STATE ROAD AND TOLLWAY AUTHORITY

(A Component Unit of the State of Georgia)

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013

Audited by:
Mauldin & Jenkins, LLC
September 17, 2013

STATE ROAD AND TOLLWAY AUTHORITY

FINANCIAL REPORT
JUNE 30, 2013

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

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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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of January 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 11 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.

Supplementary Information - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The cash and cash equivalents schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The cash and cash equivalents schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the cash and cash equivalents schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 17, 2013, 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* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 17, 2013

STATE ROAD AND TOLLWAY AUTHORITY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a Discussion and Analysis of the financial performance of the State Road and Tollway Authority (SRTA, or 'the Authority'). It is designed to assist the reader by emphasizing significant financial issues and activities and to identify any significant changes in SRTA's financial position for the year ended June 30, 2013. 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 ("MD&A") is designed to be read in conjunction with SRTA's financial statements.

Note: There are a number of terminology changes throughout the financial section of this report that do not require prior period adjustments. SRTA implemented GASB Statement No. 65 which requires the calculation of "net position" and includes a restatement of prior year net assets in order to provide proper fiscal year period to period comparison. See Notes 2 and 7 in the Notes to the Financial Statements for additional information.

Financial Highlights

Georgia 400 Corridor: The Authority operates the GA 400 Extension, a 6.2 mile barrier-tolled roadway that was completed in 1993. The GA 400 Extension originated 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. Upon issuing these bonds, SRTA entered 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 corridor. In turn, SRTA committed $27,343,000 to fund transportation improvement projects within the Georgia 400 Corridor. That commitment was increased by $2.1 million during fiscal year 2013. During the year ended June 30, 2013, traffic on the GA 400 extension totaled 40.3 million transactions resulting in toll revenue of $19,976,850 and violation processing fees of $563,689. Toll revenue increased by 0.1% over the year ended June 30, 2012 although traffic decreased by 2.1%. Violation processing fees revenue increased 41% over the prior fiscal year ended June 30, 2012.

Fulfilling Governor Nathan Deal's promise to commuters, the State of Georgia will pay off the outstanding GA 400 bond debt on December 1, 2013 and terminate GA 400 toll collections four years earlier than previously planned.

A GA 400 'Toll Plaza Demolition Project' has been formulated to involve demolition and removal of the toll plaza canopies and toll booths, sealing up redundant access points to the underground tunnel, reconstruction of the unfinished roadway beneath the toll plaza, and construction of three lanes in each direction. The final roadway section will match the existing three-lane configurations that currently exist before and after the toll plaza. The GA 400 Toll Operations building will be preserved and ownership will be transferred to the Georgia Department of Transportation (GDOT).

I-85 Corridor Express Lanes: During the year ended June 30, 2012, SRTA opened the I-85 Express Lanes toll facility. The I-85 Express Lanes project converted approximately 16 miles of the previously 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. All users of the lanes must be registered with the Peach Pass Customer Service Center, acquire a transponder, and pay their tolls 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 that cross the solid double white lines are issued violations.

As of June 30, 2013, $24,911,856 has been invested in capital assets on 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 fiscal year ended June 30, 2012. During fiscal year 2013, $8,610,898 for the back office system was transferred from I-85 to the Customer Service Fund leaving the tolling system with $16,300,958 in the I-85 Fund. As of June 30, 2013, the net book value of the tolling system was $11,004,801. During the year ended June 30, 2013 SRTA collected $5,286,173 in toll revenue from 5.1 million electronically tolled trips. Violations processing fees revenue on I-85 was $389,844.

Customer Service Center (CSC) Fund: In order to facilitate the appropriate allocation of common costs relating to electronic toll collection for both the GA 400 toll and the I-85 Express Lanes, SRTA established an internal service fund for the CSC. The CSC Fund records revenues to cover direct expenses by charging a base fee of $0.15 per transaction for toll processing administration and a variable fee of 3.75% of revenue for the credit card fees. A corresponding expense is charged to the two respective enterprise funds, GA 400 and I-85. Violation administration fees are revenue to the CSC Fund, also 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 State of Georgia Transportation Infrastructure Bank to be administered by 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 partially fund eligible transportation projects. From the inception of the program through June 30, 2013, $21,840,962 in grants and loans have been awarded, of which $5,999,954 of funds have been disbursed. See Note 15 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 Guaranteed Revenue and Grant Anticipation Revenue Vehicle (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, 2013, SRTA has $1,047,860,000 outstanding in GARVEE Bonds and $374,415 outstanding in Guaranteed Revenue Bonds. See Note 10 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.

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 when 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. 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 are classified into the categories of G*overnmental Funds* or *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 state transportation financing activities of SRTA. 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 funds.

Proprietary Funds. The Authority maintains three proprietary funds, two of which 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 tolling operations of the Georgia 400 Extension, the I-85 Express Lanes project, and the internal service fund to account for the Customer Service Center operations.

Government-wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of a government entity's financial health, or financial position. The Authority's net assets are the difference between its assets (i.e., what SRTA owns) and its liabilities (i.e., what SRTA owes) at the end of a fiscal year and represents one way to measure SRTA's financial health or its financial position. As of the fiscal year ended June 30, 2013, SRTA's liabilities exceeded its assets by $1,433,899,927. The negative net assets are primarily attributable to SRTA's Governmental Fund bond management program under which SRTA issues debt on behalf of the State of Georgia for the purpose of financing state transportation projects. 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 SRTA's financial statements.

For statewide financial reporting, as a blended component unit of the State of Georgia, SRTA's financials are consolidated into the State of Georgia's Comprehensive Annual Financial Report. SRTA's negative net assets stated in the governmental activities (which include the state transportation projects' bond debt) are reported with the related transportation assets in the State of Georgia's financial statements, therefore the State's transportation projects' net assets are properly balanced. If the bonds related to these transportation assets were removed from SRTA's financial statements, the adjusted net assets for governmental activities would be a positive $70,025,253, which is a decrease of $16,957,823 from the prior year of $86,983,076.

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

Statement of Net Assets. The following table provides a comparison of SRTA's net assets at June 30, 2013 and June 30, 2012. 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 Position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2013	June 30, 2012 (Restated)	June 30, 2013	June 30, 2012 (Restated)	June 30, 2013	June 30, 2012 (Restated)
Assets:						
Other Assets	$ 71,699,340	$ 81,976,953	$ 81,042,057	$ 77,667,359	$ 152,741,397	$ 159,644,312
Capital Assets	9,126,904	9,204,211	27,924,604	29,128,527	37,051,508	38,332,738
	$ 80,826,244	$ 91,181,164	$ 108,966,661	$ 106,795,886	$ 189,792,905	$ 197,977,050
Deferred Outflows of Resources:						
Deferred Amounts from refunding of debt	$ 9,160,357	$ 12,486,496 *	-	-	$ 9,160,357	$ 12,486,496
	$ 9,160,357	$ 12,486,496	$ -	$ -	$ 9,160,357	$ 12,486,496
Liabilities:						
Current Liabilities	$ 10,631,941	$ 10,713,945	$ 11,342,162	$ 10,704,327	$ 21,974,103	$ 21,418,272
Long-Term Liabilities:						
Current Portion	175,594,773	158,044,111	6,318,109	6,084,745	181,912,882	164,128,856
Noncurrent Portion	1,337,659,814	1,520,858,890	19,537,290	25,469,745	1,357,197,104	1,546,328,635
	$ 1,523,886,528	$ 1,689,616,946	$ 37,197,561	$ 42,258,817	$ 1,561,084,089	$ 1,731,875,763
Net Position:						
Net Investment in Capital Assets	$ 9,126,904	$ 9,204,211	$ 28,550,723	$ 27,458,751	$ 37,677,627	$ 36,662,962
Restricted for Loan and Grant Programs	37,711,345	60,413,556	23,214,118	26,274,244	60,925,463	86,687,800
Unrestricted	(1,480,738,176)	(1,668,053,549)	20,004,259	10,804,074	(1,460,733,917)	(1,657,249,475)
	$ (1,433,899,927)	$ (1,598,435,782)	$ 71,769,100	$ 64,537,069	$ (1,362,130,827)	$ (1,533,898,713)

SRTA's beginning unrestricted fund balance was restated due to the implementation of GASB Statement No. 65.

SRTA's net position increased from $(1,533,898,713) to $(1,362,130,827) during the current fiscal year ended June 30, 2013. The change in net position was $171,767,886. The principal factor contributing to the increase for the year was the payment of governmental activity debt service that resulted in reducing outstanding bond debt. No additional debt was issued during the fiscal year.

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. (See Balance Sheet, p. 15)

At June 30, 2013, the governmental funds, in aggregate, had combined fund balances of $69,685,460. A breakdown of the aggregate governmental fund balances reflects: (1) unassigned fund balance of $24,192,045, primarily consisting of cash and interfund receivables; (2) $57,567 of GTIB assigned fund balance; (3) $80,006, mostly of motor fuel tax payments received from GDOT that will be used to pay debt service on the bonds; (4) a fund balance of $37,631,339 for the GTIB loan and grant programs; and (5) a nonspendable fund balance of $7,724,503 of advances to other funds.

The positive fund balance on the Governmental Fund Balance Sheet (p. 15) does not include the long-term debt and bond liabilities. The Statement of Net Assets for Governmental Activities which shows negative net assets of $(1,433,899,927) includes bond liabilitie snetted against deferred outflows of resources of $(1,503,925,180). See the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets contained in the Financial Statements section (p. 16) for more detail.

Proprietary Funds: The Proprietary Funds statements (p. 19 – 23) 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, 2013. Total net assets of the GA 400 Proprietary Fund were $59,159,951. Investments in capital assets net of related debt were $11,937,716 and the unrestricted net assets of the Georgia 400 Project at June 30, 2013 were $24,008,117. Restricted net assets of $23,214,118 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, 2013. The unrestricted net assets of the I-85 Express Lanes Project at June 30, 2013 were ($5,794,882). I-85 Express Lanes exceeded expectations in the first full year of operations.

Customer Service Center (CSC) Fund: The CSC Fund is an internal service fund of SRTA used to report activities related to managing violations and toll paying customer accounts 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, 2013. During fiscal year 2013, SRTA transferred $7,819,263 of asset value for the back office software, net of accumulated depreciation, from I-85 to Customer Service. The unrestricted net assets of the CSC at June 30, 2013 were $1,791,024. 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 investment in capital assets for the year was $37,677,627, representing an increase of $1,014,665 from the prior fiscal year (p. 8). This increase is primarily related to the additional investment to improve the I-85 Express lane roadside tolling system. Additional information on SRTA's capital assets can be found on page 42 in the Notes to the Financial Statements.

Long-Term Debt: At June 30, 2013, SRTA had total long-term debt of $1,529,683,863 which was comprised of $1,503,925,180 in Guaranteed Revenue and GARVEE Bonds in governmental activities, $25,345,000 in Toll Revenue Bonds in the business-type activities and $413,683 in compensated absences. Additional information on SRTA's long-term debt can be found on pages 47 – 53 in the Notes to the financial statements.

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, 2013 and June 30, 2012. 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 SRTA's Revenues, Expenses and Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues:						
Operating						
Program Revenues						
Charges for Services	$ -	$ -	$ 26,216,556	$ 22,917,245	$ 26,216,556	$ 22,917,245
Grants and contributions	$ 2,994,438	$ -	$ 2,496,169	$ 9,260,237	$ 5,490,607	$ 9,260,237
General Revenues						
Rents and Royalties	80,395	-	85,906	52,740	166,301	52,740
Unrestricted Investment Earnings	92,796	137,796	65,725	55,568	158,521	193,364
Miscellaneous	88,312	36,321	53,748		142,060	36,321
Total Operating Revenues	$ 3,255,941	$ 174,117	$ 28,918,104	$ 32,285,790	$ 32,174,045	$ 32,459,907
Expenses:						
General Government	$ 6,496,941	$ 2,553,307	$ -	$ -	$ 6,496,941	$ 2,553,307
GTIB Infrastructure Grants Dispersed	1,783,816	3,938,019	-	-	1,783,816	3,938,019
Interest on Long-Term Debt	59,045,246	67,056,109	-	-	59,045,246	67,056,109
Transportation	-	-	-	-	-	-
Toll Roads	-	-	33,341,082	19,670,196	33,341,082	19,670,196
Total Expenses	$ 67,326,003	$ 73,547,435	$ 33,341,082	$ 19,670,196	$ 100,667,085	$ 93,217,631
Increase/Decrease in Net Assets Before Other Items	$ (64,070,062)	$ (73,373,318)	$ (4,422,978)	$ 12,615,594	$ (68,493,040)	$ (60,757,724)
Other Items:						
Interfund Transfers	(11,655,009)	12,496,065	11,655,009	(12,496,065)	-	-
Transfers from GDOT	54,549,875	51,248,860			54,549,875	51,248,860
Payments from State of Georgia	185,711,051	185,195,252	-	-	185,711,051	185,195,252
Total Other Items	$ 228,605,917	$ 248,940,177	$ 11,655,009	$ (12,496,065)	$ 240,260,926	$ 236,444,112
Change in Net Assets	$ 164,535,855	$ 175,566,859	$ 7,232,031	$ 119,529	$ 171,767,886	$ 175,686,388
Net Assets - Beginning	(1,598,435,782)	(1,774,002,641) *	64,537,069	64,417,540 *	(1,533,898,713)	(1,709,585,101)
Net Assets - Ending	$ (1,433,899,927)	$ (1,598,435,782)	$ 71,769,100	$ 64,537,069	$ (1,362,130,827)	$ (1,533,898,713)

Revenues. Total charges for services for business-type activities increased 14.4%, from $22,917,245 in the year ended June 30, 2012 to $26,216,556 in the year ended June 30, 2013, primarily due to a full year of operations of the I-85 Express Lanes. Other revenue for business-type activities increased 62.9%, from $52,740 in the year ended June 30, 2012 to $85,906 in the year ended June 30, 2013, primarily due to a rental payment correction. Nonoperating revenue for business-type activities decreased 72.5%, from $9,315,805 in the year ended June 30, 2012 to $2,561,894 in the year ended June 30, 2013, due to the reduction in the amount of capital grants and contributions received for the I-85 Express Lanes project. Other revenues for governmental-type activity increased by 143.1%, from $36,321 in the year ended June 30, 2012 to $88,312 in the year ended June 30, 2013, due to an increase in rental income for property SRTA owns on 17th Street in midtown Atlanta. Nonoperating revenue for governmental-type activities increased from $137,796 in the year ended June 30, 2012 to $3,074,833 in the year ended June 30, 2013 primarily due to capital grants and contributions received for the I-75 S, I-75 NWC (Northwest Corridor) and I-85 Extension projects.

Expenses. General government expenses for SRTA decreased by 8.5%, from $73,547,435 in the year ended June 30, 2012 to $67,326,003 in the year ended June 30, 2013, primarily due to a reduction in interest expense on bonds payable and a decrease in general government expenses which were somewhat 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 approximately $13.7 million, from $19,670,195 in the year ended June 30, 2012 to $33,341,082 in the year ended June 30, 2013, primarily due to $5.2 million in grants to GDOT for GA 400 corridor projects and $9.1 million in amortization and depreciation due to the acceleration of amortization on the GA 400 Estate for Years. See Note 1 in the Notes to the Financial Statements for further information on the Estate for Years.

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.

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STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	$ 15,539,414	$ 6,154,997	$ 21,694,411
Restricted Assets:			
Cash and Cash Equivalents	43,064,376	79,357,490	122,421,866
Accounts Receivable, Net	3,030,161	1,467,623	4,497,784
Internal Balances	9,030,323	(9,030,323)	-
Inventories	-	432,686	432,686
Prepaid Items	1,035,066	23,904	1,058,970
Estate for Years, net	-	2,635,680	2,635,680
Capital Assets, Non-Depreciable	8,982,936	10,834,610	19,817,546
Capital Assets, Depreciable (Net of Accumulated Depreciation)	143,968	17,089,994	17,233,962
Total Assets	$ 80,826,244	$ 108,966,661	$ 189,792,905
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Losses from Refunding of Debt	$ 9,160,357	$ -	$ 9,160,357
Total Deferred Outflows of Resources	$ 9,160,357	$ -	$ 9,160,357
Total Assets and Deferred Outflows of Resources	$ 89,986,601	$ 108,966,661	$ 198,953,262
LIABILITIES			
Accounts Payable and other Current Liabilites	$ 978,814	$ 6,193,010	$ 7,171,824
Accrued Liabilites	-	81,457	81,457
Current Liabilities Payable from Restricted Assets:			
Accrued Interest Payable	9,653,127	53,854	9,706,981
Unearned Revenues	-	5,013,841	5,013,841
Long-Term Liabilities			
Due Within One Year	175,510,248	6,110,000	181,620,248
Due in More Than One Year	1,337,575,289	19,235,000	1,356,810,289
Compensated Absences due within one year	84,525	122,317	206,842
Compensated Absences due in more than one year	84,525	122,316	206,841
Escheatment due within one year	-	85,792	85,792
Escheatment due in more than one year	-	179,974	179,974
Total Liabilities	$ 1,523,886,528	$ 37,197,561	$ 1,561,084,089

NET POSITION

Net Investment in Capital Assets	$ 9,126,904	$ 28,550,723	$ 37,677,627
Amounts Restricted for			
Loan and Grant Programs	37,631,339	-	37,631,339
Debt Service (guaranteed revenue bond covenant accounts	80,006		80,006
Debt Service		563,030	563,030
Agreements under Memorandum of Understanding with Georgia Department of Transportation	-	21,352,568	21,352,568
Operations and Maintenance	-	1,298,520	1,298,520
Unrestricted Amounts (Deficit)	(1,480,738,176)	20,004,259	(1,460,733,917)
Total Net Position	$ (1,433,899,927)	$ 71,769,100	$ (1,362,130,827)

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	$ 6,496,941	$ -	$ -	$ 2,994,438	$ (3,502,503)	$ -	$ (3,502,503)
GTIB Infrastructure Grants Disbursed	1,783,816	-	-	-	(1,783,816)	-	(1,783,816)
Debt Service							
Interest on Short-Term and Long-Term Debt	59,045,246	-	-	-	(59,045,246)	-	(59,045,246)
Total Governmental Activities	$ 67,326,003	$ -	$ -	$ 2,994,438	$ (64,331,565)	$ -	$ (64,331,565)
Business-type Activities							
I-85 Managed Lanes	$ 7,697,092	$ 5,676,017	$ -	$ 2,496,169	$ -	$ 475,094	$ 475,094
Georgia 400 Toll Road	25,643,990	20,540,539	-	-	-	(5,103,451)	(5,103,451)
Total Business Type Activities	$ 33,341,082	$ 26,216,556	$ -	$ 2,496,169	$ -	$ (4,628,357)	$ (4,628,357)
Total	$ 100,667,085	$ 26,216,556	$ -	$ 5,490,607	$ (64,331,565)	$ (4,628,357)	$ (68,959,922)
General Revenues							
Rents and Royalties					$ -	$ 85,906	$ 85,906
Unrestricted Investment Earnings					80,395	65,725	146,120
Payments from the State of Georgia					185,711,051	-	185,711,051
Restricted Investment Earnings					92,796	-	92,796
Miscellaneous Income					88,312	53,748	142,060
					$ 185,972,554	$ 205,379	$ 186,177,933
Transfers							
Transfers from the Department of Transportation					$ 54,549,875	$ -	$ 54,549,875
Interfund Transfers					(11,655,009)	11,655,009	-
					$ 42,894,866	$ 11,655,009	$ 54,549,875
Total General Revenues and Transfers					$ 228,867,420	$ 11,860,388	$ 240,727,808
Change in Net Position					$ 164,535,855	$ 7,232,031	$ 171,767,886
Net Position - Beginning of Year					$ (1,591,761,703)	$ 64,737,870	$ (1,527,023,833)
Prior Period Adjustments					(6,674,079)	(200,801)	(6,874,880)
Net Position - Beginning of Year As Restated					(1,598,435,782)	64,537,069	(1,533,697,912)
Net Position - Ending of Year					$ (1,433,899,927)	$ 71,769,100	$ (1,362,130,827)

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, 2013

	General Fund	Debt Service Fund	GTIB Fund	Totals
ASSETS				
Cash and Cash Equivalents	$ 15,501,877	$ -	$ 37,537	$ 15,539,414
Cash and Cash Equivalents - Restricted	5,353,031	80,006	37,631,339	43,064,376
Accounts Receivable, Net	3,010,131	-	-	3,010,131
Loans Receivable, Net	-	-	20,030	20,030
Due From Other Funds/Interfund	1,305,820	-	-	1,305,820
Other Non Current Assets:				
Advances to Other Funds	7,724,503	-	-	7,724,503
Total Assets	$ 32,895,362	$ 80,006	$ 37,688,906	$ 70,664,274
LIABILITIES				
Accounts Payable	$ 493,293	$ -	$ -	$ 493,293
Payroll Withholdings Payable	45,145	-	-	45,145
Contracts Payable	440,376	-	-	440,376
Total Liabilities	$ 978,814	$ -	$ -	$ 978,814
FUND BALANCES				
Nonspendable	$ 7,724,503	$ -	$ -	$ 7,724,503
Restricted	-	80,006	37,631,339	37,711,345
Assigned	-	-	57,567	57,567
Unassigned	24,192,045	-		24,192,045
Total Fund Balances	$ 31,916,548	$ 80,006	$ 37,688,906	$ 69,685,460
Total Liabilities and Fund Balances	$ 32,895,362	$ 80,006	$ 37,688,906	$ 70,664,274

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 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2013

Total Governmental Fund Balances			$	69,685,460
Amounts reported for governmental activities in the government-wide Statement of Net Position 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		143,968		
Total Capital Assets				9,126,904
Prepaid bond insurance costs that are not available to pay current period expenditures are deferred in the funds.				1,035,066
Certain long term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.				(1,513,747,357)
Net Position of Governmental Activities			$	(1,433,899,927)

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	GTIB Fund	Totals
REVENUES				
State Funds - Capital Contributions (from Georgia DOT)	$ 2,994,438	$ -	$ -	$ 2,994,438
Intergovernmental Income	-	213,283,580	-	213,283,580
Investment Earnings	78,101	2,294	-	80,395
Restricted Interest and Investment Revenue	-	-	92,796	$ 92,796
Other Income	78,312	-	10,000	88,312
Total Revenues	$ 3,150,851	$ 213,285,874	$ 102,796	$ 216,539,521
EXPENDITURES				
General Government	$ 6,333,371	$ 61,963	$ 13,472	$ 6,408,806
GTIB Infrastructure Grants Disbursed	-	-	1,783,816	1,783,816
Debt Services				
Principal	-	157,965,000	-	157,965,000
Interest	-	76,510,709	-	76,510,709
Total Expenditures	$ 6,333,371	$ 234,537,672	$ 1,797,288	$ 242,668,331
Excess of Revenues over (under) Expenditures	$ (3,182,520)	$ (21,251,798)	$ (1,694,492)	$ (26,128,810)
				-
OTHER FINANCING SOURCES (USES)				
Transfers In (from Georgia DOT)	$ 26,977,346	$	$	$ 26,977,346
Transfers In	2,508,841	293,459	-	2,802,300
Transfers Out	(14,457,309)	-	-	(14,457,309)
Total Other Financing Sources (Uses)	$ 15,028,878	$ 293,459	$ -	$ 15,322,337
Net Change in Fund Balances	$ 11,846,358	$ (20,958,339)	$ (1,694,492)	$ (10,806,473)
Fund Balances - Beginning of Year	20,070,190	21,038,345	39,383,398	80,491,933
Fund Balances - Ending of Year	$ 31,916,548	$ 80,006	$ 37,688,906	$ 69,685,460

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

STATE ROAD AND TOLLWAY AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds			$	(10,806,473)
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	$	-		
Depreciation Expense		(77,307)		
Excess of Capital Outlay over Depreciation Expense				(77,307)
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 Position. In the current year, these amounts consist of:				
Grant Anticipation Revenue Bonds Principal Retirement	$	102,580,000		
Reimbursement Revenue Bonds Principal Retirement		26,350,000		
Guaranteed Revenue Bonds Principal Retirement		13,930,000		
Guaranteed Revenue Refunding Bonds Principal Retirement		15,105,000		
Total Long-Term Debt Repayments				157,965,000
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		10,597,730		
Amortization of Premium of Reimbursement Revenue Bonds Payable		1,439,050		
Amortization Write-off of Premium Guaranteed Revenue Bonds Payable from Refunding		7,623,625		
Amortization of Premium Guaranteed Revenue Bonds Payable		520,333		
Amortization of Bond Insurance Costs		(279,475)		
Net Decrease in Accrued Interest on Issuance of Bonds		890,339		
Increase in Compensated Absences		(10,828)		
Total Additional Expenditures				17,454,635
Change in Net Position of Governmental Activities			$	164,535,855

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

STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 2,751,692	$ 1,779,178	$ 4,530,870	$ 1,624,127
Accounts Receivable, Net	61	1,455,787	1,455,848	11,775
Inventories	-	-	-	432,686
Prepaid Items	21,939	1,965	23,904	-
Due From Other Funds/Interfund	75,670	57,635	133,305	-
Restricted Current Assets				
Cash and Cash Equivalents	72,870,845	-	72,870,845	6,486,645
Total Current Assets	$ 75,720,207	$ 3,294,565	$ 79,014,772	$ 8,555,233
NONCURRENT ASSETS				
Estate for Years	$ 67,508,129	$ -	$ 67,508,129	$ -
Accumulated Amortization	(64,872,449)	-	(64,872,449)	-
Estate for Years, net	$ 2,635,680	$ -	$ 2,635,680	$ -
Capital Assets				
Non-Depreciable				
Construction in Progress	$ 10,834,610	$ -	$ 10,834,610	$ -
Depreciable				
Buildings	4,938,197	-	4,938,197	-
Improvements Other than Buildings	2,218,379	-	2,218,379	-
Machinery and Equipment	3,823,294	16,300,958	20,124,252	500,000
Infrastructure	132,891	-	132,891	-
Computer Software	393,460	-	393,460	8,610,898
Other Assets	33,925	-	33,925	-
Accumulated Depreciation	(11,063,159)	(5,296,157)	(16,359,316)	(3,502,692)
Total Capital Assets	$ 11,311,597	$ 11,004,801	$ 22,316,398	$ 5,608,206
Total Noncurrent Assets	$ 13,947,277	$ 11,004,801	$ 24,952,078	$ 5,608,206
Total Assets	$ 89,667,484	$ 14,299,366	$ 103,966,850	$ 14,163,439

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 258,661	$ 371,795	$ 630,456	$ 4,898
Contracts Payable	4,649,566	423,975	5,073,541	-
Retainages Payable	-	484,115	484,115	-
Accrued Liabailities	81,457	-	81,457	-
Due To Other Funds	-	-	-	1,439,125
Compensated Absences	59,497	42,530	102,027	20,290
Escheatment	-	-	-	85,792
Current Liabilities Payable from Restricted Assets				-
Accrued Interest Payable	53,854	-	53,854	-
Unearned Revenues	-	-	-	5,013,841
Transportation Revenue Bonds Payable	6,110,000	-	6,110,000	-
Total Current Liabilities	$ 11,213,035	$ 1,322,415	$ 12,535,450	$ 6,563,946
NONCURRENT LIABILITIES				
Advances to Other Funds	$ -	$ 7,724,503	$ 7,724,503	$ -
Compensated Absences	59,498	42,529	102,027	20,289
Escheatment	-	-	-	179,974
Transportation Revenue Bonds Payable	19,235,000	-	19,235,000	-
Total Noncurrent Liabilities	$ 19,294,498	$ 7,767,032	$ 27,061,530	$ 200,263
Total Liabilities	$ 30,507,533	$ 9,089,447	$ 39,596,980	$ 6,764,209
NET POSITION				
NET POSITION				
Net Investment in Capital Assets	$ 11,937,716	$ 11,004,801	$ 22,942,517	$ 5,608,206
Restricted for				
Agreements under Memorandum of Understanding with Georgia Department of Transportation	21,352,568	-	21,352,568	-
Operations and Maintenance	1,298,520	-	1,298,520	-
Debt Service	563,030	-	563,030	-
Unrestricted (Deficit)	24,008,117	(5,794,882)	18,213,235	1,791,024
Total Net Position	$ 59,159,951	$ 5,209,919	$ 64,369,870	$ 7,399,230
Total Liabilities and Net Position	$ 89,667,484	$ 14,299,366		$ 14,163,439
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			7,399,230	
Net Position of Business-Type Activities			$ 71,769,100	

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

STATE ROAD AND TOLLWAY AUTHORITY

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STATE ROAD AND TOLLWAY AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
OPERATING REVENUES				
Charges for Sales and Services				
Base Transaction Fees	$ -	$ -	$ -	$ 3,341,808
Variable Fees	-	-	-	511,017
Violation Processing Fees	-	-	-	953,533
Violation Administration Fees	563,689	389,844	953,533	-
Toll Fees				
Cash Tolls	11,314,434	-	11,314,434	-
Electronic Tolls	8,662,416	5,286,173	13,948,589	-
Other Services	138,704	-	138,704	850
Total Charges for Sales and Services	20,679,243	5,676,017	26,355,260	4,807,208
Rents and Royalties: Rental Income	85,906	-	85,906	-
Total Operating Revenues	$ 20,765,149	$ 5,676,017	$ 26,441,166	$ 4,807,208
OPERATING EXPENSES				
Personnel Services	$ 1,531,320	$ 1,276,771	$ 2,808,091	$ 716,782
Publications, Supplies and Materials	39,611	18,994	58,605	189,701
Repairs and Maintenance	905,331	95,884	1,001,215	2,955
Utilities, Rents, Insurance	273,924	46,035	319,959	1,320
Other Operating	282,888	233,328	516,216	1,662,205
Contracts	6,740,701	1,607,810	8,348,511	44,484
Software/Telecom	275,937	87,840	363,777	1,381
Base Transaction Fees	2,580,685	761,123	3,341,808	-
Variable Fees	320,291	190,726	511,017	-
Violation Processing Fees	563,689	389,844	953,533	-
Depreciation	144,837	2,678,775	2,823,612	2,211,058
Amortization	6,325,633	-	6,325,633	-
Total Operating Expenses	$ 19,984,847	$ 7,387,130	$ 27,371,977	$ 4,829,886
Operating Income (Loss)	$ 780,302	$ (1,711,113)	$ (930,811)	$ (22,678)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	$ 56,503	$ 2,662	$ 59,165	$ 6,560
Bond Interest Expense	(785,612)	-	(785,612)	-
Roadway Improvement Grants per the MOU with GDOT	(5,159,965)	-	(5,159,965)	-
Miscellaneous Expense	(85,806)	-	(85,806)	-
Total Nonoperating Revenues (Expenses)	$ (5,974,880)	$ 2,662	$ (5,972,218)	$ 6,560
Income (Loss)	$ (5,194,578)	$ (1,708,451)	$ (6,903,029)	$ (16,118)
CAPITAL CONTRIBUTIONS				
Georgia Department of Transportation (GDOT)	$ -	$ 2,496,169	$ 2,496,169	$ -
TRANSFERS				
Transfers In	$ 14,163,850	$ -	$ 14,163,850	$ 7,819,263
Transfers Out	-	(7,819,263)	(7,819,263)	(2,508,841)
Total Transfers	$ 14,163,850	$ (7,819,263)	$ 6,344,587	$ 5,310,422
Changes in Net Position	$ 8,969,272	$ (7,031,545)	$ 1,937,727	$ 5,294,304
Total Net Position - Beginning of Year	$ 50,391,480	$ 12,241,464		$ 2,104,926
Prior Period Adjustments	(200,801)	-		-
Total Net Position - Beginning of Year as Restated	50,190,679	12,241,464		2,104,926
Total Net Position - End of Year	$ 59,159,951	$ 5,209,919		$ 7,399,230
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			5,294,304	
Change in Net Position of Business-Type Activities			$ 7,232,031	

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Georgia 400 Extension Fund	I-85 Express Lane Fund	Totals	Customer Service Center Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 20,765,317	$ 6,361,008	$ 27,126,325	$ 5,285,299
Payments to Suppliers	(8,086,869)	(2,140,850)	(10,227,719)	(6,674,472)
Payments to Employees	(1,541,528)	(1,269,190)	(2,810,718)	(719,011)
Internal Activity - Payments to Other Funds	(3,464,665)	(1,341,693)	(4,806,358)	4,806,358
Net Cash Provided by Operating Activities	$ 7,672,255	$ 1,609,275	$ 9,281,530	$ 2,698,174
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (to) from Other Funds	$ 12,118,659	$ (8,439,241)	$ 3,679,418	$ 6,887,818
Net Cash Provided by (Used in) Noncapital Financing Activities	$ 12,118,659	$ (8,439,241)	$ 3,679,418	$ 6,887,818
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	$ (1,184,863)	$ 5,087,573	$ 3,902,710	$ (7,819,264)
Intergovernmental Grant	(5,159,965)	2,496,169	(2,663,796)	-
Principal Paid on Revenue Bonds	(5,960,000)	-	(5,960,000)	-
Interest Paid on Revenue Bonds	(798,281)	-	(798,281)	-
Net Cash (Used) by Capital and Related Financing Activities	$ (13,103,109)	$ 7,583,742	$ (5,519,367)	$ (7,819,264)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received	$ 56,503	$ 2,662	$ 59,165	$ 6,560
Net Cash Provided by Investing Activities	$ 56,503	$ 2,662	$ 59,165	$ 6,560
Net Increase in Cash and Cash Equivalents	$ 6,744,308	$ 756,438	$ 7,500,746	$ 1,773,288
Cash and Cash Equivalents Balances Beginning of Year	68,878,229	1,022,740	69,900,969	6,337,484
End of Year	$ 75,622,537	$ 1,779,178	$ 77,401,715	$ 8,110,772
RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Current Assets				
Cash and Cash Equivalents	$ 2,751,692	$ 1,779,178	$ 4,530,870	$ 1,624,127
Cash and Cash Equivalents - Restricted	72,870,845	-	72,870,845	-
Customer Deposits	-	-	-	6,486,645
Total	$ 75,622,537	$ 1,779,178	$ 77,401,715	$ 8,110,772

	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)	$	780,302	$	(1,711,113)	$	(930,811)	$	(22,678)
Adjustments to Reconcile Operating Income (Loss) By Operating Activities								
Depreciation Expense		144,837		2,678,775		2,823,612		2,211,058
Amortization		6,325,633		-		6,325,633		-
Change in Net Assets and Liabilities								
Receivables, Net		168		684,991		685,159		(4,492)
Prepaid Items		37,514		13,263		50,777		-
Inventories		-		-		-		(69,968)
Accounts and Other Payables		507,639		(64,222)		443,417		(25,955)
Accrued Liabilities (other than customer deposits)		(113,630)		-		(113,630)		129,855
Unearned Revenue		-		-		-		482,583
Compensated Absences		(10,208)		7,581		(2,627)		(2,229)
Net Cash Provided by Operating Activities	$	7,672,255	$	1,609,275	$	9,281,530	$	2,698,174

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

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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 Georgia Department of Transportation (GDOT), 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

SRTA's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements. This combination 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.

Government-Wide Financial Statements

The statement of Net Position and the Statement of Activities reports 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.

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. SRTA does allocate indirect expenses to functions in the statement of activities through the governmental internal service fund.

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 proprietary 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 10 (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 15 (Georgia Transportation Infrastructure Bank).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Financial Statements

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. 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 tolls charged to users of the approximately 16-mile stretch of High Occupancy Toll (HOT) lanes along I-85.

Toll and fee revenues directly related to the two respective enterprise funds are recorded and reflected in the appropriate enterprise fund.

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 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 and recorded as an expense to the two respective enterprise funds. All actual expenses of the CSC operations are reflected and recorded in the CSC Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

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.

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, fees, 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. The statement of cash flows provides information about how SRTA finances and meets the cash flow needs of its proprietary activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

D. 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.

E. Assets, Liabilities, Net Position 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Cash and Cash Equivalents (Continued)

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.

Accounts Receivable

All accounts receivable are reported net of an allowance for uncollectibles, where applicable.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Prepaid Items

Payments to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is restricted, as this amount is not available for general appropriation.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term Interfund loans are classified as “Interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net position, except for any net residual amounts between governmental and business-type activities, which are reclassified and presented as internal balances.

Restricted Assets

Specific portions of SRTA’s cash and cash equivalents and investments are classified as restricted assets on the Statement of Net Position. Certain revenue bond proceeds, as well as certain resources set aside for their repayment, are reflected as restricted assets on the Statement of Net Position 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.

Estate for Years

On July 10, 1991, the State of Georgia’s Department of Transportation (GDOT) granted to the State Road and Tollway Authority an “Estate for Years” lease 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Estate for Years (Continued)

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 on December 1, 2010. 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 Series 2010 Toll Revenue Bonds will be called on December 1, 2013 and all rights to title and interest shall revert to GDOT on June 1, 2014.

The asset "Estate for Years" is amortized over the life of the Series 2010 Toll Revenue Bonds. Prior to fiscal year 2013, the amortization expense each year was 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. However, due to the call option being exercised, the amortization method for fiscal year 2013 was recalculated to a monthly straight-line basis over the remaining life of toll operations. The Estate for Years net of accumulated amortization at June 30, 2012 was $8,961,313. The amortization expense recognized for the fiscal year 2013 was $6,325,633, which reduced the net book value of the "Estate for Years" to $2,635,680 as of June 30, 2013.

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 under development, if any. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are expensed. Interest expense incurred during the construction of capital assets utilized by the enterprise funds is capitalized, less the amount of interest earned during the same qualifying period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position 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:

Type of Capital Assets	Years
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

Compensated Absences

Employees earn annual (vacation) leave ranging from 10 to 14 hours each month depending upon the employees' length of continuous state service. SRTA's policy permits employees to accumulate earned but unused annual leave hours up to a maximum of 360 hours. Any hours earned that accumulate above 360 hours are forfeited. Upon separation, employees are paid for any unused annual leave up to the 360 hour maximum amount. 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 or TRS.

Sick leave benefits are not eligible for pay upon separation. Certain non-exempt employees working over 40 hours per week accrue compensatory time at the rate of 1.5 times the hours.

All compensated absence liabilities (compensatory time) include salary related payments, where applicable. At the end of the year, all compensatory time not taken is recorded as a liability at the current salary rates and applicable social security and Medicare costs.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds contain the total compensated absences liability in each individual fund at the fund reporting level. Governmental funds report the compensated liability at the fund reporting level only "when due."

Unearned Revenue

Unearned 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Accrued Liabilities and 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.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. Bonds are recognized as a liability in the governmental fund financial statements "when due".

Debt Premiums, Discounts, Prepaid Bond Insurance and Debt Refunding Gains and Losses

Bond premiums, discounts, prepaid bond insurance 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 insurance costs are reported as prepaid expenses and amortized over the term of the related debt. Debt premiums and discounts are netted against the debt payable.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (old debt).

In the governmental 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. Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred. Issuance costs, with the exception of prepaid bond insurance, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.” (See Note 2 for GASB 63 and GASB 65 changes in accounting and nomenclature)

Net Position. In the government-wide financial statements and the proprietary fund financial statements, the sum of fund assets and deferred outflows of resources less the sum of liabilities and deferred inflows of resources is reported as net position. Net position is reported in three categories:

> **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that has not been spent) for the acquisition, construction or improvement of those assets.
>
> **Restricted Amounts** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
>
> **Unrestricted Amounts** consist of net position that does not meet the definition of the two preceding categories. Unrestricted net position is often designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

The unrestricted deficit balance in the governmental activities column of 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 its financial statements.

As mentioned in Note 1 B., the Debt Service Fund (governmental fund) is used to account for debt issued to finance the State of Georgia transportation infrastructure construction projects. Bond proceeds are disbursed to 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Fund Equity (Continued)

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 net position 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 “non-spendable” 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.

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 declare funds as assigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Fund Equity (Continued)

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

Committed, assigned and unassigned fund balances are collectively considered to be unrestricted funds.

Net Position Flow Assumptions – It is SRTA's policy to use restricted resources first before using unrestricted resources.

Fund Balance Flow Assumptions - When both restricted and unrestricted amounts are available for use for specific expenditures, it is SRTA's policy to use restricted amounts first and then unrestricted amounts as they are needed. It is SRTA's policy to use unrestricted fund balances in the following order:

a. Committed
b. Assigned
c. Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position and Fund Equity (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For STRA, these revenues are charges for use of toll road facilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital reported in proprietary fund financial statements and government-wide financial statements arise from outside contributions of capital assets, and grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. On the government-wide statement of activities, the exchange transactions between internal service funds and the user funds are eliminated. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are reported on a net basis. Transfers between funds reported in the business type activities column are reported on a net basis.

NOTE 2. CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

In fiscal year 2013, SRTA implemented the following GASB Statements:

No. 60 Accounting and Financial Reporting for Service Concession Arrangements

No. 61 The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No.14 and No. 34

No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

No. 65 Items Previously Reported as Assets and Liabilities

The objective of Statement No. 60 is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Statement establishes recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators.

The objective of Statement No. 61 is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. For organizations that should be included because the State determines that it would be misleading to exclude them, this Statement clarifies the manner in which the determination should be made and the types of relationships that generally should be considered in making the determination. The Statement also amends certain blending provisions for reporting component units as if they were part of the primary government and clarifies the reporting of equity interests in legally separate organizations.

NOTE 2. CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (Continued)

The objective of Statement No. 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. FASB Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Statement No. 62 also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

The objective of Statement No. 63 is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on net position. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. Net position is defined as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The objective of Statement No. 65 is to reclassify certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. SRTA does not have any deferred outflows to report for the period ending June 30, 2013.

NOTE 2. CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SRTA reports a deferred loss ($9,160,368) on refunding that resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

With the exception of prepaid insurance costs, costs related to the issuance of debt are no longer recorded as a deferred charge and amortized over the life of the debt; they are instead recognized as an expense in the period incurred.

The deferred gains or losses on refunding are recognized as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense.

During fiscal year 2013, SRTA implemented GASB Statement No. 65. The effect of the change resulted in prior period net position being restated by $6,674,079 to properly reflect beginning balances for government-wide statements and restated by $200,801 to properly reflect beginning balances for the proprietary statements. Related bond insurance costs were reclassified from deferred charges to prepaid expenses in the amount of $1,314,541 at the government-wide level.

NOTE 3. BUDGET

SRTA approves a budget for management purposes. The budget is not subject to review or approval by the Legislature of the State of Georgia and, therefore, is a nonappropriated budget. Budgets are adopted on the cash basis of accounting.

NOTE 4. 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, 2013.

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 created by 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 bond funds are properly collateralized in accordance with the terms of the applicable indentures.

NOTE 5. 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 as of June 30, 2013:

Institution / Issuer	Bank Balances	% of Portfolio	Reconciled Balances	% of Portfolio
Bank of America, N.A.	$ 18,616,062	12.88%	$ 18,116,994	12.58%
The Bank of New York Mellon Trust Company N.A.	1,912,975	1.32%	1,912,976	1.33%
US Bank	28,578	0.02%	164	0.00%
Funds on Deposit with the Office of Treasury and Fiscal Services				
Georgia Fund 1	123,964,593	85.78%	123,964,593	86.09%
	$ 144,522,208	100.00%	$ 143,994,727	100.00%
Petty Cash			121,550	
			144,116,277	

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, 2013, SRTA's bank balances are properly collateralized.

Type of Custodial Credit Risk	Bank Balances
Uninsured and uncollaterized	$ -
Uninsured and collateralized with securities held by the pledging financial institutions	142,580,655
Uninsured and collateralized with securities held by the pledging institutions's trust departments or agents, but not in the State's name	1,941,553
Total deposits exposed to custodial credit risk	$ 144,522,208

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, 2013, SRTA deposits excess cash with the Office of State Treasurer (OST) in accordance with state practice.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions / Transfers	Balance June 30, 2013
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 8,982,936	$ -	$ -	$ 8,982,936
Construction in Progress				-
	8,982,936	$ -	$ -	$ 8,982,936
Capital Assets Being Depreciated:				
Land Improvements	12,704	-	-	12,704
Equipment	23,644	-	-	23,644
Furniture and fixtures	380,793	-	-	380,793
Total Capital Assets Being Depreciated	417,141	-	-	417,141
Less Accumulated Depreciation For:				
Land Improvements	(12,402)	(302)	-	(12,704)
Equipment	(8,726)	(3,270)	-	(11,996)
Furniture and fixtures	(174,738)	(73,735)	-	(248,473)
Total Accumulated Depreciation	(195,866)	(77,307)	-	(273,173)
Total Capital Assets Being Depreciated, Net	221,275	(77,307)	-	143,968
Total Governmental Activities Capital Assets	$ 9,204,211	$ (77,307)	$ -	$ 9,126,904
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	$ 10,091,046	$ $3,202,188.00	$ (2,458,624)	$ 10,834,610
Capital Assets Being Depreciated:				
Buildings	4,938,197	-	-	4,938,197
Improvements Other than Buildings	2,238,203	-	(19,824)	2,218,379
Machinery and Equipment	27,111,752	3,015,887	(892,489)	29,235,150
Infrastructure	132,891	-	-	132,891
Computer Software	1,162,042	177,907	(912,564)	427,385
Total Capital Assets Being Depreciated	35,583,085	3,193,794	(1,824,877)	36,952,002
Less Accumulated Depreciation For:				
Buildings	(4,938,197)	-	-	(4,938,197)
Improvements Other than Buildings	(2,194,902)	(3,586)	1,102	(2,197,386)
Machinery and Equipment	(8,357,436)	(2,804,128)	892,490	(10,269,074)
Infrastructure	(83,847)	(18,984)	-	(102,831)
Computer Software	(971,222)	(2,207,972)	824,674	(2,354,520)
Total Accumulated Depreciation	(16,545,604)	(5,034,670)	1,718,266	(19,862,008)
Total Capital Assets Being Depreciated, Net	19,037,481	(1,840,876)	(106,611)	17,089,994
Total Business-type Activities Capital Assets	$ 29,128,527	$ 1,361,312	$ (2,565,235)	$ 27,924,604

NOTE 7. CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2013, SRTA early implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result, we have deleted the unamortized bond issuance costs for both governmental activities at the government-wide level and GA 400 proprietary fund by adjusting all periods affected. The following table shows the changes to the June 30, 2012 other assets and net position as a result of the implementation of GASB Statement No. 65.

Prior Period Adjustments

June 30, 2012	GA 400 Proprietary Fund	Government-wide Governmental Activites Statement of Activities	Government-wide Business-type Activites Statement of Activities
Capitalized Bond and Other Debt Issuance Costs as previously reported	$ 200,801	$ 7,988,620	$ 200,801
Expense unamortized bond issuance costs	(200,801)	(6,674,079)	(200,801)
Prepaid Items, as restated	$ -	$ 1,314,541	$ -
Net Position as previously reported	$ 50,391,480	$ (1,591,761,703)	$ 64,737,870
Expense unamortized bond issuance costs	(200,801)	(6,674,079)	(200,801)
Net position as restated	$ 50,190,679	$ (1,598,435,782)	$ 64,537,069

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund receivable and payable balances as of June 30, 2013 are as follows:

	Interfund Payables			Internal Balance, Net Receivable	Internal Balance, Net Payable
Interfund Receivables	I-85 Express Lane Fund	Customer Service Center Fund	Total	Governmental Activities	Business-Type Activities
General Fund	$ -	$ 1,305,820	$ 1,305,820	$ 1,305,820	$ 1,305,820
Georgia 400 Extension Fund	-	75,670	75,670	-	-
I-85 Express Lane Fund	-	57,635	57,635	-	-
	$ -	$ 1,439,125	$ 1,439,125	$ 1,305,820	$ 1,305,820
Long-Term					
General Fund	$ 7,724,503	$ -	$ 7,724,503	$ 7,724,503	$ 7,724,503
	$ 7,724,503	$ 1,439,125	$ 9,163,628	$ 9,030,323	$ 9,030,323

Interfund receivable and payable balances occur primarily because all disbursements are initially made from the General Fund's main operating account. The other 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, 2013.

Interfund Transfers

Transfers are used to transfer assets, liabilities, revenues or expenditures between funds. In the year ended June 30, 2013, I-85 Fund transferred assets that related to the back office system and the customer service center build out to the CSC Fund. The General Fund transferred amounts to GA 400 related to the fiscal year 2014 toll removal. Interfund transfers for the year ended June 30, 2013, are summarized as following:

	Transfers Out			
Transfers In	General Fund	I-85 Express Lane Fund	Customer Service Center Fund	Total
General Fund	$	$	$ 2,508,841	$ 2,508,841
Debt Service	293,459			293,459
GA 400	14,163,850			14,163,850
CSC Fund		7,819,263		7,819,263
Total	$ 14,457,309	$ 7,819,263	$ 2,508,841	$ 24,785,413

NOTE 9. 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, 2013, are as follows:

Fiscal Year Ended June 30, 2013		Amount
2014	$	11,843
2015		4,845
2016		3,745
Total Minimum Commitments	$	20,433

Expenditures for rental of real property and equipment under operating leases for the year ended June 30, 2013 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 2013 amounted to $85,906. Minimum future rentals to be received under operating leases as of June 30, 2013, are as follows:

Fiscal Year Ended June 30, 2013		Amount
2014	$	38,097

The cell phone tower leases will be transferred to GDOT with the facility on June 1, 2014.

NOTE 10. LONG-TERM DEBT

Long-term debt activity and obligations as of and for the year ended June 30, 2013 are as follows:

	June 30, 2012	Increases	Decreases	June 30, 2013	Amount Due Within One Year
Governmental Activities:					
Guaranteed revenue refunding bonds, series 2011A	$ 191,335,000	$ -	$ (15,105,000)	$ 176,230,000	$ 11,040,000
Premium on guaranteed refunding revenue bonds	25,204,915	-	(4,409,778)	20,795,137	4,126,805
Guaranteed revenue refunding bonds, series 2011B	153,085,000	-	-	153,085,000	-
Premium on guaranteed refunding revenue bonds	23,338,731	-	(3,213,847)	20,124,884	3,213,847
Guaranteed revenue bonds, series 2001	1,220,000	-	(245,000)	975,000	320,000
Premium on guaranteed revenue bonds	54,541	-	(19,758)	34,783	15,910
Deferred amount on refunding	(6,270,203)	1,254,041	-	(5,016,162)	(1,254,040)
Guaranteed revenue bonds, series 2003	57,810,000	-	(13,685,000)	44,125,000	14,420,000
Premium on guaranteed revenue bonds	3,063,715	-	(500,575)	2,563,140	358,618
Deferred amount on refunding	(6,216,293)	2,072,098	-	(4,144,195)	(2,072,098)
Revenue Bonds Sub-Total	$ 442,625,406	$ 3,326,139	$ (37,178,958)	$ 408,772,587	$ 30,169,042
Grant anticipation revenue bonds, series 2006	$ 208,365,000	$ -	$ (30,650,000)	$ 177,715,000	$ 32,185,000
Premium on grant anticipation revenue bonds	5,718,214	-	(1,568,415)	4,149,799	1,337,099
Reimbursement revenue bonds, series 2006	51,065,000	-	(7,675,000)	43,390,000	7,990,000
Premium on reimbursement revenue bonds	343,658	-	(92,517)	251,141	79,172
Grant anticipation revenue bonds, series 2008A	352,150,000	-	(36,880,000)	315,270,000	38,720,000
Premium on grant anticipation revenue bonds	17,161,535	-	(3,608,807)	13,552,728	3,230,864
Reimbursement revenue bonds, series 2008A	86,965,000	-	(9,830,000)	77,135,000	9,710,000
Premium on reimbursement revenue bonds	2,074,323	-	(426,060)	1,648,263	386,417
Grant anticipation revenue bonds, series 2009A	383,380,000	-	(35,050,000)	348,330,000	36,725,000
Premium on reimbursement revenue bonds, series 2009A	29,114,234	-	(5,420,508)	23,693,726	4,935,214
Reimbursement revenue bonds, series 2009A	94,865,000	-	(8,845,000)	86,020,000	9,200,000
Premium on reimbursement revenue bonds	4,917,409	-	(920,473)	3,996,936	842,440
Garvee Bonds Sub-Total	$ 1,236,119,373	$ -	$ (140,966,780)	$ 1,095,152,593	$ 145,341,206
Compensated absences	$ 158,222	$ 68,591	$ (57,763)	$ 169,050	$ 84,525
Governmental activities long-term liabilities	$ 1,678,903,001	$ 3,394,730	$ (178,203,501)	$ 1,504,094,230	$ 175,594,773
Business-Type Activities:					
Georgia toll revenue bonds, series 2010	$ 31,305,000	$ -	$ (5,960,000)	$ 25,345,000	$ 6,110,000
Compensated absences	249,490	30,293	(35,150)	244,633	122,317
Business-type activities long-term liabilities	$ 31,554,490	$ 30,293	$ (5,995,150)	$ 25,589,633	$ 6,232,317

NOTE 10. 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, 2013, the outstanding principal balance is $176,230,000. 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 $29,669,794 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, 2013 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 $24,467,192 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.

NOTE 10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Governmental Activities (Continued)

State of Georgia Guaranteed Revenue 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 was advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 A. As of June 30, 2013, the outstanding principal balance is $975,000. 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 $29,669,794 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 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 was advance refunded via the issuance of the State of Georgia Guaranteed Revenue Refunding Bonds, Series 2011 B. As of June 30, 2013 the outstanding principal balance is $44,125,000. 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 $24,467,192 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.

NOTE 10. 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, 2013, the outstanding principal balances for the Series 2006 Grant Anticipation Revenue bonds and the Series 2006 Reimbursement Revenue Bonds are $177,715,000 and $43,390,000, 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, 2013, the outstanding principal balances for the Series 2008 A Grant Anticipation Revenue Bonds and the Series 2008 A Reimbursement Revenue Bonds are $315,270,000 and $77,135,000, 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.

NOTE 10. 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, 2013, the outstanding principal balances for the Series 2009A Grant Anticipation Revenue Bonds and the Series 2009 A Reimbursement Revenue Bonds are $348,330,000 and $86,020,000, 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, 2013, the outstanding principal balance is $25,345,000. The toll revenues generated from the usage of the Georgia 400 Project secure these bonds. SRTA covenants 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, 2013, that ratio calculated to be 1.79.

NOTE 10. LONG-TERM DEBT (CONTINUED)

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

Revenue bonds outstanding as of June 30, 2013 are as follows:

Governmental activities:				
Guaranteed Revenue Refunding Bonds, Series 2011A	Refunding of Guaranteed Revenue Bonds, Series 2001	4.00-5.00%	$	176,230,000
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%		975,000
Guaranteed Revenue Bonds, Series 2003	Improvement of roads and bridges	2.25-5.25%		44,125,000
Federal Highway Grant Application Revenue Bonds, Series 2006	Improvement of roads and bridges	4.00-5.00%		177,715,000
Federal Highway Reimbursement Revenue Bonds, Series 2006	Improvement of roads and bridges	3.90-5.00%		43,390,000
Federal Highway Grant Application Revenue Bonds, Series 2008A	Improvement of roads and bridges	5.00%		315,270,000
Federal Highway Reimbursement Revenue Bonds, Series 2008A	Improvement of roads and bridges	3.50-5.00%		77,135,000
Federal Highway Grant Application Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%		348,330,000
Federal Highway Reimbursement Revenue Bonds, Series 2009A	Improvement of roads and bridges	3.00-5.00%		86,020,000
			$	1,422,275,000
Business-type activities:				
Transportation Revenue Bonds, Series 2010	Georgia 400 project	2.55%	$	25,345,000
			$	25,345,000

NOTE 10. 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, 2013:

	Principal	Interest	Total
Government Activities: Revenue			
2014	$ 25,780,000	$ 18,376,370	$ 44,156,370
2015	21,525,000	17,283,430	38,808,430
2016	38,045,000	15,956,135	54,001,135
2017	39,965,000	14,033,755	53,998,755
2018	41,980,000	12,014,125	53,994,125
2019-2023	183,310,000	27,496,125	210,806,125
2024	23,810,000	595,250	24,405,250
	$ 374,415,000	$ 105,755,190	$ 480,170,190
Government Activities - GARVEE			
2014	$ 134,530,000	$ 50,714,496	$ 185,244,496
2015	141,150,000	44,095,196	185,245,196
2016	147,640,000	37,607,446	185,247,446
2017	154,560,000	30,684,441	185,244,441
2018	162,085,000	23,161,410	185,246,410
2019-2023	307,895,000	27,554,130	335,449,130
	$ 1,047,860,000	$ 213,817,120	$ 1,261,677,120

Summary of Compensated Absences Long-Term Debt

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

	Year Liability	Increase	Decrease	Liability
Governmental:				
2011	$ 106,384	$ 53,642	$ (55,840)	$ 104,186
2012	$ 104,186	$ 81,424	$ (27,388)	$ 158,222
2013	$ 158,222	$ 68,591	$ (57,763)	$ 169,050
Business-type Activities:				
2011	$ 212,068	$ 56,604	$ (93,752)	$ 174,920
2012	$ 174,920	$ 128,393	$ (53,823)	$ 249,490
2013	$ 249,490	$ 30,293	$ (35,150)	$ 244,633

NOTE 11. 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 12. 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, 2013.

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, Merit System of Personnel Administration for the year ended June 30, 2013.

NOTE 13. 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.

NOTE 13. 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 member

NOTE 13. RETIREMENT SYSTEMS (CONTINUED)

Employees' Retirement System of Georgia (Continued)

Contributions Required and Contributions Made (Continued)

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 2012 were based on the June 30, 2009 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*	11.63%
New Plan	11.63%
GSEPS	7.42%

*6.88% 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, 2013, 2012, and 2011.

Fiscal Year	Required Contribution	Percentage Contributed
2013	$ 460,858	100%
2012	$ 327,959	100%
2011	$ 323,493	100%

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.

NOTE 13. 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%, nor more than 6%, of a member's earned compensation.

NOTE 13. 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, 2013, were 6.00% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010, actuarial valuation. The employer contribution rate will increase to 12.28% effective July 1, 2013.

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

Fiscal Year	Required Contribution	Percentage Contributed
2013	$9,981	100%
2012	$3,801	100%
2011	N/A	N/A

NOTE 14. 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 plan.

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 statue that created the GRHBF was repealed effective September 1, 2010.

NOTE 14. 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 post-employment 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:

Fiscal Year	Required Contribution	Percentage Contributed
2013	$ 1,086,307	100%
2012	$ 999,154	100%
2011	$ 755,364	100%

NOTE 14. 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, 2013 were as follows:

July 2012 - December 2012	35.000% of covered payroll for July 2012 - December 2012
January 2013 - February 2013	24.454% of covered payroll for January 2013 - February 2013
March 2013 - June 2013	25.366% of covered payroll for March 2013 - June 2013

No additional contribution was required by the Board for fiscal year 2013 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 post-employment 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' (ERS), 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 earned 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 earned 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, $5,735 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, 2013. Also, no contributions were required to be made by SRTA for the prior two fiscal years ended June 30, 2012 and 2011, respectively.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2013, SRTA has contractual commitments on uncompleted contracts detailed below:

Commitments		Amounts
GA 400 Improvements	$	18,503,074
GA 400 Improvements		20,715,906
GA 400 Toll Plaza Demolition		173,464
Administration		9,500
I-85 HOV to HOT Project		1,065,485
I-85 Extension Project		292,827
I-75 South Express Lanes Project		830,507
I-75 Northwest Corridor Project		1,191,497
Total Commitments	$	42,782,259

GA 400 Improvement Projects

Toll revenues are being used to fund transportation improvement projects along the Georgia 400 corridor.

GA 400 Toll Plaza Demolition Project

A GA 400 ‘Toll Plaza Demolition Project’ has been formulated to involve demolition and removal of the toll plaza canopies and toll booths, sealing up redundant access points to the underground tunnel, reconstruction of the unfinished roadway beneath the toll plaza, and construction of three lanes in each direction. The final roadway section will match the existing three-lane configurations that currently exist before and after the toll plaza. The GA 400 Toll Operations building will be preserved and ownership will be transferred to the Georgia Department of Transportation (GDOT). The project will commence shortly after the toll collections cease, which is scheduled for the week of November 18, 2013, weather permitting.

I-85 HOV to HOT Express Lane Project

The I-85 HOV to HOT Express Lane Project includes the conversion of a 16-mile stretch I-85 from Old Peachtree Road to Chamblee Tucker Road, just south of I-285, from High Occupancy Vehicle (HOV) lanes to High Occupancy Toll, or Express Lanes.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

I-85 Express Lane Extension Project

The I-85 Express Lane Extension project will include newly constructed managed toll express lanes. The project, approximately 10 miles in length, located entirely within Gwinnett County, would begin north of the existing high occupancy toll lanes on I-85 at Old Peachtree Road and would end at Hamilton Mill Road. South of I-985, the project proposes to add the new capacity lanes along I-85 outside of the existing eight-lane mainline, while north of I-985, the new capacity lanes would be constructed on the inside shoulder along the four-lane section of I-85.

I-75 Northwest Corridor Managed Lanes Project

The 29.7-mile Northwest Corridor (NWC) Managed Lanes Project will involve the addition of reversible tolled Express Lanes along I-75 and I-575 in Cobb and Cherokee Counties. The Project will include two lanes on the outside of the existing General Purpose Lanes along I-75, between I-285 and I-575. The two reversible tolled Express Lanes will consist of a mix of roadway at-grade and elevated highway. In addition, one reversible tolled Express Lane will be added along I-75 between I-575 and Hickory Grove Road, as well as along I-575 to Sixes Road. These lanes will be at-grade and located in the median along the inside of the existing General Purpose lanes. Access to the Express Lanes will be provided by Express Lanes interchanges on I-75 and slip ramps on I-575. Express Lanes interchange access points are proposed along I-75 at I-285, Terrell Mill Road, SR 3 Connector/Roswell Road, I-575 at Barrett Parkway, and Hickory Grove Road. Three pairs of slip ramps are proposed on I-575 at Barrett Parkway, Shallowford Road, and Sixes Road. The exact location of the slip ramp locations differ for southbound and northbound access. The southbound slip ramps only allow vehicles to enter the reversible-lane system and northbound slip ramps only allow vehicles to exit the reversible-lane system. Reversible ramps providing connection to and from I-285 general purpose lanes are also part of the proposed improvements.

The NWC Managed Lanes Project is being undertaken to provide reliable transportation alternatives, utilizing congestion pricing to supply much needed capacity and provide substantial travel time savings there by generating significant economic benefits for the region.

I-75 South Managed Lanes Project

The I-75 South Managed Lanes Project will include reversible barrier-separated tolled Express lanes along southbound I-75 and I-675 in Henry and Clayton Counties. The Project's Express Lanes system will begin at the I-75 Bridge over SR 155/McDonough Road and will consist of one reversible tolled Express lane. Approximately 1-mile south of Mt. Carmel Road, the reversible Express Lane will transition from one to two reversible tolled Express Lanes. Two reversible tolled Express Lanes continue along I-75, ending just south of the I-75 southbound ramp from SR 138/Stockbridge Highway. From the I-75/I-675 Interchange, the tolled Express Lanes continue along I-675 and end at SR 138/Stockbridge Highway. The tolled Express lanes will be variably/dynamically priced. Primary direction flow will be northbound in the am, and southbound in the pm. The weekends will be northbound.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2013.

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 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.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Georgia Transportation Infrastructure Bank (GTIB) (Continued)

In accordance with applicable pronouncements, SRTA has restricted $37,631,339 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, 2013:

	Cumulative (From Program Inception) June 30, 2012	Activity for the Year Ended June 30, 2013	Cumulative (From Program Inception) June 30, 2013
Contributions from Motor Fuel Funds	$ 43,100,000	$ -	$ 43,100,000
Contributions from SRTA	225,000		225,000
Net Earnings	246,350	59,943	306,293
Disbursements	(4,196,139)	(1,803,815)	(5,999,954)
Restricted Fund Balance as of June 30	$ 39,375,211	$ (1,743,872)	$ 37,631,339

All grants and loans awarded were approved by the governing board of SRTA.

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. SRTA committed an additional $2,100,000 in the 2013 budget. Expenditures through June 30, 2013 are $5,159,966. The remaining balance carried forward to fiscal year 2014 is $21,352,568, shown as restricted net position on the proprietary fund financial statements.

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SUPPLEMENTARY INFORMATION

STATE ROAD AND TOLLWAY AUTHORITY

CASH AND CASH EQUIVALENTS SCHEDULE
JUNE 30, 2013

	Governmental		Proprietary	
	Unrestricted	Restricted	Unrestricted	Restricted
Bank of America N.A.				
GA400 Holding Account	$	$	$ 1,324,292	$ 5,000,000
SRTA Toll Road User Account				2,378,950
CSC Holding Account			1,583,880	
GA400 Change Order Account			69,577	
SRTA Non Toll Deposit Account	191,264			
Toll Revenue Account			191,851	
Toll Patron Refund Account				6,329
SRTA Violations Processing Account			39,797	
SRTA MAIN Operating	4,194,055			
General Authority Holding Account	536,743			
I85 Holding Account			1,779,178	
GA 400 Income			783,541	
GTIB Operating	37,537			
The Bank of New York Mellon Trust Company N.A.				
Money Market Accounts				
Transportation Revenue Bond Covenant Accounts				
Covenant Accounts				
2010 Sinking Fund Principal				509,171
2010 Sinking Fund Interest				53,859
2010 Operations & Maintenance Fund				1,298,520
Grant Anticipation and Reimbursement Revenue Bond Covenant Accounts				
GARBs 2006 Revenue Account		108		
GARBs 2006 Debt Service Account		201		
RIBs 2006 Revenue Account		14,404		
RIBs 2006 Debt Service Account		9		
GARBs 2008A Debt Service Account		87		
RIBs 2008A Revenue Account		18,448		
RIBs 2008A Debt Service Account		12		
GARBs 2009A Revenue Account		18,157		
US Bank				
Money Market Accounts				
First American Treasury Obligations Fund				
Guaranteed Revenue Bond Covenant Accounts				
2003 GRB Sinking Fund Account		164		
Office of the State Treasurer, Georgia Fund 1				
2001 Sinking Fund		28,416		
Operating Account - GA400	10,579,815		261,331	
SRTA Toll Patron Investment Account				3,813,454
SRTA Capital Account		5,353,031		39,998,554
Series 2010 Project Fund				26,010,741
GTIB State & Local Roadway Non-Grant Account		13,174,056		
GTIB State & Local Roadway Grant Account		24,457,283		
Escheatment				287,912
Other				
Cash on Hand			121,550	
Total Cash and Cash Equivalents	$ 15,539,414	$ 43,064,376	$ 6,154,997	$ 79,357,490

Summary Reconciliation of Cash and Cash Equivalents to Financial Statements:

	Governmental		Proprietary	
	Unrestricted	Restricted	Unrestricted	Restricted
General	15,501,877			
GTIB Unrestricted	37,537			
Total Governmental Unrestricted	$ 15,539,414			
Debt Service Restricted		80,006		
GTIB Restricted		37,631,339		
General Restricted		5,353,031		
Total Governmental Restricted		$ 43,064,376		
Proprietary Unrestricted			$ 6,154,997	
Proprietary Restricted				$ 79,357,490

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the State Road and Tollway Authority (the "Authority") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State Road and Tollway Authority's basic financial statements and have issued our report thereon dated September 17, 2013. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

Internal Control Over Financial Reporting

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

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

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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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 17, 2013

STATE ROAD AND TOLLWAY AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued — Unmodified

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, 2013 due to the total amount of federal expenditures being less than $500,000 during the fiscal year 2013.

SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES

No findings reported relative to the audit of the Authority for the fiscal year ended June 30, 2013.

SECTION III –PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

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