

STATE ROAD AND TOLLWAY AUTHORITY
(A Component Unit of the State of Georgia)
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

STATE ROAD AND TOLLWAY AUTHORITY

FINANCIAL REPORT

JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

**To the Members of the
State Road and Tollway Authority
Atlanta, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **State Road and Tollway Authority (the Authority)**, a component unit of the State of Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the State Road and Tollway Authority as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State Road and Tollway Authority's basic financial statements. The accompanying Cash and Cash Equivalents Schedule is supplementary information and presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 17, 2012

STATE ROAD AND TOLLWAY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a Discussion and Analysis of the financial performance of the State Road and Tollway Authority (SRTA). It is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in SRTA's financial position for the year ended June 30, 2012. The Authority is a public corporation and body corporate responsible for financing transportation projects in the state of Georgia. The Authority maintains and operates two tolling facilities as well as a state-wide electronic toll collection customer service center. Additionally, SRTA manages a bond financing program and administers a transportation infrastructure bank program. The Management's Discussion and Analysis is designed to be read in conjunction with SRTA's financial statements.

Financial Highlights

Georgia 400 Corridor: The Authority operates the GA 400 Extension, a 6.2 mile system that was completed in 1993. The GA 400 extension got its start with funding through the 1987 Federal Highway Act, which provided \$98 million for a "High Technology Demonstration Project" to bring electronic toll collection using automated vehicle identification to the Atlanta metropolitan area. During the year ended June 30, 2011, SRTA issued \$40 million in Series 2010 Toll Revenue Bonds. The issuance of these bonds enabled SRTA to enter into a Memorandum of Understanding "MOU" with the Georgia Department of Transportation (GDOT) to use the bond proceeds to fund improvements to the Georgia 400 Extension Project. In addition, SRTA agreed to commit an additional \$27,343,000 to fund transportation improvement projects within the Georgia 400 Corridor. During the year ended June 30, 2012 traffic on GA 400 extension totaled 41.2 million transactions resulting in toll revenue of \$19,948,774 and violation processing fees of \$398,760. Toll revenue increased by 1.2% over the year ended June 30, 2011 and traffic increased 2.5%. Violation processing fees decreased by 23% from the year ended June 30, 2011.

I-85 Corridor Express Lanes: The I-85 Express Lanes project converted approximately 16 miles of the existing High Occupancy Vehicle (HOV) Lanes to High Occupancy Toll (HOT) Lanes on I-85 from Old Peachtree Road to Chamblee Tucker Road. The Express Lanes Project was constructed in connection with the \$110 million Congestion Reduction Demonstration Program grant awarded to the Atlanta region by the United States Department of Transportation. As of June 30, 2012, \$22,680,166 has been invested in capital assets relating to this project by SRTA. This investment was primarily funded with contributions provided by GDOT from State of Georgia general obligation bond proceeds. The project opened to traffic on September 30, 2011 and accordingly, SRTA began depreciating the asset during the year ended June 30, 2012. At June 30, 2012, the net book value of the asset was \$18,771,149. During the year ended June 30, 2012 SRTA collected \$2,350,730 in toll revenue from 2.8 million trips. All users of the lane must be registered with the Peach Pass Customer Service Center and pay their toll electronically. Registered users with three or more occupants and certain emergency, military and transit vehicles can use the lane without paying a toll. Vehicles that use the lane without a Peach Pass or cross double white lines are issued violations. Violation processing fees on I-85 were \$63,896. Violation processing on I-85 was temporarily suspended during a portion of the year ended June 30, 2012 to provide a grace period for customers to obtain and properly install new Peach Pass devices and adapt to new toll road business rules.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Customer Service Center (CSC) Fund: During the year ended June 30, 2012 SRTA opened an additional toll facility, the I-85 Express Lanes. In order to facilitate the appropriate allocation of common costs relating to electronic toll collection, SRTA established an internal service fund for the CSC. Cash and customer prepaid toll deposits that previously resided in the GA 400 fund and the 2011 ending transponder inventory from the I-85 fund now reside in the CSC internal service fund. The CSC Fund records revenues to cover direct expenses by charging a base fee of \$0.15 per transaction and a variable fee of 3.75% of revenue for the credit card fees with a corresponding expense to the two respective enterprise funds, GA 400 and I-85. Violation administration fees are revenue to the CSC Fund with a corresponding expense to the two respective enterprise funds, GA 400 and I-85. All actual expenses of the CSC operations are reflected and recorded in the CSC Fund. Toll and fee revenues directly related to the two respective enterprise funds are recorded and reflected in the appropriate enterprise fund.

Georgia Transportation Infrastructure Bank: In April 2008, House Bill 1019 was signed into law providing for the establishment of a Transportation Infrastructure Bank within the State Road and Tollway Authority. The Georgia Transportation Infrastructure Bank (GTIB) is a revolving infrastructure investment fund which operates similar to a bank. The GTIB can administer loans and grants to eligible state, regional, and local government entities to fund eligible transportation projects. From the inception of the program through June 30, 2012, \$19,840,962 in grants and loans have been awarded of which \$4,196,139 of funds have been disbursed. See Note 13 in the Notes to the Financial Statements for additional information.

Bond Management Program (Debt Service Fund): Pursuant to section 32-10-90 and 32-10-90.1 of the Authority Act, SRTA has the ability to issue and manage Revenue and GARVEE bonds for the purpose of funding transportation projects for the State of Georgia. The Authority has issued bonds for transportation projects which have been constructed and owned by GDOT. After the bonds are issued, SRTA coordinates with GDOT and the bond trustee to ensure: (1) the timely spend-down of bond proceeds; (2) motor fuel and federal revenues are collected and remitted to the trustee to meet debt service payments; and, (3) other bond management responsibilities are met. At June 30, 2012, SRTA has \$1,176,790,000 outstanding in GARVEE Bonds and \$403,450,000 outstanding in Guaranteed Revenue Bonds. See Note 8 in the Notes to the Financial Statements for further information on SRTA's outstanding debt.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to SRTA's basic financial statements. The Authority's basic financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional supplementary information to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of SRTA's finances, in a manner similar to private-sector business reports.

The *Statement of Net Assets* presents information on all SRTA assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of SRTA is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Activities* presents information showing how SRTA's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements only include the operations of SRTA. The Authority is considered a blended component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational, and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of SRTA's funds can be classified into the categories of *Governmental Funds and Proprietary Funds*.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that are available to be expended in SRTA's normal operations, as well as balances of resources available at the end of the fiscal year. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. The Georgia Transportation Infrastructure Bank (GTIB) Fund is used to account for SRTA's transportation infrastructure loan and grant program. The Debt Service Fund is used to account for all the governmental financing activities of SRTA and the General Fund is used to account for all governmental activities of SRTA not otherwise accounted for by Debt Service, Government Transportation Infrastructure Bank, and proprietary specific funds.

Proprietary Funds. The Authority maintains three proprietary funds, of which two are enterprise funds and one is an internal service fund. These funds are used to report the same functions as those presented as *business-type activities* in the government-wide financial statements. The Authority uses enterprise funds to account for its Tollway operations in Atlanta, Georgia for the Georgia 400 Extension, the I-85 Express Lanes project, as well as an internal service fund to account for the Customer Service Center operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Authority's net assets are the difference between its assets (i.e., what SRТА owns) and its liabilities (i.e., what SRТА owes) at the end of a fiscal year. This balance represents one way to measure SRТА's financial health or its financial position. In the case of the State Road and Tollway Authority, liabilities exceeded assets by \$1,527,023,833 at the close of the most recent fiscal year. The negative net assets are attributable to the General Authority Governmental Fund bond management program. Under this program, SRТА issues debt for the purpose of financing transportation projects in the State of Georgia. When completed, these projects are reported as assets on the State of Georgia's financial statements, while the debt associated with these projects is reported as a liability on SRТА's financial statements.

Because SRТА is a blended component unit of the State of Georgia when consolidated into the State of Georgia's Comprehensive Annual Financial Report, SRТА's negative net assets reflected in the governmental activities are offset by the related transportation assets on the State of Georgia's financial statements. If the bonds related to these transportation assets were removed from SRТА's financial statements, the adjusted net assets for governmental activities would be a positive \$86,983,076, which is an increase of \$5,741,806 from the prior year of \$81,241,270.

Funds to meet debt service obligations on the bonds are paid to SRТА from state motor fuel taxes or grant revenue from the federal government. Specifically, the General Authority issues bonds for transportation projects in the State of Georgia which are constructed and owned by the Georgia Department of Transportation (GDOT). An individual account is established for each bond issue. The proceeds from the bonds are maintained in the individual bond accounts. The GDOT remits invoices to SRТА for payment from the bond accounts. The GDOT collects motor fuel and federal revenues for State of Georgia transportation projects and is required to remit payments to SRТА for the bond sinking fund debt service requirements. As the bond proceeds are expended, the total asset amounts are reduced. GAAP does not allow SRТА to reflect a long-term accounts receivable from the GDOT. As a result, the bond proceeds are reduced faster than the receipt of funds from the DOT for payment of the bond debt obligations, which causes a negative net asset balance at June 30, 2012. Additionally, because the projects are owned by the State of Georgia, when completed, they are shown as assets on the State of Georgia's financial statements and not on SRТА's financial statements, thus resulting in a negative net asset balance at June 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Assets. The following table provides a comparison of SRTA's net assets at June 30, 2012 and June 30, 2011. The schedule provides comparative information for both the governmental and business-type activities. For presentation purposes, the amounts shown have been rounded to the nearest dollar.

Comparative Schedule of Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Assets:						
Other Assets	\$ 88,651,032	\$ 84,837,871	\$ 77,868,160	\$ 90,296,999	\$ 166,519,192	\$ 175,134,870
Capital Assets	9,204,211	9,266,057	29,128,527	18,810,415	38,332,738	28,076,472
	<u>\$ 97,855,243</u>	<u>\$ 94,103,928</u>	<u>\$ 106,996,687</u>	<u>\$ 109,107,414</u>	<u>\$ 204,851,930</u>	<u>\$ 203,211,342</u>
Liabilities:						
Current Liabilities	\$ 10,713,945	\$ 12,758,472	\$ 10,704,327	\$ 7,189,153	\$ 21,418,272	\$ 19,947,625
Long-Term Liabilities:						
Current Portion	158,044,111	151,782,093	6,084,745	5,907,460	164,128,856	157,689,553
Noncurrent Portion	1,520,858,890	1,696,891,925	25,469,745	31,392,460	1,546,328,635	1,728,284,385
	<u>\$ 1,689,616,946</u>	<u>\$ 1,861,432,490</u>	<u>\$ 42,258,817</u>	<u>\$ 44,489,073</u>	<u>\$ 1,731,875,763</u>	<u>\$ 1,905,921,563</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 9,204,211	\$ 9,266,057	\$ 27,458,751	\$ 18,810,415	\$ 36,662,962	\$ 28,076,472
Restricted for Loan and Grant Programs	60,413,556	62,550,564	26,274,244	-	86,687,800	62,550,564
Unrestricted	(1,661,379,470)	(1,839,145,183)	11,004,875	45,807,926	(1,650,374,595)	(1,793,337,257)
	<u>\$ (1,591,761,703)</u>	<u>\$ (1,767,328,562)</u>	<u>\$ 64,737,870</u>	<u>\$ 64,618,341</u>	<u>\$ (1,527,023,833)</u>	<u>\$ (1,702,710,221)</u>

SRTA's net assets increased from \$(1,702,710,221) to \$(1,527,023,833) during the current fiscal year. The change in net assets was \$175,686,388. The principal factors contributing to the increase for the year ended June 30, 2012 were attributed to the payment of governmental activity debt service.

Financial Analysis of SRTA's Funds

Governmental Funds: The governmental funds, which are comprised of the General Fund, Debt Service, and GTIB, are the governmental operating funds of SRTA.

At June 30, 2012, the governmental funds, in aggregate, had combined fund balances of \$80,491,933. A further breakdown of the aggregate governmental fund balances reflects: (1) unassigned fund balance of \$11,703,381, primarily consisting of cash and interfund receivables; (2) \$21,021,058, primarily consisting of motor fuel tax payments received from GDOT that will be used to pay debt service on the bonds; (3) a fund balance of \$39,383,398 for loan and grant programs (GTIB); and (4) nonspendable fund balance of \$8,384,096 consisting of prepaid expenses and advances to other funds.

The positive fund balance on the Governmental Fund Balance Sheet does not include the long-term debt and bond liabilities. The Statement of Net Assets for Governmental Activities which shows negative net assets of \$(1,591,761,703) includes bond liabilities of \$(1,678,744,779). See the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets contained in the financial statements and discussion above for more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds: The proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Georgia 400 Extension: The Georgia 400 Extension is a proprietary fund of SRTA. The Authority maintained a business-type proprietary fund for toll operations of the GA 400 Extension during the fiscal year ending June 30, 2012. Total net assets of the GA 400 Proprietary Fund were \$50,391,480. Investments in capital assets net of related debt were \$8,687,602 and the unrestricted net assets of the Georgia 400 Project at June 30, 2012 were \$15,429,634. Restricted net assets of \$26,274,244 consist primarily of amounts on deposit with bond trustee pursuant to the GA 400 Toll Revenue bond indenture as well as amount reserved pursuant to a memorandum of understanding with GDOT to fund certain transportation improvements on the GA 400 Corridor.

I-85 Express Lanes Project: The I-85 Express Lanes Project is also a proprietary fund of SRTA. The Authority maintained a business-type proprietary fund for this project during the year ending June 30, 2012. The unrestricted net assets of the I-85 Express Lanes Project at June 30, 2012 were (\$6,529,685).

Customer Service Center (CSC) Fund: The CSC Fund is an internal service fund of SRTA used to report activities related to managing toll paying customer accounts and non-customer violations relating to the proprietary funds described above. The Authority maintained a business-type internal service fund for customer service operations during the year ending June 30, 2012. The unrestricted net assets of the CSC at June 30, 2012 were \$2,104,926. See Note 1 in the Notes to the Financial Statements for further information on the Customer Service Center Fund.

Capital Assets and Debt Administration

Capital Assets: The net assets invested in capital assets for the year were \$36,662,962, representing an increase of \$8,586,490 from the prior fiscal year. This increase is primarily related to the additional investment required to complete the I-85 Express lane project. Additional information on SRTA's capital assets can be found in the notes to the financial statements.

Long-Term Debt: At June 30, 2012, SRTA had total long-term debt of \$1,710,457,491 which was comprised of \$1,678,744,779 in Guaranteed Revenue and GARVEE Bonds in governmental activities, \$31,305,000 in Toll Revenue Bonds in the business-type activities and \$407,712 in compensated absences. Additional information on SRTA's long-term debt can be found in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities. The following table provides a summary comparison of the Authority's Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2012 and June 30, 2011. The schedule provides comparative information for both the governmental and business-type activities. For presentation purposes, the amounts shown have been rounded to the nearest dollar.

Comparative Summary of Activities						
	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:						
Program Revenues:						
Charges for Services	\$ -	\$ -	22,917,245	20,240,930	22,917,245	20,240,930
Capital Grants and Contributions	-	-	9,260,237	10,380,722	9,260,237	10,380,722
General Revenues:						
Rents and Royalties Unrestricted	-	-	52,740	51,787	52,740	51,787
Investment Earnings	137,796	314,697	55,568	38,295	193,364	352,992
Miscellaneous Income	36,321	-	-	-	36,321	-
Total Revenues	\$ 174,117	\$ 314,697	\$ 32,285,790	\$ 30,711,734	\$ 32,459,907	\$ 31,026,431
Expenses:						
General Government	\$ 2,553,307	\$ 3,797,722	-	-	2,553,307	3,797,722
GTIB Infrastructure Grants Dispersed	3,938,019	-	-	-	3,938,019	-
Interest on Long-Term Debt	67,056,109	77,170,650	-	-	67,056,109	77,170,650
Transportation	-	-	-	-	-	-
Toll Roads	-	-	19,670,196	11,158,802	19,670,196	11,158,802
Total Expenses	\$ 73,547,435	\$ 80,968,372	\$ 19,670,196	\$ 11,158,802	\$ 93,217,631	\$ 92,127,174
	\$ (73,373,318)	\$ (80,653,675)	\$ 12,615,594	\$ 19,552,932	\$ (60,757,724)	\$ (61,100,743)
Other Items:						
Interfund Transfers	\$ 12,496,065	-	(12,496,065)	-	-	-
Transfers from GDOT	51,248,860	134,332,616	-	-	51,248,860	134,332,616
Payments from the State of Georgia	185,195,252	104,913,132	-	-	185,195,252	104,913,132
Total Other Items	\$ 248,940,177	\$ 239,245,748	\$ (12,496,065)	\$ -	\$ 236,444,112	\$ 239,245,748
Change in Net Assets	\$ 175,566,859	\$ 158,592,073	\$ 119,529	\$ 19,552,932	\$ 175,686,388	\$ 178,145,005
Net Assets - Beginning	(1,767,328,562)	(1,925,920,635)	64,618,341	45,065,409	(1,702,710,221)	(1,880,855,226)
Net Assets - Ending	<u>\$ (159,176,170)</u>	<u>\$ (1,767,328,562)</u>	<u>\$ 64,737,870</u>	<u>\$ 64,618,341</u>	<u>\$ (152,023,833)</u>	<u>\$ (1,702,710,221)</u>

Revenues. Total charges for services for business-type activities increased by 13.2% from \$20,240,930 in the year ended June 30, 2011 to \$22,917,245 in the year ended June 30, 2012 primarily due to opening the I-85 HOT lane on September 30, 2011. Other revenue for business-type activities decreased 10.5% from \$10,470,804 in the year ended June 30, 2011 to \$9,368,544 in the year ended June 30, 2012 primarily due to a reduction in the amount of capital grants and contributions received for the I-85 Express Lanes project. Total revenues for government-type activity decreased by 44.7% from \$314,697 in the year ended June 30, 2011 to \$174,118 in the year ended June 30, 2012 due to a significant decrease in unrestricted investment earnings.

Expenses. General government expenses for SRTA decreased by 9% from \$80,968,372 in the year ended June 30, 2011 to \$73,547,435 in the year ended June 30, 2012 primarily due to a reduction in interest expense on bonds payable and a decrease in general government expenses offset by an increase in grant distributions related to the Georgia Transportation Infrastructure Bank (GTIB). Total expenses for the GA 400 and I-85 Express Lanes projects increased from \$11,158,802 in the year ended June 30, 2011 to \$19,670,195 in the year ended June 30, 2012, an increase of approximately \$8.2 million. This was primarily due to \$2.3 million in grants to GDOT for GA 400 corridor

MANAGEMENT'S DISCUSSION AND ANALYSIS

projects and \$3.9 mil in depreciation expenses on I-85 as well as \$2 million in additional expenses over prior year due to the opening of the I-85 Express Lane Project. These additional expenses were offset by the \$2.4 million in revenue generated from the I-85 Express Lane Project.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning SRTA's fund financial statements.

Budget

The Authority approves a budget for management purposes. The budget is neither subject to review nor approval by the Legislature of the State of Georgia and, therefore, is a non-appropriated budget.

Further Information

This financial report is designed to provide a general overview of the State Road and Tollway Authority's finances for all those individuals having an interest in SRTA's finances. Questions concerning any of the information provided in this report should be addressed to: State Road and Tollway Authority, 47 Trinity Avenue, 4th Floor, Atlanta, Georgia 30334.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET ASSETS FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities	Business-Type Activities	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,340,425	\$ 9,120,621	\$ 17,461,046
Restricted Assets:			
Cash and Cash Equivalents	62,181,602	67,117,832	129,299,434
Accounts Receivable, Net	948	2,148,290	2,149,238
Internal Balances	10,118,096	(10,118,096)	-
Inventories	-	362,718	362,718
Prepaid Items	21,341	74,681	96,022
Capitalized Bond and Other Debt Issuance Costs	7,988,620	200,801	8,189,421
Estate for Years, net	-	8,961,313	8,961,313
Capital Assets, Non-Depreciable	8,982,936	10,091,046	19,073,982
Capital Assets, Depreciable (Net of Accumulated Depreciation)	221,275	19,037,481	19,258,756
Total Assets	\$ 97,855,243	\$ 106,996,687	\$ 204,851,930
<u>LIABILITIES</u>			
Accounts Payable and other Current Liabilities	\$ 170,479	\$ 5,174,538	\$ 5,345,017
Accrued Liabilities	-	932,008	932,008
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	10,543,466	66,523	10,609,989
Deposits and Deferred Revenues	-	4,531,258	4,531,258
Long-Term Liabilities:			
Due Within One Year	157,965,000	5,960,000	163,925,000
Due in More Than One Year	1,520,779,779	25,345,000	1,546,124,779
Compensated Absences due within one year	79,111	124,745	203,856
Compensated Absences due in more than one year	79,111	124,745	203,856
Total Liabilities	\$ 1,689,616,946	\$ 42,258,817	\$ 1,731,875,763
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 9,204,211	\$ 27,458,751	\$ 36,662,962
Restricted for :			
Loan and Grant Programs	39,375,211	-	39,375,211
Debt Service (guaranteed revenue bond covenant accounts)	21,038,345		21,038,345
Debt Service		563,190	563,190
Agreements under Memorandum of Understanding with Georgia Department of Transportation	-	24,412,534	24,412,534
Operations and Maintenance	-	1,298,520	1,298,520
Unrestricted (Deficit)	(1,661,379,470)	11,004,875	(1,650,374,595)
Total Net Assets	\$ (1,591,761,703)	\$ 64,737,870	\$ (1,527,023,833)
Total Liabilities and Net Assets	\$ 97,855,243	\$ 106,996,687	\$ 204,851,930

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,553,307	\$ -	\$ -	\$ -	\$ (2,553,307)	\$ -	\$ (2,553,307)
GTIB Infrastructure Grants Disbursed	3,938,019	-	-	-	(3,938,019)	-	(3,938,019)
Debt Service:							
Interest on Short-Term and Long-Term Debt	67,056,109	-	-	-	(67,056,109)	-	(67,056,109)
Total Governmental Activities	73,547,435	-	-	-	(73,547,435)	-	(73,547,435)
Business-type Activities							
I-85 HOV to HOT Project	9,440,505	2,417,103	-	9,260,237	-	2,236,835	2,236,835
Georgia 400 Toll Road	10,229,691	20,500,142	-	-	-	10,270,451	10,270,451
Total Business-Type Activities	19,670,196	22,917,245	-	9,260,237	-	12,507,286	12,507,286
Total	\$ 93,217,631	\$ 22,917,245	\$ -	\$ 9,260,237	\$ (73,547,435)	\$ 12,507,286	\$ (61,040,149)
General Revenues							
Rents and Royalties					-	52,740	52,740
Unrestricted investment earnings					137,796	55,568	193,364
Payments from the State of Georgia					51,248,860	-	51,248,860
Miscellaneous Income					36,321	-	36,321
					\$ 51,422,977	\$ 108,308	\$ 51,531,285
Transfers							
Transfers from the Department of Transportation					185,195,252	-	185,195,252
Interfund Transfers					12,496,065	(12,496,065)	-
					\$ 197,691,317	\$ (12,496,065)	\$ 185,195,252
Total General Revenues and Transfers					\$ 249,114,294	\$ (12,387,757)	\$ 236,726,537
Change in Net Assets					\$ 175,566,859	\$ 119,529	\$ 175,686,388
Net Assets - Beginning of Year					(1,767,328,562)	64,618,341	(1,702,710,221)
Net Assets - Ending of Year					\$ (1,591,761,703)	\$ 64,737,870	\$ (1,527,023,833)

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2012

	General Fund	Debt Service Fund	GTIB Fund	Total
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,332,238	\$ -	\$ 8,187	\$ 8,340,425
Cash and Cash Equivalents - Restricted	1,536,150	21,270,241	39,375,211	62,181,602
Accounts Receivable, Net	948	-	-	948
Due From Other Funds	2,004,524	-	-	2,004,524
Prepaid Items	4,054	17,287	-	21,341
Advances to Other Funds	8,362,755	-	-	8,362,755
Total Assets	\$ 20,240,669	\$ 21,287,528	\$ 39,383,398	\$ 80,911,595
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ 137,738	\$ -	\$ -	\$ 137,738
Payroll Withholdings Payable	32,741	-	-	32,741
Due to Other Funds	-	249,183	-	249,183
Total Liabilities	\$ 170,479	\$ 249,183	\$ -	\$ 419,662
FUND BALANCES				
Nonspendable	\$ 8,366,809	\$ 17,287	\$ -	\$ 8,384,096
Restricted	-	21,021,058	39,375,211	60,396,269
Assigned	-	-	8,187	8,187
Unassigned	11,703,381	-	-	11,703,381
Total Fund Balances	\$ 20,070,190	\$ 21,038,345	\$ 39,383,398	\$ 80,491,933
Total Liabilities and Fund Balances	\$ 20,240,669	\$ 21,287,528	\$ 39,383,398	\$ 80,911,595

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Total Fund Balances - Governmental Funds \$ 80,491,933

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 8,982,936	
Depreciable Fixed Assets, net of Accumulated Depreciation	<u>221,275</u>	9,204,211

Other Long-Term Assets are not available to pay for current period expenditures and therefore, are deferred on the Statement of Net Assets.

Deferred Charges - Capitalized Bond Issuance Costs		9,761,084
Less: Amortization of bond issuance costs		(1,772,464)
Less: Write-off of bond issue costs per refunding		(3,326,138)

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-Term Liabilities at year-end consist of:

Guaranteed revenue bonds payable (unrefunded)	(59,030,000)	
Premium on guaranteed revenue bonds payable	(4,056,517)	
Less: Write-off portion of bond premium per refunding	938,262	
Deferred amount on refunding	15,812,634	
Grant anticipation revenue bonds payable	(943,895,000)	
Premium on grant anticipation revenue bonds payable	(63,638,934)	
Less: Amortization premium on grant anticipation revenue bonds payable	11,644,950	
Reimbursement revenue bonds payable	(232,895,000)	
Premium on reimbursement revenue bonds payable	(8,896,048)	
Less: Amortization premium on reimbursement revenue bonds payable	1,560,658	
Guaranteed revenue refunding bonds payable	(344,420,000)	
Premium on guaranteed revenue refunding bonds payable	(55,820,966)	
Less: Amortization premium on guaranteed revenue bonds payable	7,277,320	
Accrued Interest	(10,543,466)	
Compensated Absences Payable	<u>(158,222)</u>	<u>(1,686,120,329)</u>

Net Assets of Governmental Activities **\$ (1,591,761,703)**

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2012

	General Fund	Debt Service Fund	GTIB Fund	Total
REVENUES				
Intergovernmental Income	\$ -	\$ 236,444,112	\$ -	\$ 236,444,112
Investment Earnings	61,970	12,202	63,624	137,796
Other Income	32,322	-	4,000	36,322
Total Revenues	<u>\$ 94,292</u>	<u>\$ 236,456,314</u>	<u>\$ 67,624</u>	<u>\$ 236,618,230</u>
EXPENDITURES				
General Government	2,367,972	55,054	14,399	2,437,425
GTIB Infrastructure Grants Disbursed	-	-	3,938,019	3,938,019
Debt Services	-	-	-	-
Principal	-	151,730,000	-	151,730,000
Interest	-	83,161,696	-	83,161,696
Total Expenditures	<u>\$ 2,367,972</u>	<u>\$ 234,946,750</u>	<u>\$ 3,952,418</u>	<u>\$ 241,267,140</u>
Excess of Revenues over (under) Expenditures	<u>\$ (2,273,680)</u>	<u>\$ 1,509,564</u>	<u>\$ (3,884,794)</u>	<u>\$ (4,648,910)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,496,065	-	225,000	12,721,065
Transfers Out	(225,000)	-	-	(225,000)
Total Other Financing Sources (Uses)	<u>\$ 12,271,065</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 12,496,065</u>
Net Change in Fund Balances	<u>\$ 9,997,385</u>	<u>\$ 1,509,564</u>	<u>\$ (3,659,794)</u>	<u>\$ 7,847,155</u>
Fund Balances - Beginning	<u>10,072,805</u>	<u>19,528,781</u>	<u>43,043,192</u>	<u>72,644,778</u>
Fund Balances - Ending	<u>\$ 20,070,190</u>	<u>\$ 21,038,345</u>	<u>\$ 39,383,398</u>	<u>\$ 80,491,933</u>

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds \$ 7,847,155

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital Outlays are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of Capital Assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$ 15,116	
Depreciation Expense	<u>(76,962)</u>	(61,846)

Repayment of Long-Term Debt is reported as an expenditure in Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Grant Anticipation Revenue Bonds Principal Retirement	\$ 97,755,000	
Reimbursement Revenue Bonds Principal Retirement	24,805,000	
Guaranteed Revenue Bonds Principal Retirement	<u>29,170,000</u>	151,730,000

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds. These activities consist of:

Amortization of Deferral of gain on refunding of bonds	\$ (3,326,139)	
Amortization of Premium of Grant Anticipation Revenue Bonds Payable	11,644,950	
Amortization of Premium of Reimbursement Revenue Bonds Payable	1,560,658	
Amortization Write-off of Premium Guaranteed Revenue Bonds Payable from Refunding	7,277,320	
Amortization of Premium Guaranteed Revenue Bonds Payable	938,262	
Amortization of Grant Anticipation Revenue Bonds Issuance Costs	(1,091,818)	
Amortization of Reimbursement Revenue Bonds Issuance Costs	(297,041)	
Amortization of Guaranteed Revenue Bonds Issuance Costs from Refunding	(245,744)	
Amortization of Premium Guaranteed Revenue Cost of Issuance	(137,861)	
Net (Increase) Decrease in Accrued Interest on Issuance of Bonds	(217,001)	
(Increase) Decrease in Compensated Absences	<u>(54,036)</u>	<u>16,051,550</u>

Change in Net Assets of Governmental Activities **\$ 175,566,859**

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 7,397,965	\$ 1,022,740	\$ 8,420,705	\$ 699,916
Accounts Receivable, Net:				
GDOT Grants	-	2,140,778	2,140,778	-
Postpaid Toll	-	-	-	7,283
Other	229	-	229	-
Inventories	-	-	-	362,718
Prepaid Items	59,453	15,228	74,681	-
Due From Other Funds/Interfund	-	75,909	75,909	1,119,978
Restricted Current Assets:				
Cash and Cash Equivalents	61,480,264	-	61,480,264	5,637,568
Total Current Assets	<u>\$ 68,937,911</u>	<u>\$ 3,254,655</u>	<u>\$ 72,192,566</u>	<u>\$ 7,827,463</u>
NONCURRENT ASSETS				
Estate for Years:	67,508,129	-	67,508,129	-
Accumulated Amortization	(58,546,816)	-	(58,546,816)	-
Estate for Years, net	<u>8,961,313</u>	<u>-</u>	<u>8,961,313</u>	<u>-</u>
Deferred Charges, unamortized balance	200,801	-	200,801	-
Capital Assets:				
Non-Depreciable				
Construction in Progress	10,023,954	67,092	10,091,046	-
Depreciable				
Buildings	4,938,197	-	4,938,197	-
Improvements Other than Buildings	2,238,203	-	2,238,203	-
Machinery and Equipment	4,498,678	22,613,074	27,111,752	-
Infrastructure	132,891	-	132,891	-
Computer Software	1,128,117	-	1,128,117	-
Other Assets	33,925	-	33,925	-
Accumulated Depreciation	(12,636,587)	(3,909,017)	(16,545,604)	-
Total Capital Assets	<u>10,357,378</u>	<u>18,771,149</u>	<u>29,128,527</u>	<u>-</u>
Total Noncurrent Assets	<u>\$ 19,519,492</u>	<u>\$ 18,771,149</u>	<u>\$ 38,290,641</u>	<u>\$ -</u>
Total Assets	<u>\$ 88,457,403</u>	<u>\$ 22,025,804</u>	<u>\$ 110,483,207</u>	<u>\$ 7,827,463</u>

	<u>Georgia 400 Extension Fund</u>	<u>I-85 Express Lane Fund</u>	<u>Totals</u>	<u>Customer Service Center Fund</u>
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts Payable	\$ 2,151,080	\$ 316,170	\$ 2,467,250	\$ 30,853
Contracts Payable	2,132,613	543,822	2,676,435	-
Retainages Payable	116,895	484,115	601,010	-
Accrued Liabilities	195,087	-	195,087	135,911
Due To Other Funds	1,969,521	8,362,755	10,332,276	981,707
Compensated Absences	64,602	38,739	103,341	21,404
Current Liabilities Payable from Restricted Assets:				
Deferred Revenue	-	-	-	4,531,258
Accrued Interest Payable	66,523	-	66,523	-
Transportation Revenue Bonds Payable	5,960,000	-	5,960,000	-
Total Current Liabilities	<u>\$ 12,656,321</u>	<u>\$ 9,745,601</u>	<u>\$ 22,401,922</u>	<u>\$ 5,701,133</u>
NONCURRENT LIABILITIES				
Compensated Absences	64,602	38,739	103,341	21,404
Transportation Revenue Bonds Payable	25,345,000	-	25,345,000	-
Total Noncurrent Liabilities	<u>\$ 25,409,602</u>	<u>\$ 38,739</u>	<u>\$ 25,448,341</u>	<u>\$ 21,404</u>
Total Liabilities	<u>\$ 38,065,923</u>	<u>\$ 9,784,340</u>	<u>\$ 47,850,263</u>	<u>\$ 5,722,537</u>
<u>NET ASSETS</u>				
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 8,687,602	\$ 18,771,149	\$ 27,458,751	\$ -
Restricted for :				
Agreements under Memorandum of Understanding with Georgia Department of Transportation	24,412,534	-	24,412,534	-
Operations and Maintenance	1,298,520	-	1,298,520	-
Debt Service	563,190	-	563,190	-
Unrestricted (Deficit)	15,429,634	(6,529,685)	8,899,949	2,104,926
Total Net Assets	<u>\$ 50,391,480</u>	<u>\$ 12,241,464</u>	<u>\$ 62,632,944</u>	<u>\$ 2,104,926</u>
Total Liabilities and Net Assets	<u>\$ 88,457,403</u>	<u>\$ 22,025,804</u>		<u>\$ 7,827,463</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>2,104,926</u>	
Net Assets of Business-Type Activities			<u>\$ 64,737,870</u>	

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
OPERATING REVENUES				
Charges for Sales and Services:				
Administration Fees	\$ -	\$ -	\$ -	\$ -
Base Transaction Fees	-	-	-	2,891,702
Variable Fees	-	-	-	392,199
Violation Processing Fees	398,760	63,896	462,656	462,656
Toll Fees:				
Cash Tolls	11,702,294	-	11,702,294	-
Electronic Tolls	8,246,480	2,350,730	10,597,210	-
Other Services	143,157	771	143,928	11,157
Total Charges for Sales and Services	20,490,691	2,415,397	22,906,088	3,757,714
Rents and Royalties: Rental Income	52,740	-	52,740	-
Total Operating Revenues	\$ 20,543,431	\$ 2,415,397	\$ 22,958,828	\$ 3,757,714
OPERATING EXPENSES				
Personnel Services	\$ 1,604,442	\$ 1,090,937	\$ 2,695,379	\$ 745,936
Publications, Supplies and Materials	49,956	15,055	65,011	264,140
Repairs and Maintenance	1,091,219	21,050	1,112,269	3,102
Utilities, Rents, Insurance	260,283	14,435	274,718	2,296
Other Operating	57,826	364,755	422,581	420,890
Contracts	1,184,436	1,769,168	2,953,604	1,154,259
Acquisition and Construction of Capital Assets	299,866	62,053	361,919	-
Base Transaction Fees	2,468,718	422,984	2,891,702	-
Variable Fees	305,536	86,663	392,199	-
Violation Processing Fees	398,760	63,896	462,656	-
Depreciation	303,881	3,909,017	4,212,898	-
Amortization	1,744,136	-	1,744,136	-
Total Operating Expenses	\$ 9,769,059	\$ 7,820,013	\$ 17,589,072	\$ 2,590,623
Operating Income (Loss)	\$ 10,774,372	\$ (5,404,616)	\$ 5,369,756	\$ 1,167,091
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	\$ 48,536	\$ 716	\$ 49,252	\$ 6,316
Bond Interest Expense	(934,320)	-	(934,320)	-
Roadway Improvement Grants per the MOU with	(2,302,738)	-	(2,302,738)	-
Total Nonoperating Revenues (Expenses)	\$ (3,188,522)	\$ 716	\$ (3,187,806)	\$ 6,316
Income (Loss)	\$ 7,585,850	\$ (5,403,900)	\$ 2,181,950	\$ 1,173,407
CAPITAL CONTRIBUTIONS				
Capital Contributions from General Fund				
Georgia Department of Transportation (GDOT)	\$ -	\$ 9,260,237	\$ 9,260,237	\$ -
TRANSFERS				
Transfers In	\$ -	\$ -	\$ -	\$ 11,451,958
Transfers Out	(12,758,154)	(669,430)	(13,427,584)	(10,520,439)
Total Transfers	\$ (12,758,154)	\$ (669,430)	\$ (13,427,584)	\$ 931,519
Changes in Net Assets	\$ (5,172,304)	\$ 3,186,907	\$ (1,985,397)	\$ 2,104,926
Total Net Assets - Beginning	55,563,784	9,054,557		-
Total Net Assets - Ending	\$ 50,391,480	\$ 12,241,464		\$ 2,104,926
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			2,104,926	
Change in Net Assets of Business-Type Activities			\$ 119,529	

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS JUNE 30, 2012

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 17,053,641	\$ 274,618	\$ 17,328,259	\$ 8,281,689
Receipts from State and Federal Grantors				
Payments to Suppliers	(1,176,964)	(1,457,299)	(2,634,263)	(5,787,197)
Payments to Employees	(1,603,130)	(1,060,488)	(2,663,618)	(703,131)
Internal Activity - Payments to Other Funds	(3,173,014)	(573,543)	(3,746,557)	3,746,557
Other Receipts (Payments)	-	(15,228)	(15,228)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 11,100,533</u>	<u>\$ (2,831,940)</u>	<u>\$ 8,268,593</u>	<u>\$ 5,537,918</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (to) from Other Funds	\$ (11,087,772)	\$ 3,920,142	\$ (7,167,630)	\$ 793,250
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ (11,087,772)</u>	<u>\$ 3,920,142</u>	<u>\$ (7,167,630)</u>	<u>\$ 793,250</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	\$ (5,228,984)	\$ (9,326,815)	\$ (14,555,799)	\$ -
Intergovernmental Grant	(2,302,738)	9,260,237	6,957,499	-
Principal Paid on Revenue Bonds	(5,820,000)	-	(5,820,000)	-
Interest Paid on Revenue Bonds	(946,688)	-	(946,688)	-
Net Cash Used in Capital and Related Financing Activities	<u>\$ (14,298,410)</u>	<u>\$ (66,578)</u>	<u>\$ (14,364,988)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received	\$ 132,531	\$ 716	\$ 133,247	\$ 6,316
Net Cash Provided by Investing Activities	<u>\$ 132,531</u>	<u>\$ 716</u>	<u>\$ 133,247</u>	<u>\$ 6,316</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (14,153,118)	\$ 1,022,340	\$ (13,130,778)	\$ 6,337,484
Cash and Cash Equivalents Balances:				
Beginning of Year	83,031,347	400	83,031,747	-
End of Year	<u>\$ 68,878,229</u>	<u>\$ 1,022,740</u>	<u>\$ 69,900,969</u>	<u>\$ 6,337,484</u>
RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Current Assets				
Cash and Cash Equivalents	\$ 7,397,965	\$ 1,022,740	\$ 8,420,705	\$ 699,916
Cash and Cash Equivalents - Restricted	61,480,264	-	61,480,264	-
Customer Deposits - Restricted	-	-	-	5,637,568
Total	<u>\$ 68,878,229</u>	<u>\$ 1,022,740</u>	<u>\$ 69,900,969</u>	<u>\$ 6,337,484</u>

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 10,774,372	\$ (5,404,616)	\$ 5,369,756	\$ 1,167,091
Adjustments to Reconcile Operating Income (Loss)				
Depreciation Expense	303,881	3,909,017	4,212,898	-
Amortization	1,744,136	-	1,744,136	-
Change in Net Assets and Liabilities:				
Receivables, Net	33,568	(2,140,778)	(2,107,210)	(7,283)
Prepaid Items	7,830	(15,228)	(7,398)	-
Inventories	-	196,400	196,400	(362,718)
Accounts and Other Payables	1,566,287	592,816	2,159,103	166,764
Accrued Liabilities (other than customer deposits)	193,780	-	193,780	-
Customer Deposits Payable	(87,130)	-	(87,130)	-
Deferred Revenue	(3,437,503)	-	(3,437,503)	4,531,258
Compensated Absences	1,312	30,449	31,761	42,806
Net Cash Provided (Used) By Operating Activities	<u>\$ 11,100,533</u>	<u>\$ (2,831,940)</u>	<u>\$ 8,268,593</u>	<u>\$ 5,537,918</u>

The notes to the basic financial statements are an integral part of this statement.

STATE ROAD AND TOLLWAY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State Road and Tollway Authority (SRTA) is an instrumentality of the State of Georgia and a public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. SRTA consists of five (5) ex-officio members: the Governor, Commissioner of the Department of Transportation, Director of the Office of Planning and Budget, Appointee of Lieutenant Governor and Appointee of Speaker of the House. SRTA is considered a blended component unit of the State of Georgia for financial reporting purposes because of the significance of its legal, operational and financial relationships with the State of Georgia. These reporting entity relationships are defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

B. Basis of Presentation

A key feature of the governmental financial reporting model is its unique combination of government-wide and fund financial reporting. This combination of government-wide and fund financial reporting is designed to accomplish two goals: (1) to provide information using the economic resources measurement focus and the accrual basis of accounting functions reported in governmental funds, and (2) to provide net cost information by function for governmental activities. This is accomplished through government-wide financial statements and fund financial statements.

Government-Wide Financial Statements

The statement of Net Assets and the Statement of Activities report information on all the non-fiduciary activities of SRTA. *Governmental activities*, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from *business-type activities*, which are financed in whole or in part by fees charged to external parties for goods or services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The only exception to this rule is in those instances where the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

Fund Financial Statements

SRTA reports activity for three governmental programs, two propriety funds and one internal service fund. Separate financial statements are provided for the governmental funds and the propriety funds.

SRTA reports the following three major governmental funds:

The **General Fund** is used to account for all financial transactions not required to be accounted for in another fund. This includes strategic business development and the planning and research for future toll road projects as well as general governmental activities.

The **Debt Service Fund** is used to account for non-proprietary bond related activity. SRTA is authorized to issue revenue bonds for self-liquidating land-based public transportation systems (roads, bridges, etc.) and projects. SRTA has issued Guaranteed Revenue Bonds and GARVEE Bonds. Funding of the debt service is realized through the remittance of funds from federal and state sources. The individual debt issuances are discussed in greater detail in Note 8 (Long-Term Debt).

The **State of Georgia Transportation Infrastructure Bank Fund (GTIB)** is used to account for the operations of the grant and loan programs. The individual grants are discussed in greater detail in Note 13 (Georgia Transportation Infrastructure Bank).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

SRTA reports the following two major proprietary funds:

The **Georgia 400 Extension Fund (GA 400 Fund)** is an enterprise fund used to report activities for which tolls and fees are charged to the users of the GA 400 Extension. This fund is also used when improvements to the facility are financed with debt that is secured by a pledge of the net revenues generated from the facility.

The **I-85 Express Lane Fund (I-85 Fund)** is an enterprise fund used to report activities related to the initial phase of converting an approximately 16-mile stretch of HOV lanes to High Occupancy Toll (HOT) lanes along I-85. The HOT lanes opened on September 30, 2011. This fund is now used to report activities for which tolls and fees are charged to drivers who utilize the HOT lanes.

Additionally, SRTA reports the following internal service fund:

The **Customer Service Center Fund (CSC Fund)** is an internal service fund used to report activities related to managing customer accounts and noncustomer violations. In order to facilitate the appropriate allocation of common costs relating to electronic toll collection, SRTA established the CSC Fund. Cash and customer prepaid toll deposits that previously resided in the GA 400 Fund and the 2011 ending transponder inventory from I-85 Fund now reside in the CSC Fund. The CSC Fund records revenues to cover direct expenses by charging a base fee of \$0.15 per transaction and a variable fee of 3.75% of revenue for the credit card fees, with a corresponding expense to the two respective enterprise funds. Violation administration fees are revenue to the CSC Fund with a corresponding expense to the two respective enterprise funds. All actual expenses of the CSC operations are reflected and recorded in the CSC Fund. Toll and fee revenues directly related to the two respective enterprise funds are recorded and reflected in the appropriate enterprise fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Reconciliation of Prior Year Fund Balance

The governmental fund balance as presented in the June 30, 2011 SRTA audited financial statements was \$72,644,778. As of July 1, 2011, SRTA expanded the fund reporting for general government to include funds for specific purposes. The following listing reflects the reclassification of the respective fund balances previously reported.

Beginning Fund Balance, July 1, 2011:	
General Fund	\$ 10,072,805
Debt Service	19,528,781
GTIB	<u>43,043,192</u>
Ending Fund Balance, June 30, 2011:	
General Fund	<u>\$ 72,644,778</u>

D. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measureable and available.) Revenues are considered to be “measureable” when the amount of the transaction can be determined and “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Major revenue sources susceptible to accrual include interest and other investment income. Expenditures are generally recorded when the related fund liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

SRTA has elected to follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB) as well as Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SRTA's enterprise funds are charges to customers for tolls and fees and rents and royalties. Operating expenses include the cost of toll collection, violation processing, maintenance and, administrative expenses and depreciation on capital assets. SRTA also recognizes the amortization of the asset "Estate for Years" as an operating expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, generally it is SRTA's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

F. Assets, Liabilities, Net Assets and Fund Equity

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks and other financial institutions, and the state investment pool that has the general characteristics of demand deposit accounts in that SRTA may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents also include short-term, highly liquid investments with maturities of three months or less from the date of acquisition. Funds of the Georgia 400 Project on deposit with the Trustee for the purpose of continual investment are reflected as investments regardless of the term of instrument. The aforementioned definitions were applied in the preparation of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Cash and Cash Equivalents (Continued)

The state investment pool (Georgia Fund 1) is an external investment pool that is not registered with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The State of Georgia's Office of the State Treasurer (OST) manages the Georgia Fund 1 in accordance with policies and procedures established by state law and the State Depository Board, the oversight Board for OST. This investment is valued at the pool's share price, \$1.00 per share.

SRTA does not have any risk exposure related to investments in derivatives or similar investments in Georgia Fund 1, as the investment policy of OST does not provide for investments in derivatives or similar investments through the Georgia Fund 1.

Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase. Investments are stated at amortized cost. Accounting principles generally accepted in the United States of America require that investments be reported at fair value; however, the variance in amortized cost and fair value is deemed immaterial to the financial statements for the majority of SRTA's investments. Any variances in amortized cost and fair value deemed material to the financial statements were reported at fair value.

SRTA may invest regular funds in such securities and in such manner as it determines to be in its best interest. In addition, certain revenue bonds issued by SRTA include covenants which restrict SRTA to investments in the state investment pool or to the following forms of investments:

- 1) Obligations issued by the United States government.
- 2) Obligations of any corporation of the United States government fully guaranteed by the United States government.
- 3) Obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank or the Central Bank for Cooperatives.
- 4) Repurchase Agreements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Inventory

Inventory, which is comprised of transponders used in electronic toll collection, is valued at cost, using the first-in, first-out method. SRTA utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Accounts Receivable

Accounts receivable arising from operations of the Georgia 400 Project are reported net of an allowance for uncollectibles in the amount of \$229. Customer Service Center accounts receivable are reported net of an allowance for uncollectibles in the amount of \$7,283.

Deferred Charges

As required by the relevant standards and pronouncements, unamortized bond issuance costs for respective revenue bonds issued and outstanding are recorded as deferred charges at June 30, 2012.

Restricted Assets

Specific portions of SRTA's cash and cash equivalents and investments are classified as restricted assets on the Statement of Net Assets. Certain revenue bond proceeds, as well as certain resources set aside for their repayment, are reflected as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants. In addition, restricted assets include customer deposits paid to SRTA, undisbursed loan and grant program funds, and undisbursed committed contracts for GA 400 projects.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Estate for Years

On July 10, 1991, the GDOT granted to the State Road and Tollway Authority an "Estate for Years" in return for a portion of the proceeds of the sale of the Series 1991 Guaranteed Revenue Bonds in the amount of \$67,508,129. This "Estate" entitles SRTA the right to possess and operate the Georgia 400 Project and shall terminate six months after final payment of the respective outstanding bonds. It was continued in force by the Series 1998 Guaranteed Refunding Revenue Bonds, which defeased the Series 1991 Bonds. During the fiscal year ending June 30, 2011, SRTA defeased the Series 1998 Guaranteed Refunding Revenue Bonds and issued the Series 2010 Toll Revenue Bonds, and at that time the Estate for Years was extended for an additional seven years. Six months after payment in full of the Series 2010 Toll Revenue Bonds by SRTA, all rights, title and interest acquired by this agreement shall revert to the State of Georgia's Department of Transportation. Amortization of the remaining "Estate" will continue until the termination of the Estate for Years.

The asset "Estate for Years" is amortized over the life of the Series 2010 Toll Revenue Bonds. The amortization expense each year is based on the percentage of the toll revenue bonds redeemed during the year to total bonds issued multiplied by the value of the Estate for Years. The value at June 30, 2011 was \$10,627,336. The Series 2010 Toll Revenue Bonds closed on December 1, 2010. The amortization expense recognized for the fiscal year 2012 was \$1,666,023, which reduced the net book value of the "Estate for Years" to \$8,961,313 as of June 30, 2012.

Capital Assets

Capital assets, which include property, machinery and equipment, and computer software, are reported in the government-wide financial statements and proprietary fund financial statements at historical cost. Donated capital assets are recorded at fair market value on the date donated and disposals are deleted at recorded cost. Buildings and Improvements Other than Buildings are capitalized when the cost of individual items or projects exceeds \$100,000. Machinery and equipment is capitalized when the cost of individual items exceeds \$5,000. SRTA has elected to capitalize computer software currently under development. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Capital Assets (Continued)

Applicable capital assets of SRTA are depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>Years</u>
Buildings	7-20
Improvements other than Buildings	7-18
Infrastructure	10-50
Machinery and Equipment	3-9
Furniture and Fixtures	5-7
Land Improvements	7
Computer Software	5-7

Deferred Revenue

Deferred revenue is recorded in the CSC Fund when customers make a payment on their prepaid toll account. Revenue is recognized in the appropriate proprietary fund when the customers use a facility and a toll is applied to their account.

Compensated Absences

It is SRTA's policy to permit employees to accumulate earned but unused annual leave benefits. Employees can accumulate up to 360 hours of annual leave. Any hours earned above 360 hours are forfeited. Upon separation, employees are paid for any unused annual leave up to 360 hour maximum amount. Employees earn annual leave ranging from 10 to 14 hours each month depending upon the employees' length of continuous state service with a maximum accumulation of 360 hours. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in the ERS.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs and the differences between reacquisition price and net carrying amount of refunded revenue bonds (“deferred amount of refunding”), are deferred and amortized over the life of the bonds using the straight-line method or effective-interest method. The straight-line method is only used to amortize the deferred loss on refunding for the Series 2001 and 2003 bonds. Bonds payable are reported net of the applicable bond premium, discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the government fund financial statements, bond premiums, as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Net Assets. In the government-wide financial statements and the proprietary fund financial statements, the difference between fund assets and liabilities is reported as net assets. Net assets are reported in three categories:

Invested in Capital Assets, net of related debt consists of capital assets, net of accumulated depreciation.

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Fund Equity (Continued)

The unrestricted net assets deficit balance in the governmental activities included in the government-wide financial statements is the result of a timing difference in the flow of SRTA's assets (bond proceeds) and liabilities (bond debt). The assets purchased with these bond proceeds are reported on the GDOT financial statements while SRTA reports the debt (bonds payable) on our financial statements.

As mentioned in Note 1 B., the governmental fund issues bonded debt to finance State of Georgia transportation infrastructure construction projects. Bond proceeds are disbursed to the GDOT over a three (3) to five (5) year construction period, whereas the bonded debt obligations generally have maturity periods with a maximum of twenty (20) years.

Fund Balance. Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which SRTA is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by SRTA or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the governing board of SRTA through the adoption of a resolution. Only the governing board of SRTA may modify or rescind the commitment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, Net Assets and Fund Equity (Continued)

Fund Equity (Continued)

Assigned - Fund balances are reported as assigned when amounts are constrained by SRTA's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the governing board of SRTA has authorized SRTA's Executive Director to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. SRTA reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is SRTA's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is SRTA's policy to use fund balance in the following order:

- a. Committed
- b. Assigned
- c. Unassigned

Net Assets - Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that SRTA has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted. SRTA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2. BUDGET

SRTA approves a budget for management purposes. The budget is not subject to review nor approval by the Legislature of the State of Georgia and, therefore, is a nonappropriated budget.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Bond Covenants

SRTA is subject to certain covenants with regard to the issuance of the aggregation of its revenue bonds issued and outstanding as of June 30, 2012.

Funds of the State of Georgia cannot be placed in a depository paying interest longer than 10 days without the depository providing a surety bond to the state. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated (OCGA) Section 50-17-59:

- (1) Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States of the State of Georgia.
- (2) Bonds, bills, certificates or indebtedness, notes, or other obligations of the counties of municipalities of the State of Georgia.
- (3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- (4) Industrial revenue bonds and bonds of development authorities create the laws of the State of Georgia.
- (5) Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Association.
- (6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

OCGA Section 45-8-11 provides that SRTA may waive the requirements for security in the case of operating funds placed in demand deposit checking accounts.

SRTA's funds are properly collateralized in accordance with the terms of the respective indentures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

SRTA is required to disclose custodial credit risk, concentration risk, and interest rate risk on deposits and investments.

Concentration of credit risk. Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. SRTA's Investment Policy does not limit the amount of funds that can be invested with any one financial institution or issuer. However, SRTA mitigates concentration of credit risk by depositing cash and purchasing investments among several financial institutions. The following schedule lists the allocation of cash and investments by financial institution.

Institution / Issuer	Amount	% of Portfolio
Bank of America, N.A.	\$ 11,774,471	8.02%
The Bank of New York Mellon Trust Company, N.A.	1,911,465	1.31%
US Bank	21,091,235	14.37%
Office of Treasury and Fiscal Services	111,966,873	76.30%
	\$ 146,744,044	100.00%

Custodial credit risk-deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, SRTA's bank balances are properly collateralized.

Interest Rate Risk. Interest rate risk is the possibility that an interest rate change could adversely affect an investment's fair value. In accordance with applicable pronouncements, an acceptable method for reporting interest rate risk is specific identification. As of June 30, 2012, SRTA deposits excess cash with the State of Georgia Office of Fiscal Services in accordance with state practice.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 8,982,936	\$ -	\$ -	\$ 8,982,936
Capital Assets Being Depreciated:				
Land Improvements	12,704			12,704
Equipment	10,000	13,644	-	23,644
Furniture and fixtures	379,321	1,472	-	380,793
Total Capital Assets Being Depreciated	402,025	15,116	-	417,141
Less Accumulated Depreciation For:				
Land Improvements	(10,587)	(1,815)	-	(12,402)
Equipment	(2,858)	(5,868)	-	(8,726)
Furniture and fixtures	(105,459)	(73,182)	3,903	(174,738)
Total Accumulated Depreciation	(118,904)	(80,865)	3,903	(195,866)
Total Capital Assets Being Depreciated, Net	283,121	(65,749)	3,903	221,275
Total Governmental Activities Capital Assets	\$ 9,266,057	\$ (65,749)	\$ 3,903	\$ 9,204,211
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 18,148,321	\$ 14,555,799	\$ (22,613,074)	\$ 10,091,046
Capital Assets Being Depreciated:				
Buildings	4,938,197	-	-	4,938,197
Improvements Other than Buildings	2,563,200	19,824	(344,821)	2,238,203
Machinery and Equipment	5,290,936	22,613,074	(792,258)	27,111,752
Infrastructure	132,891	-	-	132,891
Computer Software	1,162,042	-	-	1,162,042
Total Capital Assets Being Depreciated	14,087,266	22,632,898	(1,137,079)	35,583,085
Less Accumulated Depreciation For:				
Buildings	(4,916,307)	(21,890)	-	(4,938,197)
Improvements Other than Buildings	(2,478,063)	(17,045)	300,206	(2,194,902)
Machinery and Equipment	(5,111,363)	(4,038,331)	792,258	(8,357,436)
Infrastructure	(64,863)	(18,984)	-	(83,847)
Computer Software	(854,574)	(116,648)	-	(971,222)
Total Accumulated Depreciation	(13,425,170)	(4,212,898)	1,092,464	(16,545,604)
Total Capital Assets Being Depreciated, Net	662,096	18,420,000	(44,615)	19,037,481
Total Business-type Activities Capital Assets	\$ 18,810,417	\$ 32,975,799	\$ (22,657,689)	\$ 29,128,527

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund receivable and payable balances as of June 30, 2012 are as follows:

	Due to Other Funds				Total
	Debt Service Fund	Georgia 400 Extension Fund	I-85 Express Lane Fund	Customer Service Center Fund	
Due From Other Funds (Short)					
General Fund	\$ 249,183	\$ 849,543	\$ -	905,798	\$ 2,004,524
I-85 Express Lane Fund	-	-	-	75,909	75,909
Customer Service Center Fund	-	1,119,978	-	-	1,119,978
	<u>\$ 249,183</u>	<u>\$ 1,969,521</u>	<u>\$ -</u>	<u>\$ 981,707</u>	<u>\$ 3,200,411</u>
Advances to Other Funds					
General Fund	\$ -	\$ -	\$ 8,362,755	\$ -	\$ 8,362,755
Total Interfund Payables	<u>\$ 249,183</u>	<u>\$ 1,969,521</u>	<u>\$ 8,362,755</u>	<u>\$ 981,707</u>	<u>\$ 11,563,166</u>

These balances occur primarily because all disbursements are initially made from the General Fund fund's main operating account. The funds subsequently reimburse the General Fund. These interfund balances result from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The General Fund has recognized an interfund receivable (advances to other funds) from the I-85 Fund that is considered to be long-term in its nature and not available as a current financial resource as of June 30, 2012.

Government-Wide Internal Balances

The following schedule provides the details of the elimination of internal balances within the governmental and business-type activities, to reconcile the interfund receivables and payables reported at the respective fund level. Internal balances as of June 30, 2012 are reconciled as follows:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Government-Wide Internal Balances (Continued)

	<u>Balance June 30, 2012</u>
Governmental activities summary of interfund receivables and payables, net of the respective eliminations:	
Receivable to the General Fund from Other Funds	\$ 2,004,524
Advances receivable to the General Fund from the I-85 Express Lane Fund	8,362,755
Payable to the General Fund from the Debt Service Fund	<u>(249,183)</u>
Total governmental activities receivable, net	<u>\$ 10,118,096</u>
Business-type activities summary of interfund receivables and payables, net of the respective eliminations:	
Receivable to the I-85 Express Lane Fund from the Customer Service Center Fund	\$ 75,909
Receivable to the Customer Service Center Fund from the Georgia 400 Extension Fund	1,119,978
Payable to Other Funds from the Georgia 400 Extension Fund	(1,969,521)
Payable to the General Fund from the I-85 Express Lane Fund	(8,362,755)
Payable to Other Funds from the Customer Service Center Fund	<u>(981,707)</u>
Total business-type activities payable, net	<u>\$ (10,118,096)</u>

Interfund Transfers

Transfers are used to transfer assets, liabilities, revenues or expenditures between funds. In the year ended June 30, 2012, GA 400 Fund and I-85 Fund transferred assets and liabilities that related to cash from customer deposits and cash related to prior year violation administration fees, transponder inventory, and deferred revenue to start the CSC Fund. The General Fund transferred \$225,000 to help fund a grant project with the Georgia Transportation Infrastructure Bank. The CSC Fund transferred amounts to General Fund relating to prior year expenses. Interfund transfers for the year ended June 30, 2012, consisted of the following:

	Transfers Out				
	General Fund	Georgia 400 Extension Fund	I-85 Express Lane Fund	Customer Service Center Fund	
Transfers In					
General Fund	\$ -	\$ 1,780,139	\$ 195,487	\$ 10,520,439	\$ 12,496,065
GTIB Fund	225,000	-	-	-	225,000
Customer Service Center Fund		10,978,015	473,943		11,451,958
Total	<u>\$ 225,000</u>	<u>\$ 12,758,154</u>	<u>\$ 669,430</u>	<u>\$ 10,520,439</u>	<u>\$ 24,173,023</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. OPERATING LEASES

Lessee Agreements

SRTA has entered into certain agreements to lease real property and equipment which are classified as operating leases. Amounts are included only for multi-year leases and for cancelable leases for which an option to renew for the subsequent fiscal year has been exercised. Future minimum commitments for operating leases as of June 30, 2012, are as follows:

<u>Fiscal Year Ended June 30, 2012</u>	<u>Amount</u>
2013	\$ 12,432
2014	12,432
2015	3,745
2016	3,745
Total Minimum Commitments	<u>\$ 32,354</u>

Expenditures for rental of real property and equipment under operating leases for the year ended June 30, 2012 totaled \$374,886.

Lessor Agreements

SRTA leases certain parcels of land for use by others from varying terms. The primary use of this land is for cellular towers. The leases are accounted for as operating leases and revenues are recorded when earned. Revenue derived from these leases during fiscal year 2012 amounted to \$52,740. Minimum future rentals to be received under operating leases as of June 30, 2012, are as follows:

<u>Fiscal Year Ended June 30, 2012</u>	<u>Amount</u>
2013	\$ 55,632
2014	40,919
2015	39,582
2016	39,581
2017	36,284
Total Minimum Commitments	<u>\$ 211,998</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Long-term debt activity and obligations as of and for the year ended June 30, 2012 are as follows:

	June 30, 2011	Increases	Decreases	June 30, 2012	Amount Due Within One Year
Governmental Activities:					
Guaranteed revenue refunding bonds, series 2011A	\$ 191,335,000	\$ -	\$ -	\$ 191,335,000	\$ 15,105,000
Premium on guaranteed refunding revenue bonds	29,259,461	-	(4,054,546)	25,204,915	-
Guaranteed revenue refunding bonds, series 2011B	153,085,000	-	-	153,085,000	-
Premium on guaranteed refunding revenue bonds	26,561,505	-	(3,222,774)	23,338,731	-
Guaranteed revenue refunding bonds, series 2001	17,405,000	-	(16,185,000)	1,220,000	245,000
Premium on guaranteed revenue bonds	357,522	-	(302,981)	54,541	-
Deferred amount on refunding	(7,524,243)	1,254,040	-	(6,270,203)	-
Guaranteed revenue bonds, series 2003	70,795,000	-	(12,985,000)	57,810,000	13,685,000
Premium on guaranteed revenue bonds	3,698,996	-	(635,281)	3,063,715	-
Deferred amount on refunding	(8,288,391)	2,072,098	-	(6,216,293)	-
Grant anticipation revenue bonds, series 2006	237,555,000	-	(29,190,000)	208,365,000	30,650,000
Premium on grant anticipation revenue bonds	7,506,927	-	(1,788,713)	5,718,214	-
Reimbursement revenue bonds, series 2006	58,415,000	-	(7,350,000)	51,065,000	7,675,000
Premium on reimbursement revenue bonds	449,878	-	(106,220)	343,658	-
Grant anticipation revenue bonds, series 2008A	387,275,000	-	(35,125,000)	352,150,000	36,880,000
Premium on grant anticipation revenue bonds	21,130,301	-	(3,968,766)	17,161,535	-
Reimbursement revenue bonds, series 2008A	95,835,000	-	(8,870,000)	86,965,000	9,830,000
Premium on reimbursement revenue bonds	2,551,484	-	(477,161)	2,074,323	-
Grant anticipation revenue bonds, series 2009A	416,820,000	-	(33,440,000)	383,380,000	35,050,000
Premium on reimbursement revenue bonds, series 2009A	35,001,706	-	(5,887,472)	29,114,234	-
Reimbursement revenue bonds, series 2009A	103,450,000	-	(8,585,000)	94,865,000	8,845,000
Premium on reimbursement revenue bonds	5,894,686	-	(977,277)	4,917,409	-
Compensated absences	104,186	81,424	(27,388)	158,222	79,111
Governmental activities long-term liabilities	<u>\$ 1,848,674,018</u>	<u>\$ 3,407,562</u>	<u>\$ (173,178,579)</u>	<u>\$ 1,678,903,001</u>	<u>\$ 158,044,111</u>
Business-type activities:					
Georgia toll revenue bonds, series 2010	\$ 37,125,000	\$ -	\$ (5,820,000)	\$ 31,305,000	5,960,000
Compensated absences	174,920	128,393	(53,823)	249,490	124,745
Business-type activities long-term liabilities	<u>\$ 37,299,920</u>	<u>\$ 128,393</u>	<u>\$ (5,873,823)</u>	<u>\$ 31,554,490</u>	<u>\$ 6,084,745</u>
Total	<u>\$ 1,885,973,938</u>	<u>\$ 3,535,955</u>	<u>\$ (179,052,402)</u>	<u>\$ 1,710,457,491</u>	<u>\$ 164,128,856</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Governmental Activities

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. On March 31, 2011, SRTA issued \$191,335,000 of State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. Including bond premiums in the amount of \$29,259,461, the bond proceeds amounted to \$220,594,461. The bonds were issued for the purposes of (1) refunding \$209,285,000 of the \$226,690,000 in outstanding principal of the State of Georgia Guaranteed Revenue Bonds, Series 2001 and (2) to pay a portion of the costs of issuance of the bonds. Interest on these bonds is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 4% to 5%. These bonds mature on March 1, 2021. As of June 30, 2012, the outstanding principal balance is \$191,335,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved \$29,662,133 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2011 A Bonds and the Series 2001 Bonds which are discussed below.

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 B. On March 31, 2011, SRTA issued \$153,085,000 of State of Georgia Guaranteed Revenue Refunding Bonds, series 2011 B. Including bond premiums in the amount of \$26,561,505, the bond proceeds amounted to \$179,646,505. The bonds were issued for the purposes of (1) refunding \$162,370,000 of the \$233,165,000 in outstanding principal of the State of Georgia Guaranteed Revenue Bonds, Series 2003 and (2) to pay a portion of the costs of issuance of the bonds. Interest on these bonds is payable semiannually on April 1 and October 1 of each year with an interest rate of 5%. These bonds mature on October 1, 2022. As of June 30, 2012 the outstanding principal balance is \$153,085,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and SRTA. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved \$24,460,875 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2011 B Bonds the Series 2003 Bonds which are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2001. On December 1, 2001, SRTA issued \$350,000,000 of State of Georgia Guaranteed Revenue Bonds, Series 2001, for the purposes of (1) financing a portion of the Governor's Road Improvement Program, which consists of additions, extensions and improvements to the portion of the state's highway system known as the Development Highway System, and to finance certain other road and bridge projects both on and off the state's highway system and (2) to pay the costs of issuance of the bonds. Interest on these bonds is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2.50% to 5.37%. The unrefunded portion of these bonds matures on March 1, 2017. On March 31, 2011, \$209,285,000 of these bonds were advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. As of June 30, 2012, the outstanding principal balance is \$1,220,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved \$29,662,133 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2001 Bonds and the Series 2011 A Bonds.

State of Georgia Guaranteed Revenue Refunding Bonds, Series 2003. On October 1, 2003, SRTA issued \$309,140,000 of State of Georgia Guaranteed Revenue Bonds, Series 2003, for the purposes of (1) paying costs of certain road and bridge projects of the State of Georgia, (2) initially funding approximately five months of interest on the bonds, and (3) paying the costs of issuing the bonds. Interest on these bonds is payable semiannually on April 1 and October 1 of each year with interest rates ranging from 2.25% and 5.25%. These bonds mature on October 1, 2023. On March 31, 2011, \$162,370,000 of these bonds were advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 B. As of June 30, 2012 the outstanding principal balance is \$57,810,000. These bonds are secured by the amount of net proceeds of motor fuel tax provided for in a joint resolution of the Georgia State Transportation Board and the State Road and Tollway Authority. Further, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved \$24,460,875 in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at the OST. This reservation covers the aggregate highest annual debt service of the Series 2003 Bonds and the Series 2011 B Bonds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

Federal Highway Grant Anticipation Revenue Bonds Series 2006 and Federal Reimbursement Revenue Bonds Series 2006. On August 8, 2006, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2006 and Federal Highway Reimbursement Revenue Bonds Series 2006 in the amounts of \$360,000,000 and \$90,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2006 with interest rates ranging from 3.70% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2007 and maturing on June 1, 2018. As of June 30, 2012, the outstanding principal balances for the Series 2006 Grant Anticipation Revenue bonds and the Series 2006 Reimbursement Revenue Bonds are \$208,365,000 and \$51,065,000, respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State of Georgia.

Federal Highway Grant Anticipation Revenue Bonds Series 2008 A and Federal Reimbursement Revenue Bonds Series 2008 A. On April 15 2008, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2008 A and Federal Highway Reimbursement Revenue Bonds 2008 A in the amounts of \$480,000,000 and \$120,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2008, with interest rates ranging from 3.50% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2009 and maturing on June 1, 2020. As of June 30, 2012, the outstanding principal balances for the Series 2008 A Grant Anticipation Revenue Bonds and the Series 2008 A Reimbursement Revenue Bonds are \$352,150,000 and \$86,965,000, respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA of the State of Georgia.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

Federal Highway Grant Anticipation Revenue Bonds Series 2009 A and Federal Reimbursement Revenue Bonds Series 2009 A. On February 24, 2009, SRTA issued Federal Highway Grant Anticipation Revenue Bonds Series 2009 A and Federal Highway Reimbursement Revenue Bonds Series 2009 A in the amounts of \$480,000,000 and \$120,000,000, respectively. These bond proceeds were used for the purpose of providing funds for an approved land public transportation project in the State of Georgia. Interest on these bonds is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2009 with interest rates ranging from 2.50% to 5.00%. Principal on these bonds is payable on June 1, of each year, commencing on June 1, 2010 and maturing on June 1, 2021. As of June 30, 2012, the outstanding principal balances for the Series 2009A Grant Anticipation Revenue Bonds and the Series 2009 A Reimbursement Revenue Bonds are \$383,380,000 and \$94,865,000, respectively. These bonds are payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State of Georgia.

Business –Type Activities

State of Georgia Toll Revenue Bonds Series 2010. On December 1, 2010, SRTA issued \$40,000,000 of State of Georgia Toll Revenue Bonds (Georgia 400 Project), Series 2010, for the purposes of: (1) financing a portion of the costs of acquiring, constructing and maintaining the Georgia 400 Project; and, (2) to pay the costs of issuance of the bonds. Interest on these bonds is payable semiannually on June 1 and December 1 of each year with an interest rate of 2.55%. These bonds mature on June 1, 2017. As of June 30, 2012, the outstanding principal balance is \$31,305,000. The toll revenues generated from the usage of the Georgia 400 Project secure these bonds. SRTA has covenanted that it will maintain a debt service coverage ratio as defined in the indenture at a minimum of 1.25 times the annual debt service, and for the year ended June 30, 2012, that ratio calculated to be 1.90.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Summary of Long-Term Debt for Governmental and Business-Type Activities

Revenue bonds outstanding as of June 30, 2012 are as follows:

Governmental activities:

Guaranteed Revenue Refunding Bonds, Series 2011A	Refunding of Guaranteed Revenue Bonds, Series 2001	4.00-5.00%	\$ 191,335,000
Guaranteed Revenue Refunding Bonds, Series 2011 B	Refunding of Guaranteed Revenue Bonds, Series 2003	5.00%	153,085,000
Guaranteed Revenue Bonds, Series 2001	Governor's road improvement program	2.50-5.37%	1,220,000
Guaranteed Revenue Bonds, Series 2003	Improvement of roads and bridges	2.25-5.25%	57,810,000
Federal Highway Grant Application Revenue Bonds, Series 2006	Improvement of roads and bridges	4.00-5.00%	208,365,000
Federal Highway Reimbursement Revenue Bonds, Series 2006	Improvement of roads and bridges	3.90-5.00%	51,065,000
Federal Highway Grant Application Revenue Bonds, Series 2008A	Improvement of roads and bridges	5.00%	352,150,000
Federal Highway Reimbursement Revenue Bonds, Series 2008A	Improvement of roads and bridges	3.50-5.00%	86,965,000
Federal Highway Grant Application Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%	383,380,000
Federal Highway Reimbursement Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%	94,865,000
			<u>\$ 1,580,240,000</u>

Business-type activities:

Transportation Revenue Bonds, Series 2010	Georgia 400 project	2.55%	\$ 31,305,000
			<u>\$ 31,305,000</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Summary of Long-Term Debt for Governmental and Business-Type Activities (Continued)

Revenue bond debt service requirements to maturity are as follows as of June 30, 2012:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Government Activities:			
2013	\$ 157,965,000	\$ 76,510,709	\$ 234,475,709
2014	160,310,000	69,090,866	229,400,866
2015	162,675,000	61,378,626	224,053,626
2016	185,685,000	53,563,581	239,248,581
2017	194,525,000	44,718,196	239,243,196
2018-2022	672,620,000	88,469,040	761,089,040
2023-2025	46,460,000	2,352,000	48,812,000
	<u>\$ 1,580,240,000</u>	<u>\$ 396,083,018</u>	<u>\$ 1,976,323,018</u>
Business-type activities:			
2013	\$ 5,960,000	\$ 798,278	\$ 6,758,278
2014	6,110,000	646,298	6,756,298
2015	6,255,000	490,493	6,745,493
2016	6,410,000	330,990	6,740,990
2017	6,570,000	167,535	6,737,535
	<u>\$ 31,305,000</u>	<u>\$ 2,433,594</u>	<u>\$ 33,738,594</u>

Summary of Compensated Absences Long-Term Debt

A summary of the compensated absences liability for each of the past three years is provided below:

	<u>Beginning of Year Liability</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of Year Liability</u>
Governmental:				
2010	\$ 107,559	\$ 42,400	\$ (43,575)	\$ 106,384
2011	\$ 106,384	\$ 53,642	\$ (55,840)	\$ 104,186
2012	\$ 104,186	\$ 81,424	\$ (27,388)	\$ 158,222
Business-type Activities:				
2010	\$ 168,728	\$ 130,203	\$ (86,863)	\$ 212,068
2011	\$ 212,068	\$ 56,604	\$ (93,752)	\$ 174,920
2012	\$ 174,920	\$ 128,393	\$ (53,823)	\$ 249,490

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RELATED PARTIES

The Georgia Department of Transportation and the State Road and Tollway Authority are considered to be related parties due to certain common management personnel. The Commissioner of the Department of Transportation serves as one of five (5) members of the State Road and Tollway Authority.

NOTE 10. RISK MANAGEMENT

SRTA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. The State of Georgia utilizes self-insurance programs established by individual agreement, statute or administrative action to provide property insurance covering fire and extended coverage and automobile insurance and to pay losses that might occur from such causes; liability insurance for employees against personal liability for damages arising out of performance of their duties; survivors' benefits for eligible members of the Employee's Retirement System; consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor; and worker's compensation statutes of the State of Georgia. These self-insurance funds are accounted for as internal service funds of the State of Georgia where assets are set aside for claim settlements. The majority of the risk management programs are funded by assessments charged to participating organizations. A limited amount of commercial insurance is purchased by the self-insurance funds applicable to property, employee and automobile liability, fidelity and certain other risks to limit the exposure to catastrophic losses. Otherwise, the risk management programs service all claims against the state for injuries and property damage.

Financial information relative to self-insurance funds is presented in the financial reports of the Department of Administrative Services and the Employees' Retirement System for the year ended June 30, 2012.

For its employee health insurance coverage, SRTA is a participant in the State of Georgia's Health Benefit Plan (the Plan), a public entity risk pool operated by the state for the benefit of employees of the State of Georgia, county governments and local education agencies located within the state. The Plan is funded by participants covered in the Plan, by employers' contributions paid by the various units of government participating in the Plan, and appropriations by the General Assembly of Georgia. The State Personnel Board, Merit System of Personnel Administration, which administers the Plan, has contracted with United Healthcare and Cigna to process claims in accordance with the Plan as established by the State Personnel Board. Financial information relative to the Plan is presented in the financial report of the State Personnel Board. Financial information relative to the Plan is presented in the financial report of the State Personnel Board, Merit System of Personnel Administration for the year ended June 30, 2012.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RETIREMENT SYSTEMS

Employees' Retirement System of Georgia

Plan Description

SRTA participates in various retirement plans administered by the State of Georgia under the Employee's Retirement System of Georgia (ERS System). This system issues a separate, publicly available financial report that includes applicable financial statements and required supplementary information. The report may be obtained from the respective system office. The significant retirement plans that SRTA participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by state law.

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System (TRS) of Georgia. One of the ERS System plans, the Employee's Retirement System of Georgia (ERS), is a cost-sharing multiple- employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires, but for existing members and beneficiaries, may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

Benefits

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP- ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Benefits (Continued)

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are "new plan" members subject to the modified plan provisions. Effective January 1, 2009, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Post-retirement cost-of-living adjustments may be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions Required and Contributions Made

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to \$4,200 plus 6% of annual compensation in excess of \$4,200. Under the old plan, SRTA pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Authority contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan GSEPS are 1.25% of annual compensation. SRTA is required to contribute at a specified percentage of active

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Contributions Required and Contributions Made (Continued)

member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These Authority contributions are not at any time refundable to the member or his/ her beneficiary. Employer contributions required for fiscal year 2011 were based on the June 30, 2008 actuarial valuation for the old and new plans and were sent by the Board of Trustees on September 18, 2008 for the GSEPS as follows:

Old Plan*	6.88%
New Plan	11.63%
GSEPS	6.54%

*5.66% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her contributions, the member forfeits all rights to retirement benefits.

SRTA made 100% of the required contributions for each year and had no net pension obligation at the end of the fiscal years ended June 30, 2012, 2011, and 2010.

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$ 327,959
2011	100%	\$ 323,493
2010	100%	\$ 318,369

Teachers Retirement System of Georgia (TRS)

Plan Description

The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand-alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RETIREMENT SYSTEMS (CONTINUED)

Teachers Retirement System of Georgia (TRS) (Continued)

Plan Description (Continued)

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living contract with the Department of Community Health for inclusion in the plan. The State adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RETIREMENT SYSTEMS (CONTINUED)

Teachers Retirement System of Georgia (TRS) (Continued)

Funding Policy (Continued)

Member contributions as adopted by the Board of Trustees for the year ended June 30, 2012, were 6.00% of annual salary. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2008, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

SRTA's employer contributions for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$3,801
2011	N/A	N/A
2010	N/A	N/A

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS

SRTA participates in two State of Georgia postemployment benefit plans: 1) the Georgia State Employees Post-employment Health Benefit Fund (administered by the Department of Community Health); and, 2) the State Employee's Assurance Department – OPEB (administered by the ERS System). Separate financial reports that include the applicable financial statements and required supplementary information for these plans are publicly available and may be obtained from the offices that administer that plans.

Retiree health benefits were previously funded through the Georgia Retiree Health Benefit Fund (GRHBF). In 2009, the General Assembly revisited the GRHBF and enacted legislation that, effective August 31, 2009, separated the GRHBF into two new funds: the Georgia School Personnel Post-employment Health Benefit Fund and the Georgia State Employees Post-employment Health Benefit Fund. The purpose of this change was to assure employers responsible for planning and funding future retiree health costs that their contributions will be dedicated to their respective retiree populations. Funds in the GRHBF were transferred to the Georgia State Employees Post-employment Health Benefit Fund or the Georgia School Personnel Post-employment Health Benefit Fund as described in the plan financial statements. The statute that created the GRHBF was repealed effective September 1, 2010.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia State Employees Post-employment Health Benefit Fund

Plan Description

The Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers eligible former employees of state organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. The State OPEB Fund provides health insurance benefits to eligible former employees and their qualified beneficiaries through the health insurance plan for state employees. The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

Funding Policy

The contribution requirements of the plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately 25 % of the cost of the health insurance coverage.

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected “pay-as-you-go” financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

SRTA’s employer contributions for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2012	100%	\$ 999,154
2011	100%	\$ 755,364
2010	100%	\$ 663,042

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Georgia State Employees Post-employment Health Benefit Fund (Continued)

Funding Policy (Continued)

The combined required contribution rates established by the Board for coverage in the active and retiree plans for the year ended June 30, 2012 were as follows:

July 2011 - November 2011	27.363% of covered payroll for July 2011 - November 2011
December 2011 - April 2012	34.000% of covered payroll for December 2011 - April 2012
May 2012 - June 2012	27.523% of covered payroll for June 2012 - July 2012

No additional contribution was required by the Board for fiscal year 2012 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the state plan for other postemployment benefits and are subject to appropriation.

State Employees' Assurance Department – OPEB

Plan Description

State Employees' Assurance Department – OPEB is a cost-sharing multiple-employer defined benefit post-employment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees', Judicial (JRS), and Legislative (LRS) Retirement Systems, amended to exclude members of ERS, JRS, and LRS hired on or after July 1, 2009. Pursuant to Title 47 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees' and Judicial Retirement Systems.

Funding Policy

Contributions by plan members are established by the Boards of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The Boards of Trustees of the Employees' and Judicial Retirement Systems establish employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. For the year ended June 30, 2012, contributions from employers was .61% of payroll based on the actuarial valuation as of June 30, 2009. The ERS Board of Trustees voted and approved the contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring actual payments from the employers. Consequently, \$13,761 was contributed by the SBF to the State Employees' Assurance Department – OPEB on behalf of SRTA as of and for the year ended June 30, 2012. Also, no contributions were required to be made by SRTA for the prior two fiscal years ended June 30, 2011 and 2010, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2012, SRTA has contractual commitments on uncompleted contracts detailed below:

Commitments	Amounts
GA 400 Improvements and Toll Plaza	\$ 48,352,371
I-85 HOV to HOT Project	3,020,589
I-75 Northwest Corridor Project	827,979
Total Commitments	<u>\$ 52,200,939</u>

Litigation

Litigation, claims and assessments filed against SRTA, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the *State of Georgia Comprehensive Annual Financial Report* for the year ended June 30, 2012.

Georgia Transportation Infrastructure Bank (GTIB)

Pursuant to the Georgia Transportation Infrastructure Bank Act, O.C.G.A 32-10-120 et seq, the State Road and Tollway Authority has been authorized to create and operate the Georgia Transportation Infrastructure Bank (GTIB) program. Modeled after programs used in 32 other states, the GTIB was developed as a revolving infrastructure fund to provide grants and low-interest loans for local government transportation projects. The GTIB was originally capitalized with a total of approximately \$43,100,000 of funds from state motor fuel sources that were appropriated in the State of Georgia budgets in fiscal years ending June 30, 2009 and 2010, respectively.

The GTIB may provide loans and grants to government entities for transportation projects that demonstrate strong transportation merit, engineering merit, economic merit, project feasibility, innovative concepts and financial commitment. Eligible projects for the GTIB include highways, bridges, air transport and airport facilities, rails, or transit and bicycle facility projects which provide public benefits by either: enhancing mobility and safety, promoting economic development, or increasing the quality of life and general welfare of the public.

Eligible costs are those related to preliminary engineering, traffic and revenue studies, environmental studies, right of way acquisition, legal and financial services associated with the development of the qualified project, construction, construction management, facilities, and other costs necessary for the qualified project.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Georgia Transportation Infrastructure Bank (GTIB) (Continued)

In accordance with applicable pronouncements, SRTA has restricted \$39,375,211 of the GTIB fund balance. The following table is a summary of the cumulative activity from inception of the program in fiscal year 2009 through the fiscal year ended June 30, 2012:

	Cumulative (From Program Inception) June 30, 2011	Activity for the Year Ended June 30, 2012	Cumulative (From Program Inception) June 30, 2012
Contributions from Motor Fuel Funds	\$ 43,100,000	\$ -	\$ 43,100,000
Contributions from SRTA	-	225,000	225,000
Net Earnings	196,557	49,793	246,350
Disbursements	<u>(258,120)</u>	<u>(3,938,019)</u>	<u>(4,196,139)</u>
Restricted Fund Balance as of June 30	<u>\$ 43,038,437</u>	<u>\$ (3,663,226)</u>	<u>\$ 39,375,211</u>

All grants and loans awarded were approved by the governing board of SRTA. All loans awarded to date and all grants awarded in the fiscal year ended June 30, 2012 are expected to be finalized in the fiscal year ending June 30, 2013.

GA 400 Corridor Projects

In April 2011 as permitted by Article IX, Section III, Paragraph I(a) of the Constitution of 1983, GDOT and SRTA entered into an agreement whereby GDOT would build and SRTA would fund a portion of certain transportation projects along the GA 400 corridor. The original SRTA commitment was \$27,343,000. Expenditures through June 30, 2012 are \$2,930,466 and the remaining balance carried forward to fiscal year 2013 is \$24,412,534, and is shown as restricted net assets on the proprietary fund financial statements.

SUPPLEMENTARY INFORMATION

STATE ROAD AND TOLLWAY AUTHORITY

CASH AND CASH EQUIVALENTS SCHEDULE

JUNE 30, 2012

	Governmental		Proprietary	
	Unrestricted	Restricted	Unrestricted	Restricted
Bank of America N.A.				
GA400 Holding Account	\$ -	\$ -	\$ 3,804,982	\$ -
SRTA Toll Patron Account	-	-	-	1,477,126
CSC Holding Account	-	-	516,820	-
GA400 Change Order Account	-	-	88,591	-
SRTA Toll Patron Cash Account	-	-	-	9,964
Toll Revenue Account	-	-	141,755	-
SRTA Violations Processing Account	-	-	182,646	-
SRTA MAIN Operating	2,371,889	-	-	-
General Authority Holding Account	1,231,389	-	-	-
I-85 Holding Account	-	-	1,022,740	-
GA 400 Income	-	-	918,382	-
GTIB Operating	8,187	-	-	-
The Bank of New York Mellon Trust Company N.A.				
Money Market Accounts				
Transportation Revenue Bond Covenant Accounts				
2010 Sinking Fund Principal	-	-	-	496,666
2010 Sinking Fund Interest	-	-	-	66,523
2010 Operations & Maintenance Fund	-	-	-	1,298,520
Grant Anticipation and Reimbursement Revenue Bond Covenant Accounts				
GARBs 2006 Revenue Account	-	135	-	-
GARBs 2006 Debt Service Account	-	29	-	-
RIBs 2006 Revenue Account	-	29	-	-
RIBs 2006 Debt Service Account	-	13,967	-	-
GARBs 2008A Revenue Account	-	-	-	-
GARBs 2008A Debt Service Account	-	37	-	-
RIBs 2008A Revenue Account	-	37	-	-
RIBs 2008A Debt Service Account	-	17,870	-	-
RIBs 2009A Revenue Account	-	37	-	-
RIBs 2009A Debt Service Account	-	17,615	-	-
US Bank				
Money Market Accounts				
Guaranteed Revenue Bond Covenant Accounts				
2003 GRB Sinking Fund Account	-	11,004,105	-	-
2011A GRRB Sinking Fund Account	-	8,173,567	-	-
2011B GRRB Sinking Fund Account	-	1,913,563	-	-
Office of the State Treasurer, Georgia Fund 1				
2001 Sinking Fund	-	129,250	-	-
Operating Account - GA400	4,728,960	-	2,428,270	-
SRTA Toll Patron Account	-	-	-	4,150,479
SRTA Capital Account	-	1,536,150	-	26,230,720
Series 2010 Project Fund	-	-	-	33,387,834
GTIB State & Local Roadway Non-Grant Account	-	23,162,325	-	-
GTIB State & Local Roadway Grant Account	-	16,212,886	-	-
Other				
Cash on Hand	-	-	16,435	-
Total Cash and Cash Equivalents	\$ 8,340,425	\$ 62,181,602	\$ 9,120,621	\$ 67,117,832

Summary Reconciliation of Cash and Cash Equivalents to Financial Statements

	Governmental		Proprietary	
	Unrestricted	Restricted	Unrestricted	Restricted
General	8,332,238			
GTIB Assigned	8,187			
Total Governmental Unrestricted	\$ 8,340,425			
Debt Service Restricted		21,270,241		
GTIB Restricted		39,375,211		
General Restricted		1,536,150		
Total Governmental Restricted		\$ 62,181,602		
Proprietary Unrestricted			\$ 9,120,621	
Proprietary Restricted				\$ 67,117,832

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the
State Road and Tollway Authority
Atlanta, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the State Road and Tollway Authority as of and for the year ended June 30, 2012, which collectively comprise the State Road and Tollway Authority's basic financial statements and have issued our report thereon dated September 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board members of the State Road and Tollway Authority, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 17, 2012

STATE ROAD AND TOLLWAY AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2012

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

___ yes X no

Significant deficiencies identified not considered
to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

There was no audit of major federal award programs as of June 30, 2012 due to the total amount of federal expenditures being less than \$500,000 during the fiscal year 2012.

SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES

No findings reported relative to the audit of the Authority for the fiscal year ended June 30, 2012.

SECTION III – AUDITEE RESPONSE

Status of Prior Year Finding

FS 2011-01. Previously Reported Corrective Action Implemented