



# **Annual Comprehensive Financial Report**

**For the year ended June 30, 2025**

**Serving Chesterfield, Henrico, and Richmond, Virginia**

**Richmond Metropolitan Transportation Authority**  
Chesterfield, Henrico, and Richmond, Virginia

Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2025



*Prepared by the Department of Finance*

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# Introductory Section

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Telephone 804-523-3300 – [www.rmtaonline.org](http://www.rmtaonline.org) – Fax 804-523-3335

December 3, 2025

Board of Directors  
Richmond Metropolitan Transportation Authority  
Richmond, Virginia

Honorable Members of the Board:

The annual comprehensive financial report (“ACFR”) of the Richmond Metropolitan Transportation Authority (“RMTA” or the “Authority”) for the fiscal year ended June 30, 2025 is hereby submitted. Section 710 of a resolution, adopted October 18, 2011, creating and establishing an issue of revenue bonds of the Authority, requires an annual audit of the Authority’s financial statements by independent certified public accountants.

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

Cherry Bekaert LLP has issued an unmodified (“clean”) audit opinion on the Authority’s financial statements for the year ended June 30, 2025. The report of the independent auditor is located at the front of the financial section of this report.

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

### **Profile of the Authority**

The Authority was created in March 1966 by an Act of the General Assembly of the Commonwealth of Virginia to plan, finance, build, and maintain a toll expressway system to serve the Richmond metropolitan area. In 1973, the Act was amended to authorize the Authority to provide vehicular parking facilities for the Richmond metropolitan area. An additional amendment in 1984 authorized the Authority to acquire land, to 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. In 2016, another amendment expanded the Authority’s powers to include the construction, ownership, and operation of coliseums and arenas.

Legislation was introduced and passed during the 2014 General Assembly session that changed the Authority’s name to the Richmond Metropolitan Transportation Authority and equalized representation on the Authority’s sixteen-member Board of Directors.

## Transmittal Letter

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The City and Counties each are authorized to appoint five members to the Board, with the option of one member from each jurisdiction being an elected official. The Commonwealth Transportation Commissioner is authorized to appoint the sixteenth member from the Commonwealth Transportation Board. Reappointment remains the sole responsibility of the aforementioned entities.

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

### Operations of the Authority

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

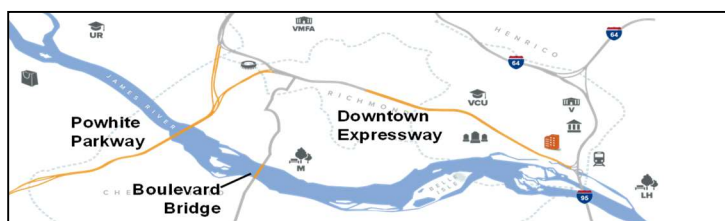
Comprised of the Powhite Parkway, Downtown Expressway, and Boulevard Bridge, the Expressway System contains over 50 lane miles of roads and 36 bridges. The Expressway System continues to provide a vital urban transportation link for the Richmond metropolitan area, as annual traffic has grown from 17 million in fiscal year 1976 to approximately 62 million in fiscal year 2025.

*Powhite Parkway* – Opening in 1973, the Powhite Parkway provides the only high-speed crossing of the James River located in the geographical center of the region. It links expressways running north-south and east-west through the heart of the metropolitan area.

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

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

RMTA Expressway System



# Transmittal Letter

## Economic Condition and Outlook

Traffic on the Authority’s Expressway System is primarily commuter-based, with area employment levels directly impacting the number of daily commuter trips. While the unemployment rate indicates the general direction of the economy, area employment is a more appropriate economic indicator to correlate to the Authority’s traffic. As the region continues to recover from the pandemic, the Authority anticipates that the Richmond area is set on a course of stable growth.

**Figure 1: Monthly RMTA Transactions in FY24 and FY25**

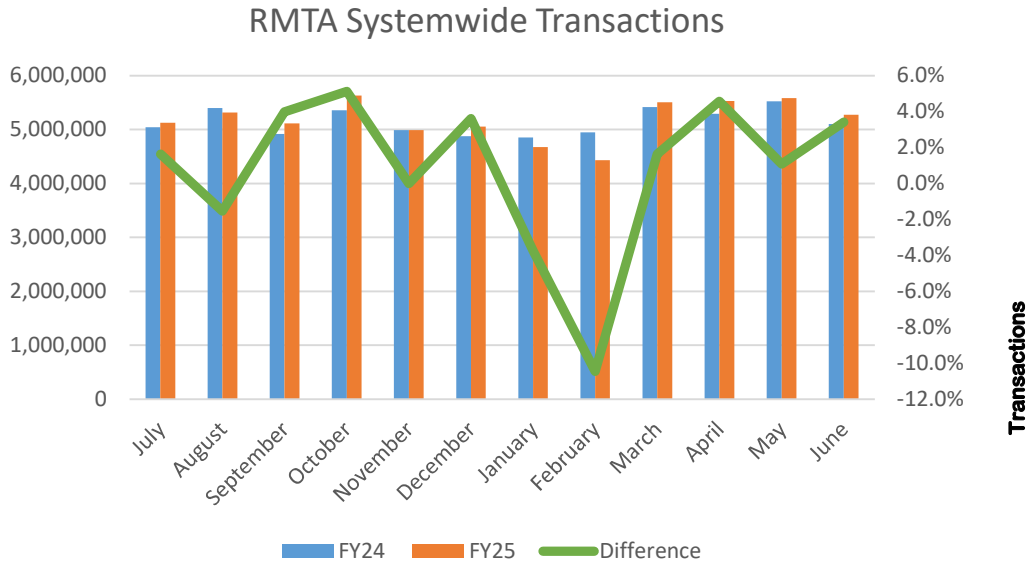
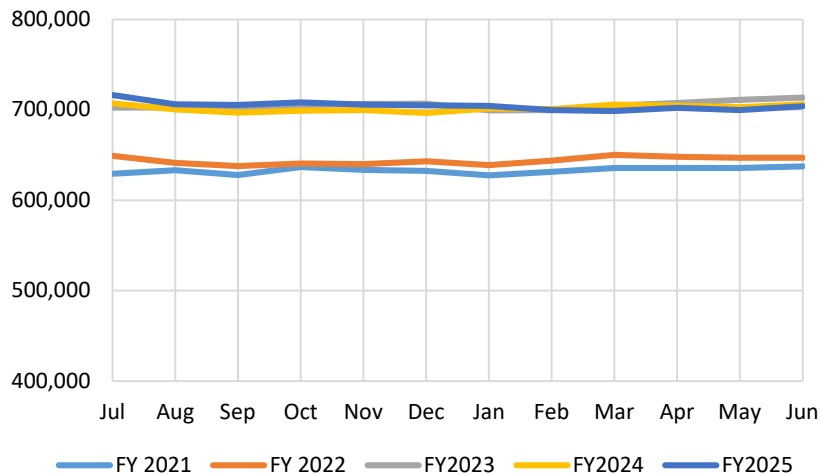


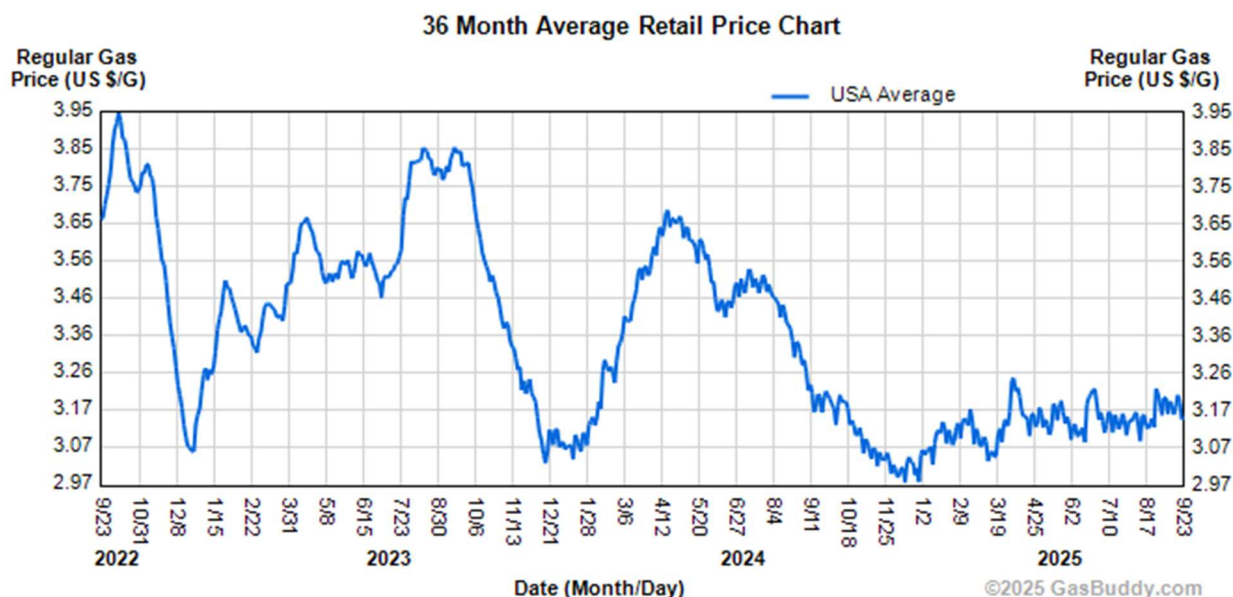
Figure 2 notes the total employment levels for the Richmond MSA for fiscal years 2021 through 2025. The impact of the COVID-19 pandemic is reflected in the Fiscal year 2021 and 2022 lines.

**Figure 2: Richmond MSA Total Employment Levels, Fiscal Years 2021 – 2025 (www.bls.gov)**



## Transmittal Letter

Fuel price volatility can impact system traffic levels. As of June 2025, gas prices were averaging approximately \$3.10. It should be noted that Richmond gas prices have been generally below those of the United States as a whole.



**Figure 3 notes average regular gas price per gallon for the previous 36 months for Richmond and the nation.**

Revenue for FY2026 is projected to decrease slightly (.6%) at approximately \$52.4 million. This is primarily due to the implementation of AET (all electronic tolling) at the Powhite Parkway facilities starting in January 2026. This entails the elimination of cash collections and implementing pay by plate invoicing. The revenue for FY 2026 reflects the anticipated delay in revenue collections associated with the pay by plate process.

While the Authority believes the traffic and revenue forecast is conservative, objective, and realistic, the forecast is stressed to determine how a decline in revenue would impact the Authority's financial position. Even in the event of a 10% loss in budgeted traffic and toll revenue, it is estimated that all debt service coverage requirements would be satisfied during FY2026; in an extreme case of a 20-30% loss in traffic and toll revenue, FY2026 revenue and significant cash reserves would still be sufficient to pay for operations and required debt service.

The Richmond MSA is fueling Virginia's largest population growth over the past three years according to University of Virginia's Weldon Cooper Center. The center publishes population estimates for Virginia's 11 metro areas as well as the localities within them. Since 2020, Virginia has gained 84,305 residents and of that gain, 40,200 individuals, or 48 percent, relocated to the Richmond MSA. The Richmond MSA came in second for total percent growth at 3.1 percent, narrowly trailing the 4.6 percent increase in Winchester, a community 75 miles west of Washington, D.C. Despite Northern Virginia having twice the population, the Richmond MSA's gain exceeded Northern Virginia's by 4,600 people. Continuing the trend of the Richmond MSA spearheading population growth, Greater Richmond's average daily population increase also surpassed Northern Virginia's average, with 34 residents per day compared to Northern Virginia's 30. <https://www.grpva.com/>

## Transmittal Letter

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Greater Richmond maintained economic momentum in 2025 thanks to the region's ample business advantages such as its low cost of doing business, strategic location and strong education-to-workforce pipeline. For these reasons and more, companies and developers continue investing in Greater Richmond.

- Greater Richmond named a Top 15 U.S. Metro in Cities on the Rise report. Greater Richmond continues to gain national recognition as a competitive metro for workforce growth and talent attraction. In its inaugural *Cities on the Rise* report, LinkedIn ranked the Greater Richmond region No. 13 among the 25 fastest-growing U.S. metros for jobs and new talent in 2025. Greater Richmond outranked other high-performing metros such as Raleigh (19), Austin (18) and Portland (20), reflecting a national shift toward opportunity rich secondary cities that offer upward mobility without the high costs and congestion of larger urban centers. GRPVA.com (July 18, 2025)
- Business Facilities' Annual Rankings recognize Greater Richmond for science and tech. The Greater Richmond region continues to make its mark as a hub for innovation, earning national recognition in Business Facilities magazine's 21st Annual Rankings for its growing life sciences sector and robust pipeline of tech talent. The region ranks #4 in Emerging Life Sciences Markets and #14 in Tech Talent Leaders in Business Facilities' 2025 annual rankings report which categorizes the top-ranked cities and metro regions for corporate relocation and expansion investment decisions. GRPVA.com (July 18, 2025)
- Virginia holds strong in CNBC's top 5 states for business. For the past six years, Virginia has been consistently ranked in first place as America's Top States for Business. This year, the state retained its first place ranking for education, including rising to second place in infrastructure. Virginia also is ranked seventh place for business friendliness, as well as eighth place in both quality of life, technology and innovation. "Results matter and Virginia is stronger economically and financially than she has ever been," said Gov. Glenn Youngkin. GRPVA.com (July 18, 2025)
- Greater Richmond rises to the top 10 metro areas for millennials. Greater Richmond shines as a top 10 destination for young professionals, earning a spot among Commercial Cafe's "Top U.S. Metros Where Millennials Can Put Down Roots & Thrive in 2025". According to a recent Commercial Cafe article, Richmond jumped significantly from 15th to 7th place. The region saw nearly an 11 percent increase in its millennial population (ages from 27 to 42 years old) in the last five years, which is one of the fastest climbs in the top 20 metros. GRPVA.com (July 2, 2025)
- Richmond named one of America's Best Places to Live for 2nd year in a row. Greater Richmond continues to earn its reputation as one of America's most livable cities. For the second year in a row, Richmond has secured a spot on Livability.com's list of Top 100 Best Places to Live in the U.S., a recognition that highlights the city's livability, affordability and overall quality of life. This year, Richmond climbed 28 spots higher than its 2024 overall ranking. In 2025, Richmond earned high marks across multiple quality-of-life categories: amenities, economy and environment. In a time where rising costs are a major concern for Americans and work-life balance emerges as a priority for the workforce, Greater Richmond has proven to be a place where residents can thrive and experience a low cost of living- nearly 6 percent below the national average, without sacrificing opportunity or lifestyle. GRPVA.com (May 13, 2025)

## Transmittal Letter

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- Weidmuller USA opens new engineering and production facility. Richmond, Va. – Weidmuller USA, a leading provider of smart industrial connectivity and automation products and solutions headquartered in Richmond, Va., hosted a Grand Opening of the company’s new 24,000-square-foot engineering and production facility on Wednesday, June 11, 2025. The event also served as a significant highlight of the year-long celebration of Weidmuller’s milestone 50th anniversary in Richmond. GRPVA.com (June 12, 2025)
- Nightingale expands ice cream manufacturing operation in Richmond. Gov. Glenn Youngkin announced that Nightingale Ice Cream Sandwiches, a Richmond-based, handcrafted, small batch ice cream company, is investing \$5.8 million to move into a new production facility and corporate headquarters in the City of Richmond. The project will create 166 new jobs. GRPVA.com (May 29, 2025)
- CoStar reaches a milestone with 26-story riverfront HQ. The newest addition to the downtown skyline recently hit a major construction milestone. CoStar Group held a ceremonial topping off of its new 26-story office tower at 600 Tredegar St. by placing the final steel beam during a private ceremony in late December. Installation of the 750,000-square-foot skyscraper’s glass façade has also begun, showing yet another sign of progress on the first new construction office building to rise in the city in recent years. Construction on the tower got underway in late 2022 and is just over a year away from wrapping up. A CoStar spokesperson said work is scheduled to be completed in March 2026 and that the company will begin moving in a month later. CoStar currently has 2,300 employees in Richmond and the new campus will have capacity for 4,000, the spokesperson said. GRPVA.com (February 17, 2025)
- Richmond Flying Squirrels and CarMax announce new ballpark and entertainment venue as CarMax Park. The **Richmond Flying Squirrels** and Richmond-based **CarMax, Inc.** (NYSE: KMX), the nation’s largest retailer of used cars, announced today that the new Richmond ballpark and community entertainment venue will be named CarMax Park. The multi-year exclusive naming rights for the new ballpark expands the partnership between the Flying Squirrels and CarMax, which began in 2016. In addition to serving as the home of the Flying Squirrels, CarMax Park will also host large-scale events year-round, including concerts, festivals, and community gatherings. GRPVA. (September 17, 2024)

### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe that our current financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting to the GFOA to determine its eligibility for another certificate.

## Transmittal Letter

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### Financial Policies

The Authority's financial policies serve as guidelines for both the financial planning and internal financial management of the Authority. These policies represent a combination of required practices under existing bond documents and recommended best practices. The Authority's Board of Directors formally adopted a comprehensive set of financial policies with a focus on five key areas: financial planning, revenue and expenses, debt management, reserve funds, and accounting and financial reporting. In March 2016, the Board amended the reserve fund policy to establish a minimum balance of between one and two years of the annual Expressway System operating budget in order to meet liquidity goals.

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

Sincerely,



Joi Dean  
Chief Executive Officer



Steven Owen  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Richmond Metropolitan Transportation Authority  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrill*

Executive Director/CEO

## Principal Officials

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### Board of Directors

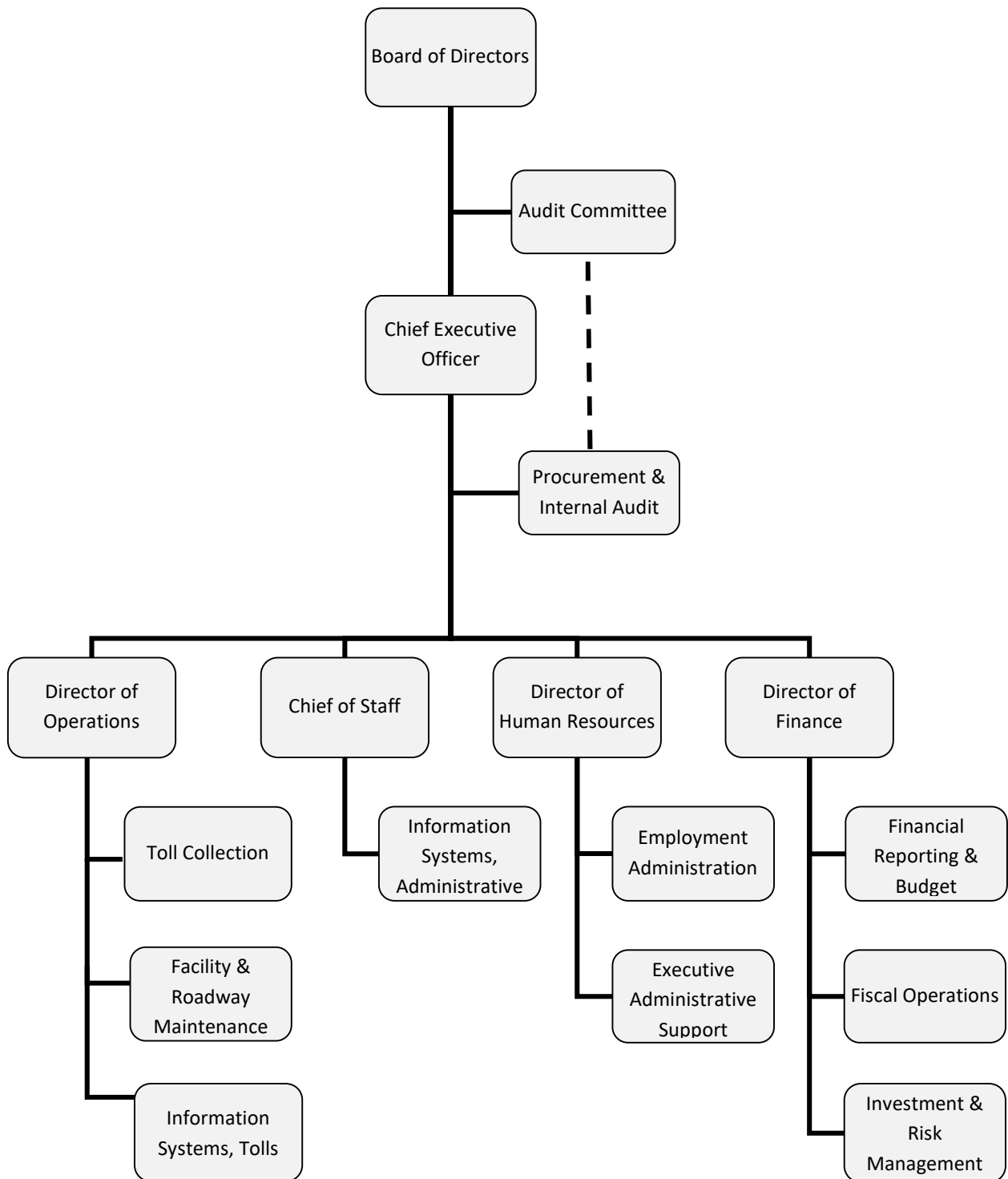
Dean Lynch, Chairman	Chesterfield County
Dr. Unwana Dabney, Vice-Chairman	City of Richmond
Joel Rex Davis	Commonwealth Transportation Board
Dironna Clarke	City of Richmond
Jane duFrane	Henrico County
Aubrey W. Fountain, III	City of Richmond
Barrett Hardiman	City of Richmond
Thomas A. Hawthorne	Henrico County
Ian Millikan	Chesterfield County
Steven Mulroy	Chesterfield County
Tyrone Nelson	Henrico County
Jessica Schneider	Chesterfield County
Stephen Story	Henrico County
Marvin Tart	Henrico County
Marilyn West	City of Richmond
Donald Williams	Chesterfield County

### Executive Management

Joi Dean	Chief Executive Officer
Sheryl Johnson	Director of Human Resources
Fahad Khan	Chief Engineer/Director of Operations
Shannon Marshall	Chief of Staff
Steven Owen	Director of Finance
Paula Watson	Internal Audit & Procurement Manager

# Organizational Chart

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# Financial Section

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## Report of Independent Auditor

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the Expressway System major fund and the aggregate remaining fund information of the Richmond Metropolitan Transportation Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Expressway System major fund and the aggregate remaining fund information of the Authority, as of June 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and Specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Richmond, Virginia  
December 3, 2025

## Management's Discussion and Analysis

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This section presents management's discussion and analysis of the financial performance of the Richmond Metropolitan Transportation Authority (the "Authority" or "RMTA") during the fiscal year ended June 30, 2025. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

### Financial Highlights

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$215.9 million (net position), an increase of \$27.2 million or 14.4%. This increase in net position is primarily due to increases in assets and reduction of liabilities as a result of operations.

Operating revenues of \$53.3 million represent an increase of 5.9% from the prior fiscal year, primarily due to the toll increase that was implemented in September 2023 and an increase in traffic. Operating expenses of \$23.8 million represent a decrease of 22.2%. The decrease in operating expense was a result of an (\$8.6) million decrease in preservation and capital maintenance expense due to the completion of the protective coating project at the end of fiscal year 2024.

### Overview of the Financial Statements

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

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

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

## Management's Discussion and Analysis

### Overall Financial Position Analysis

	FY2025	FY2024	\$ Change	% Change
<b>Assets</b>				
Current and other assets	\$ 113,545,646	\$ 94,979,392	\$ 18,566,254	19.5%
Capital assets	223,064,540	218,921,236	4,143,304	1.9%
Total assets	<u>336,610,186</u>	<u>313,900,628</u>	<u>22,709,558</u>	7.2%
<b>Deferred outflows of resources</b>	<u>3,271,436</u>	<u>3,429,865</u>	<u>(158,429)</u>	-4.6%
Total assets and deferred outflows of resources	<u>\$ 339,881,622</u>	<u>\$ 317,330,493</u>	<u>\$ 22,551,129</u>	7.1%
<b>Liabilities</b>				
Current and other liabilities	\$ 4,062,420	\$ 5,767,131	\$ (1,704,711)	-29.6%
Long-term liabilities:				
Due within one year	5,210,778	4,940,591	270,187	5.5%
Due in more than one year	<u>112,560,322</u>	<u>115,941,408</u>	<u>(3,381,086)</u>	-2.9%
Total liabilities	<u>121,833,520</u>	<u>126,649,130</u>	<u>(4,815,610)</u>	-3.8%
<b>Deferred inflows of resources</b>	<u>2,102,977</u>	<u>1,946,141</u>	<u>156,836</u>	8.1%
<b>Net position (deficit)</b>				
Net investment in capital assets	140,361,493	141,309,736	(948,243)	-0.7%
Restricted	52,714,628	50,820,518	1,894,110	3.7%
Unrestricted (deficit)	<u>22,869,004</u>	<u>(3,395,032)</u>	<u>26,264,036</u>	773.6%
Total net position	<u>215,945,125</u>	<u>188,735,222</u>	<u>27,209,903</u>	14.4%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 339,881,622</u>	<u>\$ 317,330,493</u>	<u>\$ 22,551,129</u>	7.1%

The table above presents a summary of the Authority's financial position for fiscal years 2025 and 2024, followed by a description of significant changes. See Note 1 to the financial statements for additional information.

- Current and other assets of \$113.5 million increased as a result of an increase in net operation gain due to the toll increase and increased traffic volume.
- Capital assets of \$223.1 million increased due to a \$4.1 million increase in expressway system and other non-depreciable assets.
- Deferred outflows of resources decreased primarily in fiscal year 2025 due to amortization of refunding losses \$302 thousand offset by a \$211 thousand decrease related to pensions and a \$250 thousand decrease related to Other Postemployment Benefits ("OPEB").
- Current liabilities decreased primarily due to a decrease in accounts payable at fiscal year-end as a result of timing and operating activity.
- Long-term liabilities decreased primarily as a result of debt service payments (\$3.8 million).
- Deferred inflows of resources increased by \$157 thousand million primarily as a result of an increase related to pensions of \$560 thousand, an increase related to OPEB of \$367 thousand.
- Restricted net position represents resources restricted for the payment of debt service or capital projects (repairs and contingency) and amounts restricted for pensions and OPEB.

## Management’s Discussion and Analysis

- The net investment in capital assets decreased primarily due to the payments of debt associated with acquisition of capital assets.
- Unrestricted net position, unrestricted represents the residual net position that does not meet the definition of “net investment in capital assets” or restricted net position.
- Total net position increased \$27.2 million from fiscal year-end 2024 to fiscal year-end 2025.

### Overall Revenue and Expense Analysis

The following table presents a summary of the Authority’s revenues, expenses, and change in net position for fiscal years 2025 and 2024, followed by a description of significant changes. See Note 1 to the financial statements for additional information.

	FY2025	FY2024	\$ Change	% Change
Operating revenues:				
Tolls	\$ 53,244,737	\$ 50,260,382	\$ 2,984,355	5.9%
Rental	49,815	48,197	1,618	3.4%
Other	834	1,208	(374)	-31.0%
Total operating revenues	<u>53,295,386</u>	<u>50,309,787</u>	<u>2,985,599</u>	<u>5.9%</u>
Operating expenses:				
Salaries and benefits	4,386,220	4,419,303	(33,083)	-0.7%
Operations	12,248,170	11,483,299	764,871	6.7%
Preservation and capital maintenance	5,796,935	14,386,516	(8,589,581)	-59.7%
Parking	19,970	-	19,970	100.0%
Depreciation	954,936	114,144	840,792	736.6%
Amortization	372,551	163,440	209,111	127.9%
Total operating expenses	<u>23,778,782</u>	<u>30,566,702</u>	<u>(6,787,920)</u>	<u>-22.2%</u>
Operating income	<u>29,516,604</u>	<u>19,743,085</u>	<u>9,773,519</u>	<u>49.5%</u>
Nonoperating revenues (expenses):				
Investment earnings (loss)	3,371,045	2,750,796	620,249	22.5%
Bond issuance costs	(256,402)	-	(256,402)	100.0%
Lease interest revenue	11,653	12,706	(1,053)	-8.3%
Interest expense	(5,394,905)	(5,340,173)	(54,732)	1.0%
Miscellaneous expense	(38,092)	-	(38,092)	100.0%
Nonoperating expenses, net	<u>(2,306,701)</u>	<u>(2,576,671)</u>	<u>269,970</u>	<u>-10.5%</u>
Change in net position	<u>27,209,903</u>	<u>17,166,414</u>	<u>10,043,489</u>	<u>58.5%</u>
Beginning net position	<u>188,735,222</u>	<u>171,568,808</u>	<u>17,166,414</u>	<u>10.0%</u>
Ending net position	<u>\$ 215,945,125</u>	<u>\$ 188,735,222</u>	<u>\$ 27,209,903</u>	<u>14.4%</u>

- Operating revenues of \$53.3 million increased from the prior fiscal year primarily due to the toll increase that was implemented in September 2023 and an increase in traffic volume as a result of the continued recovery from the COVID-19 pandemic.
- Operating expenses of \$23.8 million decreased from the prior fiscal year primarily due to a (\$8.6) million decrease in preservation and capital maintenance expense due to completion of the protective coating project at the end of fiscal year 2024.

## Management's Discussion and Analysis

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### Capital Assets

The Authority's capital assets consist of roads, bridges, tunnels and land that comprise the Expressway System, along with other buildings, vehicles and equipment, and systems. As of June 30, 2025, capital assets net of accumulated depreciation increased from \$218.9 million to \$223.1 million, primarily due to the addition of a SBITA right-to-use asset of \$3.0 million. The change in capital assets is summarized by asset type below:

	<u>FY2025</u>	<u>FY2024</u>	<u>\$ Change</u>	<u>% Change</u>
Expressway System	\$ 209,969,531	\$ 209,969,531	\$ -	0.0%
Buildings and Construction-In-Progress	6,906,606	7,989,985	(1,083,379)	-13.6%
Vehicles and equipment	133,888	172,127	(38,239)	-22.2%
Office Furniture and equipment	69,297	69,906	(609)	-0.9%
Right-to-use asset	3,354,173	694,623	2,659,550	100.0%
Toll Systems	2,612,838	-	2,612,838	100.0%
Leasehold	18,207	25,064	(6,857)	-27.4%
Total	<u>\$ 223,064,540</u>	<u>\$ 218,921,236</u>	<u>\$ 4,143,304</u>	1.9%

See Note 5 for additional information relative to capital assets.

The Authority has elected to use the modified approach to account for certain infrastructure assets, as provided for in GAAP wherein the Authority does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity, technology or efficiency of the asset; the Expressway System is accounted for using this modified approach. Utilization of this approach requires the Authority to commit to maintaining and preserving affected assets at or above a condition level established by the Authority, maintain an inventory of the assets, perform periodic condition assessments to ensure that the condition level is being maintained, and make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. For fiscal year 2025, the Authority spent approximately \$5.8 million to preserve and maintain the Expressway System at or above this level.

The Authority utilizes its independent Consulting Engineer to perform annual pavement condition assessments and bridge inspections. The latest condition assessment and inspection reports, along with the spending noted above, indicate the Authority is in compliance with its established condition levels. See additional information in the Required Supplementary Information section of this document.

### Debt Administration

At June 30, 2025, outstanding bonds payable of \$115.7 million decreased by \$3.8 million or 1.0% from the prior year, resulting from an increase due to issuances of \$9.8 million and a decrease due to scheduled debt service payments of \$13.6 million. The total outstanding bonds payable is comprised of Expressway System parity debt. Principal in the amount of \$4.5 million is payable on July 15, 2025. See Note 6 for additional detail.

### Economic Factors and Next Year's Budget

Residents of the surrounding counties, commuting daily to employment centers and cultural activities in downtown Richmond, represent the primary users of the Authority's Expressway System.

Expressway System traffic levels are closely related to area employment, which directly impacts the number of daily commuter trips.

## Management's Discussion and Analysis

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### Contacting the Authority's Financial Management

This report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions concerning this report or require additional information, contact the Richmond Metropolitan Transportation Authority, Attention: Director of Finance, 901 East Byrd St., Suite 1120, Richmond, Virginia 23219. Interested parties may also call (804) 523-3300.



## Basic Financial Statements

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### Statement of Net Position As of June 30, 2025

	<u>Expressway System</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 26,830,529
Restricted cash	13,554,646
Accrued interest receivable	240,343
Lease receivable	33,935
Receivables	86,360
Prepaid expenses	181,357
Total current assets	<u>40,927,170</u>
Noncurrent assets:	
Restricted cash	14,309,532
Restricted long-term investments	17,846,784
Other long-term investments	30,925,389
Lease receivable	274,649
Escrow asset	37,044
Net pension asset	4,808,222
Net OPEB asset	4,416,856
Capital assets:	
Expressway system, land and other non-depreciable assets	215,192,036
Buildings, systems, and equipment (net)	4,518,331
Right-to-use leased asset (net)	3,354,173
Capital assets, net	<u>223,064,540</u>
Total noncurrent assets	<u>295,683,016</u>
Total assets	<u>336,610,186</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	2,723,894
Deferred outflows related to pensions	14,128
Deferred outflows related to OPEB	533,414
Total deferred outflows of resources	<u>3,271,436</u>
Total assets and deferred outflows of resources	<u>\$ 339,881,622</u>

*The accompanying notes are an integral part of these statements.*

## Basic Financial Statements

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As of June 30, 2025

	<u>Expressway System</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 1,226,000
Accounts payable from restricted cash	398,398
Compensated absences	112,420
Accrued interest payable	2,427,022
Unearned revenues	11,000
Lease payable	170,575
SBITA payable	84,805
Bonds payable, current	4,842,978
Total current liabilities	<u>9,273,198</u>
Noncurrent liabilities:	
Compensated absences	498,930
Lease payable	420,715
SBITA payable	577,512
Bonds payable	110,911,958
Net OPEB Liability	151,207
Total noncurrent liabilities	<u>112,560,322</u>
Total liabilities	<u>121,833,520</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,033,853
Deferred inflows related to OPEB	779,699
Deferred inflows related to leases	289,425
Total deferred inflows of resources	<u>2,102,977</u>
<b>NET POSITION</b>	
Net investment in capital assets	140,361,493
Restricted for repairs and contingency	25,941,672
Restricted for debt service	17,547,878
Restricted for pension and benefits	9,225,078
Unrestricted	22,869,004
Total net position	<u>215,945,125</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 339,881,622</u>

*The accompanying notes are an integral part of these statements.*

## Basic Financial Statements

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### Statement of Revenues, Expenses, and Change in Net Position For the Fiscal Year Ended June 30, 2025

	<u>Expressway System</u>
Operating revenues:	
Tolls	\$ 53,244,737
Rentals	49,815
Other	834
Total operating revenues	<u>53,295,386</u>
Operating expenses:	
Salaries and benefits	4,386,220
Operations	12,248,170
Preservation and capital maintenance	5,796,935
Parking	19,970
Depreciation	954,936
Amortization	372,551
Total operating expenses	<u>23,778,782</u>
Operating income	<u>29,516,604</u>
Nonoperating revenues (expenses):	
Investment earnings (loss)	3,371,045
Bond issuance costs	(256,402)
Lease interest revenue	11,653
Interest expense	(5,394,905)
Miscellaneous expense	(38,092)
Total nonoperating expenses, net	<u>(2,306,701)</u>
Change in net position	<u>27,209,903</u>
Net position - beginning	<u>188,735,222</u>
Net position - ending	<u>\$ 215,945,125</u>

*The accompanying notes are an integral part of these statements.*

## Basic Financial Statements

### Statement of Cash Flows For the Fiscal Year Ended June 30, 2025

	<u>Expressway System</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 53,246,441
Payments to suppliers and service providers	(19,761,871)
Payments to employees for salaries and benefits	(5,593,368)
Net cash provided by operating activities	<u>27,891,202</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of debt and SBITAs	10,609,191
Interest paid on revenue bonds and notes	(6,404,487)
Principal paid on revenue bonds and notes	(13,245,000)
Interest paid on leases & SBITAs	(34,784)
Principal paid on leases & SBITAs	(262,941)
Payment for capital assets	(5,470,791)
Net cash used for capital and related financing activities	<u>(14,808,812)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(20,602,968)
Proceeds from sale and maturities of investments	9,819,620
Interest on investments	1,423,661
Lease interest revenue	11,653
Net cash provided by investing activities	<u>(9,348,034)</u>
Net increase in cash and cash equivalents	3,734,356
Cash and cash equivalents - July 1	50,960,351
Cash and cash equivalents - June 30	<u>\$ 54,694,707</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 29,516,604
Depreciation/Amoritzation expense	1,327,487
Increase in deferred outflows	460,770
Increase in accounts receivable	(12,767)
Increase in prepaid expenses	(33,487)
Decrease in accounts payable and accrued liabilities	(1,419,515)
Increase in net pension liability (asset)	(1,492,017)
Increase in OPEB liability (asset)	(612,709)
Increase in deferred inflows	156,836
Net cash provided by operating activities	<u>\$ 27,891,202</u>
<b>Non-cash Investing Activities:</b>	
Net change in fair value of investments	\$ -

*The accompanying notes are an integral part of these statements.*

## Basic Financial Statements

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### Statement of Fiduciary Net Position - Fiduciary Fund As of June 30, 2025

	<u>OPEB Trust Fund</u>
<b>Assets</b>	
Cash and investments held by trustees	\$ 7,959,384
Total Assets	<u>7,959,384</u>
<b>Net Position</b>	
Restricted for other postemployment benefits	7,959,384
Total net position	<u>\$ 7,959,384</u>

*The accompanying notes are an integral part of these statements.*

## Basic Financial Statements

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### Statement of Changes in Fiduciary Net Position - Fiduciary Fund For the Fiscal Year Ended June 30, 2025

	<u>OPEB Trust Fund</u>
Additions	
Employer contributions	\$ 168,784
Net gain in fair value of investments	635,643
Total additions	<u>804,427</u>
Deductions	
Benefit payments	<u>117,284</u>
Total deductions	<u>117,284</u>
Change in net position	<u>687,143</u>
Net position - beginning	<u>7,272,241</u>
Net position - ending	<u><u>\$ 7,959,384</u></u>

*The accompanying notes are an integral part of these statements.*

## Notes to Basic Financial Statements

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### **Note 1 – Summary of significant accounting policies**

#### **Reporting entity**

The Richmond Metropolitan Transportation Authority (the “Authority”) was created in March 1966 by an Act of the General Assembly of the Commonwealth of Virginia for the initial purpose of constructing and operating a toll expressway system to serve the Richmond metropolitan area. The Authority is empowered to issue revenue bonds which shall be payable from revenues derived from the operation of the facilities. In addition, the Authority is empowered to issue bonds for the purpose of refunding any revenue bonds. Under the provisions of the Act, no bond issue of the Authority or any interest thereon is an obligation of the Commonwealth of Virginia or other government entity. The Expressway System bond resolution provides that when all related revenue bonds and interest thereon have been paid, the Expressway System will become the property of the City of Richmond, Virginia (the “City”). The resolution authorizing the issuance of bonds prohibit the commingling of funds of the Authority’s various enterprises and prescribe the establishment of certain funds and accounts to receive revenues and transfers and make payments in accordance with the prescribed sequence.

The Authority’s Board is comprised of 16 members. The City and Counties of Chesterfield and Henrico each are authorized to appoint five members to the Board, with the option of one member from each jurisdiction being an elected official. The Commonwealth Transportation Commissioner is authorized to appoint the 16th member from the Commonwealth Transportation Board. Reappointment remains the sole responsibility of the aforementioned entities.

The Authority participates as a single employer other postemployment benefit plan (“OPEB”) which qualifies as a fiduciary component unit and is reported as an OPEB Trust fund.

#### **Basis of presentation**

The Authority administers one enterprise fund, the Expressway System. The bond indenture requires that the Authority maintain a Repairs and Contingency (“R&C”) sub-fund for the purpose of accumulating funds, as determined by the Authority’s Consulting Engineers, sufficient to maintain the assets of the Expressway System. Qualifying expenses are capitalized in accordance with established policy, while the remaining expenses are reflected in the Expressway System fund as “Preservation and capital maintenance

#### **Measurement focus and basis of accounting**

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

#### **Assets, liabilities, deferred outflows/inflows of resources, and net position**

*Cash and cash equivalents* – For purposes of the Statement of Cash Flows, only cash on hand and cash balances on deposit and available for immediate withdrawal, and short term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents. Other highly liquid instruments are classified as other short-term investments.

*Fair value measurements* – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (“GAAP”). The hierarchy is based on the valuation inputs used to measure the fair value of the asset: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## Notes to Basic Financial Statements

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*Investments* – Investments with an original maturity greater than one year are recorded at their fair value and all investment income, including changes in the fair value of investments, are reported as investment income in the financial statements. Investments with an original maturity of less than one year are carried at amortized cost. Investments consist of securities with an original maturity greater than three months and include United States government and agency obligations and certificates of deposit.

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

*Prepays* – prepaid expenses reflect costs applicable to future accounting periods and are recorded as prepaid items.

*Lease receivables* - The Authority's lease receivable consists of a parking and dumpster license and is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term

*Capital assets* – Capital assets are stated at cost 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.

All expenses, including equipment and furnishings, are capitalized if they are related to the construction or occupancy of a new facility, or a major renovation of an existing facility that enhances the efficiency or functionality of the asset. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Any expense in connection with maintaining an existing facility in good working order is expensed. Other assets are capitalized if the cost is over \$10,000 and useful life is longer than one year.

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

Construction in progress and the Expressway System are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives: buildings – 40 years; toll systems – 5 to 7 years; vehicles and equipment – 3 to 8 years; office furniture and equipment – 3 to 10 years; leasehold improvements – 10 years.

## Notes to Basic Financial Statements

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*Deferred outflows of resources* – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Authority has three items that qualify for reporting in this category: accounting for loss on debt refunding, deferred outflows of resources related to pensions, deferred outflows of resources related OPEB.

*Deferred inflows of resources* – In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Authority has items qualifying for reporting in this category including items related to pensions, OPEB and lease receivable.

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

*OPEB* - The Authority provides postemployment health care benefits through a single-employer defined benefit plan. The Authority participates in the Virginia Pooled OPEB Trust Fund, which accumulates assets and is a multi-employer, external investment pool. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and the additions to/deductions from the Authority’s net fiduciary position have been determined on the same basis as they were reported by the Virginia Pooled OPEB Trust Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*GLI OPEB* - The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB’s net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Notes to Basic Financial Statements

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

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

### Revenues and expenses

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

*Compensated absences* – The Authority’s policy permits employees to accumulate earned but unused paid time off benefits. A liability for compensated absences is accrued when earned and more likely than not to be used or paid out. The current portion of the liability is estimated based on historical leave usage.

### New Governmental Accounting Standards Board (“GASB”) Pronouncements

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of this standard had an immaterial effect on the Authority.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

## Notes to Basic Financial Statements

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This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The Authority did not identify any concentrations or constraints that would require a disclosure under the new accounting standard.

### **Future Governmental Accounting Standards Board ("GASB") Pronouncements**

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2025. The statements deemed to have a potential future impact on the Authority are:

- GASB Statement No. 103, Financial Reporting Model Improvements - The objective of which is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the fiscal year ending June 30, 2026.
- GASB Statement No. 104, Disclosure of Certain Capital Assets - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025

### **Note 2 – Cash and cash equivalents**

At June 30, 2025, the carrying amount of deposits with banks was \$34,517,070 with \$13,554,646 being restricted for repairs and contingency. The bank balance of these deposits at June 30, 2025 was \$35,144,689. The difference between the carrying and bank totals is primarily due to outstanding checks and deposits in transit. These amounts include petty cash and change funds of \$105,300.

Bank deposits are insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board.

The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance.

## Notes to Basic Financial Statements

If any member financial institution fails, the entire assets of the collateral pool become available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

### Note 3 – Investments

As of June 30, 2025, the Authority had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating (Moody's, S&amp;P)</u>	<u>% of Total Portfolio</u>
US Treasuries	\$37,682,755	0.82	AAA, NA	72%
Federal National Mortgage Association	5,987,335	0.03	AAA, AA+	11%
Federal Home Loan Mortgage Corporation	968,850	0.16	AAA, AA+	2%
Federal Home Loan Bank	6,494,352	0.12	AAA, NA	12%
Federal Farm Credit Bureau	999,990	0.02	AAA, AA+	2%
	<u>\$52,133,282</u>	<u>1.16</u>		

The Authority classifies its investments using the fair value hierarchy established by generally accepted accounting principles as follows:

<u>Investment Type</u>	<u>Total Fair Value at June 30, 2025</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities:				
US Treasuries	\$37,682,755	\$ -	\$37,682,755	\$ -
Federal National Mortgage Association	5,987,335	-	5,987,335	-
Federal Home Loan Mortgage Corporation	968,850	-	968,850	-
Federal Home Loan Bank	6,494,352	-	6,494,352	-
Federal Farm Credit Bank	999,990	-	999,990	-
Total Securities	<u>\$52,133,282</u>	<u>\$ -</u>	<u>\$52,133,282</u>	<u>\$ -</u>

Investments measured at amortized cost:

US Federally Insured Money Market	<u>16,816,528</u>
Total investments measured at fair value	<u>\$68,949,810</u>

Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## Notes to Basic Financial Statements

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

<u>Purpose</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Debt service reserves	\$ 21,455,693	\$ 14,309,532	\$ 35,765,225
Restricted for Repair and Contingency	10,700,623	13,554,646	24,255,269
	<u>\$ 32,156,316</u>	<u>\$ 27,864,178</u>	<u>\$ 60,020,494</u>

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

*Credit risk* – The *Code of Virginia* and other applicable law, the Authority's bond indentures, and the Authority's investment policy adopted by the Board of Directors, limit credit risk by restricting authorized investments to obligations of and obligations guaranteed by the Commonwealth of Virginia or any of its counties, cities, towns, districts, authorities, or public bodies, obligations of and obligations guaranteed by the United States or certain of its agencies, and certain other instruments of specified quality and rating as dictated by the resolutions.

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

### **Note 4 – Receivables**

Receivables at June 30, 2025 for the Authority totaled \$86,360. Management has evaluated the outstanding receivables at year-end and deem them to be collectible, therefore no allowance provision was considered necessary.

## Notes to Basic Financial Statements

### Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

Type	July 1, 2024	Additions	Deletions	June 30, 2025
Non-depreciable:				
Expressway system	\$ 209,969,531	\$ -	\$ -	\$ 209,969,531
Construction in progress	6,232,742	4,684,775	5,695,012	5,222,505
Total non-depreciable	216,202,273	4,684,775	5,695,012	215,192,036
Depreciable and amortizable:				
Buildings	2,925,621	-	-	2,925,621
Vehicles & equipment	993,041	-	-	993,041
Office furniture & equipment	165,824	21,702	-	187,526
Toll systems	8,508,652	3,427,225	8,508,652	3,427,225
Right-to-use - building	1,184,943	-	-	1,184,943
Right-to-use - SBITA	-	3,032,101	-	3,032,101
Leasehold improvements	68,578	-	-	68,578
Total depreciable and amortizable	13,846,659	6,481,028	8,508,652	11,819,035
Less accumulated depreciation and amortization:				
Buildings	(1,168,378)	(73,142)	-	(1,241,520)
Vehicles & equipment	(820,914)	(38,239)	-	(859,153)
Office furniture & equipment	(95,918)	(22,311)	-	(118,229)
Toll systems	(8,508,652)	(814,387)	(8,508,652)	(814,387)
Right-to-use - building	(490,320)	(163,441)	-	(653,761)
Right-to-use - SBITA	-	(209,110)	-	(209,110)
Leasehold improvements	(43,514)	(6,857)	-	(50,371)
Total accumulated depreciation and amortization	(11,127,696)	(1,327,487)	(8,508,652)	(3,946,531)
Total depreciable and amortizable, net	2,718,963	5,153,541	-	7,872,504
Total capital assets, net	\$ 218,921,236	\$ 9,838,316	\$ 5,695,012	\$ 223,064,540

Depreciation expense for the year ended June 30, 2025 was \$954,936 and amortization was \$372,551, for a total of \$1,327,487. The Authority has elected to use the “modified approach” to account for certain Expressway System infrastructure assets. Consequently, these assets are not depreciated (see Note 1, Capital Assets).

## Notes to Basic Financial Statement

### Note 6 – Long-term liabilities

Long-term liabilities at June 30, 2025 for the Authority consisted of:

Type	June 30, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
Bonds payable					
Series 2011 A, B, C	\$ 38,305,000	\$ -	\$ (1,410,000)	\$ 36,895,000	\$ 1,475,000
Series 2011 - D	42,465,000	-	(10,485,000)	31,980,000	1,220,000
Series 2017	18,380,000	-	(860,000)	17,520,000	905,000
Series 2019	17,520,000	-	(490,000)	17,030,000	515,000
Series 2024 - C	-	8,825,000	-	8,825,000	360,000
Issuance premiums	2,866,729	1,019,876	(381,669)	3,504,936	367,978
Total bonds payable	\$ 119,536,729	\$ 9,844,876	\$ (13,626,669)	\$ 115,754,936	\$ 4,842,978

Type	June 30, 2024	Additions*	Reductions	June 30, 2025	Due Within One Year
Bonds payable	\$ 116,670,000	\$ 8,825,000	\$ (13,245,000)	\$ 112,250,000	\$ 4,475,000
Issuance premiums	2,866,729	1,019,876	(381,669)	3,504,936	367,978
Total bonds payable	119,536,729	9,844,876	(13,626,669)	115,754,936	4,842,978
Lease payable	752,233	-	(160,943)	591,290	170,575
Subscriptions liability	-	764,315	(101,998)	662,317	84,805
Net OPEB liability	164,426	-	(13,219)	151,207	-
Compensated absences	428,611	182,739	-	611,350	112,420
Total long-term liabilities, net	\$ 120,881,999	\$ 10,791,930	\$ (13,902,829)	\$ 117,771,100	\$ 5,210,778

\*The change in the compensated absence liability is presented as a net change.

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

As of June 30, 2025							
Series	Sale Date	Original Borrowing	Interest Rate to Maturity	Final Maturity	Outstanding Balance	Unamortized Premium	Deferred Loss on Refunding
2011 - A,B,C	Nov. 2011	77,490,000	4.62-4.75%	July 2041	\$ 36,895,000	\$ -	\$ 752,607
2011 - D	Nov. 2011	43,875,000	4.29%	July 2041	31,980,000	-	-
2017	Aug. 2017	19,735,000	4.50%	July 2041	17,520,000	924,458	1,132,352
2019	Aug. 2019	17,985,000	4.30%	July 2041	17,030,000	1,600,598	402,064
2024 - C	Nov. 2024	8,825,000	3.53%	July 2041	8,825,000	979,880	436,871
					\$ 112,250,000	\$ 3,504,936	\$ 2,723,894

#### Series 2011-A, B, & C

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

#### Series 2011-D

Revenue bonds were issued and combined with other resources to pay \$22.8 million of subordinate notes and related accrued interest of \$39.4 million (total \$62.2 million) to the City.

## Notes to Basic Financial Statement

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### **Series 2011-D (continued)**

The Authority issued debt in 1975 to construct the Expressway System with a Moral Obligation from the City to cover debt services short falls. Between 1975 and 1991, the Authority transferred funds from debt service reserves in order to meet required debt service. The City provided contributions to restore the debt reserve fund balances after these transfers; accordingly, the Authority issued subordinate notes to the City for amounts equal to the City's contributions. These subordinate notes are considered to be non-capital related. On October 11, 2024, the Authority paid off \$9.0 million of the 2011D taxable bonds using the optional make whole redemption provision of the bonds. The Authority used existing funds from the Equipment and Contingency fund to pay off the bonds.

### **Series 2017**

In August 2017, the RMTA participated in the Virginia Pooled Financing Program ("VPFP") of Virginia Resources Authority ("VRA") to issue Series 2017 bonds to advance refund \$18.8 million of the Series 2011-A bonds. The refunding lowers total debt service over \$2.6 million and approximately \$105,000 annually. The Net Present Value Savings of the transaction was \$1.86 million at a 2.97% effective interest rate.

### **Series 2019**

In August 2019, the RMTA participated in the VPFP of VRA to issue Series 2019 bonds to advance refund \$19.0 million of the Series 2011-A and Series 2011-B bonds. The refunding lowers total debt service over \$4.2 million. The Net Present Value Savings of the transaction was \$3.1 million at a 2.64% effective interest rate.

### **Series 2024 - C**

In November 2024, the Authority participated in the VPFP of VRA to issue Series 2024-C bonds in the amount of \$8,825,000. The proceeds will be used to replace the funds taken from the Equipment and Contingency funds that were used to pay off the 2011-D taxable bonds. The funds will be used for existing capital projects. The net effect of these two transactions reduced the Authority's debt service by \$ 411,886 through 2041 at a 3.53% effective interest rate.

### **Defeased bonds**

At June 30, 2025, outstanding bonds in the amount of \$4,275,000 are considered defeased. Investments and cash are held in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liabilities for defeased bonds are not included in the accompanying financial statements.

### **Escrow asset**

The escrow receivable for the year ended June 30, 2025 is \$37,044 and was created by funds transferred from the Expressway System revenue account for the early retirement of defeased bonds, as required by the 1992 bond resolution. The Authority has directed the trustee, to the extent possible, to purchase Series 1998 bonds in the open market from these funds. No purchases were made during the fiscal year. As a result of the Series 2011 refunding, no additional transfers to escrow will occur.

### **Arbitrage**

Expressway System bond issues are reviewed annually to ensure compliance with the Internal Revenue Service regulations regarding arbitrage rebates. As of June 30, 2025 none of the bond series are accruing an arbitrage rebate liability.

## Notes to Basic Financial Statement

### Debt service requirements

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 4,475,000	\$ 5,173,874	\$ 9,648,874
2027	4,655,000	4,955,026	9,610,026
2028	4,865,000	4,721,607	9,586,607
2029	5,115,000	4,476,110	9,591,110
2030	5,365,000	4,222,547	9,587,547
2031-2035	30,870,000	16,955,553	47,825,553
2036-2040	38,785,000	8,773,400	47,558,400
2041-2042	18,120,000	827,916	18,947,916
	<u>\$ 112,250,000</u>	<u>\$ 50,106,033</u>	<u>\$ 162,356,033</u>

### Lease Liability

As of June 30, 2025, the reported lease liability was \$591,290. The Authority is required to make monthly fixed payments of \$14,616 with an incremental increase of 2% with the start of each new year. An interest rate in the lease agreement was not readily determinable. The Authority used an estimated incremental borrowing rate of 3.57% as the discount rate for the lease.

Principal and interest payments to maturity for leases payable are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2026	\$ 170,575	\$ 18,349	\$ 188,924
FY2027	180,582	12,096	192,678
FY2028	191,050	5,480	196,530
FY2029	49,083	292	49,375
<b>Totals</b>	<u>\$ 591,290</u>	<u>\$ 36,217</u>	<u>\$ 627,507</u>

### SBITA Liability

As of June 30, 2025, the reported SBITA liability was \$662,317. The Authority is required to make annual fixed payments of \$108,840. An interest rate in the lease agreement was not readily determinable. The Authority used an estimated incremental borrowing rate of 3.57% as the discount rate for the SBITA.

Principal and interest payments to maturity for SBITA payable are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2026	\$ 84,805	\$ 24,035	\$ 108,840
FY2027	87,882	20,958	108,840
FY2028	91,072	17,769	108,840
FY2029	94,377	14,464	108,840
FY2030	97,802	11,039	108,840
FY2031-35	206,380	11,301	217,681
<b>Totals</b>	<u>\$ 662,317</u>	<u>\$ 99,565</u>	<u>\$ 761,882</u>

## Notes to Basic Financial Statement

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### **Note 7 – Defined benefit pension plan**

#### **Plan description**

The Authority contributes to the Virginia Retirement System Plan (VRS), which provides agent, multiple-employer and cost-sharing, multiple-employer defined benefit pension plans administered by the Virginia Retirement System (System). The Authority’s employees are covered by the agent, multiple-employer defined benefit plan and Schools Professional employees are covered by the cost-sharing, multiple-employer defined benefit plan.

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (“System”) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

#### **Plan membership**

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	60
Inactive members:	
Vested inactive members	22
Non-vested inactive members	58
Inactive members elsewhere in VRS	<u>13</u>
Total inactive members	153
Active members	<u>63</u>
Total covered employees	<u>216</u>

#### **Benefits Provided**

VRS provides retirement and disability benefits, and annual cost-of-living adjustments to eligible participants. Within the VRS Plan, the System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid Plan. Employees are members of a particular benefit structure depending on when membership began and when vesting was complete. Employees are members in the Hybrid Plan if their membership date is on or after January 1, 2014, or if they were members of Plan 1 or Plan 2 and opted in prior to July 1, 2014. The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan.

The defined benefit is based on a member’s age, service credit, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

## Notes to Basic Financial Statement

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Members earn service credit for each month they are employed in a covered position. They also may obtain credit for prior service purchased or additional service credit that was granted. A member's total service credit is one of the factors used to determine eligibility for retirement and retirement benefit. Members become vested when they meet the age and service requirements, as applicable to their plan. Unreduced retirement benefit age and service credit is as follows:

Plan 1 Nonhazardous	Age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit.
Plan 2 Nonhazardous Plan 1 and Plan 2	Social Security retirement age with at least 5 years of service credit Hazardous Age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit.
Hybrid Plan	Social security retirement age with at least 5 years of service creditor when their age plus service credit equals 90.

Reduced retirement benefit age and service credit is as follows:

Plan 1 Nonhazardous	Age 55 and at least 5 years of service credit or age 50 with at least 10 years of service credit.
Plan 2 Nonhazardous and Hybrid Plan	Age 60 with at least 5 years of service credit.
Plan 1 and Plan 2 Hazardous	Age 50 and at least 25 years of service credit

Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make. The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. A member's average final compensation is the average of the 36 or 60 consecutive months, depending on the plan, of highest compensation as a covered employee. The retirement multiplier for members is between 1.65 and 1.85%.

### Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the year ended June 30, 2025 was 0.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan from the Authority was \$14,128 for the years ended June 30, 2025.

## Notes to Basic Financial Statement

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### Net pension asset

The Authority's net pension liability was measured as of June 30, 2024. The total pension asset used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

### Actuarial methods and assumptions

The total pension liability for the Authority was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5%
Salary increases, including inflation	3.5-5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including Inflation*

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

### Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

#### Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

#### Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

#### Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2023. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

## Notes to Basic Financial Statement

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates - Nonhazardous	Adjusted rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates - Hazardous	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### Long-term expected rate of return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return*
Public Equity	33.00%	6.70%	2.21%
Fixed Income	16.00%	4.80%	0.77%
Credit Strategies	14.00%	8.10%	1.13%
Real Assets	14.00%	7.30%	1.02%
Private Equity	16.00%	8.70%	1.39%
PIP – Private Investment Partnership	2.00%	8.00%	0.16%
Exposure Management Portfolio	0.00%	7.00%	0.00%
Dstrat - Private Investment Partnership	4.00%	5.80%	0.23%
Cash	2.00%	3.00%	0.06%
Leverage	-1.00%	3.50%	-0.04%
Total	<u>100.00%</u>		<u>6.94%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return**			<u>9.44%</u>

## Notes to Basic Financial Statement

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\*The above allocation provides a one-year return of 6.94%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 9.44%, including expected inflation of 2.50%.

\*\* On June 15, 2023, The VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, , providing a median return of 7.14%, including expected inflation of 2.50%.

### **Discount rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations, whichever was greater. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

## Notes to Basic Financial Statement

### Changes in net pension asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at June 30, 2023	\$ 20,813,204	\$ 24,129,409	\$ (3,316,205)
Changes for the year:			
Service cost	266,322	-	266,322
Interest	1,380,193	-	1,380,193
Difference between expected and actual experience	(701,020)	-	(701,020)
Contributions – employee	-	154,513	(154,513)
Net investment income	-	2,300,051	(2,300,051)
Benefit payments, including refunds of employee contributions	(1,264,437)	(1,264,437)	-
Administrative expenses	-	(16,035)	16,035
Other changes	-	(1,017)	1,017
Net changes	<u>(318,942)</u>	<u>1,173,075</u>	<u>(1,492,017)</u>
Balance at June 30, 2024	<u>\$ 20,494,262</u>	<u>\$ 25,302,484</u>	<u>\$ (4,808,222)</u>

### Sensitivity of the Net Pension Asset to changes in the discount rate

The following presents the Authority's net pension asset using the discount rate of 6.75%, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net pension asset	\$ (2,392,590)	\$ (4,808,222)	\$ (6,816,998)

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

For the year ended June 30, 2025, the Authority recognized pension expense (recovery) of (\$163,014). At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 14,128	\$ -
Differences between expected and actual experience	-	352,254
Net difference between projected and actual earnings on pension plan investments	-	681,599
	<u>\$ 14,128</u>	<u>\$ 1,033,853</u>

## Notes to Basic Financial Statement

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Deferred outflows of resources related to pensions of \$14,128 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2026	\$ (951,536)
2027	189,539
2028	(129,985)
2029	(141,871)
	\$ (1,033,853)

### **Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2024-annual-report.pdf](http://varetire.org/pdf/publications/2024-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## Notes to Basic Financial Statement

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### **Note 8 – OPEB**

#### **Plan Description**

The Authority provides OPEB for retired employees through a single-employer defined benefit plan (“Plan”). The benefit levels, employee contributions and employer contributions are governed by the Authority and can be amended by the Authority with approval of the Authority’s Board.

The Authority participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), an agent multiple-employer external investment pool that operates an irrevocable trust established for the purpose of accumulating assets to fund postemployment health care benefits. The Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Trust Fund assets are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the Trust Fund are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the authority and the Trust Fund administrator, for the payment of benefits in accordance with terms of the Plan. The Trust Fund is governed by a Board of Trustees composed of local officials elected at an Annual Meeting of participants of the Trust Fund that issues a separate Annual Comprehensive Financial Report, which can be obtained by requesting a copy from the Plan Administrator, VML/VACo Finance, Managing Director, 8 East Canal Street Richmond, VA 23219.

#### **Plan Membership**

Total active and retired membership count in the plan at June 30, 2025 was 87.

The number of retiree participants and active employees currently eligible for immediate retirement benefits for each tier at June 30, 2025 were:

Retirees	26
Active Employees	61
Total	<u>87</u>

#### **Benefits Provided**

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

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

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

## Notes to Basic Financial Statement

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

<u>Years of Service</u>	<u>Contribution</u>
0 to 10	0%
10 to 15	25%
15 to 20	50%
20 to 25	75%
25 and over	100%

The third tier is applicable to employees hired before July 1, 1998. The Authority will pay 100% of the employee's and 50% of the spouse's monthly premium, less a \$15 per month retiree contribution. Upon the death of the retiree, the surviving spouse may continue coverage at full cost.

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

### Contributions

Employer contributions are governed by the Authority and can be amended by the Authority with approval of the Authority's Board. The Authority contributes to the Trust Fund based on an actuarially determined amount. For the year ended June 30, 2025, the Authority's average contribution rate was 4.7% of covered employee payroll. Contributions were \$168,784 for the year ended June 30, 2025.

### Financial Statements

The Plan does not issue separate stand-alone financial statements in accordance with GAAP and is not a fiduciary activity of the Authority and, as such, is not included within the reporting entity. Information specific to the Plan's activities are included within this section as a source of additional information for the reader of the financial statements.

### Plan Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the Authority are subject to continual revision as actual results are compared with expectations and new estimates are made about the future. The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Asset valuation method	Fair Value
Investment return	7.50%
Healthcare cost trend rate	7.0% for 2025, decreasing 0.5% per year to an ultimate rate of 4.5% for 2306 and later years

## Notes to Basic Financial Statement

Projected salary increases 3.0%, average

Mortality rates were based on the RP-2006 Combined Mortality Table with MP2019 projection for Males or Females, as appropriate.

### Investments

The Authority participates in the Trust Fund, an agent multiple-employer external investment pool that operates an irrevocable trust established for the purpose of accumulating assets to fund postemployment health care benefits. Trust Fund assets are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which contributions to the plan are irrevocable. At June 30, 2025, the actuarial value of the Plan assets was \$7,959,384. Historically the rate of return has averaged over 7.0%. The annual money-weighted rate of return, net of investment expense, is 8.7%.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	6.8%
US Small Cap Equity	7.8%
International Developed Equity	7.4%
Emerging Market Equity	6.9%
Long/Short Equity	6.2%
Private Equity	10.0%
Diversified Fixed Income	4.7%
Core Real Estate	6.5%
Opportunistic Real Estate	8.9%

### Weighted-Average Rate of Return

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Real Rate of Return</u>	<u>Weighted Average Long- Term Expected Real Rate of Return</u>
VACO/VML Pooled OPEB Trust Portfolio I	100.00%	7.50%	7.50%
Total	<u>100.00%</u>		<u>7.50%</u>
Inflation			<u>3.00%</u>
Expected arithmetic nominal return			<u>10.50%</u>

### Plan Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

## Notes to Basic Financial Statement

### Plan Net OPEB asset

The components of the Plan's net OPEB asset at June 30, 2025, were as follows:

Plan total OPEB Liability	\$ 3,542,528
Plan fiduciary net position	<u>7,959,384</u>
Plan net OPEB Asset	<u>\$ (4,416,856)</u>

Plan fiduciary net position as a percentage of total OPEB liability 224.68%

### Sensitivity of the Plan's Net OPEB Asset to Changes in the Plan's Discount Rate

The following presents the Plan's net OPEB asset calculated using the discount rate of 7.5 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net OPEB asset	\$ (3,761,379)	\$ (4,416,856)	\$ (4,605,284)

### Sensitivity of the Plan's Net OPEB Asset to Changes in the Plan's Healthcare Cost Trend Rates

The following presents the Plan's net OPEB asset calculated using the current healthcare cost trend rate of 7.0 percent decreasing to 4.5 percent, as well as what the net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 5.5 percent) than the current rate:

	<u>1% Decrease (7.0% decreasing to 3.5%)</u>	<u>Current Rate (8.0% decreasing to 4.5%)</u>	<u>1% Increase (9.0% decreasing to 5.5%)</u>
Net OPEB asset	\$ (4,777,065)	\$ (4,416,856)	\$ (3,991,149)

### Schedule of Changes in Net OPEB Asset

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Asset</u>
Beginning Balance June 30, 2024	\$ 3,454,875	\$ 7,272,241	\$ (3,817,366)
Changes for the Year:			
Service cost	13,727	-	13,727
Interest	237,736	-	237,736
Difference between expected & actual experience	50,775	-	50,775
Changes in assumptions	(97,301)	-	-
Contributions - employer	-	168,784	168,784
Investment Income	-	635,643	(635,643)
Benefit payments	(117,284)	(117,284)	-
Net Changes	<u>87,653</u>	<u>687,143</u>	<u>(599,490)</u>
Ending Balance June 30, 2025	<u>\$ 3,542,528</u>	<u>\$ 7,959,384</u>	<u>\$ (4,416,856)</u>

## Notes to Basic Financial Statement

### OPEB Expense for Year Ending June 30, 2025

<b>OPEB Expense</b>	
Service Cost	\$ 13,727
Interest Cost	(271,321)
Experience & Assumption Amortization	(194,493)
Investment Amortization	(78,567)
	<u>\$ (530,654)</u>

### Deferred Outflows and Deferred Inflows Summary

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 269,561	\$ 414,096
Changes of assumptions	1,712	94,091
Net difference between projected and actual earnings of Plan investments	218,575	210,041
Total	<u>\$ 489,848</u>	<u>\$ 718,228</u>

### Schedule of Deferred Resources

<u>Year Ended June 30:</u>	
2026	\$ (39,699)
2027	(121,701)
2028	(72,407)
2029	5,427
	<u>\$ (228,380)</u>

### **Note 9 – OPEB - Group Life Insurance**

#### ***Plan Description***

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS GLI Program upon employment. This plan is administered by the Virginia Retirement System (the "System"), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information about the plan is as follows:

#### ***Eligibility***

The GLIP was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment.

## Notes to Basic Financial Statement

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Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

### ***Benefit Amounts***

The benefits payable under the GLIP have several components.

*Natural Death Benefit* - Equal to the employee's covered compensation rounded to the next highest thousand and then doubled

*Accidental Death Benefit* - Double the natural death benefit

*Other Benefit Provisions* - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances, including; accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit options.

### ***Reduction in Benefit Amounts***

The benefit amounts provided to members covered under the GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

### ***Minimum Benefit Amount and Cost-of-Living Adjustment***

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,532 effective June 30, 2025.

### ***Contributions***

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the entity were \$18,787 and \$18,828 for the years ended June 30, 2025 and June 30, 2024, respectively.

### ***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB***

## Notes to Basic Financial Statements

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At June 30, 2025, the Authority reported a liability of \$151,207 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.01355% as compared to 0.01371% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$729,387. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions subsequent to the measurement date	\$ 18,787	\$ -
Differences between expected and actual experience	23,849	3,693
Changes of assumptions	862	7,494
Changes in proportion	68	37,539
Net difference between projected and actual earnings on plan investments	-	12,745
	<u>\$ 43,566</u>	<u>\$ 61,471</u>

## Notes to Basic Financial Statements

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\$18,787 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

### Deferred Expenses

<u>Year Ended June 30:</u>	
2026	\$ (21,558)
2027	(11,525)
2028	(5,846)
2029	179
2030	2,058
	<u>\$ (36,692)</u>

### Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment expenses, including inflation

## Notes to Basic Financial Statements

### Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

### Net GLI OPEB Liability

The net OPEB liability (“NOL”) for the GLI Program represents the program’s total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,132</u>
Employers’ Net GLI OPEB Liability	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

## Notes to Basic Financial Statements

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The Net GLI OPEB Liability is disclosed in accordance with the requirements of GAAP in the System’s notes to the financial statements and required supplementary information.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP – Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Inflation			2.50%
Expected arithmetic nominal return**			9.57%

\*The above allocation provides a one-year return of 7.07%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%.

\*\* On June 15, 2024, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

## Notes to Basic Financial Statements

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### **Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

### **Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the employer's proportionate share of the Net GLI OPEB Liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the Net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Employer's proportionate share of the GLI Program			
Net OPEB Liability	\$ 235,147	\$ 151,207	\$ 83,395

### **Group Life Insurance Program Fiduciary Net Position**

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the 2024 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2024-annualreport.pdf](http://varetire.org/pdf/publications/2024-annualreport.pdf) or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### **Note 10 – Risk management**

The Authority is exposed to the risk of loss due to the wide range of services provided by its employees. Auto fleet coverage, general liability, property damage, building and contents, bridge, inland marine, boiler and machinery, dishonesty bond (crime), workers' compensation, and public officials' and employee's legal liability coverage is obtained through membership in the VRSA Insurance Program. 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, 2025.

## Notes to Basic Financial Statements

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### **Note 11 – Commitments and Contingencies**

*Commitments* – The Authority has active construction projects and various open purchase orders at times throughout the fiscal year. As of June 30, 2025, the Authority’s open construction contracts were:

<u>Project</u>	<u>Fund</u>	<u>Total Contract</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Toll System	Expressway	\$ -	\$ -	\$ -
Maintenance/Repairs	Expressway	5,097,342	2,462,484	2,634,858

*Litigation* – The Authority is contingently liable with respect to lawsuits and other claims that arise in the normal course of its operations. Management of the Authority does not expect that any amount it may have to pay in connection with these matters would have a material adverse effect on the financial position of the Authority.

## Required Supplementary Information (Unaudited)

### Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

#### Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Pension Liability</b>										
Service cost	\$ 384,956	\$ 379,740	\$ 360,287	\$ 310,874	\$ 298,399	\$ 334,229	\$ 329,966	\$ 231,149	\$ 237,720	\$ 266,322
Interest	1,108,957	1,095,521	1,136,809	1,155,612	1,193,021	1,211,289	1,249,816	1,330,950	1,315,738	1,380,193
Changes of assumptions	-	-	(157,661)	-	510,868	-	606,545	-	-	-
Difference between expected and actual experience	(1,092,566)	(228,073)	(342,873)	(177,228)	(296,050)	(103,784)	(328,848)	(914,303)	431,237	(701,020)
Benefit payments, including refund of employee contributions	(551,090)	(635,512)	(679,198)	(776,698)	(732,983)	(875,768)	(866,167)	(907,105)	(852,364)	(1,264,437)
Net change	(149,743)	611,676	317,364	512,560	973,255	565,966	991,312	(259,309)	1,132,331	(318,942)
Total pension liability, beginning	16,117,792	15,968,049	16,579,725	16,897,089	17,409,649	18,382,904	18,948,870	19,940,182	19,680,873	20,813,204
Total pension liability, ending (a)	\$ 15,968,049	\$ 16,579,725	\$ 16,897,089	\$ 17,409,649	\$ 18,382,904	\$ 18,948,870	\$ 19,940,182	\$ 19,680,873	\$ 20,813,204	\$ 20,494,262
<b>Plan Fiduciary Net Position</b>										
Contributions – employer	\$ 286,867	\$ 282,685	\$ 104,434	\$ 95,897	\$ 29,746	\$ 26,766	\$ 26,833	\$ 24,563	\$ -	\$ -
Contributions – employee	198,977	195,707	181,946	175,898	180,784	172,704	153,324	143,265	211,246	154,513
Net investment income	729,879	288,995	2,013,354	1,314,814	1,259,019	373,785	5,271,166	(16,094)	1,490,839	2,300,051
Benefit payments, including refund of employee contributions	(551,090)	(635,512)	(679,198)	(776,698)	(732,983)	(875,768)	(866,167)	(907,105)	(852,364)	(1,264,437)
Administrative expense	(9,905)	(10,272)	(11,780)	(11,781)	(12,705)	(13,122)	(13,428)	(15,120)	(15,080)	(16,035)
Other	(153)	(122)	(1,785)	(1,185)	(791)	(440)	494	547	(518)	(1,017)
Net change	654,575	121,481	1,606,971	796,945	723,070	(316,075)	4,572,222	(769,944)	834,123	1,173,075
Plan fiduciary net position, beginning	15,879,041	15,879,041	16,655,097	18,262,068	19,086,013	19,809,083	19,493,008	24,065,230	23,295,286	24,129,409
Plan fiduciary net position, ending (b)	\$ 16,533,616	\$ 16,655,097	\$ 18,262,068	\$ 19,086,013	\$ 19,809,083	\$ 19,493,008	\$ 24,065,230	\$ 23,295,286	\$ 24,129,409	\$ 25,302,484
<b>Net Pension Liability (Asset) (a)-(b)</b>	\$ (565,567)	\$ (75,372)	\$ (1,364,979)	\$ (1,676,364)	\$ (1,426,179)	\$ (544,138)	\$ (4,125,048)	\$ (3,614,413)	\$ (3,316,205)	\$ (4,808,222)
Plan fiduciary net position as a percentage of the total pension liability	103.5%	100.5%	108.1%	109.6%	107.8%	102.9%	120.7%	(118.37%)	(115.93%)	(123.46%)
Covered payroll	\$ 4,045,032	\$ 3,785,127	\$ 3,696,027	\$ 3,762,069	\$ 3,912,549	\$ 3,814,514	\$ 3,279,568	\$ 3,183,955	\$ 3,226,177	\$ 3,372,797
Net pension liability (asset) as a percentage of covered payroll	(14.00%)	(2.00%)	(36.90%)	(44.60%)	(36.50%)	(13.70%)	(104.90%)	(116.70%)	(102.79%)	(143.54)%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\* The amounts presented have a measurement date of the previous fiscal year end.

## Required Supplementary Information (Unaudited)

### Schedule of Pension Contributions

Fiscal Year	Contractually Required Contribution	Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	282,685	282,685	-	3,785,127	7.5%
2017	104,434	104,434	-	3,696,027	2.8%
2018	269,104	269,104	-	3,762,069	7.2%
2019	281,704	281,704	-	3,912,549	7.2%
2020	274,645	274,645	-	3,814,514	7.2%
2021	236,129	236,129	-	3,968,710	5.9%
2022	229,245	229,245	-	3,183,955	7.2%
2023	232,285	232,285	-	3,183,955	7.3%
2024	14,128	14,128	-	3,266,177	0.4%
2025	14,128	14,128	-	3,752,448	0.4%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

### Notes to Required Supplementary Information for Pension For the Year Ended June 30, 2025

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on the experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## Required Supplementary Information (Unaudited)

### Schedule of Changes in Net OPEB Liability (Asset), and Related Ratios

	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total OPEB Liability</b>									
Service cost	\$ -	\$ 50,139	\$ 50,549	\$ 55,696	\$ 48,458	\$ 49,245	\$ 15,326	\$ 16,866	\$ 13,727
Interest	-	13,963	283,905	308,009	282,220	(183,956)	218,136	234,189	237,736
Difference between expected and actual experience	832,475	440,581	134,163	(616,368)	(220,432)	(691,415)	97,291	(65,097)	50,775
Changes in assumptions	-	-	-	-	-	8,560	-	(27,082)	(97,301)
Benefit payments	(144,000)	(120,000)	(118,533)	(130,008)	(101,503)	(105,549)	(103,739)	(99,107)	(117,284)
Net change	688,475	384,683	350,084	(382,671)	8,743	(923,115)	227,014	59,769	87,653
Total OPEB liability, beginning	3,041,893	3,730,368	4,115,051	4,465,135	4,082,464	4,091,207	3,168,092	3,395,106	3,454,875
Total OPEB liability, ending (a)	\$ 3,730,368	\$ 4,115,051	\$ 4,465,135	\$ 4,082,464	\$ 4,091,207	\$ 3,168,092	\$ 3,395,106	\$ 3,454,875	\$ 3,542,528
<b>Plan Fiduciary Net Position</b>									
Contributions – Employer	\$ 429,000	\$ 420,000	\$ 418,533	\$ 430,008	\$ 201,503	\$ 155,549	\$ 153,739	\$ 150,607	\$ 168,784
Investment income	(190,307)	334,998	195,615	144,809	1,520,055	(626,229)	459,414	621,186	635,643
Benefit payments	(144,000)	(120,000)	(118,533)	(130,008)	(101,503)	(105,549)	(103,739)	(99,107)	(117,284)
Net change	94,693	634,998	495,615	444,809	1,620,055	(576,229)	509,414	672,686	687,143
Plan fiduciary net position, beginning	3,376,200	3,470,893	4,105,891	4,601,506	5,046,315	6,666,370	6,090,141	6,599,555	7,272,241
Plan fiduciary net position, ending (b)	3,470,893	4,105,891	4,601,506	5,046,315	6,666,370	6,090,141	6,599,555	7,272,241	7,959,384
<b>Net OPEB Liability (Asset) (a)-(b)</b>	\$ 259,475	\$ 9,160	\$ (136,371)	\$ (963,851)	\$ (2,575,163)	\$ (2,922,049)	\$ (3,204,449)	\$ (3,817,366)	\$ (4,416,856)
Plan fiduciary net position as percentage of the total OPEB Liability	93.04%	99.78%	103.05%	123.61%	162.94%	192.20%	194.38%	210.49%	224.68%
Covered payroll	\$ 4,522,294	\$ 4,522,294	\$ 4,868,716	\$ 4,594,069	\$ 3,711,895	\$ 3,531,213	\$ 3,431,225	\$ 3,317,450	\$ 3,561,690
Net OPEB Liability (Asset) as a percentage of covered payroll	5.74%	0.20%	-2.80%	-20.98%	-69.38%	-82.70%	93.39%	115.07%	-124.01%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## Required Supplementary Information (Unaudited)

### Schedule of OPEB Contributions

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 429,000	\$ 429,008	-	\$ 4,522,294	9.5%
2018	420,000	420,000	-	4,522,294	9.3%
2019	419,000	419,000	-	4,868,716	8.6%
2020	430,008	430,008	-	4,594,069	9.4%
2021	201,503	201,503	-	3,711,895	5.4%
2022	155,549	155,549	-	3,531,213	4.4%
2023	153,739	153,739	-	3,431,225	4.5%
2024	150,607	150,607	-	3,317,450	4.5%
2025	168,784	168,784	-	3,561,690	4.7%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

### Schedule of OPEB Investment Returns

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual money-weighted rate of return, net of investment expense	Over 10%	4.7%	3.1%	30.1%	-9.4%	7.5%	9.4%	8.7%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

### **OPEB Plan Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Asset valuation method	Fair Value
Investment return	7.50%
Healthcare cost trend rate	7.0% for 2024, decreasing 0.25% per year to an ultimate rate of 4.5% for 2034 and later years
Projected salary increases	3.0%, average

Mortality rates were based on the PUB-2010 Mortality Table with MP-2021 projection for Males or Females, as appropriate.

## Required Supplementary Information (Unaudited)

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### Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Program For the Year Ended June 30\*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Employer's Proportion of the Net GLI OPEB Liability	0.02061%	0.02061%	0.01974%	0.01982%	0.01630%	0.01427%	0.01371%	0.01355%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$310,000	\$300,000	\$322,524	\$325,257	\$189,776	\$171,825	\$164,426	\$151,207
Employer's Covered Payroll	\$3,802,100	\$3,753,184	\$3,585,896	\$4,012,194	\$3,366,348	\$3,104,299	\$3,551,906	\$3,752,448
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%	7.36%	8.04%	8.11%	5.64%	5.54%	4.63%	8.67%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

\* The amounts presented have a measurement date of the previous fiscal year end.

## Required Supplementary Information (Unaudited)

### Schedule of Employer Contributions GLI Program OPEB For the Years Ended June 30, 2012 through 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	\$ 21,572	\$ 21,572	-	4,070,174	0.53%
2017	19,771	19,771	-	3,802,110	0.52%
2018	19,517	19,517	-	3,753,184	0.52%
2019	20,207	20,207	-	3,885,894	0.52%
2020	20,863	20,863	-	4,012,194	0.52%
2021	20,901	20,901	-	3,366,348	0.54%
2022	18,178	18,178	-	3,104,299	0.59%
2023	21,107	21,107	-	3,551,906	0.59%
2024	18,828	18,828	-	3,706,714	0.51%
2025	18,787	18,787	-	3,752,448	0.50%

### Notes to Required Supplementary Information for OPEB Group Life Insurance For the Year Ended June 30, 2025

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

#### Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Required Supplementary Information (Unaudited)**

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**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

## Required Supplementary Information (Unaudited)

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### **Modified Approach for Reporting Infrastructure**

As allowed by GAAP, the Authority has adopted an alternative approach in lieu of recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the entire Expressway System network of roads and bridges 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, and
- Document that the assets are being preserved approximately at or above the established condition level.

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

### **Pavement condition assessment, measurement scale, and established condition level**

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

<b>Treatment Group</b>	<b>PCR Score</b>	<b>Pavement Surface Condition</b>	<b>Potential Recommended Maintenance Strategies and Treatments</b>
Group 1	75-100	Excellent to very good	No action to preventative maintenance (crack sealing, isolated patches)
Group 2	50-74	Very good to good	Preventative maintenance to light rehabilitation (crack sealing, shallow patches, deep patches, scarify and thin overlay)
Group 3	25-49	Good to fair	Preventative maintenance to moderate rehabilitation (crack sealing, shallow patches, deep patches, thin overlay, thick overlay, scarify and overlay, mill and overlay)
Group 4	0-24	Poor	Heavy rehabilitation to reconstruction (mill and overlay, total reconstruction)

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

## Required Supplementary Information (Unaudited)

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

Calendar Year	Percentage of Total Lane Miles by Group			
	Group 1	Group 2	Group 3	Group 4
2016	16.7%	82.2%	1.1%	0.0%
2017	42.6%	57.4%	0.0%	0.0%
2018	89.8%	10.1%	0.0%	0.0%
2019	89.8%	10.1%	0.0%	0.0%
2020	84.0%	16.0%	0.0%	0.0%
2021	85.0%	15.0%	0.0%	0.0%
2022	85.0%	15.0%	0.0%	0.0%
2023	85.0%	15.0%	0.0%	0.0%
2024	82.0%	18.0%	0.0%	0.0%
2025	65.0%	35.0%	0.0%	0.0%

### Bridge condition assessment, measurement scale, and established condition level

The Authority utilizes the following condition rating scale, established by the Federal Highway Administration ("FHWA") as part of the National Bridge Inspection Standards, to assess the condition of bridges within the Expressway System. The 10-point scale rates the bridge's major structural bridge elements as follows:

Rating	Description
9	Excellent
8	Very good: no problems noted
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

The Authority's established condition level policy requires that no bridge be rated as "structurally deficient", which results when a condition of 4 or worse is assessed to at least one of the major structural elements (deck, superstructure, or substructure).

## Required Supplementary Information (Unaudited)

For the 36 bridges in the Authority’s inventory, the condition ratings of the major structural elements have been above a rating of 4 for each of the past five inspection cycles (calendar years).

In addition to the 10-point-scale for condition ratings as described above, FHWA may classify a bridge as structurally deficient if its load carrying capacity is significantly below current design standards. Boulevard Bridge, built in 1924, was designed using a lower live load capacity than current standards dictate. Considering its live load capacity, Boulevard Bridge is classified as structurally deficient by FHWA in spite of the fact that its condition ratings are greater than a 4. Boulevard Bridge is performing its intended function of connecting a residential neighborhood to areas north of the bridge and remains safe as currently operated by the Authority.

The following table presents the condition level ratings as determined by the Authority’s independent certified inspection experts for the major structural elements of each of the Authority’s bridges from the most recent inspection cycle (fiscal years 2024/2025):

<b>Bridge Identifier/Name</b>	<b>Deck</b>	<b>Superstructure</b>	<b>Substructure</b>	<b>Culvert</b>
BB, Boulevard Bridge		5	6	5
BR04, Chippenham Parkway		7	6	7
BR05, Norfolk Southern Railroad		7	5	7
BR06, Forest Hill Avenue		7	6	6
BR08NB, Powhite over James River		6	6	5
BR08SB, Powhite over James River		6	6	5
BR09N, CSX Railroad		NA	6	6
BR09S, CSX Railroad		NA	6	6
BR10N, CSX Railroad		NA	6	6
BR10S, CSX Railroad		NA	6	6
BR11, NB Powhite over Route 146		7	6	7
BR12, Douglasdale		7	6	6
BR13, Douglasdale		7	5	6
BR17, Cary Street ramp		7	6	7
BR36, Maplewood Avenue		7	7	6
BR37, Grant Street		7	6	7
BR46, Allen Avenue		7	7	7
BR47, Randolph Street		7	6	7
BR48, Harrison Street		7	6	6
BR49, Cherry Street		7	7	7
BR50, Laurel Street		7	6	7
BR51, Belvidere Street		7	5	7
BR54, 2nd Street		7	7	6
BR55, 3rd Street		7	6	7
BR56, 4th Street		7	6	6
BR57, 5th Street		7	6	6
BR58, 7th Street		7	5	7
BR60, 10th Street		7	5	5
BR61, 12th Street		7	6	6
BR62, Canal Street exit ramp		7	6	6
BR63, Double-decker at I-95 ramp		7	6	6
BR64, I-95 south ramp		7	6	6
BR65, I-95 north ramp		7	6	6
BR66, Double-decker at I-95 ramp		7	6	6
BR67, I-95 north ramp		5	6	5
BR68, I-95 south ramp		7	6	7

## Required Supplementary Information (Unaudited)

C-1827, Powwhite Creek at Forest Hill Ave	NA	NA	NA
C-1831, Powwhite Creek at Powwhite Toll plaza	NA	NA	NA
NA – not applicable			

### Estimated and actual costs, last five fiscal years

The following table presents the Authority’s estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the established condition level and the actual amount spent during the past five fiscal years:

Fiscal Year	Estimated Spending (Capital Budget)	Actual Spending
2021	\$ 5,595,300	\$ 8,138,947
2022	4,200,242	8,096,588
2023	13,018,000	10,351,045
2024	19,466,772	18,413,950
2025	20,202,576	10,415,924

The budget process and timing of projects results in spending in one fiscal year from budgets that were approved in the previous year(s). This timing difference does not allow a true comparison of amounts budgeted and spent within a given year. As a result, the Authority had approximately \$5.5 million remaining in its capital budget at the end of fiscal year 2025, which will be carried forward to the next fiscal year.

This table, combined with condition assessment ratings, demonstrate the Authority has incurred the necessary expenses to meet its established condition levels.

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

Group	2021	2022	2023	2024	2025
Maintenance and Repair	\$ 2,282,055	\$ 1,962,851	\$ 1,176,695	\$ 2,076,761	\$ 2,528,688
Protective Coatings	1,736,769	-	4,408,956	11,759,242	2,332,662
Inspections and Engineering	2,345,340	1,887,252	1,356,788	1,184,484	759,338
Vehicle Replacement	-	-	-	-	-
Toll System Upgrade	487,253	4,060,517	-	-	-
Other	1,287,532	185,968	180,533	226,147	88,759
Total Modified Approach	\$ 8,138,949	\$ 8,096,588	\$ 7,122,971	\$ 15,246,634	\$ 5,709,447
CIP	-	-	3,204,907	2,976,121	4,684,775
Capitalized Assets	-	-	23,167	191,195	21,702
Total Expenditures	\$ 8,138,949	\$ 8,096,588	\$ 10,531,578	\$ 18,413,950	\$ 10,415,924



# Statistical Section

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The statistical section presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information indicate about the Authority's financial health over an extended period of time.

### **Financial Trends**

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

Table 1	Net Position (Deficit) by Component
Table 2	Net Position (Deficit) by Component by Fund
Table 3	Change in Net Position
Table 4	Expressway System, Change in Net Position
Table 5	Main Street Station, Change in Net Position
Table 6	Operating Revenues by Fund
Table 7	Operating Expenses by Fund

### **Revenue Capacity**

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

Table 8	Operating Revenues by Source
Table 9	Expressway System Toll Rates, Current and Historical

### **Debt Capacity**

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

Table 10	Expressway System, Revenue Bond Coverage
Table 11	Expressway System, Debt per Toll Revenue and Toll Transactions

### **Demographic and Economic Information**

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

Table 12	Principal Employers and Area Employment
Table 13	Estimated Population, Richmond Metropolitan Area

### **Operating Information**

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

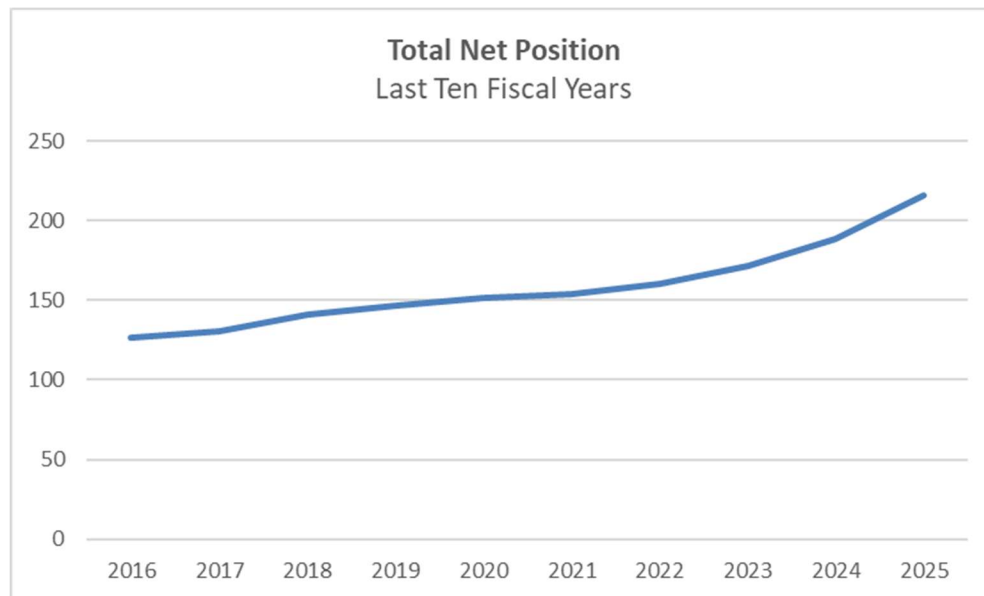
Table 14	Expressway System, Operating Indicators
Table 15	Employees by Identifiable Activity

## Statistical Section

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

Fiscal Year	Net Investment in Capital Assets	Restricted (1)	Unrestricted	Total
2016	\$ 98,530,597	\$ 44,904,103	\$ (17,081,471)	\$ 126,353,229
2017	99,747,709	47,978,503	(16,996,606)	130,729,606
2018	102,313,753	53,905,169	(15,234,170)	140,984,752
2019	107,301,010	52,681,124	(13,068,110)	146,914,024
2020	113,156,510	51,225,587	(12,929,719)	151,452,378
2021	123,588,695	43,344,595	(13,366,114)	153,567,176
2022	126,669,213	42,834,891	(9,530,061)	159,974,043
2023	137,254,349	42,770,311	(8,455,852)	171,568,808
2024	141,309,736	50,820,518	(3,395,032)	188,735,222
2025	140,361,493	52,714,628	22,868,734	215,944,855

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



## Statistical Section

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expressway System</b>										
Net inv. in cap. assets	\$ 98,530,597	\$ 99,747,709	\$102,313,753	\$107,301,010	\$113,156,510	\$123,588,695	\$126,669,213	\$137,254,349	\$141,309,736	\$140,361,493
Restricted	44,904,103	47,978,503	53,905,169	52,681,124	51,225,587	43,344,595	42,834,891	42,770,311	50,820,518	52,714,628
Unrestricted	(17,081,471)	(16,339,360)	(15,234,170)	(13,068,110)	(12,929,719)	(13,366,114)	(9,530,061)	(8,455,852)	(3,395,032)	22,868,734
	<u>\$126,353,229</u>	<u>\$131,386,852</u>	<u>\$140,984,752</u>	<u>\$146,914,024</u>	<u>\$151,452,378</u>	<u>\$153,567,176</u>	<u>\$159,974,043</u>	<u>\$171,568,808</u>	<u>\$188,735,222</u>	<u>\$215,944,855</u>

## Statistical Section

**Table 3 – Change in Net Position, Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenues</b>										
Tolls	\$ 41,040,930	\$ 42,440,008	\$ 42,782,772	\$ 42,876,941	\$ 37,004,506	\$ 29,571,562	\$ 34,123,281	\$ 36,518,252	\$ 50,260,382	\$ 53,244,737
Rentals	236,622	239,218	613,744	816,515	53,722	52,493	41,695	45,279	48,197	49,815
Other	61,267	19,019	21,727	23,669	1,132	296	221	910	1,208	834
	<u>41,338,819</u>	<u>42,698,245</u>	<u>43,418,243</u>	<u>43,717,125</u>	<u>37,059,360</u>	<u>29,624,351</u>	<u>34,165,197</u>	<u>36,564,441</u>	<u>50,309,787</u>	<u>53,295,386</u>
<b>Operating expenses</b>										
Salaries and benefits	6,360,143	6,204,591	5,527,699	5,941,725	6,133,649	4,900,182	3,249,286	3,627,790	4,419,303	4,386,490
Operations	7,796,755	8,336,967	8,540,120	10,021,195	8,659,576	6,953,490	7,142,115	8,319,393	11,483,299	12,248,170
Preservation and capital mainte	7,490,020	12,453,153	10,031,464	14,713,339	11,064,694	8,138,949	8,096,588	8,116,030	14,386,516	5,796,935
Parking	-	-	-	-	-	-	-	-	-	19,970
Depreciation	2,288,578	2,262,193	928,660	941,091	160,761	146,054	281,103	271,092	277,584	954,936
Amoritzation	-	-	-	-	-	-	-	-	-	372,551
Total operating expenses	<u>23,935,496</u>	<u>29,256,904</u>	<u>25,027,943</u>	<u>31,617,350</u>	<u>26,018,680</u>	<u>20,138,675</u>	<u>18,769,092</u>	<u>20,334,305</u>	<u>30,566,702</u>	<u>23,779,052</u>
Operating income	<u>17,403,323</u>	<u>13,441,341</u>	<u>18,390,300</u>	<u>12,099,775</u>	<u>11,040,680</u>	<u>9,485,676</u>	<u>15,396,105</u>	<u>16,230,136</u>	<u>19,743,085</u>	<u>29,516,334</u>
<b>Nonoperating revenues (expenses)</b>										
Investment earnings	493,966	202,040	430,534	1,925,242	1,414,002	64,420	(1,880,385)	956,916	2,750,796	3,371,045
Lease interest revenue	-	-	-	-	-	-	14,887	13,816	12,706	11,653
Support from localities	610,242	638,398	567,324	469,892	-	-	-	-	-	-
Gain (loss)	-	46,025	-	-	-	-	-	-	-	-
Interest expense	(9,451,226)	(9,294,181)	(9,133,012)	(8,565,636)	(7,916,328)	(7,482,208)	(7,123,740)	(5,606,103)	(5,340,173)	(5,394,905)
Other expenses	-	-	-	-	-	-	-	-	-	(294,494)
Nonoperating expenses, net	<u>(8,347,018)</u>	<u>(8,407,718)</u>	<u>(8,135,154)</u>	<u>(6,170,502)</u>	<u>(6,502,326)</u>	<u>(7,417,788)</u>	<u>(8,989,238)</u>	<u>(4,635,371)</u>	<u>(2,576,671)</u>	<u>(2,306,701)</u>
Change in net position	<u>9,056,305</u>	<u>5,033,623</u>	<u>10,255,146</u>	<u>5,929,273</u>	<u>4,538,354</u>	<u>2,067,888</u>	<u>6,406,867</u>	<u>11,594,765</u>	<u>17,166,414</u>	<u>27,209,633</u>
Net position, beginning	117,296,924	126,353,229	130,729,606	140,984,752	146,914,024	151,499,288	153,567,176	159,974,043	171,568,808	188,735,222
Restatement	-	(657,246)	-	-	-	-	-	-	-	-
<b>Net position, ending</b>	<u>\$126,353,229</u>	<u>\$130,729,606</u>	<u>\$140,984,752</u>	<u>\$146,914,025</u>	<u>\$151,452,378</u>	<u>\$153,567,176</u>	<u>\$159,974,043</u>	<u>\$171,568,808</u>	<u>\$188,735,222</u>	<u>\$215,944,855</u>

## Statistical Section

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

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Nonoperating Revenues (Expenses), Net	Change in Net Position
2016	\$ 41,131,444	\$ 23,117,830	\$ 18,013,614	\$ (8,957,309)	\$ 9,056,305
2017	42,491,774	28,412,035	14,079,739	(9,046,116)	5,033,623
2018	42,834,933	23,877,309	18,957,624	(8,702,478)	10,255,146
2019	42,927,955	30,358,289	12,569,666	(6,640,394)	5,929,272
2020	37,059,360	26,018,680	11,040,680	(6,502,326)	4,538,354
2021	29,624,351	20,138,675	9,485,676	(7,417,788)	2,067,888
2022	34,165,197	18,769,092	15,396,105	(8,989,238)	6,406,867
2023	36,564,441	20,334,305	16,230,136	(4,635,371)	11,594,765
2024	50,309,787	30,566,702	19,743,085	(2,576,671)	17,166,414
2025	53,295,386	23,779,052	29,516,334	(2,306,701)	27,209,633

**Table 5 – Main Street Station, Change in Net Position, Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Loss	Nonoperating Revenues (Expenses), Net	Reimbursement from City of Richmond	Change in Net Position
2016	\$ 207,375	\$ 817,666	\$ 610,291	\$ 49	\$ 610,242	\$ -
2017	206,471	844,869	638,398	-	638,398	-
2018	583,310	1,150,634	567,324	-	567,324	-
2019	789,170	1,259,062	469,892	-	469,892	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-

Note: Main Street Station operations transferred to the City of Richmond in fiscal year 2020.

## Statistical Section

**Table 6 – Operating Revenues by Fund, Last Ten Fiscal Years**

Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Parking Facility	Total
2016	\$ 41,131,444	\$ -	\$ -	\$ 207,375	\$ -	\$ -	\$ 41,338,819
2017	42,491,774	-	-	206,471	-	-	42,698,245
2018	42,834,933	-	-	583,310	-	-	43,418,243
2019	42,927,955	-	-	789,170	-	-	43,717,125
2020	37,059,360	-	-	-	-	-	37,059,360
2021	29,624,351	-	-	-	-	-	29,624,351
2022	34,165,197	-	-	-	-	-	34,165,197
2023	36,564,441	-	-	-	-	-	36,564,441
2024	50,309,787	-	-	-	-	-	50,309,787
2025	53,295,386	-	-	-	-	-	53,295,386

**Table 7 – Operating Expenses by Fund, Last Ten Fiscal Years**

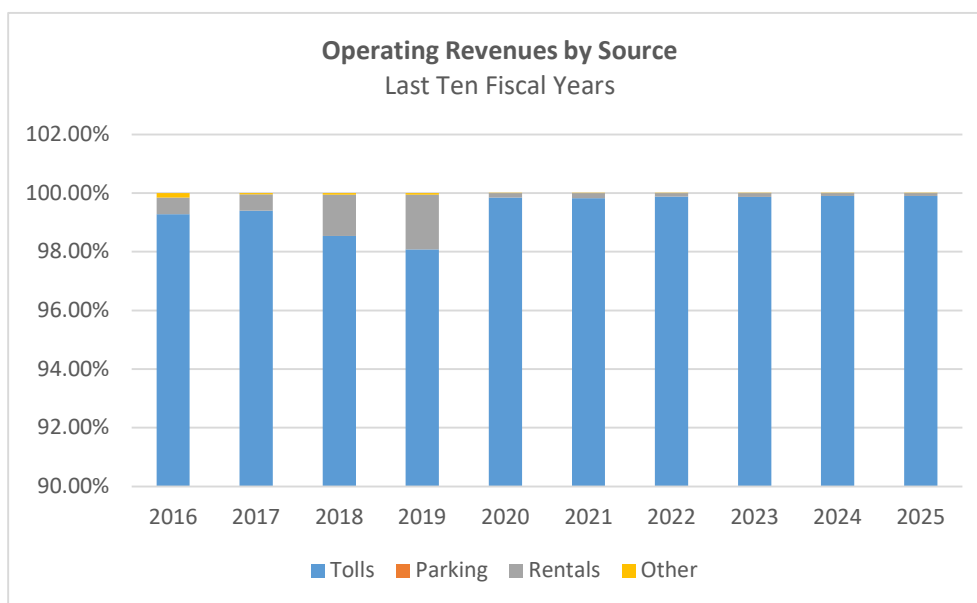
Fiscal Year	Expressway System	Expressway Parking Deck	Stadium Facility	Main Street Station	Second Street Facility	Carytown Parking Facility	Total
2016	\$23,117,830	\$ -	\$ -	\$ 817,666	\$ -	\$ -	\$23,935,496
2017	28,412,035	-	-	844,869	-	-	29,256,904
2018	23,877,309	-	-	1,150,634	-	-	25,027,943
2019	30,358,289	-	-	1,259,062	-	-	31,617,351
2020	26,018,680	-	-	-	-	-	26,018,680
2021	20,138,675	-	-	-	-	-	20,138,675
2022	18,769,092	-	-	-	-	-	18,769,092
2023	20,334,305	-	-	-	-	-	20,334,305
2024	30,566,702	-	-	-	-	-	30,566,702
2025	23,779,052	-	-	-	-	-	23,779,052

## Statistical Section

**Table 8 – Operating Revenues by Source, Last Ten Fiscal Years**

Fiscal Year	Tolls	Parking (1)	Rentals (2)	Other	Total
2016	\$ 41,040,930	\$ -	\$ 236,622	\$ 61,267	\$ 41,338,819
2017	42,440,008	-	239,218	19,019	42,698,245
2018	42,782,772	-	613,744	21,727	43,418,243
2019	42,876,941	-	816,515	23,669	42,717,125
2020	37,004,506	-	53,722	1,132	37,059,360
2021	29,571,562	-	52,493	296	29,624,351
2022	34,123,281	-	41,695	221	34,165,197
2023	36,518,252	-	45,279	910	36,564,441
2024	50,260,382	-	48,197	1,208	50,309,787
2025	53,244,737	-	49,815	834	53,295,386

- (1) Main Street Station parking revenue collection was transferred to the City of Richmond in fiscal year 2012. The Second Street Parking and Expressway Parking Deck facilities were transferred to the City of Richmond in fiscal year 2014.
- (2) The Stadium facility was transferred to the City of Richmond in fiscal year 2015. Main Street Station operations transferred to the City of Richmond in fiscal year 2020.



## Statistical Section

**Table 9 – Expressway System Toll Rates, Current and Historical**

	Effective Date						
	Opening (1)	July 1978	Nov. 1986	April 1988	Jan. 1998	Sept. 2008	Sept. 2023 (3)
<b>Two-Axle Vehicles</b>							
Powhite Parkway Mainline	\$0.20	\$0.25	\$0.30	\$0.35	\$0.50	\$0.70	\$1.00/\$0.90
Forest Hill Ramps	0.20	0.25	0.30	0.35	0.50	0.70	1.00/0.90
Douglasdale Ramps	0.10	0.10	0.10	0.10	0.15	0.20	0.50/0.45
Downtown Expressway Mainline	0.15	0.25	0.30	0.35	0.50	0.70	1.00/0.90
Second Street Ramps	0.10	0.10	0.10	0.20	0.25	0.35	0.50/0.45
Eleventh Street Ramps	0.10	0.10	0.10	0.15	0.20	0.30	0.50/0.45
Boulevard Bridge	0.10	0.10	0.10	0.20	0.25	0.35	0.50/0.45

	Effective Date						
	Opening (1)	July 1978	Nov. 1986	April 1988	Jan. 1998	Sept. 2008	Sept. 2023 (3)
<b>Three-Axle Vehicles</b>							
Powhite Parkway Mainline	\$0.30	\$0.35	\$0.40	\$0.45	\$0.60	\$0.60	\$1.10
Forest Hill Ramps	0.30	0.35	0.40	0.45	0.60	0.60	1.10
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.25	1.00
Downtown Expressway Mainline	0.25	0.35	0.40	0.45	0.60	0.60	1.10
Second Street Ramps	0.15	0.20	0.20	0.40	0.50	0.50	1.00
Eleventh Street Ramps	0.15	0.20	0.20	0.30	0.40	0.40	1.00
Boulevard Bridge	0.20	0.20	0.20	0.40	0.50	0.50	1.00

	Effective Date						
	Opening (1)	July 1978	Nov. 1986	April 1988	Jan. 1998	Sept. 2008	Sept. 2023 (3)
<b>Four-Axle Vehicles</b>							
Powhite Parkway Mainline	\$0.40	\$0.45	\$0.50	\$0.55	\$0.70	\$0.90	\$1.20
Forest Hill Ramps	0.40	0.45	0.50	0.55	0.70	0.90	1.20
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.40	1.10
Downtown Expressway Mainline	0.30	0.45	0.50	0.55	0.70	0.90	1.20
Second Street Ramps	0.20	0.20	0.20	0.40	0.50	0.70	1.10
Eleventh Street Ramps	0.20	0.20	0.20	0.30	0.40	0.60	1.10
Boulevard Bridge	0.20	0.20	0.20	0.40	N/A (2)	N/A (2)	N/A (2)

	Effective Date						
	Opening (1)	July 1978	Nov. 1986	April 1988	Jan. 1998	Sept. 2008	Sept. 2023 (3)
<b>Five or More-Axle Vehicles</b>							
Powhite Parkway Mainline	\$0.50	\$0.55	\$0.60	\$0.65	\$0.80	\$1.00	\$1.30
Forest Hill Ramps	0.50	0.55	0.60	0.65	0.80	1.00	1.30
Douglasdale Ramps	0.20	0.10	0.10	0.20	0.25	0.40	1.20
Downtown Expressway Mainline	0.35	0.55	0.60	0.65	0.80	1.00	1.30
Second Street Ramps	0.25	0.20	0.20	0.40	0.50	0.70	1.20
Eleventh Street Ramps	0.25	0.20	0.20	0.30	0.40	0.60	1.20
Boulevard Bridge	0.20	0.20	0.20	0.40	N/A (2)	N/A (2)	N/A (2)

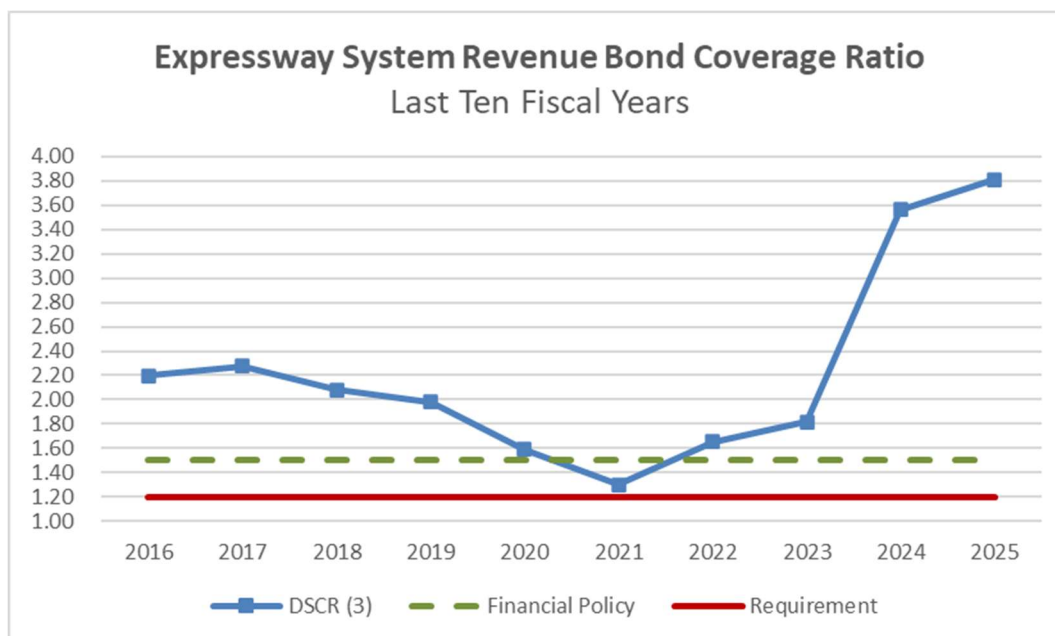
- (1) Opening dates for Authority's Expressway System facilities: Boulevard Bridge in 1969, Powhite Parkway in 1973, and Downtown Expressway in 1976.
- (2) Vehicles over three axles are no longer permitted on the Boulevard Bridge.
- (3) Cash/E-Zpass

## Statistical Section

**Table 10 – Expressway System, Revenue Bond Coverage, Last Ten Fiscal Years**

Fiscal Year	Revenues	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Principal (2)	Interest	Total Required Debt Service	DSCR (3)
2016	\$ 41,530,698	\$ 13,339,232	\$ 28,191,466	\$ 4,390,000	\$ 8,444,913	\$ 12,834,913	2.20
2017	43,024,426	13,696,689	29,327,737	4,615,000	8,280,606	12,895,606	2.27
2018	43,588,346	12,917,185	30,671,161	6,905,000	7,833,846	14,738,846	2.08
2019	43,919,109	14,703,859	29,215,250	7,265,000	7,472,389	14,737,389	1.98
2020	37,918,746	14,793,225	23,125,521	7,650,000	6,877,702	14,527,702	1.59
2021	30,380,370	11,170,652	19,209,718	8,050,000	6,725,745	14,775,745	1.30
2022	34,664,675	10,391,401	24,273,274	8,188,041	6,501,972	14,690,013	1.65
2023	36,564,441	11,947,183	24,617,258	7,650,000	5,902,548	13,552,548	1.82
2024	50,309,787	15,902,602	34,407,185	4,050,000	5,606,562	9,656,562	3.56
2025	53,295,386	16,634,660	36,660,726	4,245,000	5,373,074	9,618,074	3.81

- (1) Direct operating expenses exclude depreciation, unrealized gains/losses on investments, and preservation and capital maintenance expenses from the Repair & Contingency Fund. Expenses from the Repair & Contingency fund are funded after debt service requirements have been met.
- (2) The Authority has used available funds in the escrow asset bond retirement account to retire bonds ahead of schedule; see the Bonds Payable note disclosure for additional information.
- (3) Debt Service Coverage Ratio (DSCR) is calculated by dividing Net Revenue Available for Debt Service by the Total Required Debt Service.



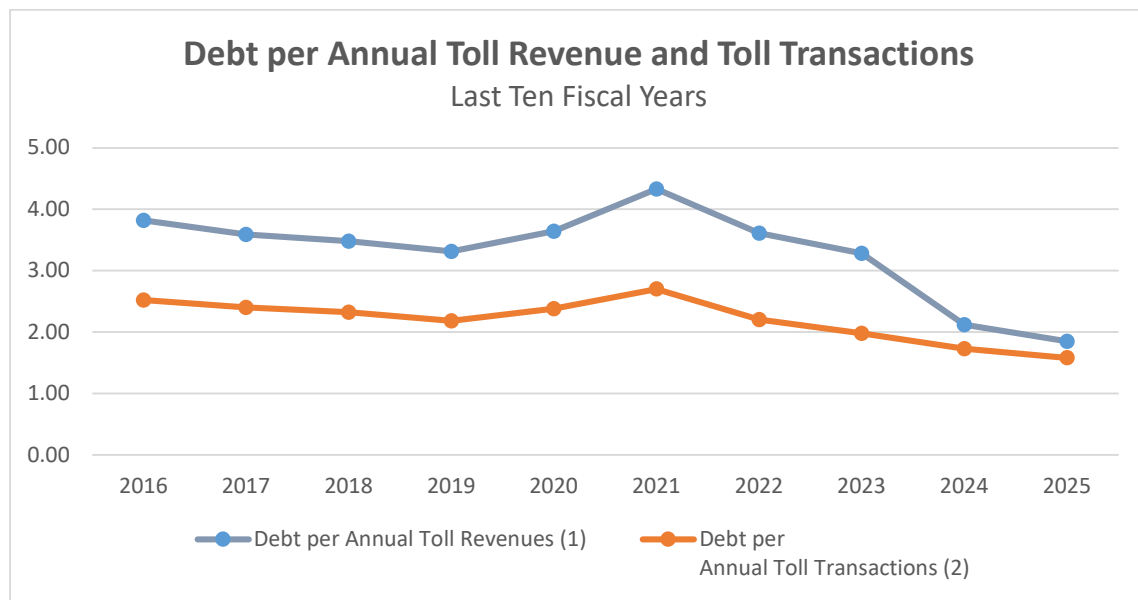
## Statistical Section

**Table 11 – Expressway System, Debt per Toll Revenues and Toll Transactions, Last Ten Fiscal Years**

Fiscal Year	Outstanding Bonds	Outstanding Subordinate Notes and Accrued Interest	Less: Debt Service Reserves	Total Debt, Net of Resources	Debt per Annual Toll Revenues (1)	Debt per Annual Toll Transactions (2)
2016	\$ 170,935,852	-	\$ (13,977,119)	\$ 156,958,733	3.82	2.52
2017	166,278,027	-	(13,821,483)	152,456,544	3.59	2.4
2018	162,776,986	-	(13,740,086)	149,036,900	3.48	2.32
2019	155,626,507	-	(13,889,343)	141,737,164	3.31	2.18
2020	148,314,552	-	(13,659,911)	134,654,641	3.64	2.38
2021	140,282,683	-	(12,780,969)	127,501,714	4.33	2.7
2022	131,872,308	-	(10,678,336)	121,197,900	3.61	2.2
2023	123,928,403	-	(7,371,378)	116,557,025	3.28	1.98
2024	119,536,729	-	(12,872,135)	106,664,594	2.12	1.73
2025	112,250,000	-	(13,782,025)	98,467,972	1.85	1.58

(1) Total debt, net of resources divided by annual toll revenue (see Table 8).

(2) Total debt, net of resources divided by annual toll transactions (see Table 14).



## Statistical Section

**Table 12 – Principal Employers and Area Employment, Last Ten Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Employer Ranking (1, 2)</b>										
Amazon	-	10	10	10	10	-	1	1	1	1
US Department of Defense	8	9	8	9	8	7	8	8	2	2
VCA Hospital	5	4	2	3	3	5	2	2	3	3
Chesterfield County School Board	4	5	6	6	6	3	3	3	4	4
Henrico County School Board	3	3	7	7	4	2	5	5	5	5
HCA Virginia Health System	7	6	5	5	7	-	7	7	7	6
Virginia Commonwealth University	1	1	1	1	1	1	6	6	8	7
Bon Secours Health System	6	7	4	4	5	6	4	4	6	8
Wal-Mart	9	8	9	8	9	9	9	9	9	9
Capital One Bank	2	2	3	2	2	4	10	10	10	10
CarMax	-	-	-	-	-	8	-	-	-	-
Richmond City Public Schools	-	-	-	-	-	10	-	-	-	-
Integrity Staffing Solutions	10	-	-	-	-	-	-	-	-	-
<b>Richmond Area Employment (3)</b>	631,095	636,068	689,437	685,100	638,200	647,057	665,184	712,073	671,413	670,078

- (1) Final quarter data for the top ten employers shown based on the most recent calendar year (2016-2025).
- (2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All employers have over 1,000 individuals employed.
- (3) Annual amounts based on the most recent calendar year (2016-2025). Total employment data obtained from the Bureau of Labor Statistics. Employment numbers are not seasonally adjusted. Historical employment data was updated in fiscal year 2020 based on revised employment estimates.

*Source: Virginia Employment Commission, Bureau of Labor Statistics*

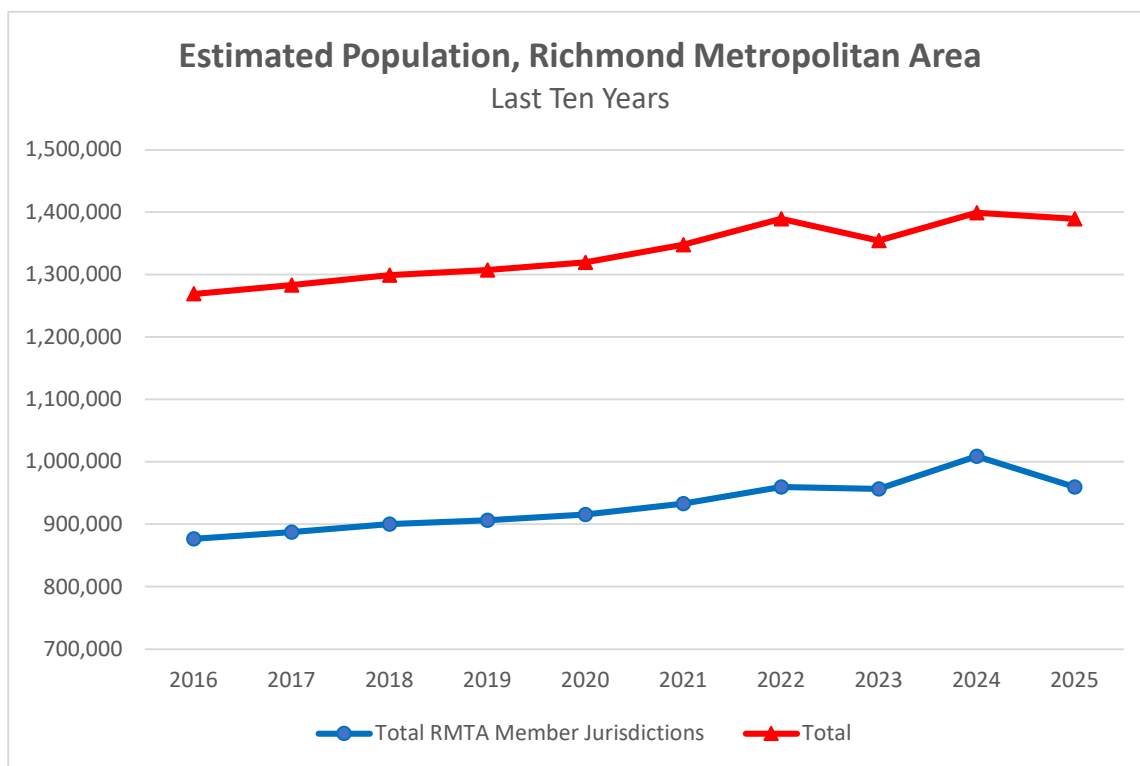
## Statistical Section

**Table 13 – Estimated Population, Richmond Metropolitan Area, Last Ten Years (1)**

Year	City of Richmond	Chesterfield County	Henrico County	Total RMTA Member Jurisdictions	Other Service Area	Total
2016	221,679	333,963	321,233	876,875	392,254	1,269,129
2017	222,853	340,020	324,395	887,268	395,693	1,282,961
2018	226,919	346,357	326,993	900,269	399,001	1,299,270
2019	226,841	350,760	328,999	906,600	400,661	1,307,261
2020	229,074	355,079	331,219	915,372	404,086	1,319,458
2021	226,632	369,943	336,226	932,792	415,191	1,347,983
2022	238,691	368,583	352,541	959,815	429,492	1,389,308
2023	229,035	387,703	339,918	956,656	397,964	1,354,620
2024	245,437	406,942	356,656	1,009,035	390,245	1,399,280
2025	238,691	368,583	352,541	959,815	429,492	1,389,308

(1) Population estimates as of July 1 of the previous year (2016-2025).

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



## Statistical Section

**Table 14 – Expressway System, Operating Indicators, Last Ten Fiscal Years**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Revenues (1):										
Powwhite Parkway	\$ 24,796,353	\$ 25,470,997	\$ 25,721,280	\$ 25,892,404	\$ 22,700,737	\$ 19,661,256	\$ 21,869,496	\$ 23,062,566	\$ 30,827,890	\$ 34,479,971
Downtown Expressway	13,674,656	13,979,051	14,216,747	14,359,468	11,738,154	8,487,473	10,828,719	12,019,282	15,656,163	16,631,747
Boulevard Bridge	1,523,353	1,510,119	1,448,157	1,419,349	1,285,439	958,446	947,914	960,748	1,158,324	1,151,997
<b>Total</b>	<b>\$ 39,994,362</b>	<b>\$ 40,960,167</b>	<b>\$ 41,386,184</b>	<b>\$ 41,671,221</b>	<b>\$ 35,769,331</b>	<b>\$ 29,107,175</b>	<b>\$ 33,646,129</b>	<b>\$ 36,042,595</b>	<b>\$ 47,642,377</b>	<b>\$ 52,263,715</b>
Vehicle Traffic Volume:										
Powwhite Parkway	36,350,428	37,354,162	37,689,222	38,172,792	34,058,075	30,315,116	33,804,764	35,764,143	38,037,419	38,244,816
Downtown Expressway	21,561,269	21,863,219	22,460,081	22,701,568	18,820,763	14,236,125	18,103,616	19,881,654	20,505,819	21,009,449
Boulevard Bridge	4,343,172	4,332,640	4,206,077	4,046,748	3,660,223	2,892,141	3,101,684	3,268,183	3,178,727	3,038,950
<b>Total</b>	<b>62,254,869</b>	<b>63,550,021</b>	<b>64,355,380</b>	<b>64,921,108</b>	<b>56,539,061</b>	<b>47,443,382</b>	<b>55,010,064</b>	<b>58,913,980</b>	<b>61,721,965</b>	<b>62,293,215</b>
Avg. Toll (2)	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.63	\$ 0.61	\$ 0.62	\$ 0.61	\$ 0.77	\$ 0.84
E-ZPass % (3)	66.50%	68.60%	70.60%	72.00%	73.50%	74.60%	76.90%	76.70%	76.50%	77.60%
Lane Miles	50.15	50.15	50.15	50.15	50.15	50.15	50.15	50.15	50.15	50.15

- (1) Toll revenues excludes violation enforcement revenue. Toll rates were last increased in September 2023 (fiscal year 2024).
- (2) Average toll is determined by dividing toll revenues by traffic volumes.
- (3) Transactions paid via E-ZPass as a percentage of total traffic.

## Statistical Section

**Table 15 – Employees by Identifiable Activity, Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expressway System										
Full time	84	84	82	89	84	53	49	49	48	49
Part time	37	36	31	27	30	8	13	11	20	13
	<u>121</u>	<u>120</u>	<u>113</u>	<u>116</u>	<u>114</u>	<u>61</u>	<u>62</u>	<u>60</u>	<u>68</u>	<u>62</u>
Central Administration										
Full time	13	12	10	17	16	12	11	12	11	11
Part time	1	1	1	1	2	1	1	1	1	1
	<u>14</u>	<u>13</u>	<u>11</u>	<u>18</u>	<u>18</u>	<u>13</u>	<u>12</u>	<u>13</u>	<u>12</u>	<u>12</u>
Main Street Station										
Full time	2	2	1	2	-	-	-	-	-	-
Part time	-	-	11	-	-	-	-	-	-	-
	<u>2</u>	<u>2</u>	<u>12</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total										
Full time	99	98	93	108	100	65	60	61	59	60
Part time	38	37	43	28	32	9	14	12	21	14
	<u>137</u>	<u>135</u>	<u>136</u>	<u>136</u>	<u>132</u>	<u>74</u>	<u>74</u>	<u>73</u>	<u>80</u>	<u>74</u>



# Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Specifications for Audits of Authorities, Boards, and Commissions (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Expressway System major fund and the aggregate remaining fund information of the Richmond Metropolitan Transportation Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 3, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below as item 2025-001, that we consider to be a significant deficiency.

**2025-001 – Improper Cutoff for Accounts Payable**

Criteria: United States generally accepted accounting principles (U.S. GAAP), promulgated by the Government Accounting Standards Board (GASB), prescribes accounting for proprietary fund financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. Which means revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions should be recognized when the exchange takes place.

Condition: We identified a transaction which was improperly excluded from accounts payable for the fiscal year ended June 30, 2025.

Effect: This resulted in a passed adjustment to increase accounts payable and the related expense in the amount of approximately \$185,000.

Cause: There are controls within the accounting information system to properly accrue for accounts payable as of the fiscal year-end. However, the accounting information system's controls did not operate as designed to identify and record the balances at year-end.

Recommendation: We recommend that management review the design of established controls and implement the changes necessary to allow for the proper accounting of accounts payable on an ongoing basis.

Views of Responsible Officials: Management agrees with the finding.

### **Report on Compliance and Other Matters**

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

### **Richmond Metropolitan Transportation Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described previously. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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



Richmond, Virginia  
December 3, 2025