
Total long-term liabilities	<u>\$216,047,529</u>	<u>\$21,438,107</u>	<u>\$13,932,662</u>	<u>\$223,552,974</u>	<u>\$12,104,168</u>

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable

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

Certain of the 1992 bonds were advance refunded or defeased in 1996, 1998, 1999, 2000 and 2002. The Authority had the option to redeem certain of the bonds at any time beginning in July 2002. During fiscal year 2003, the Authority redeemed all of the outstanding 1992 bonds that had been advance refunded or defeased.

The 1992 bonds which have not been redeemed are subject to mandatory redemption at par plus accrued interest through the final maturity date in July 2013.

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

Fiscal Year	Principal	Interest	Total
2007	\$ 650	\$ 571	\$ 1,221
2008	705	513	1,218
2009	765	451	1,216
2010	830	383	1,213
2011	900	309	1,209
2012 – 2014	3,190	421	3,611
	\$ 7,040	\$ 2,648	\$ 9,688

The outstanding balance at June 30, 2006 was \$7,040,000.

Revenue bonds in the principal amount of \$80,705,000 were issued under terms of a bond resolution dated March 15, 1998 in order to advance refund \$76,725,000 of the then outstanding 1992 bonds. These bonds mature in various years through July 15, 2022 and bear interest at rates ranging from 3.65% to 5.25% per annum. Certain of the 1998 bonds are subject to mandatory redemption at par plus accrued interest beginning in July 2013 continuing through the final maturity date in July 2022.

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

Fiscal Year	Principal	Interest	Total
2007	\$ 2,715	\$ 4,016	\$ 6,731
2008	2,815	3,893	6,708
2009	2,925	3,753	6,678
2010	3,080	3,595	6,675
2011	3,245	3,429	6,674
2012 – 2016	20,525	14,249	34,774
2017 – 2021	29,220	7,655	36,875
2022 – 2023	13,580	741	14,321
	\$ 78,105	\$ 41,331	\$ 119,436

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable (continued)

The outstanding balance at June 30, 2006 was \$78,105,000. The unamortized original issue premium and the unamortized deferred refunding amount related to the Expressway 1998 bonds were \$1,200,000 and \$7,351,000 at June 30, 2006.

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

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

Fiscal Year	Principal	Interest	Total
2007	\$ 95	\$ 395	\$ 490
2008	1,275	366	1,641
2009	1,350	312	1,662
2010	1,400	254	1,654
2011	1,460	195	1,655
2012 – 2013	3,940	166	4,106
	\$ 9,520	\$ 1,688	\$ 11,208

The outstanding balance at June 30, 2006 was \$9,520,000. The unamortized deferred refunding amount related to the Expressway 1999 bonds was \$400,000 at June 30, 2006.

Revenue bonds in the principal amount of \$8,400,000 were issued under terms of a bond resolution dated October 15, 2000. In fiscal year 2006, \$6,459,000 for bonds maturing July 15, 2013 through 2022 was defeased through proceeds of 2005 revenue and refunding bonds. Remaining bonds mature annually through July 15, 2013 and bear interest ranging between 4.50% and 5.00% per annum. Bonds maturing on or after July 15, 2011 may be redeemed at par plus up to 1% and accrued interest beginning July 15, 2010.

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

Fiscal Year	Principal	Interest	Total
2007	\$ 45	\$ 79	\$ 124
2008	380	69	449
2009	400	52	452
2010	420	33	453
2011	440	13	453
2012 – 2013	60	3	63
	\$ 1,745	\$ 249	\$ 1,994

The outstanding balance at June 30, 2006 was \$1,745,000. The unamortized original issue discount and the unamortized deferred refunding amount related to the Expressway 2000 bonds were approximately \$2,400 and \$103,000 at June 30, 2006.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable (continued)

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

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

Fiscal Year	Principal	Interest	Total
2007	\$ 25	\$ 1,450	\$ 1,475
2008	25	1,449	1,474
2009	25	1,448	1,473
2010	25	1,446	1,471
2011	30	1,445	1,475
2012 – 2016	6,625	6,722	13,347
2017 – 2021	14,130	3,700	17,830
2022 – 2023	6,750	359	7,109
	\$ 27,635	\$ 18,019	\$ 45,654

The outstanding balance at June 30, 2006 was \$27,635,000. The unamortized original issue premium and unamortized deferred refunding amount related to the 2002 Expressway bonds were \$1,200,000 and \$1,821,000 at June 30, 2006.

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

Fiscal Year	Principal	Interest	Total
2007	\$ 1,375	\$ 20	\$ 1,395

The outstanding balance at June 30, 2006 was \$1,375,000.

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

At June 30, 2006, outstanding bonds of \$66,265,000 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.

Funds transferred from the Expressway revenue account for early retirement of defeased bonds as required by the 1992 bond resolution amounted to \$94,590 in 2006. The escrow receivable was established to reflect amounts to be received from the escrow account once all previously issued bonds are repaid.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable (continued)

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

Bonds maturing on or after July 15, 2018 are subject to optional redemption.

Debt service requirements on the 2005 bonds are scheduled as follows:

Fiscal Year	Principal	Interest	Total
2007	\$ 53	\$ 259	\$ 312
2008	39	257	296
2009	40	255	295
2010	44	254	298
2011	45	252	297
2012 – 2016	1,800	1,154	2,954
2017 – 2021	3,454	617	4,071
2022-2023	1,576	58	1,634
	\$ 7,051	\$ 3,106	\$ 10,157

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

Debt service requirements on the 2006 bonds are scheduled as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2007	\$ -	\$ 221	\$ 221
2008	439	397	836
2009	475	379	854
2010	495	359	854
2011	515	338	853
2012 – 2016	2,905	1,354	4,259
2017 – 2021	3,544	701	4,245
2022-2023	1,627	67	1,694
	\$ 10,000	\$ 3,816	\$ 13,816

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable (continued)

The outstanding balance at June 30, 2006 was \$10,000,000. The unamortized original issue premium and unamortized deferred refunding amount related to the 2002 Expressway bonds were \$1,395,000 and \$1,935,000 at June 30, 2006.

Second street parking facility - Revenue bonds in the principal amount of \$1,800,000 were issued under terms of a bond resolution dated July 16, 1974. On August 31, 2001, the bond agreement was modified to defer the payment of principal during fiscal years 2003 through 2006 to a future period. The modified repayment schedule is detailed below. These bonds mature each July beginning 2007 through 2015 and bear interest at a rate of 6.00% per annum.

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

Fiscal Year	Principal	Interest	Total
2007	\$ -	\$ 65	\$ 65
2008	400	53	453
2009	85	39	124
2010	85	33	118
2011	95	28	123
2012 – 2015	420	53	473
	\$ 1,085	\$ 271	\$ 1,356

The outstanding balance at June 30, 2006 was \$1,085,000. The revenues derived from the operation, ownership, and management of the Second Street Parking Facility are pledged to the payment of the revenue bonds.

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

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

Fiscal Year	Principal	Interest	Total
Unpaid in prior years	\$ 1,135	\$ 8,525	\$ 9,660
2007	365	1,093	1,458
2008	465	1,048	1,513
2009	535	1,016	1,551
2010	645	979	1,624
2011	725	961	1,686
2012 – 2016	5,445	4,085	9,530
2017 – 2020	7,185	2,267	9,452
	\$ 16,500	\$ 19,974	\$ 36,474

The outstanding balance at June 30, 2006 was \$16,500,000. The unamortized original issue discount related to these bonds amounted to approximately \$29,000 at June 30, 2006.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 9 - Bonds payable (continued)

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

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

Fiscal Year	Principal	Interest	Total
Unpaid in prior years	\$ 1,500	\$ 1,340	\$ 2,840
2007	125	26	151
2008	125	48	173
2009	125	40	165
2010	125	32	157
2011	125	25	150
2012 – 2013	250	25	275
	<u>\$ 2,375</u>	<u>\$ 1,536</u>	<u>\$ 3,911</u>

The outstanding balance at June 30, 2006 was \$2,375,000. The revenues derived from the operation, ownership, and management of the Downtown Parking Facility are pledged to the payment of the bonds.

The scheduled principal and interest payments on the above bonds of the Downtown Parking Facility were not made in full for fiscal years 1995 through 2006 due to insufficient cash flows. Interest payments made by the Authority were \$650,000 in 2006. Under the terms of a bond resolution dated November 20, 1990, a default on these bonds has not occurred.

At June 30, 2006 only the Expressway bond series are subject to federal arbitrage regulations. To ensure compliance with the IRS regulations regarding arbitrage rebates, all Expressway bond issues are reviewed annually by the firm of Bingham Arbitrage Rebate Services Incorporated. At June 30, 2006, none of the bond series is accruing an arbitrage rebate liability.

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

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 10 - Subordinated notes payable

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

Due Date		June 30, 2006 Amount
6.25%	July 11, 2025	\$ 1,720,300
5.82%	July 12, 2026	1,933,759
5.04%	January 15, 2027	4,780,000
5.04%	July 12, 2027	817,534
5.04%	July 12, 2028	1,849,996
5.04%	July 12, 2029	2,844,358
6.67%	July 15, 2030	1,965,000
6.67%	February 12, 2032	1,103,600
11.72%	July 15, 2032	375,000
7.43%	July 12, 2033	276,230
8.18%	January 10, 2034	276,229
6.08%	July 10, 2037	2,362,277
7.12%	July 9, 2038	1,164,535
7.37%	July 13, 2039	1,190,940
6.78%	July 3, 2041	112,264
		<u>\$ 22,772,022</u>

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

The Authority made \$95,000 in interest payments related to the subordinated notes in the fiscal year ended June 30, 2006. Accrued interest was \$32.4 million on June 30, 2006.

Second Street parking facility - A subordinated note in the amount of \$409,500 was issued to the City of Richmond in December 1974. This note bears interest at 6.25% per annum and is due in December 2014. Neither the principal nor the interest on this note may be repaid until the revenue bonds have been retired (see Note 9). Accordingly, no interest payments have been made on the note. The Authority has recorded accrued interest related to this note of approximately \$807,000 at June 30, 2006.

Note 11 - Transactions with the City of Richmond and localities

Carytown parking facilities - The Authority entered into a rental agreement and an operating agreement with the City of Richmond in 1991. Under the terms of the agreements, the Authority has agreed to operate and manage the Carytown Parking Facilities, and the City has agreed to provide the Authority with funds sufficient to carry out its responsibilities. Annually, the Authority submits estimates of costs to be incurred to operate and manage the facilities. The City pays the Authority one-fourth of the estimated amount for operations quarterly. Payments totaling \$51,100 for operations were received from the City during fiscal year 2006.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 11 - Transactions with the City of Richmond and localities

Stadium facility - Under the terms of a Moral Obligation Agreement with the City of Richmond, Chesterfield County, and Henrico County, the Authority submits information to each of the localities annually showing the estimated difference between net revenues available to the Authority from the Stadium Facility and the debt service requirements with respect to the Stadium revenue bonds. Based on this information and the Authority's request for funds to meet debt service requirements and other Stadium Facility Fund needs, the localities may, but are not legally bound to, appropriate money to the Authority for such purposes. In addition, pursuant to the Moral Obligation Agreement, the City of Richmond may appropriate to the Authority the estimated total taxes payable with respect to admission tickets sold for events held at the Stadium Facility. Relative to fiscal year 2006, the Authority has received \$83,467 from the localities for support for the Stadium, which is the appropriation of the admissions tax from the City of Richmond.

Note 12 - Defined benefit pension plan

The Authority participates in the Virginia Retirement System (VRS), a mixed agent and cost-sharing, multiple-employer defined benefit pension plan. All full-time, salaried permanent employees of the Authority participate in the plan. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service and at age 50 with 30 years of service for participating employers payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to VRS at P.O. Box 2500, Richmond, VA 23218-2500.

The funding policy provides that plan members contribute 5% of their annual reported compensation to the VRS. This contribution is made by the Authority on behalf of the employees. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Authority contributed 11.00% of annual covered payroll in 2006. The amount of the contribution the Authority is required to make each year is based on VRS actuarial valuations. The valuations take into account the provisions of the VRS that are applicable to local government units on the valuation date, VRS census data, and assumptions regarding investment rates of return and cost-of living adjustments. Future valuations may therefore result in a change to the required contribution rate.

For 2006, the Authority's annual pension cost of \$237,766 was equal to the Authority's required and actual contributions. The required contribution rate was determined as part of the June 30, 2005 actuarial valuation using the Entry Age Normal actuarial cost method.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 12 - Defined benefit pension plan (continued)

Schedule of Employer Contributions			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$237,766	100	–
2005	209,574	100	–
2004	185,958	100	–

Significant actuarial assumptions used include a rate of return on the present and future assets of 8% per annum compounded annually, projected salary increases ranging from 4.25% to 6.10%, and 3% per year cost of living adjustments. Both the investment rate of return and the projected salary increase rate include an inflation rate of 3%. The actuarial value of assets was determined using the modified market valuation method. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2006 is 14 years.

Note 13 - Other post-employment benefits

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

At June 30, 2006, 13 retirees and 5 spouses were eligible and participated in this coverage. The Authority as a whole recognized expenses of approximately \$35,800 in 2006 for post-retirement hospitalization benefits representing actual premiums paid for coverages applicable to the participating retirees. At June 30, 2006, of the total of 102 full-time individuals employed by the Authority, 51 employees, under present policy, would be eligible for this coverage upon retirement.

Note 14 - Risk management

The Authority, through the operation of the Expressway System, the vehicular parking facilities, the Stadium, and Main Street Station is exposed to the risk of loss due to the wide range of services provided by its employees. Bridge coverage is obtained by the Authority through the firm of BB&T Insurance Services and is underwritten by the firm of Lloyd's of London. Auto fleet coverage, general liability, property damage, building and contents, inland marine, boiler and machinery, Dishonesty Bond (crime), and workers' compensation are obtained through membership in the Virginia Municipal League. Public officials and employees legal liability coverage is also obtained through membership in the Virginia Municipal League. Members are liable for any and all unpaid claims in the event the association is in a deficit position. No settlements have exceeded coverage limits during the three years ended June 30, 2006.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 15 – Leases

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 123,200
2008	126,900
2009	130,700
2010	134,600
2011	115,000

Rent expense on all leases amounted to approximately \$120,075 in 2006.

Note 16 – Contingencies

In the normal course of its operations, the Authority has commitments, contingent liabilities, lawsuits, and claims, primarily related to the Expressway System. Management of the Authority does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the combined financial position of the Authority or any of the individual enterprise funds.

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 17 - Capital assets

The following schedule summarizes the capital asset activities of the Authority for the fiscal year ended June 30, 2006:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,628,981	\$ -	\$ -	\$ 1,628,981
Expressway System	161,707,692	7,724,010	-	169,431,702
Boulevard Bridge	9,777,483	-	-	9,777,483
Construction in progress	6,690,500	1,392,184	(5,722,814)	2,359,870
Total capital assets, not being depreciated	179,804,656	9,116,194	(5,722,814)	183,198,036
Capital assets, being depreciated:				
Parking Garages	18,629,534	-	-	18,629,534
Stadium Facility	9,662,748	-	-	9,662,748
Total capital assets, being depreciated	28,292,282	-	-	28,292,282
Less accumulated depreciation for:				
Parking Garages	(6,958,450)	(465,738)	-	(7,424,188)
Stadium Facility	(4,497,648)	(271,847)	-	(4,769,495)
Total accumulated depreciation	(11,456,097)	(737,585)	-	(12,193,683)
Total capital assets, being depreciated, net	16,836,185	(737,585)	-	16,098,599
Total capital assets, net	<u>\$ 196,640,841</u>	<u>\$8,378,609</u>	<u>\$ (5,722,814)</u>	<u>\$ 199,296,634</u>

Depreciation expense for the year ended June 30, 2006 related to capital assets was \$737,585. The Authority has elected to use the "modified approach" to account for certain infrastructure assets. Consequently, these assets are not depreciated (See Note 3, Capital Assets).

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 18 - Segment Information for Enterprise Funds

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

Condensed statement of net assets

Assets:	
Current assets	\$ 165,812
Capital assets	857,605
	<u>\$ 1,023,417</u>
Liabilities:	
Current liabilities	\$ 41,315
Noncurrent liabilities	2,301,019
Net assets (deficit):	
Invested in capital assets, net of related debt	(636,895)
Unrestricted	(682,022)
	<u>\$ 1,023,417</u>

Condensed statement of revenues, expenses and changes in net assets

Operating revenues	\$ 155,370
Depreciation	(42,247)
Other operating expenses	(94,738)
Operating income (loss)	<u>18,385</u>
Nonoperating revenue (expenses):	
Net investment earnings	6,189
Interest expense	(90,694)
Change in net assets	<u>(66,120)</u>
Beginning net assets (deficit)	<u>(1,252,797)</u>
Ending net assets (deficit)	<u><u>\$(1,318,917)</u></u>

RICHMOND METROPOLITAN AUTHORITY
Notes to Financial Statements
For the Year Ended June 30, 2006

Note 18 - Segment Information for Enterprise Funds (continued)

Condensed statement of cash flows

Net cash provided by:

Operating activities	\$ 60,600
Capital financing activities	(65,100)
Investing activities	<u>(54,865)</u>
Net increase (decrease)	(59,365)
Beginning cash and cash equivalents	<u>76,585</u>
Ending cash and cash equivalents	<u><u>\$ 17,220</u></u>

Required Supplementary Information (Unaudited)

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2006

Defined Benefit Pension Plan

The following information was provided to the Authority by Gabriel, Roeder, Smith & Company, actuaries for the Virginia Retirement System, as part of the June 30, 2005 actuarial valuation. This information, which has not been audited by independent auditors, is summarized below:

Schedule of Funding Progress
June 30, 2005

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Funding Excess of AAL (FEAAL)	Funded Ratio	Annual Covered Payroll	FEAAL as % of Payroll
	(a)	(b)	(a) – (b)	(a)/(b)	(c)	((a-b)/c)
June 30, 2005	\$ 8,593,066	\$ 8,863,701	\$ (270,635)	96.95%	\$3,527,604	-7.67%
June 30, 2004	8,275,716	7,287,086	988,630	113.57%	3,404,428	29.04%
June 30, 2003	7,952,262	6,565,157	1,387,105	121.13	3,183,310	43.57

Modified Approach for Reporting Infrastructure

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Authority has adopted an alternative approach in lieu of recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 45.29 lane miles of roads and 34 bridges (spans in excess of 20 feet) that the Authority is responsible to maintain.

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

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

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2006

Results of Last Three Condition Assessments

The Authority assesses condition on a calendar year basis. The following table reports the percentage of pavement meeting the ratings in Groups 1 – 4. Calendar year 2003 is the first year of pavement inspection utilizing the Pavement Condition Rating System. For more detail about the rating system see the Notes to Required Supplementary Information, Measurement Scale on page 55.

Fiscal Year	Rating			
	Group 1	Group 2	Group 3	Group 4
2006	82.6%	17.4%	0.0%	0%
2005	99.1%	0.9%	0.0%	0%
2004	99.9%	0.1%	0.0%	0%

Budgeted and Estimated Costs Last Five Years

The following table presents the Authority’s estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the Established Condition Level and the actual amount spent during the past five fiscal years. The Established Condition Level for the Authority’s roads and bridges is described in the Notes to Required Supplementary Information on page 55.

Fiscal Year	Estimated Spending	Actual Spending
2005-2006	\$ 2,000,000	\$ 2,769,000
2004-2005	\$ 2,000,000	\$ 2,797,000
2003-2004	\$ 2,000,000	\$ 1,927,000
2002-2003	\$ 2,000,000	\$ 3,595,000
2001-2002	\$ 2,000,000	\$ 1,786,000

The budgeting process utilized by the Authority results in spending in one fiscal year from amounts that were certified by HNTB as necessary in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. This table and other tables within this narrative demonstrate that the Authority has incurred the necessary expenditures to meet its desired condition levels.

For more detail about the actual spending to preserve and maintain the Authority’s roads and bridges, see the Notes to Required Supplementary Information beginning on page 55.

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2006

Notes to Required Supplementary Information

Roads

Measurement Scale

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

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

Established Condition Level

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

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2006

Bridges

Measurement Scale

The Authority utilizes the following scale to monitor the condition of the 34 bridges under its jurisdiction. The scale rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

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

Established Condition Level

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

Assessed Conditions

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

Calendar Year	Structurally Deficient
2002	0%
2004	0%
2006	0%

RICHMOND METROPOLITAN AUTHORITY
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2006

Budgeted and Estimated Costs Last Five Years

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

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

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

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

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

Expenditures during fiscal year 2006 remained consistent with previous years' routine maintenance requirements.

Supplementary Information

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Richmond Metropolitan Authority
Non-Major Funds
Combining Balance Sheet
June 30, 2006

	Second Street Facility	Carytown Facilities	Total Non- Major Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 17,220	\$ 67,282	\$ 84,502
Investments held by trustee	95,692	-	95,692
Other short-term investments	49,995	-	49,995
Accrued interest receivable	755	-	755
Receivables	-	-	-
Prepaid expenses	2,150	938	3,088
Total current assets	<u>165,812</u>	<u>68,220</u>	<u>234,032</u>
Noncurrent assets:			
Capital assets:			
Land	435,000	447,615	882,615
Parking Garages	1,689,888	1,208,337	2,898,225
Total capital assets	<u>2,124,888</u>	<u>1,655,952</u>	<u>3,780,840</u>
Accumulated depreciation	(1,267,283)	(455,048)	(1,722,331)
Net capital assets	<u>857,605</u>	<u>1,200,904</u>	<u>2,058,509</u>
Total noncurrent assets	<u>857,605</u>	<u>1,200,904</u>	<u>2,058,509</u>
Total assets	<u>\$ 1,023,417</u>	<u>\$ 1,269,124</u>	<u>\$ 2,292,541</u>

	Second Street Facility	Carytown Facilities	Total Non-Major Funds
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 8,380	\$ 18,444	\$ 26,824
Accrued interest payable	32,550	-	32,550
Unearned revenue	385	-	385
Total current liabilities	<u>41,315</u>	<u>18,444</u>	<u>59,759</u>
Noncurrent liabilities:			
Bonds and notes payable	1,494,500	-	1,494,500
Accrued interest payable	806,519	-	806,519
Total noncurrent liabilities	<u>2,301,019</u>	<u>-</u>	<u>2,301,019</u>
Total liabilities	<u>2,342,334</u>	<u>18,444</u>	<u>2,360,778</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	(636,895)	1,200,904	564,009
Unrestricted	(682,022)	49,776	(632,246)
Total net assets (deficit)	<u>(1,318,917)</u>	<u>1,250,680</u>	<u>(68,237)</u>
 Total liabilities and net assets	 <u>\$ 1,023,417</u>	 <u>\$ 1,269,124</u>	 <u>\$ 2,292,541</u>

Richmond Metropolitan Authority
Non-Major Funds
Combining Statements of Revenues, Expenses, and Changes in Fund Net Assets
Year ended June 30, 2006

	Second Street Facility	Carytown Facilities	Total Non- Major Funds
Operating revenues			
Parking fees and rentals	\$ 154,894	\$ 51,129	\$ 206,023
Other	476	-	476
Total operating revenues	<u>155,370</u>	<u>51,129</u>	<u>206,499</u>
Operating expenses			
Employee compensation and benefits	34,922	32,398	67,320
Maintenance	20,926	10,746	31,672
Depreciation	42,247	30,208	72,455
Consulting fees	1,573	75	1,648
Heat, light, and power	19,168	4,851	24,019
Insurance	6,159	2,847	9,006
Other	11,990	7,585	19,575
Total operating expenses	<u>136,985</u>	<u>88,710</u>	<u>225,695</u>
Operating income (loss)	<u>18,385</u>	<u>(37,581)</u>	<u>(19,196)</u>
Nonoperating revenues (expenses)			
Investment earnings	7,277	1,565	8,842
Net increase (decrease) in fair value of investments	(1,088)	-	(1,088)
Interest expense:			
Bonds	(65,100)	-	(65,100)
Notes	(25,594)	-	(25,594)
Total nonoperating revenues (expenses)	<u>(84,505)</u>	<u>1,565</u>	<u>(82,940)</u>
Change in net assets	(66,120)	(36,016)	(102,136)
Net assets (deficit)– beginning	<u>(1,252,797)</u>	<u>1,286,696</u>	<u>33,899</u>
Net assets (deficit)– ending	<u>\$ (1,318,917)</u>	<u>\$ 1,250,680</u>	<u>\$ (68,237)</u>

Richmond Metropolitan Authority
Non-Major Funds
Combining Statement of Cash Flows
Year ended June 30, 2006

	Second Street Facility	Carytown Facilities	Total Non- Major Funds
Cash flows from operating activities			
Receipts from customers	\$ 155,509	\$ 51,129	\$ 206,638
Payments to suppliers	(62,514)	(16,152)	(78,666)
Payments to employees	(32,395)	(30,667)	(63,062)
Net cash provided by operating activities	60,600	4,310	64,910
Cash flows from capital and related financing activities			
Interest paid on revenue bonds and notes	(65,100)	-	(65,100)
Net cash used by capital and related financing activities	(65,100)	-	(65,100)
Cash flows from investing activities			
Purchase of investment securities	(127,719)	-	(127,719)
Proceeds from sale and maturities of investment securities	65,100	-	65,100
Interest received on investments	7,754	1,563	9,317
Net cash provided by investing activities	(54,865)	1,563	(53,302)
Net increase (decrease) in cash	(59,365)	5,873	(53,492)
Balances - beginning of the year	76,585	61,409	137,994
Balances - end of the year	17,220	67,282	84,502
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	18,385	(37,581)	(19,196)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	42,247	30,208	72,455
Changes in assets and liabilities:			
Accounts receivable	517	-	517
Prepays and other	(2,150)	(935)	(3,085)
Accounts payable and accrued liabilities	1,981	12,618	14,599
Unearned revenue	(380)	-	(380)
Net cash provided by operating activities	\$ 60,600	\$ 4,310	\$ 64,910

Statistical Section

Richmond Metropolitan Authority
 Net Assets (Deficit) by Component
 Last Four Fiscal Years

	Fiscal Year			
	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in capital assets, net of related debt	\$ 11,864,943	\$ 16,683,617	\$ 25,258,578	\$ 31,944,663
Restricted (2)	7,331,286	12,909,099	17,657,309	14,048,201
Unrestricted	137,356	(4,142,692)	(11,331,645)	(10,561,171)
Total net assets (deficit)	\$ 19,333,585	\$ 25,450,024	\$ 31,584,242	\$ 35,431,693

- (1) Net asset information provided retroactive to fiscal year 2003 when Authority implemented Governmental Accounting Standards Board (GASB) Statement 34.
- (2) The decrease in restricted assets represents the decrease in cash and investments in the repair and contingency fund being accumulated for future years' capital projects due to significant capital expenditures in the current year.

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

Richmond Metropolitan Authority
Net Assets (Deficit) by Component by Fund
Last Four Fiscal Years

	Fiscal Year			
	2003 (1)	2004	2005	2006
Expressway System				
Invested in capital assets, net of related debt	\$ 13,153,299	\$ 17,664,223	\$ 26,791,581	\$ 34,342,000
Restricted	6,945,993	12,523,419	17,250,964	13,856,981
Unrestricted	7,330,758	3,787,786	(2,981,255)	(1,871,529)
Total net assets (deficit)	<u>\$ 27,430,050</u>	<u>\$ 33,975,428</u>	<u>\$ 41,061,290</u>	<u>\$ 46,327,452</u>
Downtown Parking Facility				
Invested in capital assets, net of related debt	\$ (7,502,242)	\$ (7,712,048)	\$ (8,129,108)	\$ (8,546,169)
Restricted	72,797	63,322	183,394	191,220
Unrestricted	(6,768,857)	(7,412,324)	(7,934,621)	(8,424,154)
Total net assets (deficit)	<u>\$ (14,198,302)</u>	<u>\$ (15,061,050)</u>	<u>\$ (15,880,335)</u>	<u>\$ (16,779,103)</u>
Stadium				
Invested in capital assets, net of related debt	\$ 5,647,512	\$ 6,055,074	\$ 5,992,191	\$ 5,854,885
Restricted	312,496	322,358	222,951	-
Unrestricted	(52,295)	(175,667)	(62,149)	(61,482)
Total net assets (deficit)	<u>\$ 5,907,713</u>	<u>\$ 6,201,765</u>	<u>\$ 6,152,993</u>	<u>\$ 5,793,403</u>
Main Street Station (2)				
Unrestricted	\$ -	\$ 233,816	\$ 216,393	\$ 157,778
Total net assets (deficit)	<u>\$ -</u>	<u>\$ 233,816</u>	<u>\$ 216,393</u>	<u>\$ 157,778</u>
Second Street Facility				
Invested in capital assets, net of related debt	\$ (510,153)	\$ (584,952)	\$ (627,198)	\$ (669,445)
Unrestricted	(647,405)	(629,828)	(625,596)	(649,472)
Total net assets (deficit)	<u>\$ (1,157,558)</u>	<u>\$ (1,214,780)</u>	<u>\$ (1,252,794)</u>	<u>\$ (1,318,917)</u>
Carytown Facilities				
Invested in capital assets, net of related debt	\$ 1,076,527	\$ 1,261,320	\$ 1,231,112	\$ 1,200,904
Unrestricted	275,155	53,525	55,583	49,776
Total net assets (deficit)	<u>\$ 1,351,682</u>	<u>\$ 1,314,845</u>	<u>\$ 1,286,695</u>	<u>\$ 1,250,680</u>

(1) Net asset information provided retroactive to fiscal year 2003 when Authority implemented Governmental Accounting Standards Board (GASB) Statement 34.

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

Richmond Metropolitan Authority

Changes in Net Assets

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Contributions from Localities	Change in Net Assets
1997	\$19,488,011	\$11,252,236	\$8,235,775	(\$11,432,585)	\$85,456	(\$3,111,354)
1998	21,890,241	11,233,429	10,656,812	(9,738,107)	197,363	1,116,068
1999	24,958,250	10,434,306	14,523,944	(10,989,313)	497,977	4,032,608
2000	25,467,065	12,387,953	13,079,112	(10,284,812)	1,078,446	3,872,746
2001	26,401,016	15,776,152	10,624,864	(8,767,991)	1,175,181	3,032,054
2002	27,242,570	11,167,409	16,075,161	(8,487,593)	905,756	8,493,324
2003 (1)	26,864,141	13,044,617	13,819,524	(9,414,312)	529,587	4,934,799
2004	27,579,487	11,593,264	15,986,223	(10,935,088)	1,065,304	6,116,439
2005	27,177,350	13,478,029	13,699,321	(8,686,133)	1,121,013	6,134,201
2006	27,343,156	15,286,390	12,056,766	(8,810,912)	601,614	3,847,468

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

Changes in net assets by fund provided on following schedules.

Richmond Metropolitan Authority

Expressway System Changes in Net Assets

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
1997	\$ 17,245,838	\$ 8,508,810	\$ 8,737,028	\$ (9,920,521)	\$ (1,183,493)
1998	19,724,373	8,246,010	11,478,363	(8,207,231)	3,271,132
1999	22,754,061	8,543,433	14,210,628	(9,453,738)	4,756,890
2000	23,399,730	10,648,177	12,751,553	(8,791,258)	3,960,295
2001	24,339,908	13,868,187	10,471,721	(7,383,964)	3,087,757
2002	25,109,883	9,195,285	15,914,598	(7,111,039)	8,803,559
2003	24,652,886	11,271,217	13,381,669	(8,068,980)	5,312,689
2004	25,555,350	9,404,393	16,150,957	(9,605,579)	6,545,378
2005	25,047,668	10,550,361	14,497,307	(7,411,452)	7,085,855
2006	25,185,296	12,325,801	12,859,495	(7,592,926)	5,266,569

Richmond Metropolitan Authority
Downtown Parking Facility Changes in Net Assets
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
1997	\$ 947,605	\$ 813,916	\$ 133,689	\$ (1,245,501)	\$ (1,111,812)
1998	1,032,465	810,136	222,329	(1,239,957)	(1,017,628)
1999	1,030,855	798,752	232,103	(1,240,614)	(1,008,511)
2000	984,152	816,588	167,564	(1,225,235)	(1,057,671)
2001	996,548	921,059	75,489	(1,203,702)	(1,128,213)
2002	1,076,658	1,019,971	56,687	(1,211,397)	(1,154,710)
2003	1,140,025	814,080	325,945	(1,202,979)	(877,034)
2004	1,132,892	785,461	347,431	(1,210,179)	(862,748)
2005	1,215,338	844,932	370,406	(1,189,697)	(819,291)
2006	1,210,795	956,330	254,465	(1,153,227)	(898,762)

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Contributions from Localities	Change in Net Assets
1997	\$ 647,530	\$ 1,698,257	\$ (1,050,727)	\$ (109,110)	\$ 85,456	\$(1,074,381)
1998	640,943	1,933,016	(1,292,073)	(147,226)	197,363	(1,241,936)
1999	722,680	827,060	(104,380)	(161,132)	497,977	232,465
2000	651,644	685,593	(33,949)	(137,505)	1,078,446	906,992
2001	666,316	736,598	(70,282)	(65,178)	1,175,181	1,039,721
2002	660,207	729,215	(69,008)	(51,778)	905,756	784,970
2003	672,948	747,880	(74,932)	(37,706)	529,587	416,949
2004	686,523	931,638	(245,115)	(26,110)	565,277	294,052
2005	650,669	1,307,959	(657,290)	2,098	606,418	(48,774)
2006	626,047	1,081,762	(455,715)	12,660	83,467	(359,588)

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Reimbursements from the City of Richmond	Change in Net Assets
2004	\$ 9,138	\$ 275,521	\$ (266,383)	\$ 172	\$ 500,027	\$ 233,816
2005	38,461	571,763	(533,302)	1,284	514,595	(17,423)
2006	114,519	696,802	(582,283)	5,521	518,147	(58,615)

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

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
1997	\$ 276,258	\$ 143,019	\$ 133,239	\$ (92,541)	\$ 40,698
1998	242,685	152,329	90,356	(86,096)	4,260
1999	185,297	151,378	33,919	(83,692)	(49,773)
2000	160,819	147,681	13,138	(90,811)	(77,673)
2001	129,611	147,774	(18,163)	(88,513)	(106,676)
2002	125,998	134,265	(8,267)	(89,714)	(97,981)
2003	130,952	120,537	10,415	(90,106)	(79,691)
2004	145,552	112,547	33,005	(90,227)	(57,222)
2005	173,418	122,253	51,165	(89,182)	(38,017)
2006	155,370	136,985	18,385	(84,505)	(66,120)

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

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating Revenues/ (Expenses)	Change in Net Assets
1997	\$ 370,780	\$ 88,234	\$ 282,546	\$ (64,912)	\$ 217,634
1998	249,775	91,938	157,837	(57,597)	100,240
1999	265,357	113,683	151,674	(50,137)	101,537
2000	270,720	89,914	180,806	(40,003)	140,803
2001	268,633	102,534	166,099	(26,634)	139,465
2002	269,824	88,673	181,151	(23,665)	157,486
2003	267,330	90,903	176,427	(14,541)	161,886
2004	50,032	83,704	(33,672)	(3,165)	(36,837)
2005	51,796	80,761	(28,965)	816	(28,149)
2006	51,129	88,710	(37,581)	1,565	(36,016)

Richmond Metropolitan Authority

Operating Revenues by Fund

Last Ten Fiscal Years

Fiscal Year	Expressway System	Parking Funds					Main Street Station (1)	Total
		Second Street Facility	Downtown Facility	Carytown Facilities	Stadium Facility			
1997	17,245,838	276,258	947,605	370,780	647,530	–	19,488,011	
1998	19,724,373	242,685	1,032,465	249,775	640,943	–	21,890,241	
1999	22,754,061	185,297	1,030,855	265,357	722,680	–	24,958,250	
2000	23,399,730	160,819	984,152	270,720	651,644	–	25,467,065	
2001	24,339,908	129,611	996,548	268,633	666,316	–	26,401,016	
2002	25,109,883	125,998	1,076,658	269,824	660,207	–	27,242,570	
2003	24,652,886	130,952	1,140,025	267,330	672,948	–	26,864,141	
2004	25,555,350	145,552	1,132,892	50,032	686,523	9,138	27,579,487	
2005	25,047,668	173,418	1,215,338	51,796	650,669	38,461	27,177,350	
2006	25,185,296	155,370	1,210,795	51,129	626,047	114,519	27,343,156	

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

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority

Operating Expenses by Fund

Last Ten Fiscal Years

Fiscal Year	Expressway System	Parking Funds					Main Street Station (1)	Total
		Second Street Facility	Downtown Facility	Carytown Facilities	Stadium Facility			
1997	8,508,810	143,019	813,916	88,234	1,698,257	–	11,252,236	
1998	8,246,010	152,329	810,136	91,938	1,933,016	–	11,233,429	
1999	8,543,433	151,378	798,752	113,683	827,060	–	10,434,306	
2000	10,648,177	147,681	816,588	89,914	685,593	–	12,387,953	
2001	13,868,187	147,774	921,059	102,534	736,598	–	15,776,152	
2002	9,195,285	134,265	1,019,971	88,673	729,215	–	11,167,409	
2003	11,271,217	120,537	814,080	90,903	747,880	–	13,044,617	
2004	9,404,393	112,547	785,461	83,704	931,638	275,521	11,593,264	
2005	10,550,361	122,253	844,932	80,761	1,307,959	571,763	13,478,029	
2006	12,325,801	136,985	956,330	88,710	1,081,762	696,802	15,286,390	

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

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority
 Operating Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	Tolls	Parking	Rent	Other (1)	Total
1997	\$ 17,180,172	\$ 1,751,135	\$ 495,511	\$ 61,193	\$19,488,011
1998	19,685,145	1,673,243	498,787	33,066	21,890,241
1999	22,689,721	1,650,893	584,895	32,741	24,958,250
2000	23,330,743	1,558,969	538,013	39,340	25,467,065
2001	24,270,116	1,516,924	567,433	46,543	26,401,016
2002	25,036,887	1,591,468	572,303	41,912	27,242,570
2003	24,590,032	1,695,792	572,064	6,253	26,864,141
2004	25,473,603	1,490,575	600,616	14,693	27,579,487
2005	24,976,704	1,582,394	609,145	9,107	27,177,350
2006	25,079,121	1,688,295	464,987	110,753	27,343,156

(1) Advertising fees, late fees, forfeited deposits and miscellaneous charges.

Richmond Metropolitan Authority

Toll Rates

Last Ten Fiscal Years

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Two-axle vehicles:										
Powhite Parkway mainline	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Forest Hill Avenue	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Douglasdale Road	0.10	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Boulevard Bridge	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Lombardy Mainline	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Canal-Byrd street	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
11th street	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Three-axle vehicles:										
Powhite Parkway mainline	0.45	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Forest Hill Avenue	0.45	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Douglasdale Road	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Boulevard Bridge	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Lombardy Mainline	0.45	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Canal-Byrd street	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
11th street	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Four-axle vehicles:										
Powhite Parkway mainline	0.55	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Forest Hill Avenue	0.55	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Douglasdale Road	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Boulevard Bridge	0.40	-	-	-	-	-	-	-	-	-
Lombardy Mainline	0.55	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Canal-Byrd street	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
11th street	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Five or More-axle vehicles:										
Powhite Parkway mainline	0.65	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Forest Hill Avenue	0.65	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Douglasdale Road	0.20	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Boulevard Bridge	0.40	-	-	-	-	-	-	-	-	-
Lombardy Mainline	0.65	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Canal-Byrd street	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
11th street	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

Richmond Metropolitan Authority
Expressway System Revenue Bond Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal(2)	Interest(3)	Total	
1997	17,245,838	4,840,969	12,404,869	1,110,000	9,066,284	10,176,284	1.22
1998	19,724,373	5,098,183	14,626,190	1,230,000	7,765,900	8,995,900	1.63
1999	22,754,061	5,079,153	17,674,908	1,895,000	8,159,383	10,054,383	1.76
2000	23,399,730	5,753,242	17,646,488	2,310,000	8,057,045	10,367,045	1.70
2001	24,339,908	6,220,090	18,119,818	3,254,760	7,667,666	10,922,426	1.66
2002	25,109,883	6,893,653	18,216,230	3,840,300	7,216,359	11,056,659	1.65
2003	24,652,886	7,717,526	16,935,360	4,520,815	6,742,072	11,262,887	1.50
2004	25,555,350	7,477,397	18,077,953	4,370,400	7,075,145	11,445,545	1.58
2005	25,047,668	7,554,357	17,493,311	4,291,090	6,780,930	11,072,020	1.58
2006	25,185,296	8,337,264	18,157,736	4,958,000	6,869,444	11,827,444	1.54

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

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

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (2)	Interest	Total	
1997	276,258	100,772	175,486	45,000	78,150	123,150	1.42
1998	242,685	110,082	132,603	45,000	76,800	121,800	1.09
1999	185,297	109,132	76,165	50,000	74,875	124,875	0.61
2000	160,819	105,433	55,386	55,000	71,100	126,100	0.44
2001	129,611	105,527	24,084	20,000	61,880	81,880	0.29
2002	125,998	92,019	33,979	—	61,400	61,400	0.55
2003	130,952	78,290	52,662	—	65,100	65,100	0.81
2004	145,552	70,299	75,253	—	65,100	65,100	1.16
2005	173,418	80,006	93,412	—	65,100	65,100	1.43
2006	155,370	79,649	75,721	—	65,100	65,100	1.16

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

Source: Richmond Metropolitan Authority Internal Accounting System.

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

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (2)
				Principal	Interest	Total	
1997	947,605	396,094	551,511	125,000	1,263,547	1,388,547	0.40
1998	1,032,465	395,256	637,209	125,000	1,260,824	1,385,824	0.46
1999	1,030,855	383,871	646,984	160,000	1,253,218	1,413,218	0.46
2000	984,152	407,343	576,809	200,000	1,243,063	1,443,063	0.40
2001	996,548	506,179	490,369	200,000	1,231,436	1,431,436	0.34
2002	1,076,658	462,461	614,197	245,000	1,218,022	1,463,022	0.42
2003	1,140,025	397,020	743,005	240,000	1,203,114	1,443,114	0.51
2004	1,132,892	392,178	740,714	285,000	1,186,553	1,471,553	0.50
2005	1,215,338	451,649	763,689	375,000	1,165,255	1,540,255	0.50
2006	1,210,795	445,970	785,030	430,000	1,153,068	1,583,068	0.50

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

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

Fiscal Year	Gross Operating Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	279,982	52,195	227,787	140,000	73,594	213,594	1.07
1998	249,775	55,899	193,876	145,000	64,219	209,219	0.93
1999	265,357	76,820	188,537	155,000	54,219	209,219	0.90
2000	270,720	52,228	218,492	165,000	51,683	216,683	1.01
2001	268,633	64,848	203,785	180,000	40,672	220,672	0.92
2002	269,824	50,541	219,283	190,000	28,955	218,955	1.00
2003	267,330	53,383	213,947	200,000	16,614	216,614	0.99
2004	269,880(3)	53,496	216,384	215,000	6,719	221,719	0.98
2005	51,796	50,553	1,243(4)	—	—	—	n/a
2006	51,129	51,129	—	—	—	—	n/a

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

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority
Stadium Facility Revenue Bond Coverage
 Last Ten Fiscal Years

Fiscal Year	Gross Operating Revenue	Direct Operating Expenses(1)	Net Revenue Available for Debt Service	Contributions from Localities	Total Avail. for Debt Svc.	Debt Service Requirements			Coverage
						Principal	Interest	Total	
1997	647,530	400,364	247,166	85,456	332,622	200,000	128,638	328,638	1.01
1998	640,943	402,789	238,154	197,363	435,517	225,000	119,550	344,550	1.26
1999	722,680	403,576	319,104	497,977	817,081	875,000	167,120	1,042,120	0.78
2000	651,644	389,704	261,940	1,078,446	1,340,386	915,000	153,327	1,068,327	1.25
2001	666,316	477,041	189,275	1,175,181	1,364,456	680,000	107,277	787,277	1.73
2002	660,207	430,557	229,650	905,756	1,135,406	705,000	68,561	773,561	1.47
2003	672,948	468,413	204,535	529,587	734,122	350,000	55,113	405,113	1.81
2004	686,523	659,791	26,732	565,277	592,009	400,000	34,100	434,100	1.36
2005	650,669	591,739	58,930	606,418	665,348	400,000	11,400	411,400	1.62
2006	626,047	428,505	197,542	83,467	281,008	-	-	-	n/a

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

Source: Richmond Metropolitan Authority Internal Accounting System.

Richmond Metropolitan Authority
Metropolitan Area Principal Employers

Current Year and Prior Year

Employer	Fiscal Year 2006			Fiscal Year 2005		
	Number of Employees	Rank	Percentage of Top 50 Employment	Number of Employees	Rank	Percentage of Top 50 Employment
State government	25,405	1	14.35 %	25,084	1	14.35 %
Federal Government	15,100	2	8.53	15,500	2	8.87
Chesterfield County	10,467	3	5.91	10,194	3	5.83
Henrico County	9,848	4	5.56	9,525	4	5.45
Richmond City	8,833	5	4.99	8,879	5	5.08
Capital One Financial Corporation	7,057	6	3.99	7,939	6	4.54
VCU Health System	6,729	7	3.80	6,549	8	3.75
HCA Inc.	6,678	8	3.77	6,570	7	3.76
Philip Morris USA	6,300	9	3.56	6,450	9	3.69
Wal-Mart Stores Inc.	5,371	10	3.03	5,429	10	3.11
Totals	101,788		57.50	102,119		58.42
Other remaining employers	75,233		42.50	72,674		41.58
Total Top 50 employers	177,021		100.00 %	174,793		100.00 %

Source: *Richmond Times Dispatch*.

GASB 44 was implemented during fiscal year 2006 with above data being started from 2005, as data becomes available the above table will be presented for ten years.

Richmond Metropolitan Authority
Metropolitan Area Estimated Population Data

Last Ten Years

Year	City of Richmond	Chesterfield County	Henrico County	Total
1997	197,000	244,800	248,200	690,000
1998	198,400	248,100	252,400	698,900
1999	197,800	253,300	254,100	705,200
2000	197,300	257,800	258,700	713,800
2001	197,790	259,903	262,300	719,993
2002	195,600	264,600	267,400	727,600
2003	193,000	270,700	271,700	735,400
2004	195,300	275,600	275,100	746,000
2005	192,900	281,300	279,600	753,800
2006	193,300	286,500	283,300	763,100

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

Richmond Metropolitan Authority

Operating and Capital Indicators

Last Ten Fiscal Years

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expressway										
Traffic:										
Powhite Parkway	30,735,425	30,036,225	29,343,068	30,627,361	32,481,885	33,735,578	33,767,965	35,112,800	32,727,627	33,185,335
Boulevard Bridge	4,850,331	5,046,300	5,335,716	5,290,849	5,331,493	5,321,892	5,068,404	5,102,544	5,166,411	4,997,138
Downtown Expressay	17,525,897	17,051,919	16,432,803	16,841,337	17,809,228	18,037,150	17,947,925	18,751,860	19,020,040	19,722,805
Total	53,111,653	52,134,444	51,111,587	52,759,547	55,622,606	57,094,620	56,784,294	58,967,204	56,914,078	57,905,278
Lanes Miles (in total)	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.94
Stadium:										
Attendance	512,727	528,230	523,670	451,500	447,020	452,960	446,882	375,029	414,959	378,322
Number of seats	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Parking:										
Number of spaces:										
Carytown	220	220	220	220	220	220	220	220	220	220
2nd street	370	370	370	370	370	370	370	370	370	370
Downtown expressway	10	10	10	10	10	10	10	10	10	10

Richmond Metropolitan Authority

Employee by Identifiable Activity

Last five Fiscal Years

	Number of Employees by Fund				
	Fiscal Years Ended June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Summary:					
Full-Time	99	99	98	99	101
Part-Time	31	37	34	36	34
Total Employees:	<u>130</u>	<u>136</u>	<u>132</u>	<u>135</u>	<u>135</u>
Expressway:					
Full-Time	80	80	79	79	82
Part-Time	25	31	28	30	28
Total Employees:	<u>105</u>	<u>111</u>	<u>107</u>	<u>109</u>	<u>110</u>
Central Administration:					
Full-Time	17	17	17	17	16
Part-Time	1	1	1	1	1
Total Employees:	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>17</u>
Parking:					
Full-Time	2	2	2	2	2
Part-Time	5	5	5	5	5
Total Employees:	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Main Street Station (1):					
Full-Time	-	-	-	1	1
Part-Time	-	-	-	-	-
Total Employees:	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

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

GASB 44 was implemented during fiscal year 2006 with above data being started from 2002, as data becomes available the above table will be presented for ten years.



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

To the Board of Directors
Richmond Metropolitan Authority
Richmond, Virginia

We have audited the basic financial statements of the Richmond Metropolitan Authority as of and for the year ended June 30, 2006, and have issued our report thereon dated November 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Richmond Metropolitan Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Richmond Metropolitan Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Authority in a separate letter dated November 7, 2006.

We noted certain other matters that we have reported to the management of the Authority in a separate letter dated November 7, 2006.

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

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

Richmond, Virginia
November 7, 2006