

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Year Ended June 30, 2011**

CAPITAL REGION AIRPORT COMMISSION

Richmond International Airport

Virginia

Prepared by

Finance Department

Douglas E. Blum  
Chief Financial Officer

Steven C. Owen  
Director Finance



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Capital Region Airport Commission  
**MEMBERS OF THE COMMISSION**  
June 30, 2011

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**OFFICERS**

Aubrey M. Stanley, Jr.	Chairman
Robert M. Atack	Vice Chairman
Arthur S. Warren	Secretary
Lynda Sharp Anderson	Treasurer

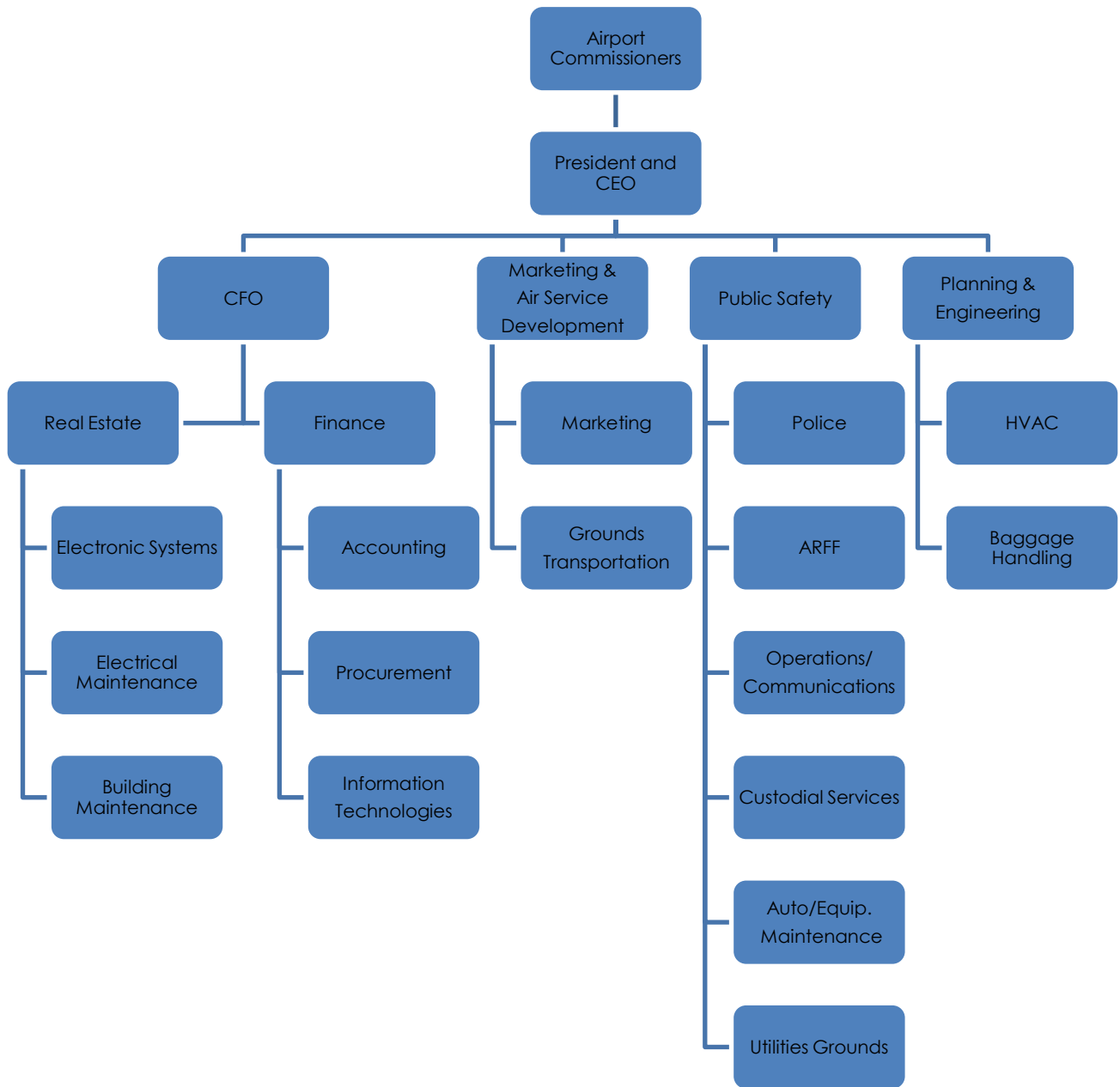
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**COMMISSIONERS**

Lynda Sharp Anderson	City of Richmond
Beverley W. Armstrong	City of Richmond
Robert M. Atack	County of Henrico
James B. Donati, Jr.	County of Henrico
Daniel A. Gecker	County of Chesterfield
James M. Holland	County of Chesterfield
David A. Kaechele	County of Henrico
Charles S. Macfarlane	City of Richmond
John V. Mazza, Jr.	County of Chesterfield
Robert F. Norfleet, Jr.	City of Richmond
Thomas E. Pruitt	County of Henrico
Aubrey M. Stanley, Jr.	County of Hanover
J.T. "Jack" Ward	County of Hanover
Arthur S. Warren	County of Chesterfield

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# Capital Region Airport Commission





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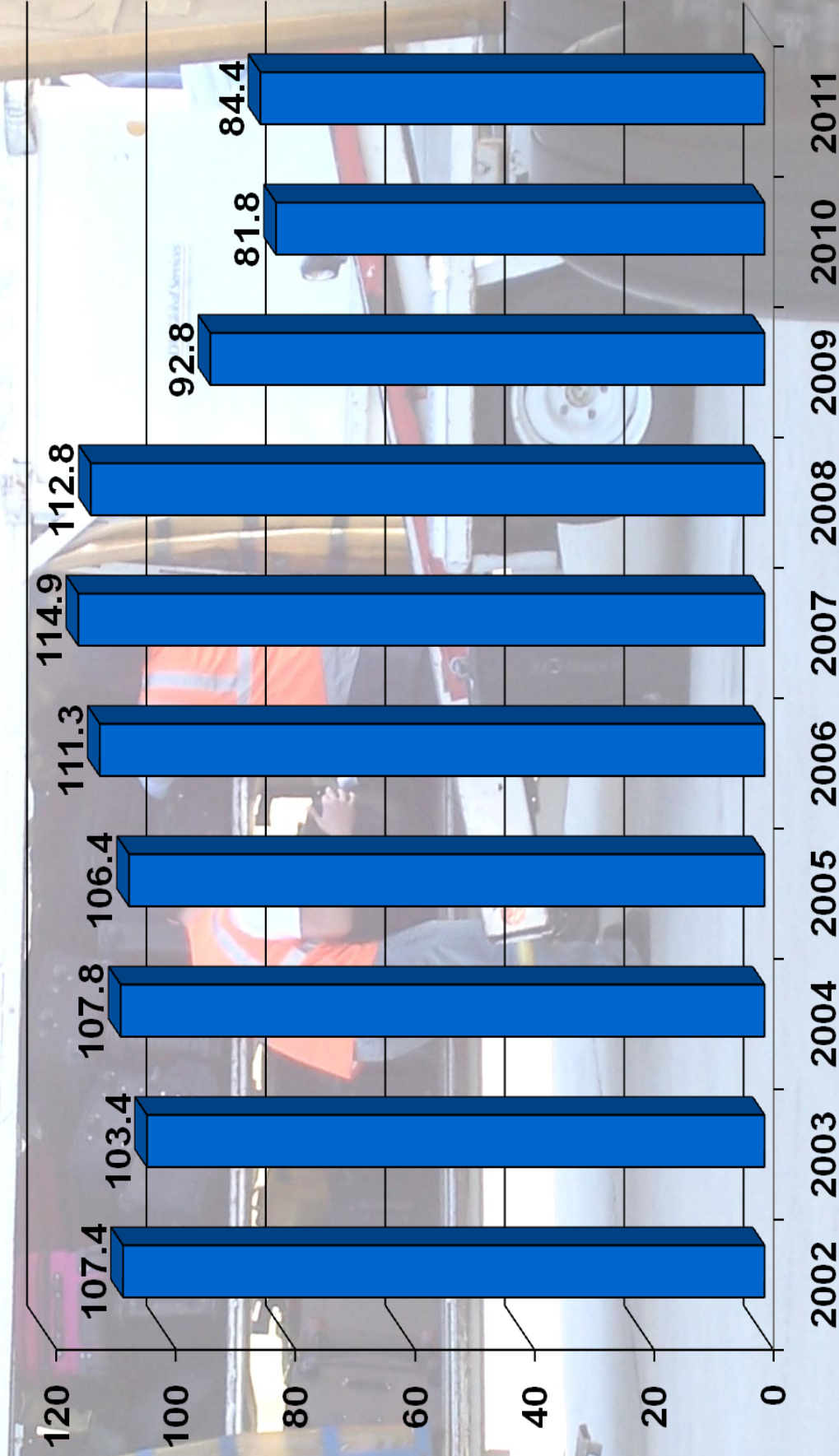
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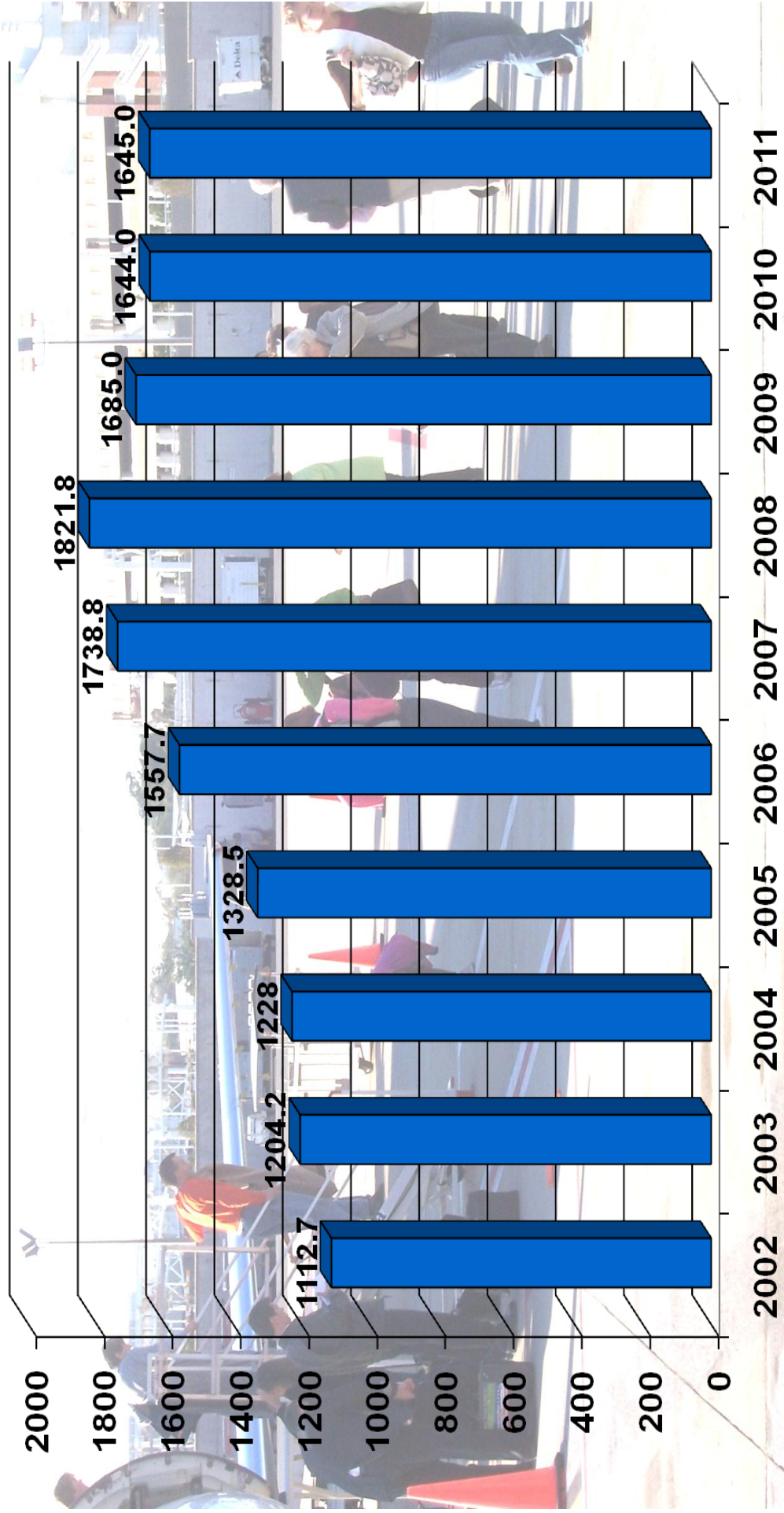
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**Richmond International Airport  
Air Cargo Performance  
Fiscal Years 2002-2011**





**Richmond International Airport  
Enplaned Passenger Performance  
Fiscal Years 2002-2011**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Capital Region  
Airport Commission, Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



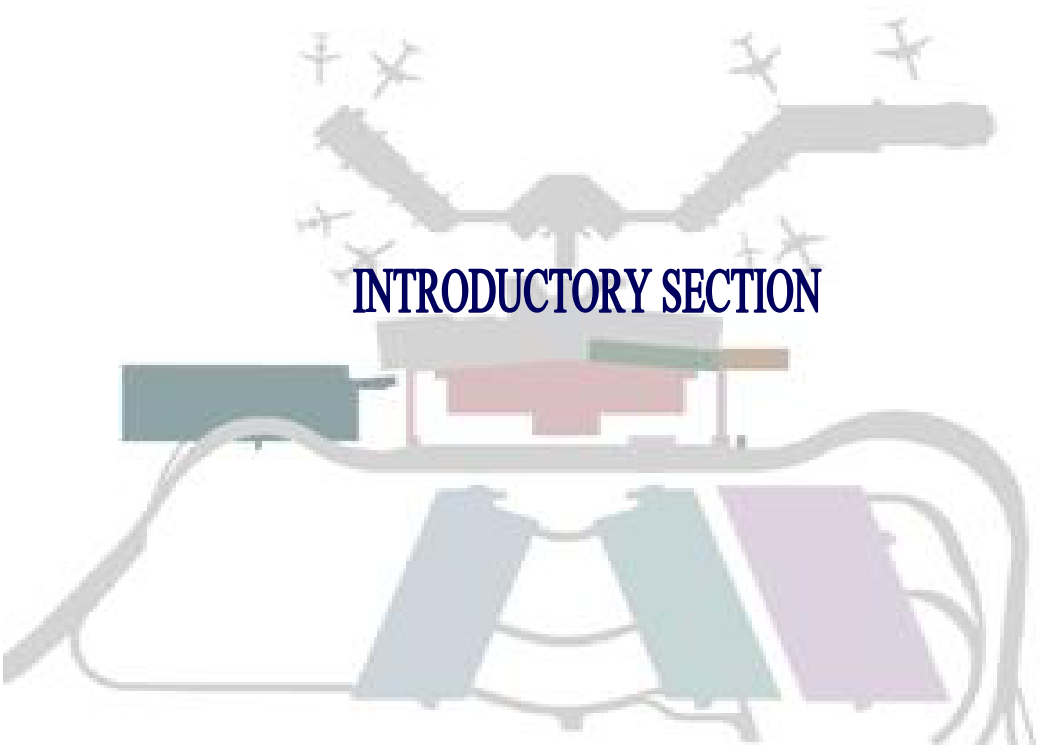
*Linda C. Danson*

President

*Jeffrey R. Enev*

Executive Director

# INTRODUCTORY SECTION





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December 16, 2011

The Commissioners  
Capital Region Airport Commission  
Richmond International Airport, Virginia

Members of the Commission:

We are pleased to submit for your information the Comprehensive Annual Financial Report of the Capital Region Airport Commission (the "Commission"), for the fiscal year ended June 30, 2011 prepared by the Commission's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is reported in a manner designed to fairly set forth the financial position and results of the operations of the Commission and that all disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

Management has provided a narrative introduction, overview and analysis to accompany the financial statements which is included in the Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A which can be found in the Financial Section of this report.

#### ORGANIZATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Commission applies the Government Finance Officers Association (GFOA) recommended presentation in financial reporting.

#### THE COMMISSION

The Commission was created in 1975 as a political subdivision of the Commonwealth of Virginia by an Act of the Virginia General Assembly (the "Act") allowing the Commission to own and operate one or more airports to serve the Richmond metropolitan area. Under the Act, any of the City of Richmond and the Counties of Henrico, Charles City, Chesterfield, Goochland, Hanover, New Kent, Powhatan and the Town of Ashland may join the Commission as a "participating political subdivision" subject to making a satisfactory capital contribution to the Commission. On January 1, 1976, the Commission assumed ownership and control of Richmond International Airport (the "Airport") from the City of Richmond. The City of Richmond and the County of Henrico became the first political subdivisions to participate in the Commission. Subsequently, the County of Chesterfield and the County of Hanover also became participants in the Commission. The current political subdivisions are the four most populous jurisdictions in the metropolitan area of Richmond.

According to the Act, the City of Richmond and the Counties of Chesterfield and Henrico may appoint four Commissioners to the Commission and the County of Hanover may appoint two commissioners. The governing body of each jurisdiction appoints Commissioners to four-year terms; however, the governing bodies retain the right to remove a Commissioner at any time

and appoint a successor. The Commissioners' responsibilities include approving capital and operating budgets, issuing bonds as needed, and administering, managing and directing the activities of the Commission.

#### THE REPORTING ENTITY

Capital Region Airport Commission is an independent authority where all fourteen board members are appointed by local governmental jurisdictions and is comprised of the City of Richmond, and the counties of Chesterfield, Hanover and Henrico.

The Commission manages all the business activities of the Airport and produces all the financial statements as well as being responsible for all the Airport's capital improvements. The commission is comprised of six departments: Executive, Finance, Marketing & Air Service Development, Planning & Engineering, Public Safety and Real Estate.

#### AIRPORT OPERATIONS

On October 15, 1927, Richard E. Byrd Airport, named after the Virginia explorer-aviator, Admiral Richard Evelyn Byrd, was dedicated. Present at the opening ceremony was Col. Charles Lindbergh and his famous aircraft, The Spirit of St. Louis. The Airport's construction was initiated earlier as the City of Richmond purchased 100 acres of land for \$30,000 and leased 300 more. Presently the Airport owns 3,059 acres.

Today the Airport is called Richmond International Airport. The Airport has evolved into one of the most modern and well-equipped airports in the eastern United States. The Airport is currently served by seven major airlines, seventeen regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with over 180 daily flights. The Airport's cargo needs are met by three all-cargo carriers; three fixed base operators on the grounds offer fuel and maintenance services for corporate aircraft and the Airport has a Foreign Trade Zone. The total enplaned passengers in the fiscal year 2011 maintained the 2010 level of 1.6 million passengers.

#### ECONOMIC CONDITIONS

The Airport is conveniently located approximately seven miles from the City of Richmond's business district, providing air service to over 3.3 million passengers, and with over 84.5 million pounds of cargo passing through the Airport this year. The Airport is geographically located within seven hundred and fifty miles of approximately 60% of the nation's population.

The revenues of the Commission are affected substantially by the economic health of the airline industry and the airlines serving the airport. Historically, the financial performance of the airline industry has generally correlated with the strength of the national economy. The major U.S. passenger airlines have collectively recorded net operating losses of over \$60 billion between 2000 and 2009. In 2010 the industry took a turn for the better as commercial carriers shifted their focus from increasing market share to boosting shareholder return on investment. Passenger growth increased 1.2% driven primarily from a conservative rebound in the global economy, constrained by travel budgets for business and leisure travelers and higher but stabilized fuel prices. Despite increasing passenger volumes, airlines reduced system capacity by 0.5% in 2010.

U.S. commercial air carriers removed 126 aircraft from their fleet, a 1.7% reduction from 2009, and flew 3.2% fewer aircraft operations. These factors were taken into consideration by the Commission during the preparation of the 2012 budget. ([www.airlines.org/Economics/ReviewOutlook/Pages/2010AirlineIndustryEconomic.aspx](http://www.airlines.org/Economics/ReviewOutlook/Pages/2010AirlineIndustryEconomic.aspx), 10 Federal Aviation Administration. (2011, February 14). Review of 2010, [www.faa.gov/data/research/aviation/aerospace/forecasts/2011-2030](http://www.faa.gov/data/research/aviation/aerospace/forecasts/2011-2030))

The Commission anticipated a slow but steady recovery in the national economy and subsequently in airline passenger traffic. The Commission took a conservative approach to the fiscal year 2012 budget which reflects a slight decrease (1.0%) in total revenue when compared to fiscal year 2011 actual revenue. The Commission continues to monitor national and local economic conditions and will make the necessary changes to ensure the financial stability of the airport.

National Accolades about the Richmond Metro area:

- The Richmond MSA ranked 50th out of 200 metro areas in the nation in the Forbes 2011 Best Places for Business and Careers list.
- Richmond ranked 25th among Best Cities for New College Grads by Businessweek.com, July 2010.
- Richmond City has been named the Best Small American City of the Future. It also ranked as the third top small cities for foreign direct investment (FDI) strategy and fifth overall for small cities business friendliness in Foreign Direct Investment (fDi) Magazine's North American Cities of the Future 2011/12, April 2011.

#### DEMOGRAPHICS AND EMPLOYMENT

Fifty-five percent of Richmond's population falls within the prime working ages of 25-64. The Richmond Metro area's unemployment rate fell to 6.8% in June 2011 compared to 8.0% in July 2010, higher than the State unemployment rate of 6.0% and below the national rate of 9.2%.

The population of the Richmond MSA has exceeded 1.3 million and is projected to reach 1.4 million by 2020. Per capita income in the area is \$41,161 which is higher than the national average of \$39,635.

Six Richmond Metropolitan area businesses are listed Fortune 500 companies

*Dominion Resources*  
*Genworth Financial*  
*Altria Group*

*MeadWestvaco*  
*CarMax*  
*Owens & Minor*

Four Richmond Metropolitan area businesses are listed Fortune 1000 companies:

*Brink's*  
*Universal*

*Markel*  
*Massey Energy*

## MAJOR INITIATIVES

The expansion of the Economy B parking lot is near completion. This will provide 1,405 additional parking spaces for the general public.

The expansion of the Concourse A apron area will begin in fiscal year 2012. This will allow for the expansion of approximately 47,200 square feet at Concourse A adding additional gates and associated holdroom space.

## COMMISSION INTERNET WEB SITE

The Commission has an Internet web site offering a wide variety of current information to users, including financial information and operational statistics. Users have the capability to access the airlines serving the Airport, flight arrival and departure information, and download flight schedules directly onto their Personal Digital Assistant (PDA's). The Commission's Comprehensive Annual Financial Report (CAFR) is posted on the web site. The web address is [www.FlyRichmond.com](http://www.FlyRichmond.com).

## FINANCIAL INFORMATION

The Commission's management is responsible for establishing and maintaining internal controls sufficient to ensure safeguarding of Commission assets. In developing and evaluating the Commission's accounting system, consideration is given to the adequacy of internal controls.

Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Commission's internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

In addition to the internal controls described above, budgetary controls are also established to ensure compliance with annual operating and capital budgets approved by the Commission. Monthly reports containing comparisons between actual and budget and current and prior year amounts are prepared and presented to the Commission. The Commission approves significant capital budget variances.

## FINANCIAL HIGHLIGHTS

The Commission anticipated that passenger traffic would remain flat in fiscal year 2011 as compared to fiscal year 2010 actual passenger traffic. The actual total passengers enplaned for fiscal year 2011 was 1.6 million, which was the same for fiscal year 2010.

The fiscal year 2011 budget included a slight decrease in operating revenue (0.3%) compared to fiscal year 2010 actual revenue. The Commission ended fiscal year 2011 with a 3.0% increase in revenues when compared to the 2011 budgeted revenues and a 2.0% increase over fiscal year 2010 revenues.

In November 2010 the Commission approved a resolution for the refinancing of the 2001A and the 2001B Series Bonds issued through the Virginia Resources Authority (the "VRA"). Total savings in interest over the remaining life of the Bonds will be approximately \$3.6 million. The effective date of this refinancing is August 23, 2011.

In September 2011 the Commission approved a resolution for the early redemption of \$2.0 million of the 2000 Series CFC Bonds.

#### INDEPENDENT AUDIT

The Commission's enabling legislation requires an annual audit of its financial statements by independent certified public accountants that are selected by the Commission. This requirement has been complied with and the auditors' opinion has been included in the Financial Section of this report. In addition, the annual audit complied with the requirements of the U.S. Office of Management and Budget Circular A-133 and the applicable reports are included in the Compliance Section.

#### CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capital Region Airport Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty first consecutive year that the Commission has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



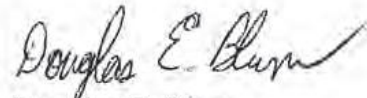
ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely and efficient basis is achieved by the efficient and dedicated services contributed by the entire Finance department staff. We wish to express our appreciation for their continuing efforts in maintaining the highest standards for managing the financial operations of the Commission. We would also like to express our appreciation to all the members of the Commission for their continued support and guidance.

Respectfully submitted,



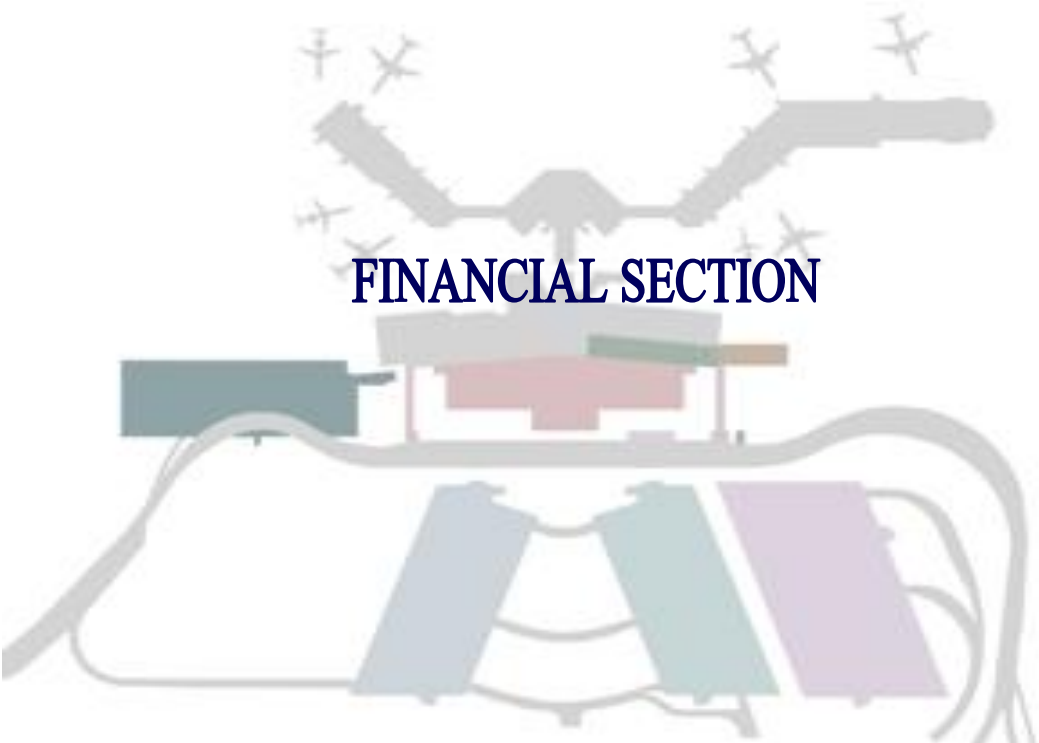
Jon E. Mathiasen, A.A.E.  
President and Chief Executive Officer



Douglas E. Blum  
Douglas E. Blum  
Chief Financial Officer



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**FINANCIAL SECTION**

**FINANCIAL SECTION**



## Independent Auditors' Report

To the Commissioners  
Capital Region Airport Commission  
Richmond International Airport, Virginia

We have audited the accompanying basic financial statements of the Capital Region Airport Commission (the "Commission") as of and for the years ended June 30, 2011 and 2010, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2011 and 2010, and the respective changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

Our audits were made for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The supplemental information, including the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Cherry, Bekaert + Holland, LLP*

Richmond, Virginia  
October 28, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Capital Region Airport Commission's (the "Commission") Management's Discussion and Analysis (MD&A) section provides a complete review of the key financial events and items impacting Richmond International Airport's (the "Airport") operations and financial statements. This discussion and analysis provides an overall view of how the Airport deals with both current and future conditions.

The preparation of this report was performed by the Commission's management team and we recommend that the Management Discussion and Analysis be read in conjunction with the Commission's financial statements and the supplemental schedules included in the financial report. Following this MD&A are the basic financial statements of the Commission together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

The Commission's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Airport. Assets are designated as restricted and unrestricted in accordance with indentures and other agreements. See notes to financial statements for a summary of significant accounting policies.

The Commission is self-supported using aircraft apron fees, landing fees, fees from the terminal and other rental as well as revenues from concession and non-aviation revenues such as parking and food establishments to fund operating expenses. The Commission is not taxpayer funded. The capital program is funded by bonds, federal and state grants, customer and passenger facility charges and net remaining revenue after operating and debt service costs.

The Commission's fiscal year is from July 1 to June 30. The following MD&A of the Commission's financial performance is for the year ended June 30, 2011. Information for the two preceding fiscal years ended June 30, 2010 and 2009 has been included to provide a better insight into the overall financial performance of the Commission. All dollar amounts are provided in thousands.

### COMMISSION ACTIVITIES & HIGHLIGHTS

The Airport ended its fiscal year of 2011 with actual enplaned passengers that were (1.0%) lower than budgeted enplaned passengers. The total passengers enplaned for fiscal year 2011 was 1.6 million, which was the same for fiscal year 2010 and (2.0%) decrease compared to fiscal year 2009. The financial condition of the Commission is primarily dependent upon the number of passengers using Richmond International Airport. Passenger levels, in turn, are dependent upon several factors, including: the economic conditions of the airline industry which influences willingness and ability of the airlines' to provide service; the local economy which influences the willingness and ability of travelers to purchase tickets; and the cost of that ticket. The ATA estimated that passenger volumes have not recovered from their pre-recession levels of summer 2008 and remain well below the summer 2007 all-time high. ([airlines.org/News/Releases/Pages/news\\_05-16-11](http://airlines.org/News/Releases/Pages/news_05-16-11)) Shaping today's commercial air carrier industry are three distinct trends: (1) convergence of the network and low cost carrier business models; (2) industry consolidation and restructuring, and (3) the proliferation of ancillary revenues. ([faa.gov/data\\_research/aviation/aerospace\\_forecasts/2011-2030](http://faa.gov/data_research/aviation/aerospace_forecasts/2011-2030)). These factors had a direct impact on the number of enplaned passengers in FY 2011.

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

The Commission anticipated that the Richmond MSA's economy would improve at a slow but positive rate. Because of this economic outlook, the Commission anticipated a slow, but steady increase in passenger traffic in fiscal year 2011. The Commission ended fiscal year 2011 with a 3.0% increase in revenues when compared to the 2011 budgeted revenues and a 2.0% increase over fiscal year 2010 revenues. This was primarily due to a 3.0% increase in parking revenue when compared to the 2011 budgeted parking revenue and a 1.8% increase over fiscal year 2010 parking revenue.

The Commission's revenues are derived primarily from Airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rents and apron fees received from airlines using the airport, concession fees from the vendors serving the passengers including food, retail and rental cars; public parking fees including surface and garage parking, and fixed based operator activities from general aviation activities. The contributing factor of the slowdown in the US economy and the effects on travel decreased the average monthly enplaned passengers from 140,417 in 2009 to 136,982 in 2010 and then increased to 137,039 in 2011. The increase in passengers, when compared to 2010, had positive effects on most of the Commission's revenue streams in FY 2011. The increase in enplanements contributed directly to the performance in parking, concessions, and rental fees. Parking revenue is higher, \$327 thousand or 1.8%, than FY 2010 and up \$331 thousand or 1.8% when compared to FY 2009, concession revenue is \$97 thousand or 1.4% higher when compared to FY 2010 and down (\$418) thousand or (5.5%) when compared to FY 2009, and rental fees revenue is up \$202 thousand or 2.1% compared to FY 2010 and slightly higher \$42 thousand or 0.4% compared to FY 2009.

Aircraft operations increased to 106 thousand in fiscal year 2011 a 3.9% increase as compared to FY 2010 and a (4.5%) decrease when compared to FY 2009. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000 pound units increased by 14.8% in fiscal year 2011 to 359 million pounds compared to fiscal year 2010 landed weight of 313 million pounds and decreased (12%) when compared to FY 2009. The decrease when comparing 2009 to 2011 was a result of the loss of two carriers, Airborne Express and DHL Express.

The Airport's parking revenue increased 1.8% in fiscal year 2011 when compared to fiscal year 2010. The effect of the lower than budgeted enplaned passengers was offset by higher parking revenue per enplaned passenger (parking rates were the same as FY 2010). The parking revenue accounts for 47.1% of the Airport's revenue in fiscal year 2011 compared to 47.4% in fiscal year 2010 and 45.6% in fiscal year 2009.

	2011	2010	2009
Parking Revenue per Enplanement	\$11.14	\$10.94	\$10.68
Percent Increase (Decrease)	1.8%	2.5%	(2.2%)

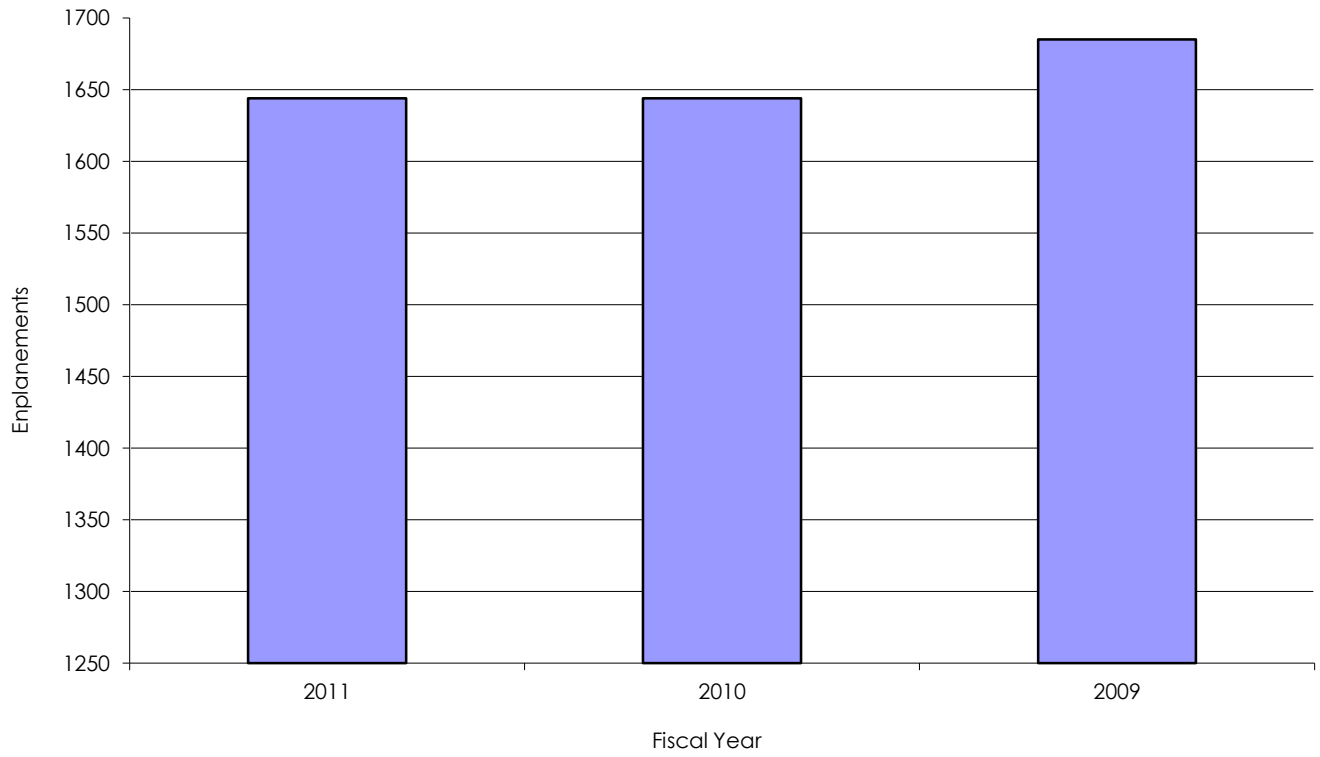
As of June 30, 2011 the Airport is currently served by seven major airlines, with more than 180 daily flights to 19 non-stop destinations and more than 3.3 million travelers per year.

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

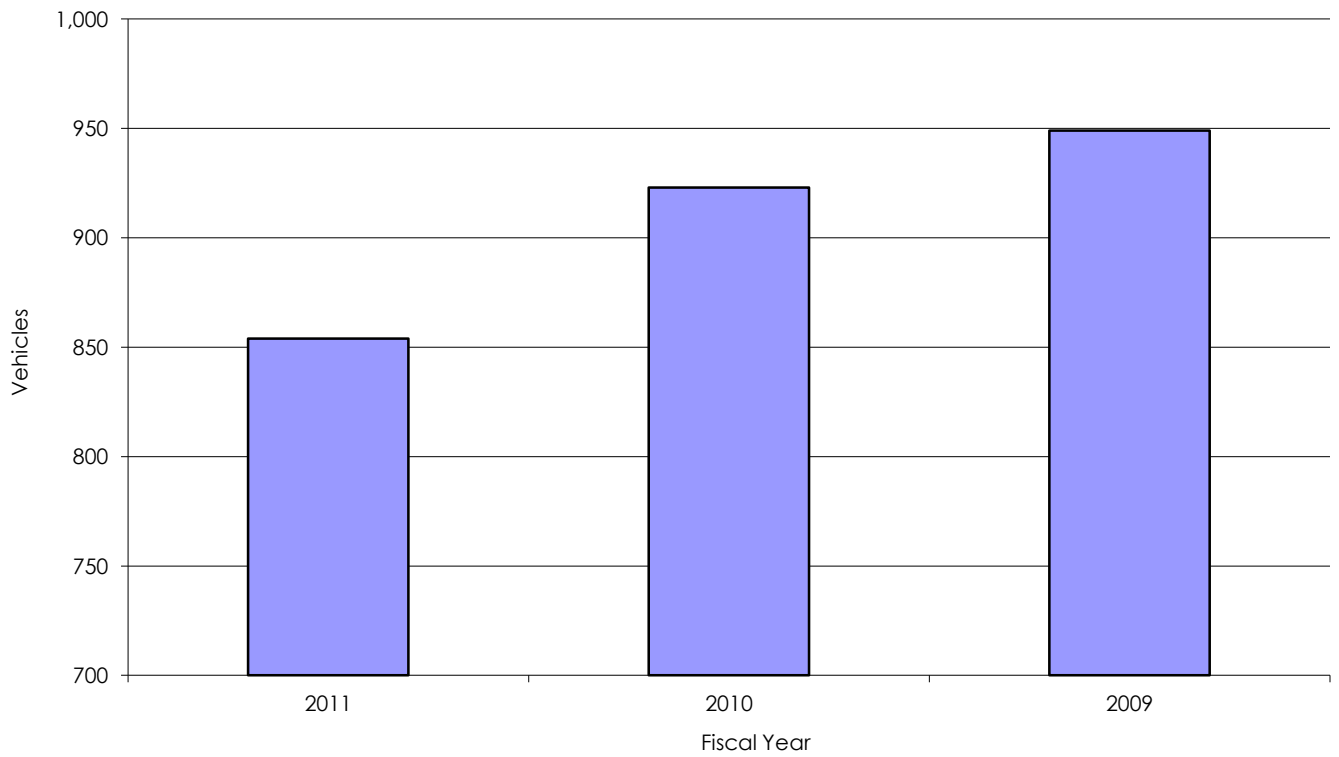
	FY 2011	FY 2010	FY 2009
Enplanements	1,644	1,644	1,685
% increase / (decrease)	0.0%	(2.4%)	(7.5%)
Aircraft Operations (total take-offs and landings)	106	102	111
% increase / (decrease)	3.9%	(8.1%)	(11.2%)
Airline's Landed Weight (1,000 pound units)	2,026	2,020	2,226
% increase / (decrease)	0.3%	(9.3%)	3.0%
Air Cargo Carrier Activity (pounds)	84,477	81,803	92,787
% increase / (decrease)	3.3%	(11.8%)	(17.8%)
Parked Vehicles	854	923	949
% increase / (decrease)	(7.5%)	(2.7%)	(6.4%)

Note: The numbers presented above are in thousands.

Enplaned Passengers (in Thousands)



Parked Vehicles (in Thousands)





**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

The below selected financial data comparison represents the Commission's assets, liabilities and net assets at June 30, 2011, 2010, and 2009.

**SELECTED FINANCIAL DATA**  
**(in thousands)**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Assets</b>			
Unrestricted current	\$ 16,872	\$ 22,099	\$ 21,693
Restricted current	70,214	58,239	72,978
Capital assets, net	418,557	425,335	416,484
Total assets	505,643	505,673	511,155
<b>Liabilities</b>			
Current unrestricted	2,885	2,849	3,029
Current restricted	11,032	11,312	16,310
Long-term debt, net of current maturities	151,513	158,487	169,154
Total liabilities	165,430	172,648	188,493
<b>Net assets</b>			
Invested in capital assets net of related debt	268,968	274,025	271,544
Restricted	56,480	41,370	31,247
Unrestricted	14,765	17,630	19,871
Total net assets	\$ 340,213	\$ 333,025	\$ 322,662

The below chart shows operating revenues and expenses for the three years ended June 30, 2011, 2010, and 2009.

	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating revenue	\$ 38,868	\$ 37,999	\$ 39,444
Operating expenses	19,778	19,112	20,120
Operating income before depreciation	19,090	18,887	19,324
Depreciation	19,644	18,492	17,151
Operating Income	(554)	395	2,173
Nonoperating income (expenses)	2,148	4,089	2,943
Income before capital contributions	1,594	4,484	5,116
Capital contributions	5,594	5,879	12,481
Change in net assets	7,188	10,363	17,597
Beginning net assets	333,025	322,662	305,065
Ending net assets	\$ 340,213	\$ 333,025	\$ 322,662

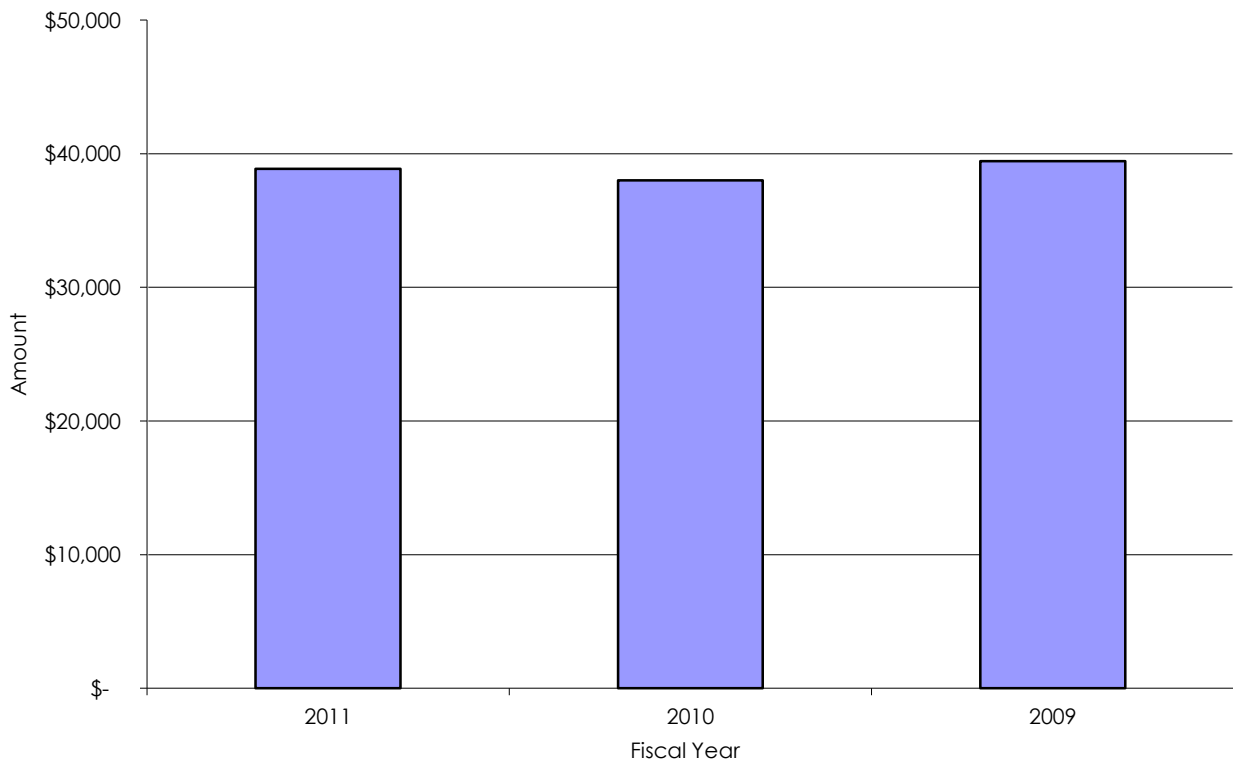
**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

Operating income before depreciation for fiscal year 2011 increased by \$203 thousand or 1.1% compared to fiscal year 2010 and decreased \$234 thousand or (1.2%) compared to fiscal year 2009. Depreciation expense increased by 6.2% between fiscal year 2011 and 2010 and increased by 14.5% when compared to fiscal year 2009. This is a result primarily of the completion of the new north parking garage expansion as well as the completion of other major projects. Nonoperating income decreased by \$1.9 million in fiscal year 2011 compared with fiscal year 2010 and decreased by \$795 thousand when compared to fiscal year 2009. The decrease in nonoperating income was attributed to an increase in interest expense due to significantly less capitalized interest as a result of the completion of the north parking garage expansion project. The weighted average yield on investments was approximately .39% for fiscal year 2011, .41% for fiscal year 2010 and 1.3% for fiscal year 2009.

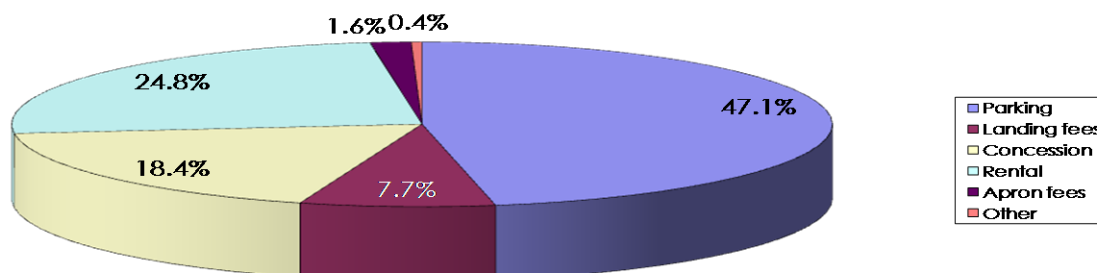
**REVENUES**

The graphs below illustrate the operating revenue for the three fiscal years ended June 30, 2011, 2010, and 2009 and main sources of revenue for the Airport and each source's percentage of total operating revenue for the fiscal year ended June 30, 2011.

**Operating Revenue History (in Thousands)**



### 2011 Operating Revenue



Parking revenues at the Airport, for fiscal year 2011 were \$18,320 which represented a 1.8% increase over fiscal year 2010 and a 1.8% increase over fiscal year 2009.

Below is a summary of revenue stated in thousands, for the three fiscal years ended June 30, 2011, 2010, and 2009:

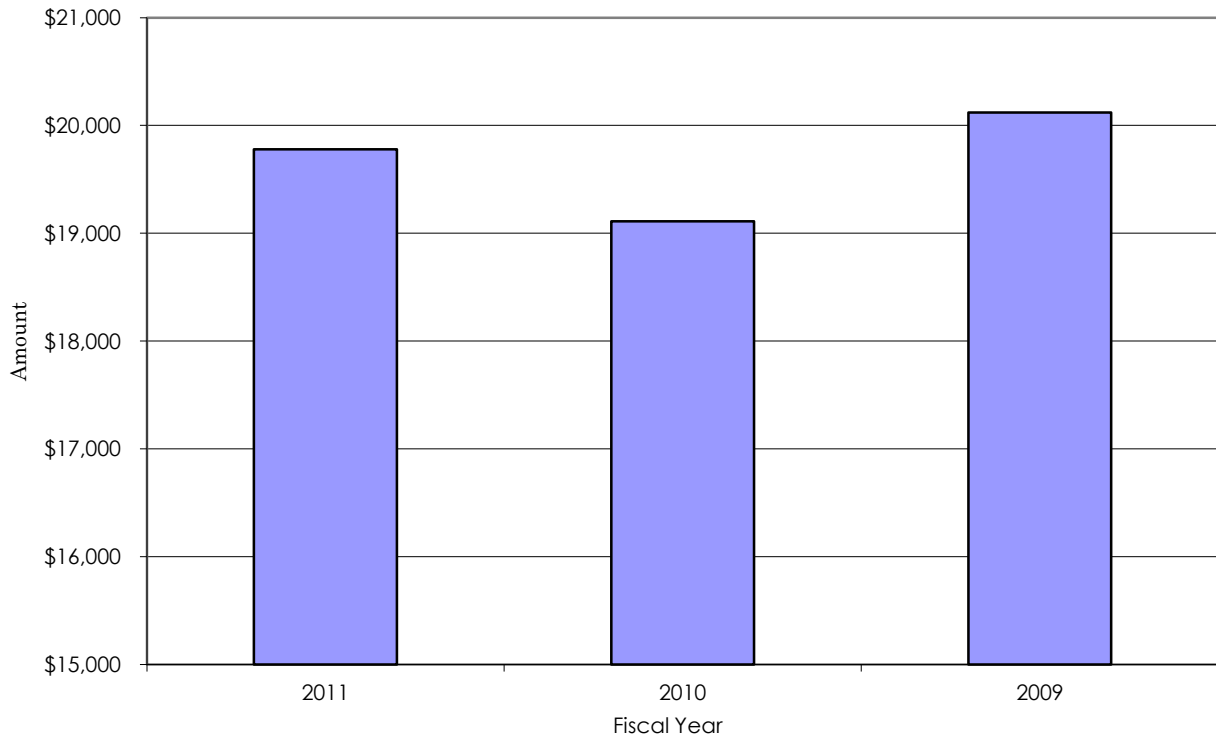
	2011	2010	2009
<b>Operating Revenues</b>			
Parking	\$ 18,320	\$ 17,993	\$ 17,989
Landing fees	2,976	2,837	3,332
Concession	7,152	7,055	7,569
Rental	9,630	9,428	9,588
Apron fees	624	509	755
Other	166	177	211
Total Operating	<u>38,868</u>	<u>37,999</u>	<u>39,444</u>
<b>Nonoperating Income</b>			
Interest income	250	338	1,152
Passenger Facility Charges	6,829	6,949	6,929
Customer Facility Charges	1,511	1,380	1,492
Total nonoperating	<u>8,590</u>	<u>8,667</u>	<u>9,573</u>
TOTAL	\$ 47,458	\$ 46,666	\$ 49,017

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

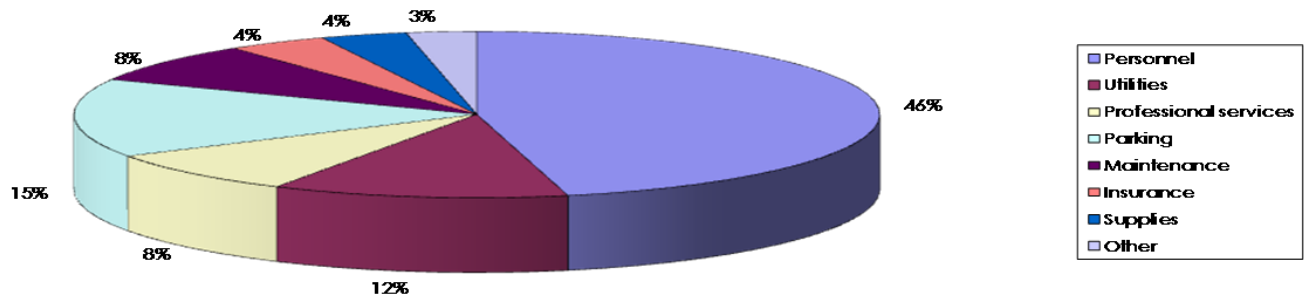
**EXPENSES**

The graphs below illustrate the main sources of operating expenses for the Airport and each source's percentage of total operating expenses for the three fiscal years ended June 30, 2011.

**Operating Expense History (in Thousands)**



**2011 Operating Expenses**



Operating expenses, exclusive of depreciation, totaled \$19,778 for fiscal year 2011, \$19,112 for fiscal year 2010 and \$20,120 for fiscal year 2009. The increase in operating expense when

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

compared to FY 2010 is attributed to an increase in marketing and public relations expense for a grant to the Greater Richmond Chamber of Commerce to support the recent "Save Low Fares" campaign. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2011, 2010, and 2009:

	2011	2010	2009
Operating Expenses			
Personnel	\$ 9,173	\$ 9,380	\$ 10,121
Utilities	2,348	2,081	2,555
Professional services	1,658	1,001	1,207
Parking	3,019	2,834	3,070
Maintenance	1,539	1,864	1,424
Insurance	798	810	664
Supplies	686	597	685
Other	558	545	394
Total Operating	<u>19,779</u>	<u>19,112</u>	<u>20,120</u>
Depreciation	<u>19,644</u>	<u>18,492</u>	<u>17,151</u>
Nonoperating Expense			
Interest expense	5,580	3,793	5,555
Other, net	861	785	1,075
Total nonoperating	<u>6,441</u>	<u>4,578</u>	<u>6,630</u>
TOTAL	<u>\$ 45,864</u>	<u>\$ 42,182</u>	<u>\$ 43,901</u>

**CASH FLOW ACTIVITIES**

A summary of the major sources and uses of cash and cash equivalents are as follows:

	2011	2010	2009
Cash flows provided from operating activities	\$ 19,663	\$ 18,361	\$ 19,273
Cash flows from (used in) investing activities	4,425	(8,167)	1,847
Cash flows from (used in) capital and related financing activities	(14,776)	(30,487)	(49,196)
Net increase (decrease) in cash and cash equivalents	9,312	(20,293)	(28,077)
Cash and cash equivalents			
Beginning of year	62,956	83,249	111,326
End of year	\$ 72,268	\$ 62,956	\$ 83,249

Cash flow from operating activities for 2011 increased by \$1.3 million or 7.1% compared to fiscal year 2010; and \$390 thousand or 2.0% compared to 2009. The increase resulted primarily from the increase in parking revenue and lower cash paid to suppliers.

Cash and cash equivalents for fiscal 2011 amounted to \$72.3 million representing a \$9.3 million increase over 2010. This increase in cash and cash equivalents resulted primarily from a \$4.2 million decrease in payments for long term debt retirement and a decrease in the investment in capital assets. In fiscal year 2010 the commission retired an additional \$4.0 million dollars in PFC bonds. There was no early retirement of this nature in fiscal year 2011.

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

**AIRLINE RATES AND CHARGES**

A new airline operating and terminal building agreement between the Commission and certain airlines was effective March 1, 2010. This agreement extends to February 28, 2013 with two one year renewal periods. This agreement establishes the methods to be used in determining airline rates and charges at the Airport. The Commission has a nonsignatory fee policy that adds a 15% surcharge to the signatory landing fee.

The rental fees decreased from fiscal year 2010 to 2011 in the amount of \$202 thousand and increased \$42 thousand when compared to fiscal year 2009. The apron fees increased \$115 thousand from fiscal year 2010 to 2011 and decreased \$131 thousand when compared to fiscal year 2009. Rates and charges for the signatory airlines were as follows:

<b>Signatory Airline Rates and Charges</b>	<b>Rate Effective for 2011</b>	<b>Rate Effective for 2010</b>	<b>Rate Effective for 2009</b>
Apron fees (square foot)	\$ 1.21	\$ 1.21	\$ 1.34
Landing fees (1,000 lb. unit)	1.24	1.22	1.25
Terminal rental (square foot)	34.19	33.50	34.93

Note: The rates and charges for 2011 are estimates.

**PASSENGER FACILITY CHARGES**

The Commission collects \$4.50 per qualifying enplaned passenger, which totaled \$6.8 million for fiscal year 2011 which was a decrease of (1.7%) compared to fiscal year 2010 and a decrease of (1.4%) when compared to fiscal year 2009.

**CUSTOMER FACILITY CHARGES**

The Commission collects \$1.70 per each rental vehicle transaction day. Collections for the year ended June 30, 2011 which was an increase of 9.4% compared to fiscal year 2010 and an increase of 1.2% when compared to fiscal year 2009.

**CAPITAL AND DEBT ACTIVITY**

Capital Assets

Investments in capital assets include land and land improvements, buildings, construction in progress, furniture and fixtures, machinery and equipment and paved facilities. Capital assets, before accumulated depreciation, increased \$12.8 million for fiscal year 2011 from 2010. The increase for the year was primarily the result of new construction mainly represented by the parking lot B expansion (\$3.7 million), airfield electrical upgrade (\$1.9 million) and the general aviation expansion (\$1.5 million). Depreciation expense for fiscal year 2011 was \$19.6 million as compared to fiscal year 2010 of \$18.5 million. The \$1.2 million increase in depreciation expense resulted primarily from the completion of the north parking garage expansion and other major projects. See Note 4 of notes to the financial statements.

**Management's Discussion and Analysis (continued)**  
**June 30, 2011**

The current 20 year Master Plan includes the following projects:

- ➔ Construction of a new 9,000 foot long by 200 foot wide runway (16R-34L) with 35 foot wide shoulders and a new parallel 75 foot wide taxiway with associated high-speed exits.
- ➔ Construction of a 1,200 foot runway and taxiway extension to runway 34R.
- ➔ Construction of approximately 600,000 square feet of a Deicing and Diversion Apron.
- ➔ The expansion of approximately 47,200 square feet at Concourse A and apron area, adding additional gates and associated holdroom space.
- ➔ The expansion of approximately 56,400 square feet at Concourse B and apron area, adding 11 gates and associated holdroom space.

Long-Term Debt

As of June 30, 2011, the Commission had principal debt outstanding of \$161,702 as follows (in thousands):

Airport Revenue Bonds	\$ 119,872
PFC Revenue Bonds	36,430
CFC Revenue Bonds	5,400
Total	<u>\$ 161,702</u>

See Note 5 of notes to financial statements.

**ECONOMIC FACTORS AND FISCAL 2011 BUDGET**

The Commission anticipated a slow, but steady economic recovery and took a conservative approach for the fiscal year 2012 budget. The Commission adopted the FY 2012 budget which includes a \$38.5 million in operating revenue a (1.0%) decrease compared to the FY 2011 actual revenues of \$38.9 million. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2012. Operating expenses of \$19.9 million are budgeted for 2012; an increase of 0.5% compared to fiscal year 2011 actual expenses of \$19.8 million. The Commission's fiscal year 2012 approved capital budget allotted \$34.8 million for new projects, equipment, and studies.

**REQUEST FOR INFORMATION**

This financial report is designed to provide interested parties with a general overview of the Commission's finances. Should you have any questions about this report or need additional information, please contact the Chief Financial Officer, 1 Richard E. Byrd Terminal Drive, Richmond International Airport, VA 23250-2400. Also, interested parties wishing to obtain daily updated information at Richmond International Airport can visit on our web-site at [www.FlyRichmond.com](http://www.FlyRichmond.com).

**Capital Region Airport Commission**  
**STATEMENTS OF NET ASSETS**  
**Years Ended June 30, 2011 and 2010**

		2011	2010	
<b>ASSETS</b>	CURRENT ASSETS			
	Unrestricted Assets:			
	Cash and cash equivalents	\$ 14,885,910	\$ 19,576,422	
	Accounts receivable, less allowance for doubtful accounts (2011-\$151,148; 2010-\$142,164)	1,592,974	1,527,939	
	Other	393,197	994,792	
	<b>Total Unrestricted Current Assets</b>	<b>16,872,081</b>	<b>22,099,153</b>	
	Restricted Current Assets:			
	Cash and cash equivalents	57,382,285	43,379,894	
	Investments	8,591,142	12,848,623	
	Customer and Passenger Facility Charges receivable	1,108,511	1,168,690	
	Due from federal and state governments	3,131,919	841,862	
	<b>Total Restricted Current Assets</b>	<b>70,213,857</b>	<b>58,239,069</b>	
	<b>Total Current Assets</b>	<b>87,085,938</b>	<b>80,338,222</b>	
	NONCURRENT ASSETS			
	Depreciable assets, net	336,079,862	306,059,420	
	Non-depreciable assets	82,477,599	119,275,493	
	<b>Total Noncurrent Assets</b>	<b>418,557,461</b>	<b>425,334,913</b>	
	<b>Total Assets</b>	<b>505,643,399</b>	<b>505,673,135</b>	
	<b>LIABILITIES AND NET ASSETS</b>	CURRENT LIABILITIES		
		Liabilities From Unrestricted Assets:		
Accounts payable		1,552,267	1,563,540	
Accrued expenses		1,333,049	1,285,380	
<b>Total Liabilities From Unrestricted Assets</b>		<b>2,885,316</b>	<b>2,848,920</b>	
Liabilities From Restricted Assets:				
Accounts payable		1,479,837	1,958,850	
Accrued interest payable		2,353,650	2,462,243	
Current maturities of long-term debt		7,198,785	6,891,322	
<b>Total Liabilities From Restricted Assets</b>		<b>11,032,272</b>	<b>11,312,415</b>	
<b>Total Current Liabilities</b>		<b>13,917,588</b>	<b>14,161,335</b>	
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations (Note 5)		151,512,419	158,486,907	
<b>Total Liabilities</b>		<b>165,430,007</b>	<b>172,648,242</b>	
NET ASSETS				
Invested in capital assets, net of related debt		268,967,563	274,025,254	
Restricted				
Debt service		54,573,698	39,276,636	
Customer and Passenger Facility Charges		1,907,095	2,093,152	
Unrestricted		14,765,036	17,629,851	
<b>Total Net Assets</b>	<b>\$ 340,213,392</b>	<b>\$ 333,024,893</b>		

See Notes to Financial Statements.



**Capital Region Airport Commission**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
<b>OPERATING REVENUES</b>		
Parking	\$ 18,320,471	\$ 17,992,998
Landing fees	2,976,392	2,836,798
Concession	7,151,623	7,054,589
Rental	9,630,339	9,427,861
Apron fees	624,364	509,227
Other	164,693	177,587
<b>Total Operating Revenues</b>	<b>38,867,882</b>	<b>37,999,060</b>
<b>OPERATING EXPENSES</b>		
Personnel	9,172,984	9,380,249
Utilities	2,347,858	2,081,399
Professional services	1,657,927	1,000,832
Parking	3,018,853	2,834,409
Maintenance	1,538,976	1,863,585
Insurance	797,810	810,205
Supplies	685,967	597,093
Other	557,806	544,252
<b>Total Operating Expenses</b>	<b>19,778,181</b>	<b>19,112,024</b>
Operating Income Before Depreciation	19,089,701	18,887,036
<b>DEPRECIATION</b>		
Operating Income (Loss)	(554,474)	394,728
<b>NONOPERATING INCOME (EXPENSES)</b>		
Interest income	250,121	337,994
Interest expense	(5,579,985)	(3,793,354)
Passenger Facility Charges	6,829,466	6,949,250
Customer Facility Charges	1,510,583	1,380,245
Other, net	(861,366)	(785,517)
<b>Total Nonoperating Income (Expenses)</b>	<b>2,148,819</b>	<b>4,088,618</b>
Income Before Capital Grants and Contributions	1,594,345	4,483,346
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>		
	5,594,154	5,879,106
<b>CHANGE IN NET ASSETS</b>	<b>7,188,499</b>	<b>10,362,452</b>
<b>TOTAL NET ASSETS, BEGINNING</b>	<b>333,024,893</b>	<b>322,662,441</b>
<b>TOTAL NET ASSETS, ENDING</b>	<b>\$ 340,213,392</b>	<b>\$ 333,024,893</b>

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 38,802,845	\$ 37,901,125
Cash paid to employees	(6,900,091)	(6,999,030)
Cash paid to suppliers	(12,240,099)	(12,541,107)
Cash used in operating activities	(19,140,190)	(19,540,137)
Net cash provided from operating activities	19,662,655	18,360,988
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	9,354,374	2,559,336
Purchase of Investments	(5,202,242)	(11,076,776)
Interest income received (includes \$7,432 of capitalized earnings from tax-exempt borrowing for 2011; 2010 - \$32,051)	272,926	350,336
Net cash provided (used) by investing activities	4,425,058	(8,167,104)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt, net of issuance cost	-	200,000
Payment of long-term debt	(6,891,322)	(11,190,166)
Payment of interest on long-term debt (includes \$370,474 of capitalized interest for 2011; 2010 - \$2,448,887)	(6,238,172)	(6,501,227)
Capital contributions received	3,304,097	8,880,274
Passenger Facility Charges collected	6,860,999	6,868,663
Customer Facility Charges collected	1,539,229	1,339,993
Additions to capital assets	(12,982,690)	(29,740,409)
Payments to other organizations	(367,975)	(343,719)
Net cash provided (used) by capital and related financing activities	(14,775,834)	(30,486,591)
Net increase (decrease) in cash and cash equivalents	9,311,879	(20,292,707)
<b>CASH AND CASH EQUIVALENTS</b>		
Balances - beginning of year	62,956,316	83,249,023
Balances - end of year	\$ 72,268,195	\$ 62,956,316
Current Assets	\$ 14,885,910	\$ 19,576,422
Restricted Assets	57,382,285	43,379,894
	\$ 72,268,195	\$ 62,956,316
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (554,474)	\$ 394,728
Adjustments to reconcile operating income to net cash provided by operations		
Depreciation	19,644,175	18,492,308
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(65,037)	(97,935)
Decrease (increase) in other current assets	601,595	(248,554)
Increase (decrease) trade accounts payable	(11,273)	(317,034)
Increase (decrease) in accrued expenses	47,669	137,475
Net cash provided by operating activities	\$ 19,662,655	\$ 18,360,988
<b>Supplemental Cash Flow Information</b>		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (82,544)	\$ (11,147)
Non-cash capital contributions	\$ 3,131,919	\$ 841,862

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Commission is a political subdivision of the Commonwealth of Virginia. Commissioners are appointed by participating subdivisions, which currently include the City of Richmond, and the Counties of Chesterfield, Hanover and Henrico. The Commissioners are responsible for addressing broad policy matters and approving the operating and capital budgets. The financial statements of the Commission include all business activities of the Richmond International Airport (the "Airport") which the Commission oversees. All funds are included in this report. The Commission, as the owner and operator of the Airport, maintains and enhances facilities to better serve the air transportation needs of Central Virginia. Major functional areas include administrative services, executive, finance, human resources, maintenance and public safety. The Airport is currently served by seven major airlines and seventeen regional airlines.

The financial statements presented for the Capital Region Airport Commission (the "Commission") are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989.

**SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The financial statements are presented on the accrual basis of accounting, recognizing revenue when it is earned and expenses when they are incurred.

***Estimates***

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

***Cash and Cash Equivalents***

The Commission considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

***Investments***

Investments, principally money market funds, federal and municipal obligations, and certificate of deposits, are carried at fair value which approximates amortized cost. Fair values of investments are based on quoted market prices at year end. All investment income, including changes in the fair value of investments, is reported in the statements of revenues, expenses, and changes in net assets.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Debt Issuance Costs and Original Issuance Premium***

Debt issuance costs and original issuance premium are amortized using the effective interest method. These items are included on the statements of net assets as a reduction or addition to long-term debt.

***Capital Assets***

Capital assets acquired by the Commission, including assets purchased with designated contributions, are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution.

Depreciation is determined using the straight-line method applied over the following estimated useful lives:

<u>Category</u>	<u>Years</u>
Land improvements	5-20
Buildings	40
Paved facilities	20
Furniture and fixtures	5-20
Machinery and equipment	3-15

The cost of maintenance and repairs is charged to expense as incurred. Expenditures, that significantly increase property lives, are capitalized. Capital assets having a cost in excess of \$7,500 are capitalized.

***Capitalized Interest***

The Commission capitalizes interest costs that relate to the construction of Airport projects. Interest costs of projects acquired with tax exempt borrowings are reduced by interest earned on invested debt proceeds over the same construction period. Interest costs on Commission funded projects are calculated using the average interest rate on all borrowings over the same construction period.

***Revenue Recognition***

Revenue is recognized when earned. Parking revenue is recognized when the customer vehicle exits the parking facility. Landing and apron fees are recognized as revenue when the Airport facilities are utilized. Concession revenue is recognized based on reported concessionaire revenue. Rental revenue is recognized over the life of the respective leases. All other revenue is recognized when earned.

***Revenue and Expense Classifications***

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions which are financing or investing related and customer and passenger facility charges are reported as nonoperating revenues.

All expenses related to operating the Commission are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Customer Facility Charges***

As of December 1, 2000, the Commission entered into a Rental Car Customer Facility Charge Agreement with the on-site airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge (CFC) for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at \$2 per day, changed to \$2.10 effective September 1, 2002; reduced to \$1.80 effective July 1, 2006; and reduced to \$1.70 effective July 1, 2007. Collections during fiscal year 2011 were \$1.5 million (2010 - \$1.4 million).

***Passenger Facility Charges***

The Federal Aviation Administration (FAA) authorized the Commission Passenger Facility Charges (PFC) rate of \$4.50 per qualifying enplaned passenger, effective January 1, 2005. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Commission has been authorized to collect PFC plus interest thereon in the aggregate amount of \$137 million. Collections during fiscal year 2011 were \$6.8 million (2010 - \$6.9 million) and aggregate collections and interest thereon from inception through June 30, 2011 were \$87 million. Net assets related to PFC are restricted for projects that are approved by the FAA.

***Federal and State Grants***

The Commission receives grants for airport projects funded through the Airport Improvement Program (AIP) of the FAA and Federal Emergency Management Agency (FEMA) with certain matching funds and other funds provided by the Commonwealth of Virginia. Capital grants are reported in the statements of revenues, expenses and changes in net assets as capital grants and contributions.

***Restricted Net Assets***

The Commission restricts net assets for certain required debt service funds and for the CFC and PFC programs. When both restricted and unrestricted assets are available for use, the Commission applies restricted assets first, and then applies unrestricted assets as needed.

***Salaries and Wages***

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of \$2,500 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to \$746 thousand at June 30, 2011 and \$781 thousand at June 30, 2010. The net decrease for fiscal year 2011 amounted to \$35 thousand, represented by payments of \$457 thousand to vested employees and additional accrued vacation and sick leave of \$422 thousand. For fiscal year 2010, the net increase amounted to \$81 thousand.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgets**

Operating and capital budgets are adopted annually by the Commission and are amended as necessary during the fiscal year. The accrual basis of accounting is applied to the development of these budgets.

**Risk Management**

The Commission carries commercial insurance for risks of loss including property, workers' compensation, theft, auto liability, general liability and construction insurance. The Commission also carries coverage for public officials and employer's liability under the Virginia State Police Officials' Self-Insurance Pool. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the four past fiscal years.

**Note 2. FORMATION OF THE COMMISSION**

As of January 1, 1976, under an agreement among the City of Richmond, the County of Henrico and the Commission, the City of Richmond transferred to the Commission the property then constituting the Airport. Consideration for the transfer was \$3,000,000 plus the Commission's agreement to reimburse the City \$7,484,954 for the portion of the City's debt service related to the Airport property (City of Richmond has been fully reimbursed). The Commission valued the property at \$64,924,072, based on independent appraisals, and recorded the property on its books at this amount. The \$54,439,118 difference between the recorded amount and the consideration was treated as a contribution of assets.

**Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments consisted of the following:

	<b>2011</b>	<b>2010</b>
Petty cash	\$ 1,320	\$ 1,320
Deposits at financial institutions	21,728,480	24,238,029
Cash equivalents and investments	59,129,537	51,565,590
	<b>\$80,859,337</b>	<b>\$75,804,939</b>
Summary:		
Unrestricted assets	\$ 14,885,910	\$ 19,576,422
Restricted assets	65,973,427	56,228,517
	<b>\$80,859,337</b>	<b>\$75,804,939</b>

**Deposits**

At June 30, 2011, the carrying value of the Commission's deposits with banks was \$21,728,480 with corresponding bank balances of \$18,264,672. At June 30, 2010, the carrying value of the Commission's deposits with banks was \$24,238,029 with corresponding bank balances of \$24,380,592. Bank balances are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Deposits are considered insured as the State Treasury Board has the ability

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

to assess additional collateral of the participating banks if necessary. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations.

**Credit Risks**

The Commission's policy is to follow the statutes of the Commonwealth of Virginia and invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP) and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

The Commission has invested a portion of the proceeds from the Airport Revenue Refunding Bonds Series 2005A in the SNAP Fund (the "Fund") which is a component of the Commonwealth Cash Reserve Fund, Inc. ("CCRF"). CCRF was organized as a Virginia corporation on December 8, 1986 and was registered under the Investment Company Act of 1940 as a diversified open-end investment company. The Fund is a money market mutual fund that invests in short-term, high quality debt instruments issued by the U.S. government or its agencies or instrumentalities, by U.S. municipalities, and by financial institutions and other U.S. companies. The fair value of the Commission's investment in the Fund is the same as the value of the Fund shares.

*Interest and credit risk:* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Commission currently has no formal policy relating to interest rate risk. The Commission's cash equivalents and investments at June 30, 2011, except for those relating to money market funds, are categorized below to give an indication of the level of risk assumed by the Commission at year-end:

**Investment Maturities and Ratings**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12</u>		<u>Quality Ratings</u>
		<u>months</u>	<u>Over 12 months</u>	
Atlanta, GA Development Authority Revenue	\$ 676,320	\$ -	\$ 676,320	BBB
Federal Home Loan Banks	5,121,898	-	5,121,898	AAA
Federal Farm Cr Bks Cons	1,662,923	-	1,662,923	AAA
US Bank Certificate of Deposit	1,130,000	-	1,130,000	A-1+
Virginia State Non-Arbitrage Program	85,307	85,307	-	AAAm
	<u>\$ 8,676,448</u>	<u>\$ 85,307</u>	<u>\$ 8,591,141</u>	

*Custodial credit risk:* The Commission's investment policy requires the use of a third party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the name of the Commission. As of June 30, 2011 all of the Commission's investment securities held by third parties are in the name of the Commission.

*Concentration of credit risk:* The Commission places no limit on the amount that may be invested in any one issuer.

**Capital Region Airport Commission**  
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**Note 4. CAPITAL ASSETS**

	Balance 6/30/2010	Additions	Reductions	Transfers	Balance 6/30/2011
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	66,411,311	12,195,243	-	(48,993,137)	29,613,417
	<u>119,275,493</u>	<u>12,195,243</u>	<u>-</u>	<u>(48,993,137)</u>	<u>82,477,599</u>
Other capital assets:					
Land improvements	13,418,121	107,232	-	-	13,525,353
Buildings	267,787,364	3,722	-	44,836,155	312,627,241
Paved Facilities	201,153,420	-	-	3,258,362	204,411,782
Furniture and fixtures	3,996,565	7,806	-	897,118	4,901,489
Machinery and Equipment	47,379,496	552,720	-	1,501	47,933,717
Total Other Capital Assets	<u>533,734,966</u>	<u>671,480</u>	<u>-</u>	<u>48,993,137</u>	<u>583,399,583</u>
Total Capital Assets	<u>653,010,459</u>	<u>12,866,723</u>	<u>-</u>	<u>-</u>	<u>665,877,182</u>
Accumulated depreciation:					
Land improvements	(7,713,170)	(555,649)	-	-	(8,268,819)
Buildings	(76,986,311)	(8,825,552)	-	-	(85,811,864)
Paved Facilities	(107,736,860)	(7,638,951)	-	-	(115,375,811)
Furniture and fixtures	(2,209,985)	(320,440)	-	-	(2,530,426)
Machinery and Equipment	(33,029,219)	(2,303,582)	-	-	(35,332,801)
Total Accumulated Depreciation	<u>(227,675,545)</u>	<u>(19,644,175)</u>	<u>-</u>	<u>-</u>	<u>(247,319,721)</u>
Capital Assets, Net	<u>\$ 425,334,914</u>	<u>\$ (6,777,452)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,557,461</u>

	Balance 6/30/2009	Additions	Reductions	Transfers	Balance 6/30/2010
Capital assets not being depreciated:					
Land	\$ 52,853,785	\$ 10,397	\$ -	\$ -	\$ 52,864,182
Construction in progress	52,754,602	26,876,644	-	(13,219,935)	66,411,311
	<u>105,608,387</u>	<u>26,887,041</u>	<u>-</u>	<u>(13,219,935)</u>	<u>119,275,493</u>
Other capital assets:					
Land improvements	11,485,754	16,222	-	1,916,145	13,418,121
Buildings	271,028,763	36,400	-	(3,277,799)	267,787,364
Paved Facilities	193,478,680	29,666	-	7,645,074	201,153,420
Furniture and fixtures	3,959,577	36,988	-	-	3,996,565
Machinery and Equipment	40,106,774	336,206	-	6,936,515	47,379,496
Total Other Capital Assets	<u>520,059,548</u>	<u>455,483</u>	<u>-</u>	<u>13,219,935</u>	<u>533,734,966</u>
Total Capital Assets	<u>625,667,935</u>	<u>27,342,524</u>	<u>-</u>	<u>-</u>	<u>653,010,459</u>
Accumulated depreciation:					
Land improvements	(7,183,916)	(529,254)	-	-	(7,713,170)
Buildings	(68,960,172)	(8,026,139)	-	-	(76,986,311)
Paved Facilities	(100,297,138)	(7,439,722)	-	-	(107,736,860)
Furniture and fixtures	(1,927,558)	(282,427)	-	-	(2,209,985)
Machinery and Equipment	(30,814,453)	(2,214,766)	-	-	(33,029,219)
Total Accumulated Depreciation	<u>(209,183,237)</u>	<u>(18,492,308)</u>	<u>-</u>	<u>-</u>	<u>(227,675,545)</u>
Capital Assets, Net	<u>\$ 416,484,697</u>	<u>\$ 8,850,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,334,914</u>



**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**Note 5. LONG-TERM DEBT**

Long-term debt at June 30, 2011 and 2010 consists of:

	Balance 6/30/2010	Increase	Decrease	Balance 6/30/2011	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 36,673,032	\$ -	\$ (1,711,322)	\$ 34,961,710	\$ 1,788,785
Series 2004A (b)	9,670,000	-	(1,750,000)	7,920,000	1,835,000
Series 2005A Airport Refunding (c)	27,045,000	-	(450,000)	26,595,000	465,000
Series 2008A (d)	51,310,000	-	(915,000)	50,395,000	945,000
PFC Revenue Bonds:					
Series 2005A (e)	16,940,000	-	(645,000)	16,295,000	670,000
Series 2005B (f)	20,675,000	-	(540,000)	20,135,000	555,000
Car Rental Garage Revenue Bonds, Series 2000 (g)					
	6,280,000	-	(880,000)	5,400,000	940,000
	168,593,032	-	(6,891,322)	161,701,710	7,198,785
Add: Bond premium paid, net	1,217,597	-	(186,551)	1,031,046	-
Less: Debt issuance costs, net	(4,432,400)	-	410,848	(4,021,552)	-
<b>Total Long-Term Debt</b>	<b>\$ 165,378,229</b>	<b>\$ -</b>	<b>\$ (6,667,025)</b>	<b>\$ 158,711,204</b>	<b>\$ 7,198,785</b>

The aggregate amount of debt service on long-term debt following June 30, 2011 is as follows:

Year	Revenue		PFC		CFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 5,033,785	\$ 5,506,796	\$ 1,225,000	\$ 37,182	\$ 940,000	\$ 345,100	\$ 7,198,785	\$ 5,889,078
2013	5,259,755	5,281,477	1,265,000	35,864	1,005,000	277,025	7,529,755	5,594,366
2014	5,494,393	5,044,651	1,310,000	34,502	1,075,000	204,225	7,879,393	5,283,378
2015	5,737,862	4,787,994	1,360,000	33,092	1,150,000	126,350	8,247,862	4,947,436
2016	4,920,339	4,539,517	1,400,000	31,629	1,230,000	43,050	7,550,339	4,614,196
2017-2021	28,612,229	18,985,041	7,775,000	134,421	-	-	36,387,229	19,119,462
2022-2026	33,463,347	11,694,948	9,180,000	89,642	-	-	42,643,347	11,784,590
2027-2031	9,780,000	6,662,500	8,350,000	38,651	-	-	18,130,000	6,701,151
2032-2036	12,480,000	3,893,250	4,565,000	8,980	-	-	17,045,000	3,902,230
2037-2041	9,090,000	696,500	-	-	-	-	9,090,000	696,500
	<u>\$ 119,871,710</u>	<u>\$ 67,092,674</u>	<u>\$ 36,430,000</u>	<u>\$ 443,963</u>	<u>\$ 5,400,000</u>	<u>\$ 995,750</u>	<u>\$ 161,701,710</u>	<u>\$ 68,532,387</u>

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. LONG-TERM DEBT (continued)**

*(a) Airport Revenue Bonds – Series 2001A (Non-AMT) and Series 2001B (AMT)*

On January 30, 2001, the Commission adopted the Sixth Supplemental Bond Resolution Authorizing Airport Revenue Bonds \$26,995,000, Series 2001A (Non-AMT) and \$22,065,000 Airport Revenue Bond, Series 2001B (AMT). The bonds were issued on February 8, 2001 to the Virginia Resources Authority (the "VRA") which is organized and exists as a public body corporate and a political subdivision of the Commonwealth of Virginia. The VRA has been designated by the Commonwealth of Virginia to direct the distribution of loans from the Virginia Airports Revolving Fund to certain local governments to finance airport infrastructure projects at government-owned facilities.

The proceeds of the bonds were used along with other money to finance the construction of a new 1900 space public parking garage, a concourse extension, the refurbishment of the existing terminal and concourses as well as refinance the purchase of 12 acres of land for satellite public parking. Through February 29, 2004, proceeds from the bonds were requisitioned from VRA to reimburse the Commission for the above projects. Beginning March 1, 2004, VRA allowed the remaining 2001A and B proceeds (\$611,756 and \$4,440,957, respectively) to be transferred to SNAP project funds. All of the 2001A and B SNAP project funds have been used as of April 2005. The bonds are dated the date of delivery to the account of VRA and mature on January 1, 2027. The Series 2001A bear interest at 4.36% (Series 2001B at 4.53%) on the unpaid principal from the date of each advance until payment of the entire principal amount. Monthly principal and interest payments on the Series 2001A in the amount of \$150,338 (Series 2001B of \$125,015) began August 1, 2002.

*(b) Revenue Refunding Bonds – Series 2004A*

On April 7, 2004, Series 2004A Bonds were issued in the amount of \$17,380,000 to refund the Airport Revenue Refunding Bonds Series 1994. The Bonds are term bonds requiring redemption at various dates through 2015, at par, and bear interest of 4%. Principal payments are due July 1 with interest payable July 1 and January 1.

*(c) Airport Revenue Refunding Bonds Series 2005A*

On May 19, 2005, the Commission issued Airport Revenue Refunding Bonds Series 2005A in the amount of \$28,725,000, secured by an Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984, as amended and supplemented, including an Eight Supplemental bond Resolution adopted by the Commission on March 29, 2005. The Bonds were issued along with other funds of the Commission for the purpose of refunding on a current basis Airport Revenue Bond Series 1995A in the amount of \$28,725,000, leaving outstanding the scheduled maturity payment on July 1, 2005 of \$305,000. Principal payments are due each year through July 1, 2025. Interest on the bonds is payable semi-annually each January and July 1.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. LONG-TERM DEBT (continued)**

*(d) Airport Revenue Bonds, Series 2008A*

The Commission issued Airport Revenue Bonds, Series 2008A on March 27, 2008, in the amount of \$51,310,000. The Series 2008A bonds are served by an Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984, as amended and supplemented, including a Ninth Supplemental Bond Resolution adopted by the Commission on January 29, 2008. The Bonds were issued together with other funds of the Commission, to finance in part the costs of construction and equipping a new structured public parking facility of approximately 2,600 spaces and related improvements, to fund a debt service reserve subaccount for the Series 2008A Bonds and to pay certain cost of their issuance. Starting July 1, 2010 principal payments are due each year and continue through July 1, 2038. Interest on the bonds is payable semi-annually each January 1 and July 1, starting July 1, 2008 at fixed rates ranging from 3.5% to 5% depending on maturity dates.

*(e) Passenger Facility Charge Revenue Bonds, Series 2005A (AMT)*

On March 31, 2005 the Commission issued Passenger Facility Charge Revenue Bonds, 2005 Series A (AMT) in the amount of \$27,885,000, under the Master Indenture of Trust dated March 1, 2005, as amended and pursuant to provisions of Chapter 380 of the Acts of Assembly of Commonwealth of Virginia of 1980, as amended. The bonds were issued for the purpose of refinancing the Passenger Facility Charge Revenue Bonds, Series 1999A in the amount of \$3,260,000 and to finance certain costs of the terminal project. The proceeds were invested in Federal Home Loan and Federal National Mortgage Association bonds and U.S. Treasury obligations which were held by a trustee.

The bonds bear interest payable monthly at a weekly variable rate. The bonds are secured by and payable from PFC revenues which have been assigned to the Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit will expire on March 31, 2013, and can be extended or terminated by certain events. The bonds are subject to optional redemption prior to maturity. Principal payments are due each year on June 1.

*(f) Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT)*

On March 31, 2005, the Commission issued Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT) in the amount of \$23,115,000, under a Master Indenture of Trust dated March 1, 2005, as amended, and pursuant to provisions of Chapter 380 of the Acts of Assembly of the Commonwealth of Virginia of 1980, as amended. The Bonds were issued for the purpose of refinancing the Passenger Facility Charge Revenue Bonds, 1999 Series B, in the amount of \$17,000,000. The remaining proceeds were used to finance certain costs of the terminal project. The bonds bear interest

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. LONG-TERM DEBT (continued)**

payable monthly at a weekly variable rate. The proceeds of the Bonds were invested in U.S. Treasury obligations held by a Trustee.

The bonds are secured by and payable from PFC revenues which have been assigned to a Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit will expire on March 31, 2013 and can be extended or terminated by certain events. The Bonds are subject to optional redemption prior to maturity. Principal payments are due each year on June 1.

*(g) Taxable Car Rental Garage Facilities Revenue Bonds, Series 2000*

On December 1, 2000, the Commission issued Taxable Car Rental Garage Facilities Revenue Bonds Series 2000 pursuant to an Indenture of Trust dated December 1, 2000 in the amount of \$11,305,000. The Bonds are limited special revenue obligations of the Commission payable solely from and secured by a pledge of customer facility charges established by the Commission to be charged, collected and remitted by the on-airport rental car companies and other funds pledged under the indenture starting February 1, 2001. The Bonds require redemption each year starting July 1, 2002 through July 1, 2015. Interest is payable each January 1 and July 1 at fixed rates ranging from 6.3% to 7% depending on maturity dates.

*(h) Line of Credit*

The Commission entered into an Exempt Facility Credit Agreement with a bank as of December 1, 2009, whereby the Commission may borrow the aggregate maximum principal amount not to exceed \$10,000,000. Interest on the note is payable monthly at a rate per annum equal to the sum of one month LIBOR, plus 2.25% per annum. There were no outstanding borrowings under the agreement for the years ended June 30, 2011 and June 30, 2010.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. LONG-TERM DEBT (continued)**

*(i) Restricted Assets*

Certain cash and investments are restricted by bond resolutions for the following purposes:

	2011	2010
Construction	\$ -	\$ 5,908,921
Cost of issuance	343	343
Debt service	33,942,540	28,045,620
Equipment and capital outlay	20,372,729	12,998,487
Operation and maintenance	4,989,712	4,705,462
	<u>\$ 59,305,324</u>	<u>\$ 51,658,833</u>

The bond resolutions contain restrictive covenants with respect to incurring additional indebtedness, sale, lease or encumbrance of property, maintenance of facility, agreements with airlines and other matters common to such bond issues.

The Commission is subject to arbitrage rebate liability in accordance with Section 148(f) of the Internal Revenue Code of 1986, as amended, and the Final U.S. Treasury Regulations 1.148-1 through 1.148-11 issued on June 19, 1993 and amended on May 9, 1997. There was no accrued arbitrage liability for the years ended June 30, 2011 and June 30, 2010.

**Note 6. MAJOR CUSTOMERS**

Due to the nature of the Commission's operations, the majority of its operating revenues are from several large customers. The operating revenues from two major customers were \$1,888,392 (4.9%) and \$1,415,761 (3.6%) for the year ended June 30, 2011 and \$1,698,191 (4.5%) and \$1,405,713 (3.7%) for the year ended June 30, 2010.

**Capital Region Airport Commission**  
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**Note 7. FUTURE RENTAL AND CONCESSION INCOME UNDER OPERATING LEASES**

The following is a schedule by years of minimum future rental and concession income under non-cancelable operating leases with tenants and concessionaires as of June 30, 2011:

Fiscal Year	Amount
2012	\$ 8,319,628
2013	8,267,458
2014	7,746,886
2015	6,599,659
2016	993,176
2017-2021	4,045,597
2022-2026	2,397,026
2027-2031	642,837
	<u>\$39,012,267</u>

The Commission had rental and concession income of \$16,781,962 and \$16,482,450 in 2011 and 2010, respectively, which is included in operating revenues. Rental income is derived from various lease space within the terminal building, other buildings, and the rental of Airport land property.

**Note 8. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The Commission participates in the Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer defined pension plan administered by the VRS. All full-time employees of the Commission participate in the Plan. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. AFC is defined as the highest consecutive 36 months of reported compensation.

Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Retirement is based on age at retirement, years of service, and AFC. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. COLA is limited to 5% per year. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended (the "Code"), assigns the authority to establish and amend benefit provisions to the General assembly of Virginia.

VRS issues a publicly comprehensive annual financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by writing VRS, P.O. Box 2500, Richmond, VA 23218-2500 or downloaded from VRS web site at <http://www.varetire.org>.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 8. DEFINED BENEFIT PENSION PLAN (continued)**

**Funding Policy**

In accordance with the Code, plan members are required to contribute 5% of their annual reported compensation to the VRS. The Commission has elected to assume the member contribution and, in addition, is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code and approved by the VRS Board of Trustees. For the year ended June 30, 2011, the Commission contributed 12.9% of the annual covered payroll. The contribution rate for the year ended June 30, 2011 includes the Commission's share of 7.9% and the plan members' share of 5%. For the year ended June 30, 2010 the Commission contributed 11.6% of the annual covered payroll. The contribution rate for the year ended June 30, 2010 included the Commission's share of 6.6% and the plan members' share of 5%.

**Annual Pension Cost**

For the year ended June 30, 2011, the Commission's annual pension cost of \$856,039 (2010 - \$758,722), including the plan members' share, was equal to its required and actual contribution. The required contribution rates for the years ended June 30, 2011 and 2010 were determined using the entry age normal actuarial cost method as part of the actuarial valuations for June 30, 2009.

Significant actuarial assumptions used per year include a 7.0% rate of return on investments; projected salary increases of 3.75% to 5.60%; cost of living adjustment of 2.5% per year; an inflation rate of 2.5% for both investments and projected salary increase.

The five year smoothed market value method was used to determine the actuarial value of assets. The Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis over a period of 20 years.

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2011	\$856,039	100%	None
June 30, 2010	758,722	100	None
June 30, 2009	815,166	100	None

**Funding Progress (Unaudited)**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 20,941,550	\$ 24,820,157	\$ 3,878,607	84.37%	\$ 6,491,114	59.75%

The schedule of funding progress, included in the required supplemental information section, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing as compared to the actuarial accrued liability for benefits.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9. RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2011 and 2010, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

**Note 10. DEFERRED COMPENSATION PLAN**

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of \$16,500 for the year 2011. However, participants age 50 and older may defer a maximum of \$22,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

The plan was amended as of January 1, 1997, to provide for all plan assets to be transferred to and held in a custodial account or the exclusive benefit of participants and beneficiaries under the Plan. In 1999, the Commission adopted GASB Statement No. 32 *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and, accordingly the related assets and liabilities associated with the plan are not reported as part of the Commission's financial information.

**Note 11. COMMITMENTS AND CONTINGENCIES**

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Management of the Commission does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the financial position of the Commission. As of June 30, 2011, the Commission had construction commitments of approximately \$11.4 million, of which approximately \$8.8 million will be paid from federal and state grants.

**Note 12. SUBSEQUENT EVENTS**

In November 2010 the Commission approved a resolution for the refinancing of the 2001A and the 2001B Series Bonds issued through the Virginia Resources Authority (the "VRA"). Effective August 23, 2011 the 2001A Series Bonds will have an interest rate of 3.11% and the 2001B Series Bonds will have an interest rate of 3.28%. Total savings in interest over the remaining life of the Bonds will be approximately \$3.6 million.

In September 2011 the Commission approved a resolution for the early redemption of \$2.0 million of the 2000 Series CFC Bonds. As of July 1, 2011 the Bonds outstanding was \$4.5 million. The Commission desires to utilize available funds for this early redemption.

\* \* \* \* \*



# REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION





Now you're going places.

**Capital Region Airport Commission**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2011 and 2010**

Cavanaugh MacDonald Consulting, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2010. Independent auditors have not audited this information. The funding progress and the Commission's contributions are as follows:

**Virginia Retirement System**  
**Funding Progress (Unaudited)**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)</b>	<b>Funded Ratio (2)/(3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4)/(6)</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2010	\$ 20,941,550	\$ 24,820,157	\$ 3,878,607	84.37%	\$ 6,491,114	59.75%
June 30, 2009	20,798,906	22,040,970	1,242,064	94.36	6,756,606	18.38
June 30, 2008	20,047,623	20,295,181	247,558	98.78	7,051,270	3.51



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**SUPPLEMENTAL INFORMATION**

**SUPPLEMENTAL SECTION**

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
Parking		
Terminal	\$ 14,256,654	\$ 13,808,197
Economy and shuttle	3,493,000	3,607,957
Valet	562,929	572,419
Parking meter and violations	7,888	4,425
	<u>18,320,471</u>	<u>17,992,998</u>
Landing Fees		
Major	1,794,678	1,838,921
Regional	665,959	643,599
Scheduled freighter	425,025	394,898
Other	90,730	(40,620)
	<u>2,976,392</u>	<u>2,836,798</u>
Concession		
Rental car	4,278,084	4,365,404
Food and beverage	854,284	823,297
Ground transportation fees	298,768	344,047
In-flight catering, etc.	4,648	6,097
Retail sales	843,069	799,548
Off-airport concession fees	72,117	58,931
Terminal advertising	670,802	542,841
Fuel flowage fees	126,370	110,594
Other	3,481	3,830
	<u>7,151,623</u>	<u>7,054,589</u>
Rental		
Airline terminal	6,648,840	6,452,816
Land	1,225,067	2,188,997
Other buildings	1,756,432	786,048
	<u>9,630,339</u>	<u>9,427,861</u>
Apron Fees	624,364	509,227
Other		
Utilities	54,387	71,211
Other	110,306	106,376
	<u>164,693</u>	<u>177,587</u>
	<u>\$ 38,867,882</u>	<u>\$ 37,999,060</u>

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
Personnel		
Salaries		
Regular	\$ 6,762,587	\$ 7,040,205
Overtime	185,173	96,300
Fringe benefits		
Payroll taxes	451,294	535,053
Group insurance, life and health	794,192	775,566
Retirement	856,039	758,722
Other	123,699	174,403
	<u>9,172,984</u>	<u>9,380,249</u>
Utilities		
Electricity	1,867,465	1,639,579
Heating fuel	112,617	147,666
Telephone	74,189	69,854
Water and sewer	293,587	224,300
	<u>2,347,858</u>	<u>2,081,399</u>
Professional Services		
Legal and accounting	360,133	327,500
Consulting services	363,358	335,325
Marketing and promotion	934,436	338,007
	<u>1,657,927</u>	<u>1,000,832</u>
Parking		
Terminal	1,721,893	1,599,651
Economy and shuttle	1,296,960	1,234,758
	<u>3,018,853</u>	<u>2,834,409</u>
Maintenance		
Building	415,596	636,006
Equipment	402,401	444,456
Other	720,979	783,123
	<u>1,538,976</u>	<u>1,863,585</u>
Insurance	797,810	810,205
Supplies	685,967	597,093
Other		
Conference and travel	44,807	38,594
Snow removal	231,479	280,324
Other	281,520	225,334
	<u>557,806</u>	<u>544,252</u>
	<u>\$ 19,778,181</u>	<u>\$ 19,112,024</u>

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$13,564,999	\$14,256,654	\$ 691,655
Economy and shuttle	3,685,000	3,493,000	(192,000)
Valet	559,000	562,929	3,929
Parking meter and violations	5,000	7,888	2,888
	17,813,999	18,320,471	506,472
Landing Fees			
Major	1,630,300	1,794,678	164,378
Regional	875,840	665,959	(209,881)
Scheduled freighter	429,828	425,025	(4,803)
Other	(70,894)	90,730	161,624
	2,865,074	2,976,392	111,318
Concession			
Rental car	4,311,699	4,278,084	(33,615)
Food and beverage	833,400	854,284	20,884
Ground transportation fees	337,800	298,768	(39,032)
In-flight catering, etc.	5,200	4,648	(552)
Retail sales	787,300	843,069	55,769
Off airport concession fees	59,800	72,117	12,317
Terminal advertising	625,000	670,802	45,802
Fuel flowage fees	109,800	126,370	16,570
Other	4,200	3,481	(719)
	7,074,199	7,151,623	77,424
Rental			
Airline terminal	6,455,411	6,648,840	193,429
Land	1,116,736	1,225,067	108,331
Other buildings	1,838,349	1,756,432	(81,917)
	9,410,496	9,630,339	219,843
Apron Fees	508,460	624,364	115,904
Other			
Utilities	80,000	54,387	(25,613)
Other	119,000	110,306	(8,694)
	199,000	164,693	(34,307)
	\$37,871,228	\$38,867,882	\$ 996,654



**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2011**

	Budget	Actual	Variance with Budget Positive (Negative)
<b>Personnel</b>			
Salaries			
Regular	\$ 6,940,436	\$ 6,762,587	\$ 177,849
Overtime	155,000	185,173	(30,173)
Fringe benefits			
Payroll taxes	533,530	451,294	82,236
Group insurance, life and health	733,719	794,192	(60,473)
Retirement	889,145	856,039	33,106
Other personnel expense	135,000	123,699	11,301
	9,386,830	9,172,984	213,846
<b>Utilities</b>			
Electricity	1,784,999	1,867,465	(82,466)
Heating fuel	180,000	112,617	67,383
Telephone	64,220	74,189	(9,969)
Water and sewer	300,000	293,587	6,413
	2,329,219	2,347,858	(18,639)
<b>Professional Services</b>			
Legal and accounting	344,000	360,133	(16,133)
Consulting services	305,000	363,358	(58,358)
Marketing and promotion	1,043,200	934,436	108,764
	1,692,200	1,657,927	34,273
<b>Parking</b>			
Terminal	1,665,699	1,721,893	(56,194)
Economy and shuttle	1,327,300	1,296,960	30,340
	2,992,999	3,018,853	(25,854)
<b>Maintenance</b>			
Building	635,800	415,596	220,204
Equipment	488,400	402,401	85,999
Other	793,550	720,979	72,571
	1,917,750	1,538,976	378,774
Insurance	750,000	797,810	(47,810)
Supplies	650,750	685,967	(35,217)
<b>Other</b>			
Conference and travel	54,900	44,807	10,093
Snow removal	100,000	231,479	(131,479)
Other	216,449	281,520	(65,071)
	371,349	557,806	(186,457)
	\$ 20,091,097	\$ 19,778,181	\$ 312,916

Capital Region Airport Commission  
 SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS  
 Year Ended June 30, 2011

2004 Bonds

	Revenue Account	Debt Service	Equipment and Capital Outlay Account	Operation and Maintenance Account	Operation and Maintenance Reserve Account	Subordinated Indebtedness Fund	Surplus Account
BEGINNING BALANCE	\$ -	\$ 5,819,345	\$ 12,998,487	\$ 4,118,475	\$ 1,891,804	\$ 67,029	\$ 5,117,935
RECEIPTS							
Deposits from Commission	38,351,088	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	(3,169)	-	-
Interest earned	-	-	-	31,668	30,008	-	30,516
	38,351,088	-	-	31,668	26,839	-	30,516
DISBURSEMENTS							
Disbursements to Commission	-	-	876,517	19,185,399	-	-	517,395
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	10,548,193	-	-	-	-	-
	-	10,548,193	876,517	19,185,399	-	-	517,395
TRANSFERS							
Transfer of interest earned to revenue account	31,899	-	-	(31,668)	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(38,382,987)	10,611,132	8,250,759	19,491,096	-	-	30,000
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(425)	-	-
	(38,351,088)	10,611,132	8,250,759	19,459,428	(425)	-	30,000
ENDING BALANCE	\$ -	\$ 5,882,284	\$ 20,372,729	\$ 4,424,172	\$ 1,918,218	\$ 67,029	\$ 4,661,056

Capital Region Airport Commission  
 SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)  
 Year Ended June 30, 2011

	1995 Bonds		2005 Rev Bonds		2008 Rev Bonds		PFC Bonds	
	Debt Service Reserve	Debt Service Reserve	Debt Service Reserve	Construction Fund	Cost of Issuance	General Purpose Fund		
BEGINNING BALANCE	\$ 4,634	\$ 3,501,137	\$ 3,453,378	\$ 5,908,921	\$	\$ 343	\$	12,970,677
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-	6,995,500
Gain (loss) on sale of investments	-	(54,319)	(10,055)	-	-	-	-	-
Interest earned	-	91,752	86,658	48	-	-	-	10,061
	-	37,433	76,603	48	-	-	-	7,005,561
DISBURSEMENTS								
Disbursements to Commission	-	-	-	5,908,969	-	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-	1,185,000
Interest payments on long-term debt	-	-	-	-	-	-	-	108,318
Disbursements to others	-	-	-	-	-	-	-	-
	-	-	-	5,908,969	-	-	-	1,293,318
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	-	-	-	-	-	-	-	-
Discount (premium) amortized on bonds held as an investment	-	(8,030)	(14,349)	-	-	-	-	-
	-	(8,030)	(14,349)	-	-	-	-	-
ENDING BALANCE	\$ 4,634	\$ 3,530,540	\$ 3,515,632	\$	\$	\$ 343	\$	18,682,920

Capital Region Airport Commission  
**SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)**  
Year Ended June 30, 2011

**CFC Bonds**

	Debt		Operating		Principal		Repair		General	
	Revenue Account	Service Reserve	Interest Fund	Operating Fund	Principal Fund	Principal Fund	Repair Fund	Repair Fund	Purpose Fund	Total
BEGINNING BALANCE	\$ -	\$ 1,130,500	\$ 218,920	\$ 32,045	\$ 880,000	\$ 880,000	\$ 44,631	\$ 2,736,982	\$ 60,895,243	
<b>RECEIPTS</b>										
Deposits from Commission	-	-	-	-	-	-	-	-	-	38,351,088
Deposits from Commission-collections	1,682,614	-	-	-	-	-	-	-	-	8,678,114
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-	-	(67,543)
Interest earned	-	44,861	11	3	50	50	6	289	289	325,931
	1,682,614	44,861	11	3	50	50	6	289	289	47,287,590
<b>DISBURSEMENTS</b>										
Disbursements to Commission	-	-	-	151,998	-	-	-	-	-	26,640,278
Principal curtailment on long-term debt	-	-	-	-	880,000	-	-	-	-	2,065,000
Interest payments on long-term debt	-	-	407,920	-	-	-	-	-	-	516,238
Disbursements to others	-	-	-	-	-	-	-	-	-	10,548,193
	-	-	407,920	151,998	880,000	880,000	-	-	-	39,769,709
<b>TRANSFERS</b>										
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	-	-	231
Transfer of deposited revenue to designated accounts per resolution	(1,682,614)	(44,861)	377,989	151,995	939,950	939,950	44,964	212,577	-	-
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	-	-	(22,804)
	(1,682,614)	(44,861)	377,989	151,995	939,950	939,950	44,964	212,577	(22,804)	(22,573)
ENDING BALANCE	\$ -	\$ 1,130,500	\$ 189,000	\$ 32,045	\$ 940,000	\$ 940,000	\$ 89,601	\$ 2,949,848	\$ 68,390,551	

Note: The Operation and Maintenance Account for the 2004 Bonds is available to support operations and is included in current assets. The Surplus Account may be used for any legal purpose of the Commission and is also included in current assets. The remaining \$59,305,323 is reflected as restricted assets.

**Capital Region Airport Commission**  
**SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS IN**  
**ACCOUNTS CREATED BY BOND RESOLUTIONS**  
**Year Ended June 30, 2011**

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
<b>2004 Bonds</b>			
Bond account - debt service	Money market fund	0.0%	\$ 5,882,284
Equipment and capital outlay	Money market fund	0.0	20,372,730
Operation and maintenance account	Cash deposits	0.6	4,424,172
Operation and maintenance reserve	Money market fund	0.0	1,163,747
Operation and maintenance reserve	Municipal obligation	4.4	676,320
Subordinated indebtedness	Money market fund	0.6	67,029
Surplus, issuer discretionary	Cash deposits	0.0	4,661,056
			<u>37,247,338</u>
<b>1995 Bonds</b>			
Debt service reserve	Money market fund	0.0	4,634
<b>2005 Bonds</b>			
Debt service reserve	Money market fund	0.0	85,307
Debt service reserve	Federal obligations	2.1	3,373,004
			<u>3,458,311</u>
<b>2008 Bonds</b>			
Debt service reserve	Money market fund	0.0	78,406
Debt service reserve	Federal obligations	2.6	3,411,818
Cost of issue	Money market fund	0.0	343
			<u>3,490,567</u>
<b>PFC Bonds</b>			
General purpose fund	Money market fund	0.1	18,682,920
			<u>18,682,920</u>
<b>CFC Bonds</b>			
Debt service reserve	Money market fund	0.0	500
Debt service reserve	Certificate of deposit	4.0	1,130,000
Interest fund	Money market fund	0.0	189,000
Operating fund	Money market fund	0.0	32,045
Principal fund	Money market fund	0.0	940,000
Repair fund	Money market fund	0.0	89,601
General purpose fund	Money market fund	0.0	2,949,848
			<u>5,330,994</u>
			<u>\$ 68,214,764</u>

Summary of cash, cash equivalents and investments created by bond resolution are included in the statements of net assets as follows:

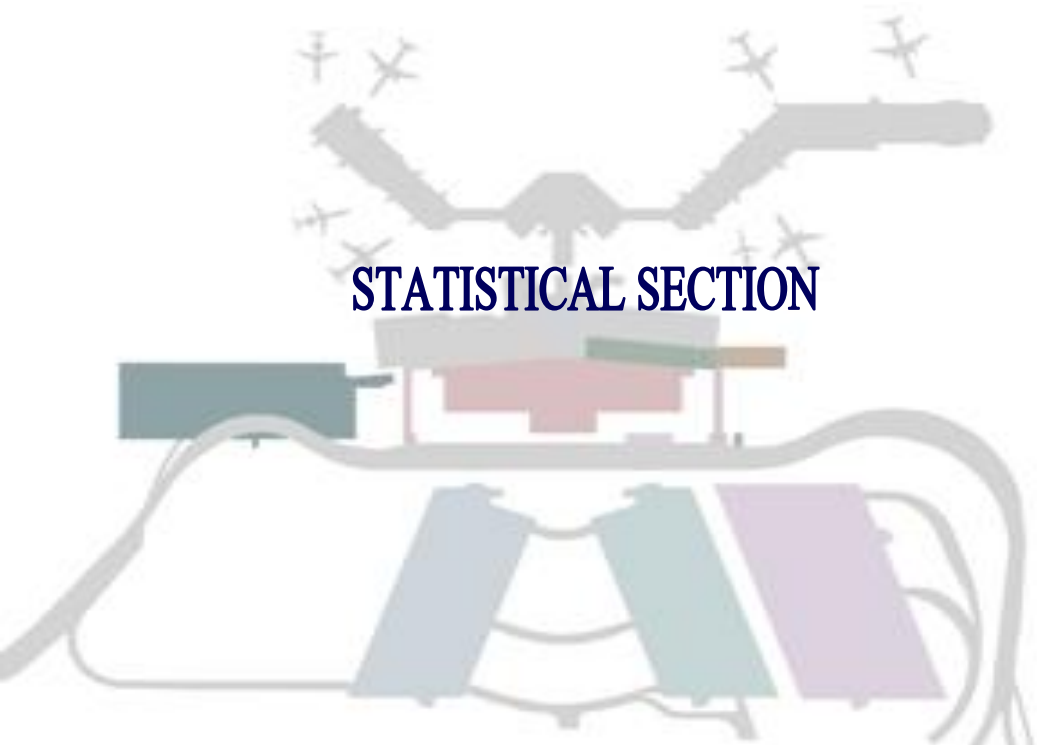
Current assets:	
Cash and cash equivalents	\$ 9,085,227
Restricted assets:	
Cash and cash equivalents	50,538,395
Investments	8,591,142
	<u>\$ 68,214,764</u>

Note: Includes fair market value adjustment of \$175,788.

**Capital Region Airport Commission**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2011**

Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Expenditures
<b>Major Federal Assistance Program:</b>			
FAA Direct Payments:			
Airport Improvement	20.106	3-51-0043-49	\$ 69,609
Airport Improvement	20.106	3-51-0043-51	222,849
Airport Improvement	20.106	3-51-0043-52	52,991
Airport Improvement	20.106	3-51-0043-53	215,717
Airport Improvement	20.106	3-51-0043-54	56,867
Airport Improvement	20.106	3-51-0043-55	361,091
Airport Improvement	20.106	3-51-0043-56	103,863
Airport Improvement	20.106	3-51-0043-57	1,161,912
Airport Improvement	20.106	3-51-0043-58	757,542
<b>Total Federal Assistance Expended</b>			<b>\$ 3,002,441</b>

Note: The above schedule is presented on the accrual basis of accounting and presents only a selected portion of the activities of the Commission; it is not intended to and does not present all of the expenditures of the Commission.



**STATISTICAL SECTION**

**STATISTICAL SECTION**



Now you're going places.



**Capital Region Airport Commission  
Statistical Section**

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**Capital Region Airport Commission**  
**NET ASSETS AND CHANGES IN NET ASSETS**  
**Ten Years Ended June 30, 2011**  
**(dollars in thousands)**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Operating revenues</b>										
Apron fees	\$ 624	\$ 509	\$ 755	\$ 674	\$ 585	\$ 609	\$ 679	\$ 696	\$ 704	\$ 782
Concession	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,249	5,821	5,681
Landing fees	2,976	2,837	3,332	3,496	3,333	3,400	3,212	3,107	3,274	3,454
Other	166	177	211	253	250	173	157	334	235	287
Parking	18,320	17,993	17,989	19,892	16,956	15,034	12,760	11,506	11,011	10,700
Rental	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109	7,595	7,662
<b>Total operating revenues</b>	<b>38,868</b>	<b>37,999</b>	<b>39,444</b>	<b>42,142</b>	<b>37,734</b>	<b>34,513</b>	<b>32,238</b>	<b>30,001</b>	<b>28,640</b>	<b>28,566</b>
<b>Nonoperating income</b>										
Customer Facility Charges	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814	1,442	1,249
Interest income	250	338	1,152	2,608	3,330	3,052	1,538	684	912	1,450
Passenger Facility Charges	6,829	6,949	6,929	7,328	7,549	6,546	4,247	3,279	3,100	2,902
<b>Total nonoperating revenues</b>	<b>8,590</b>	<b>8,667</b>	<b>9,573</b>	<b>11,680</b>	<b>12,725</b>	<b>11,659</b>	<b>7,879</b>	<b>5,777</b>	<b>5,454</b>	<b>5,601</b>
<b>Total Revenues</b>	<b>47,458</b>	<b>46,666</b>	<b>49,017</b>	<b>53,822</b>	<b>50,459</b>	<b>46,172</b>	<b>40,117</b>	<b>35,778</b>	<b>34,094</b>	<b>34,167</b>
<b>Operating expenses</b>										
Depreciation	19,644	18,492	17,151	16,364	15,802	14,344	13,706	11,828	10,227	8,945
Insurance	798	810	664	625	738	678	604	606	504	395
Maintenance	1,539	1,864	1,424	1,928	1,672	1,400	1,373	1,350	1,235	839
Other	558	545	394	516	468	638	615	575	704	1,388
Parking	3,019	2,834	3,070	2,896	2,366	2,344	2,149	1,922	1,912	1,991
Personnel	9,173	9,380	10,121	10,343	9,419	8,490	7,681	7,036	6,930	7,144
Professional services	1,658	1,001	1,207	1,544	1,407	1,381	1,583	1,578	1,529	1,356
Supplies	686	597	685	800	730	678	618	415	478	381
Utilities	2,348	2,081	2,555	2,361	2,191	1,974	1,719	1,774	1,678	1,448
<b>Total operating expenses</b>	<b>39,423</b>	<b>37,604</b>	<b>37,271</b>	<b>37,377</b>	<b>34,793</b>	<b>31,927</b>	<b>30,048</b>	<b>27,084</b>	<b>25,197</b>	<b>23,887</b>
<b>Nonoperating expenses</b>										
Interest expense	5,580	3,793	5,555	5,666	6,177	6,022	5,743	5,885	4,534	4,389
Other, net	861	786	1,075	666	810	794	519	608	330	255
<b>Total nonoperating expenses</b>	<b>6,441</b>	<b>4,579</b>	<b>6,630</b>	<b>6,332</b>	<b>6,987</b>	<b>6,816</b>	<b>6,262</b>	<b>6,493</b>	<b>4,864</b>	<b>4,644</b>
<b>Total Expenses</b>	<b>45,864</b>	<b>42,183</b>	<b>43,901</b>	<b>43,709</b>	<b>41,780</b>	<b>38,743</b>	<b>36,310</b>	<b>33,577</b>	<b>30,061</b>	<b>28,531</b>
Capital grants and contributions	5,594	5,879	12,481	23,860	8,895	15,471	6,658	8,481	14,761	18,681
Special item-transfer to governmental agency	-	-	-	-	-	-	-	(12,731)	-	-
<b>Increase (decrease) in Net Assets</b>	<b>\$ 7,188</b>	<b>\$ 10,362</b>	<b>\$ 17,597</b>	<b>\$ 33,973</b>	<b>\$ 17,574</b>	<b>\$ 22,900</b>	<b>\$ 10,465</b>	<b>\$ (2,049)</b>	<b>\$ 18,794</b>	<b>\$ 24,317</b>
<b>Net Assets at Year-End</b>										
Invested in capital assets, net of related debt	\$ 268,968	\$ 274,025	\$ 271,544	\$ 241,895	\$ 222,570	\$ 209,638	\$ 172,289	\$ 171,847	\$ 181,046	\$ 161,785
Restricted	56,480	41,370	31,247	39,742	34,568	27,394	42,511	36,781	27,544	23,168
Unrestricted	14,765	17,630	19,871	23,428	13,954	16,486	15,818	11,525	13,611	18,454
<b>Total Net Assets</b>	<b>\$ 340,213</b>	<b>\$ 333,025</b>	<b>\$ 322,662</b>	<b>\$ 305,065</b>	<b>\$ 271,092</b>	<b>\$ 253,518</b>	<b>\$ 230,618</b>	<b>\$ 220,153</b>	<b>\$ 222,201</b>	<b>\$ 203,407</b>

**Capital Region Airport Commission**  
**PRINCIPAL REVENUE SOURCES AND REVENUES**  
**Ten Years Ended June 30, 2011**  
**(dollars in thousands)**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Airline revenues</b>										
Landing fees	\$ 2,976	\$ 2,837	\$ 3,332	\$ 3,496	\$ 3,333	\$ 3,400	\$ 3,212	\$ 3,107	\$ 3,274	\$ 3,454
Apron fees	624	509	755	674	585	609	679	697	704	782
<b>Total airline revenues</b>	<b>3,600</b>	<b>3,346</b>	<b>4,087</b>	<b>4,172</b>	<b>3,918</b>	<b>4,009</b>	<b>3,891</b>	<b>3,804</b>	<b>3,978</b>	<b>4,236</b>
Percentage of total revenues	7.6%	7.1%	8.4%	7.8%	7.8%	8.7%	9.7%	10.6%	11.7%	12.4%
<b>Nonairline revenues</b>										
Parking	18,320	17,993	17,989	19,891	16,956	15,034	12,760	11,506	11,011	10,700
Rental	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109	7,595	7,662
Concession	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,285	5,821	5,682
Other	166	178	211	253	250	172	157	334	235	287
<b>Total nonairline revenues</b>	<b>35,268</b>	<b>34,654</b>	<b>35,357</b>	<b>37,971</b>	<b>33,816</b>	<b>30,503</b>	<b>28,347</b>	<b>26,234</b>	<b>24,662</b>	<b>24,331</b>
Percentage of total revenues	74.3%	74.3%	72.1%	70.5%	67.0%	66.1%	70.7%	73.2%	72.3%	71.2%
<b>Nonoperating revenues</b>										
Passenger Facility Charges	6,829	6,949	6,929	7,327	7,549	6,546	4,247	3,279	3,100	2,902
Customer Facility Charges	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814	1,442	1,249
Interest Income	250	338	1,152	2,608	3,330	3,052	1,538	684	912	1,450
<b>Total nonoperating revenues</b>	<b>8,590</b>	<b>8,667</b>	<b>9,573</b>	<b>11,679</b>	<b>12,725</b>	<b>11,659</b>	<b>7,879</b>	<b>5,777</b>	<b>5,454</b>	<b>5,601</b>
Percentage of total revenues	18.1%	18.6%	19.5%	21.7%	25.2%	25.3%	19.6%	16.1%	16.0%	16.4%
<b>Total revenues</b>	<b>\$ 47,458</b>	<b>\$ 46,667</b>	<b>\$ 49,017</b>	<b>\$ 53,822</b>	<b>\$ 50,459</b>	<b>\$ 46,171</b>	<b>\$ 40,117</b>	<b>\$ 35,815</b>	<b>\$ 34,094</b>	<b>\$ 34,168</b>
<b>Enplaned passengers (excluding charters)</b>	<b>1,640,642</b>	<b>1,640,314</b>	<b>1,675,186</b>	<b>1,813,158</b>	<b>1,734,523</b>	<b>1,554,675</b>	<b>1,321,863</b>	<b>1,213,571</b>	<b>1,187,509</b>	<b>1,098,494</b>
<b>Total revenue per enplaned passenger</b>	<b>\$ 28.93</b>	<b>\$ 28.45</b>	<b>\$ 29.26</b>	<b>\$ 29.69</b>	<b>\$ 29.02</b>	<b>\$ 29.71</b>	<b>\$ 30.35</b>	<b>\$ 29.53</b>	<b>\$ 28.72</b>	<b>\$ 31.09</b>

**Capital Region Airport Commission  
LARGEST OWN-SOURCE REVENUE  
Ten Years Ended June 30, 2011**

	Fiscal Year										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
<b>Parking:</b>											
Terminal	\$ 14,256,654	\$ 13,808,197	\$ 13,490,156	\$ 15,536,039	\$ 13,054,241	\$ 11,729,209	\$ 10,094,309	\$ 8,942,714	\$ 8,428,279	\$ 7,884,671	
Economy and shuttle	3,493,000	3,607,957	3,885,764	3,658,456	3,118,025	2,606,678	2,092,189	2,054,783	2,127,846	2,327,855	
Valet	562,929	572,419	611,691	688,525	776,112	691,069	563,733	488,905	437,182	446,927	
Parking meter and violations	7,888	4,425	1,358	8,408	8,114	7,537	9,547	19,805	17,890	40,754	
	<b>\$ 18,320,471</b>	<b>\$ 17,992,998</b>	<b>\$ 17,988,969</b>	<b>\$ 19,891,428</b>	<b>\$ 16,956,492</b>	<b>\$ 15,034,493</b>	<b>\$ 12,759,778</b>	<b>\$ 11,506,207</b>	<b>\$ 11,011,197</b>	<b>\$ 10,700,207</b>	

**LARGEST OWN-SOURCE REVENUE RATES  
Ten Years Ended June 30, 2011**

Lot:	2011		2010		2009		2008		2007		2006		2005		2004		2003		2002	
	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day
Garage/long term	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Express	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economy A	2	6	2	6	2	6	2	6	1	6	1	6	1	7	1	7	1	7	1	7
Economy B	2	6	2	6	2	6	2	6	1	6	1	6	1	7	1	7	1	7	1	7
Economy C	2	6	2	6	2	6	2	6	1	6	1	6	1	6	1	6	1	6	1	6
Valet	N/A	20	N/A	20	N/A	20	N/A	20	6	15	6	15	6	15	6	15	6	16	6	13

Note: Rates are subject to change during year.  
Public parking is the only source of parking revenue.  
Economy Lot C opened in 2003.

**Capital Region Airport Commission**  
**REVENUE RATES**  
**Ten Years Ended June 30, 2011**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Apron fees	\$1.21	\$1.21	\$1.34	\$1.31	\$1.34	\$1.34	\$1.49	\$1.51	\$1.49	\$1.72
Landing Fees (per 1,000 lbs unit)	1.19	1.22	1.25	1.24	1.20	1.16	1.21	1.21	1.21	1.28
Terminal Rental (square foot)	34.17	33.50	34.93	43.01	40.95	40.66	41.52	41.04	39.35	46.82

**REVENUE BOND COVERAGE**  
**Ten Years Ended June 30, 2011**

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2011	\$38,252,195	\$19,373,169	\$18,879,026	\$10,611,131	\$14,687,131	1.78	1.29
2010	37,757,074	21,008,694	16,748,379	10,615,280	14,728,529	1.58	1.14
2009	39,352,774	18,505,734	20,847,040	9,951,531	12,839,714	2.09	1.62
2008	43,227,749	18,696,653	24,531,096	8,436,487	16,950,357	2.91	1.45
2007	39,163,871	19,890,028	19,273,843	7,793,118	16,489,821	2.47	1.17
2006	34,813,516	17,651,002	17,162,514	7,631,672	15,473,983	2.25	1.11
2005	32,585,580	16,516,915	16,068,665	7,366,097	13,183,282	2.18	1.22
2004	29,811,296	16,059,893	13,751,403	7,169,402	12,736,501	1.92	1.08
2003	29,359,910	14,284,498	15,075,412	8,156,867	14,066,114	1.85	1.07
2002	28,475,092	14,739,523	13,735,569	4,942,755	10,655,801	2.78	1.29

Note: The amounts above are determined in accordance with applicable provisions of the Commission's Master Revenue Bond Resolution (the "Resolution"). Revenue and expense as reported in the statements of revenues, expenses and net assets have been adjusted as required by the Resolution. Pursuant to the Resolution, debt service on bonds include only debt service on airport revenue bonds increased by a multiple of 1.00 times, whereas, debt service includes debt service on all debt and certain deposits required to be made by the Resolution.

**Capital Region Airport Commission  
OUTSTANDING DEBT  
Ten Years Ended June 30, 2011  
(dollars in thousands)**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Airport Revenue Bonds:										
Series 1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105	\$ 19,505	\$ 20,455
Series 1995 A,B&C	-	-	-	15,880	15,880	15,880	16,405	46,295	46,570	47,835
Series 2001 A&B	34,962	36,673	38,308	39,874	41,373	42,806	44,180	45,492	40,825	33,269
Series 2004 A	7,920	9,670	11,335	12,935	14,475	15,955	17,380	17,380	-	-
Series 2005A	26,595	27,045	27,485	27,910	28,325	28,725	28,725	-	-	-
Series 2008A	50,395	51,310	51,310	51,310	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 1999 A	-	-	-	-	-	-	-	3,260	-	4,000
Series 1999 B	-	-	-	-	-	-	-	17,000	-	17,000
Series 2005 A	16,295	16,940	21,570	26,175	26,765	27,335	27,885	-	3,640	-
Series 2005 B	20,135	20,675	21,200	21,705	22,190	22,660	23,115	-	17,000	-
Car Rental Garage Revenue Bond	5,400	6,280	7,100	7,870	8,595	9,275	9,910	10,510	11,075	11,305
The Warehouse Company Note	-	-	-	1,493	1,691	1,874	2,043	2,197	2,331	2,444
Line of Credit	-	-	1,185	-	1,450	-	-	1,119	-	5,458
	161,702	168,593	179,493	205,152	160,744	164,510	169,643	144,358	140,946	141,766
Add: Bond premium, net	1,031	1,218	1,424	1,650	1,891	2,147	2,393	1,081	-	-
Less: Debt issuance costs, net	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)	(4,433)	(4,666)	(3,147)	(2,325)	(2,571)
Total Long Term Debt	\$ 158,711	\$ 165,378	\$ 176,054	\$ 201,237	\$ 158,603	\$ 162,224	\$ 167,370	\$ 142,292	\$ 138,621	\$ 139,195
Enplaned passengers (excluding charters)	1,641	1,640	1,675	1,813	1,735	1,555	1,322	1,214	1,188	1,098
Total Long Term Debt per enplaned passenger	\$96.72	\$100.84	\$105.11	\$111.00	\$91.41	\$104.32	\$126.60	\$117.21	\$116.68	\$126.77

**Capital Region Airport Commission**  
**MAJOR CUSTOMERS**  
**Year Ended June 30, 2011**

Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 1,888,392	4.9%
US Airways, Inc	1,415,761	3.6
Hertz Corporation, Inc.	1,403,750	3.6
Federal Bureau of Investigations (FBI)	1,184,556	3.1
National / Alamo Rent A Car, Inc.	1,018,735	2.6

**ENPLANEMENT TRENDS**  
**RICHMOND, SMALL HUBS, UNITED STATES**  
**Ten Years Ended June 30, 2011**

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2011	0.1%	N/A	N/A
2010	(2.5)	N/A	N/A
2009	(7.5)	N/A	(5.1%)
2008	4.8	(5.2%)	(4.0)
2007	11.6	4.5	3.1
2006	13.2	3.2	0.1
2005	16.2	5.2	1.2
2004	4.3	3.0	9.9
2003	1.2	3.0	3.3
2002	(1.8)	(7.3)	(3.5)

Note: Calendar year data except for 2010, which is fiscal year data.

As defined by the FAA, a small hub enplanes .05 to .249 percent of the total U.S. passengers.

Sources: Bureau of Transportation Statistics, Research and Innovative Technology Administration (RITA), Tables 1-41 and 3-1-4. Airport records.

N/A: Not available

**Capital Region Airport Commission  
ENLARGED PASSENGERS  
Ten Years Ended June 30, 2011**

	Share of		Share of									
	2011	Total 2011	2010	Total 2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Majors:</b>												
AirTran Airways	147,825	9.0%	152,852	9.3%	170,372	172,770	147,658	137,411	2,960	-	-	-
American Airlines	121,523	7.4	113,082	6.9	104,165	116,805	115,244	106,789	87,196	105,235	129,884	102,556
Continental Airlines	124,349	7.6	123,513	7.6	119,820	129,014	132,724	113,434	100,856	95,311	80,119	66,570
Delta Airlines	310,789	19.0	270,066	16.4	232,326	240,723	227,925	221,489	243,800	229,351	254,184	253,204
JetBlue Airways	129,566	7.9	160,784	9.8	152,318	148,052	137,536	36,894	-	-	-	-
Northwest Airlines	-	-	107	-	70,007	10,488	19,997	14,240	39,425	44,552	57,095	52,275
SkyBus Airlines	-	-	-	-	-	29,793	4,473	-	-	-	-	-
United Airlines	38,844	2.4	47,922	2.9	52,430	56,980	59,898	60,870	55,035	59,163	76,420	80,868
US Airways	88,912	5.4	103,443	6.3	122,451	137,069	122,747	145,018	180,443	191,477	223,145	278,295
<b>Total Major</b>	<b>961,808</b>	<b>58.5</b>	<b>971,769</b>	<b>59.1</b>	<b>1,023,889</b>	<b>1,041,694</b>	<b>968,202</b>	<b>836,145</b>	<b>709,715</b>	<b>725,089</b>	<b>820,847</b>	<b>833,768</b>
<b>Regionals:</b>												
Air Canada	6,731	0.4	6,564	0.4	6,903	1,821	-	-	-	-	3,211	11,151
Air Wisconsin	152,087	9.2	113,190	6.9	76,002	86,360	64,525	43,229	18,091	50,836	8,728	-
American Eagle	84,255	5.1	64,187	3.9	45,026	61,952	63,103	70,709	82,715	55,974	46,228	40,916
Atlantic Coast	-	-	-	-	-	-	-	-	3,509	27,519	44,594	31,461
Atlantic Coast Jet	-	-	-	-	-	-	-	-	-	-	5,622	14,381
Atlantic Southeast	863	0.1	21,211	1.3	33,967	41,706	31,358	36,185	11,607	-	-	-
Chautauqua	35,387	2.2	71,793	4.4	71,237	70,858	134,892	106,948	84,362	62,137	85,443	53,924
ComAir/Delta Connection	52,216	3.2	53,106	3.2	58,263	85,373	102,462	99,709	72,469	66,278	49,223	24,094
CommufAir	-	-	-	-	-	-	-	-	-	-	-	-
Compass	22,176	1.3	7,229	0.4	-	-	-	-	-	-	-	-
Express Jet	20,233	1.2	-	-	-	-	-	-	-	-	-	-
GoJet	27,863	1.7	23,957	1.5	13,599	12,391	2,229	-	-	-	-	-
Mesa	45,278	2.7	27,893	1.7	54,807	76,854	78,014	56,606	38,820	24,053	6,274	-
Mesaba	6,374	0.4	20,397	1.2	-	-	-	-	-	-	-	-
Piedmont	9,994	0.6	18,063	1.1	21,057	21,695	12,930	5,603	5,851	14,648	26,243	4,096
Pinnacle	47,595	2.9	30,123	1.8	12,364	72,249	54,659	71,560	67,382	46,356	7,146	-
PSA	34,118	2.1	31,725	1.9	30,449	41,579	57,499	34,578	25,707	11,281	64,401	4,378
Republic	53,192	3.2	84,493	5.1	84,651	47,366	2,516	347	-	-	-	-
Shuttle America	2,418	0.1	19	-	14,666	-	-	521	4,803	-	-	-
SkyWest	-	-	-	-	-	-	-	1,070	-	-	-	-
Trans States	78,054	4.8	94,595	5.8	128,306	151,260	162,134	191,465	193,070	124,345	-	62,770
TWA	-	-	-	-	-	-	-	-	-	-	-	17,555
USA 3000	-	-	-	-	-	-	-	-	3,762	5,055	8,509	-
US Airways Express	-	-	-	-	-	-	-	-	-	8,678	16,665	-
<b>Total Regionals</b>	<b>678,834</b>	<b>41.3</b>	<b>668,545</b>	<b>40.7</b>	<b>651,297</b>	<b>771,464</b>	<b>766,321</b>	<b>718,530</b>	<b>612,148</b>	<b>497,160</b>	<b>382,872</b>	<b>264,726</b>
<b>Charters</b>	<b>3,820</b>	<b>0.2</b>	<b>3,466</b>	<b>0.2</b>	<b>9,820</b>	<b>8,529</b>	<b>4,310</b>	<b>3,035</b>	<b>6,705</b>	<b>14,527</b>	<b>17,202</b>	<b>14,199</b>
<b>Totals</b>	<b>1,644,462</b>	<b>100.0%</b>	<b>1,643,780</b>	<b>100.0%</b>	<b>1,685,006</b>	<b>1,821,687</b>	<b>1,738,833</b>	<b>1,557,710</b>	<b>1,328,568</b>	<b>1,236,776</b>	<b>1,220,921</b>	<b>1,112,693</b>



**Capital Region Airport Commission  
AIRLINE MARKET SHARES  
Ten Years Ended June 30, 2011  
Landed Weight (1,000 Pound Units)**

	Share of		Share of									
	2011 Total	2011	2010 Total	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Major Airlines</b>												
AirTran Airways	172,888	8.5%	183,712	9.1%	240,928	212,656	196,632	220,792	4,992	-	-	-
American Airlines	137,264	6.8	134,180	6.7	134,590	135,370	132,614	133,808	128,589	175,943	235,775	217,518
Continental Airlines	1,447	0.0	89,000	4.4	146,750	152,133	156,277	154,396	153,118	146,851	138,855	168,521
Delta Airlines	380,426	19.0	319,496	16.0	286,572	287,074	274,715	296,066	339,027	329,080	396,205	586,861
JetBlue Airways	158,826	7.8	208,769	10.3	224,064	203,415	204,773	51,606	-	-	-	-
Northwest Airlines*	-	-	961	-	374	13,896	33,601	27,917	69,772	75,358	120,177	128,692
SkyBus Airlines	-	-	-	-	-	41,749	7,027	-	-	-	-	-
United Airlines	68,335	3.4	76,006	3.8	78,635	82,037	81,216	84,523	86,915	93,352	138,652	196,687
US Airways	134,919	6.7	155,556	7.7	182,515	211,407	206,784	310,410	379,899	367,808	440,347	735,991
<b>Total Major Airlines</b>	<b>1,054,105</b>	<b>52.2</b>	<b>1,167,680</b>	<b>57.8</b>	<b>1,294,428</b>	<b>1,339,737</b>	<b>1,293,639</b>	<b>1,279,518</b>	<b>1,162,312</b>	<b>1,188,392</b>	<b>1,470,011</b>	<b>2,034,270</b>
<b>Regional Airlines</b>												
Air Canada	9,982	0.5	17,687	0.9	18,417	3,390	-	-	-	-	5,115	28,705
Air Wisconsin	196,413	9.7	135,266	6.7	96,068	103,447	83,284	60,160	20,949	62,889	9,588	-
Allegiant Airlines	4,082	0.2	3,835	0.2	4,408	1,477	837	837	-	-	-	-
American Eagle	91,333	4.5	67,051	3.3	52,730	68,586	72,455	88,973	115,106	85,644	80,444	102,508
Atlantic Coast	-	-	-	-	-	-	-	-	4,227	35,197	58,249	85,462
Atlantic Coast Jet	-	-	-	-	-	-	-	-	-	-	-	4,501
Atlantic Southeast	1,798	0.1	25,145	1.2	36,206	48,942	36,961	39,331	12,126	-	-	-
Chautauqua	43,104	2.1	81,915	4.1	88,856	88,531	171,207	140,818	115,227	88,528	153,061	134,753
Colgan Air	-	-	-	-	-	1,178	-	-	-	-	-	-
ComAir/Delta Connection	65,644	3.2	69,560	3.4	89,059	113,686	149,103	143	119,709	127,276	88,548	42,676
Compass Airlines	33,412	1.6	8,539	0.4	17,465	2,024	-	-	-	-	-	-
Express Jet	166,404	8.2	58,114	2.9	-	-	-	-	-	-	-	-
Freedom Airlines	3,783	0.2	15,045	0.7	51,085	52,530	39,653	34	-	-	-	-
GoJet Airlines	35,376	1.7	37,185	1.8	25,058	24,522	9,246	-	-	-	-	-
Mesa Airlines	43,112	2.1	12,856	0.6	17,736	39,291	43,071	37,777	54,708	35,824	14,916	-
Mesa Airline	9,750	0.5	21,853	1.1	32,636	-	-	-	-	-	-	-
Piedmont	12,551	0.6	23,402	1.2	26,689	26,074	15,505	6,806	8,308	26,075	5,724	4,902
Pinnacle Airlines	63,867	3.2	36,720	1.8	45,043	79,375	65,471	94,047	108,429	70,688	37,647	2,820
PSA	37,372	1.8	34,304	1.7	35,857	48,724	64,926	48,097	41,372	18,688	9,596	10,850
Republic Airlines	63,270	3.1	104,077	5.2	111,722	64,787	3,543	1,229	-	-	-	-
Shuttle America	3,962	0.2	217	-	17,944	-	898	-	28,179	-	-	-
SkyWest Airlines	-	-	-	-	1,717	-	-	1,316	-	-	-	-
Trans States	86,794	4.3	99,905	5.0	151,075	187,356	210,528	297,240	291,520	196,199	119,256	145,451
TWA	-	-	-	-	-	-	-	-	-	-	-	35,926
USA 3000	-	-	-	-	-	-	-	-	-	8,678	16,665	-
US Airways Express	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Regional Airlines</b>	<b>972,009</b>	<b>47.8</b>	<b>852,676</b>	<b>42.2</b>	<b>931,985</b>	<b>953,920</b>	<b>965,790</b>	<b>817,706</b>	<b>926,543</b>	<b>755,686</b>	<b>598,809</b>	<b>598,554</b>
<b>Total Airline Weight</b>	<b>2,026,114</b>	<b>100.0%</b>	<b>2,020,356</b>	<b>100.0%</b>	<b>2,226,413</b>	<b>2,293,657</b>	<b>2,259,429</b>	<b>2,097,224</b>	<b>2,088,855</b>	<b>1,944,078</b>	<b>2,068,820</b>	<b>2,632,824</b>

\* Note: Corrected Northwest for 2009.

**Capital Region Airport Commission  
AIRLINE MARKET SHARES-CARGO  
Ten Years Ended June 30, 2011  
Landed Weight (1,000 Pound Units)**

Cargo Carriers	Share of		Year										
	2011	Total 2011	2010	Total 2010	Share of Total 2010	2009	2008	2007	2006	2005	2004	2003	2002
Airborne Express	-	-	-	-	-	6,745,200	25,806,200	25,763,000	25,891,700	48,669,200	51,796,600	51,697,100	51,599,000
AirNet Systems	4,589,800	1.3%	4,675,800	1.5%	5,388,000	7,299,100	8,868,800	10,105,604	11,227,336	10,183,552	9,253,672	5,151,468	
Airtrain/Emery Worldwide	-	-	-	-	-	-	-	-	-	-	-	-	14,448,000
Ameriflight	803,600	0.2	756,600	0.2	653,870	67,088	82,588	-	4,004,000	2,349,000	155,000	450,700	
DHL Express	-	-	-	-	10,498,000	-	-	-	-	-	-	-	-
Emery Worldwide	-	-	-	-	-	-	-	-	-	-	-	-	17,364,000
Federal Express	174,001,400	48.7	144,392,100	46.5	172,706,450	182,858,050	183,266,200	185,593,950	183,839,450	185,484,450	181,046,100	173,956,850	
Mountain Air Cargo	125,480	0.1	187,140	0.1	53,160	59,500	8,500	8,500	42,500	25,500	126,000	714,000	
UPS	177,643,760	49.7	160,848,720	51.7	166,685,040	173,015,360	175,649,920	171,104,680	165,935,000	165,813,500	162,638,500	162,638,000	
<b>Total Cargo Weight</b>	<b>357,164,040</b>	<b>100.0%</b>	<b>310,860,360</b>	<b>100.0%</b>	<b>362,729,720</b>	<b>389,105,298</b>	<b>393,639,008</b>	<b>392,704,434</b>	<b>413,717,486</b>	<b>415,652,602</b>	<b>404,916,372</b>	<b>426,322,018</b>	
<b>Total Landed Weight</b>	<b>359,190,153</b>		<b>312,880,716</b>		<b>365,330,240</b>	<b>391,398,955</b>	<b>395,898,437</b>	<b>394,801,658</b>	<b>415,806,341</b>	<b>417,596,680</b>	<b>406,985,192</b>	<b>428,954,842</b>	

**Capital Region Airport Commission**  
**PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS**  
**Calendar Years 2010 and 2009**

2010				2009			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	New York/Newark	SH	300,580	1	New York/Newark	SH	351,870
2	Atlanta	SH	236,050	2	Atlanta	SH	237,760
3	Boston	SH	162,570	3	Orlando	MH	157,600
4	Orlando	MH	160,650	4	Boston	SH	141,310
5	Chicago	MH	136,260	5	Chicago	MH	138,060
6	Dallas/Fort Worth	MH	118,790	6	Dallas/Fort Worth	MH	98,770
7	Fort Lauderdale	MH	84,920	7	Fort Lauderdale	MH	81,840
8	Los Angeles	LH	74,010	8	Los Angeles	LH	70,240
9	Las Vegas	LH	72,670	9	Houston	MH	68,700
10	Denver	MH	61,470	10	Las Vegas	LH	68,300
11	San Francisco	LH	57,770	11	Denver	MH	58,470
12	Houston	MH	56,830	12	Tampa	MH	54,460
13	Tampa	MH	48,770	13	San Francisco	LH	49,480
14	Phoenix	LH	47,910	14	Phoenix	LH	48,740
15	Minneapolis/St Paul	MH	43,940	15	St Louis	MH	47,630
16	Seattle/Tacoma	LH	43,740	16	San Diego	LH	44,820
17	San Diego	LH	43,570	17	Cleveland	SH	43,550
18	Detroit	SH	41,870	18	Detroit	SH	42,280
19	St Louis	MH	39,220	19	Seattle/Tacoma	LH	42,040
20	New Orleans	MH	37,840	20	Nashville	SH	38,140
21	Nashville	SH	35,240	21	Minneapolis/St Paul	MH	38,020
22	Charlotte	SH	33,720	22	New Orlean	MH	35,950
23	San Antonio	MH	31,990	23	Philadelphia/Cam	SH	34,090
24	Philadelphia/Com	SH	31,330	24	Jacksonville	SH	32,880
25	Miami	MH	30,980	25	Miami	MH	31,940
Total			2,032,690	Total			2,056,940

**Capital Region Airport Commission**  
**POPULATION IN THE AIR TRADE AREA**  
**Calendar Years 2007-2010**

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2010	2009	2008	2007	2009-	2008-	2007-
					2010	2009	2008
United States	308,745,538	307,006,550	304,059,724	301,621,157	0.6	1.0	0.8
Virginia total	8,001,024	7,882,590	7,769,089	7,712,091	1.5	1.5	0.7
Richmond MSA*	1,258,251	1,238,187	1,225,626	1,212,977	1.6	1.0	1.0
Richmond-Petersburg MSA	1,138,844	1,119,459	1,107,782	1,096,629	1.7	1.1	1.0
Richmond City	204,214	204,451	202,002	200,123	(0.1)	1.2	0.9
Henrico County	306,935	296,415	292,599	289,822	3.5	1.3	1.0
Chesterfield County	316,236	306,670	303,469	299,689	3.1	1.1	1.3
Hanover County	99,863	99,933	99,716	98,946	(0.1)	0.2	0.8
Petersburg City	32,420	32,986	32,916	32,885	(1.7)	0.2	0.1
Hopewell City	22,591	23,123	23,142	23,028	(2.3)	(0.1)	0.5
Colonial Heights City	17,411	17,823	17,768	17,796	(2.3)	0.3	(0.2)
Charles City County	7,256	7,217	7,212	7,166	0.5	0.1	0.6
Dinwiddie County	28,001	26,338	26,082	25,747	6.3	1.0	1.3
Goochland County	21,717	21,311	20,956	20,615	1.9	1.7	1.7
New Kent County	18,429	18,112	17,825	17,109	1.8	1.6	4.2
Powhatan County	28,046	27,964	28,006	27,817	0.3	(0.1)	0.7
Prince George County	35,725	37,116	36,089	35,886	(3.7)	2.8	0.6
Amelia County	12,690	12,886	12,808	12,686	(1.5)	0.6	1.0
Caroline County	28,545	27,870	27,632	27,282	2.4	0.9	1.3
Cumberland County	10,052	9,757	9,670	9,626	3.0	0.9	0.5
King & Queen County	6,945	6,796	6,830	6,882	2.2	(0.5)	(0.8)
King William County	15,935	16,225	16,040	15,689	(1.8)	1.2	2.2
Louisa County	33,153	33,078	32,716	31,961	0.2	1.1	2.4
Sussex County	12,087	12,116	12,148	12,222	(0.2)	(0.3)	(0.6)

Source: (a) Actual count by Census Bureau, February 2011

\*December 2003 Office of Management and Budget (OMB) metropolitan definition

**PERSONAL INCOME**  
**Calendar Years 2005-2009**

Millions of Dollars	2009	2008	2007	2006	2005
United States	\$12,168,161	\$12,225,589	\$11,634,322	\$10,978,053	\$10,252,973
Virginia	347,284	343,580	321,245	306,918	286,685
Richmond-Petersburg MSA	50,966	51,918	48,790	46,457	43,399
Annual growth rate	(2.0%)	2.3%	5.0%	7.0%	6.9%

Note: 2009 is the most recent year available

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 22, 2010

**Capital Region Airport Commission**  
**PER CAPITA INCOME**  
**Calendar Years 2005-2009**

	2009	2008	2007	2006	2005
United States	\$39,635	\$40,166	\$38,615	\$36,794	\$34,690
Virginia	44,057	44,075	41,727	40,234	37,988
Richmond-Petersburg MSA*	41,161	42,309	40,286	38,913	36,995
Percent of national average	103.9%	105.3%	104.3%	105.8%	106.6%

Note: 2009 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 21, 2011

**PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA**  
**Calendar Year 2011**

Major Private Employers	City/County	Full-Time Employees	Percentage of 50	
			Total Employers	Product or Service
Capital One Financial Corp.	Goochland	7,871	8.7%	Credit Cards
Virginia Commonwealth University Health System	Richmond	7,741	8.5	Hospitals
HCA Inc.	Richmond	7,282	8.0	Hospitals
Bon Secours Richmond Health System	Richmond	5,735	6.3	Hospitals
Dominion Resources Inc.	Richmond	5,244	5.8	Energy
Altria Group Inc.	Henrico	4,387	4.8	Tobacco
SunTrust Banks Inc.	Richmond	4,093	4.5	Banking
Wells Fargo and Company	Richmond	3,010	3.3	Banking
Bank of America Corp.	Richmond	2,900	3.2	Banking
WellPoint Inc.	Richmond	2,870	3.2	Health Care
Dupont	Richmond	2,785	3.1	Chemicals
United Parcel Services, Inc.	Richmond	2,385	2.6	Freight

Note: This table lists the top twelve private employers in the Richmond region. (As of January 1, 2011)

Source: Richmond Times-Dispatch, April 2011

**Capital Region Airport Commission  
EMPLOYMENT DATA WITHIN VIRGINIA**

Major Public Employers	Average Number of Employees
Local Governments	57,000
Commonwealth of Virginia	39,100
Federal Government	16,300

Source: Virginia Employment Commission, Current Employment Statistics Program, 2010 Annual Averages

**EMPLOYMENT BY INDUSTRY  
(Non-Agricultural)**

	Annual Average		Percent	Percent Total	
	2010	2000	Change From 2000	2010	2000
Richmond-Petersburg MSA					
Total Employment	601,300	587,300	2.4%	100.0%	100.0%
By Industry:					
Government	112,400	107,500	4.6	18.7	18.3
Wholesale and retail trade	90,900	91,400	0.5	15.1	15.5
Manufacturing	32,900	56,600	(41.9)	5.5	9.6
Financial activities	42,100	45,100	(6.7)	7.0	7.7
Construction and mining	33,800	40,100	(15.7)	5.6	6.8
Transportation and utilities	19,300	21,400	(9.8)	3.2	3.6
Information	9,500	13,000	(26.9)	1.6	2.2
Professional and business services	92,800	91,900	1.0	15.4	15.6
Educational and health services	85,000	51,700	64.4	14.1	8.8
Leisure and hospitality services	51,500	44,300	16.3	8.6	7.5
Other services	31,200	24,400	27.9	5.2	4.2

Source: Virginia Employment Commission, Current Employment Statistics Program

**UNEMPLOYMENT RATES  
Calendar Years 2007-2011**

	2011	2010	2009	2008	2007
United States	9.2%	9.8%	9.3%	5.8%	4.6%
Virginia	6.0	6.9	6.7	4.0	3.0
Richmond-Petersburg MSA*	6.8	7.7	7.5	4.3	3.1

Sources: Federal Reserve Bank of Richmond

Virginia Employment Commission, Local Area Unemployment Statistics Program

**Capital Region Airport Commission  
COMMISSION EMPLOYEES  
Ten Years Ended June 30, 2011**

	Full Time Equivalent Employees									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police	29	24	23	29	30	30	30	30	41	39
Communications	8	12	12	13	15	12	13	12	N/A	N/A
Aircraft Rescues & Fire Fighting	18	19	19	21	19	19	19	18	19	19
Custodial Services	47	46	45	45	46	31	31	27	30	29
Utilities/Ground Maintenance	15	14	12	12	12	12	12	9	6	9
Equipment/Automotive Maintenance	5	5	6	6	6	5	5	4	4	5
Building Maintenance	2	2	1	6	8	8	9	9	10	14
Electronic Systems	4	4	4	4	4	4	4	3	4	N/A
HVAC	3	3	3	4	4	4	20	N/A	N/A	N/A
Electrical Maintenance	2	2	3	4	4	5	15	5	5	5
Finance and Administrative Services	8	11	11	12	11	12	10	11	10	9
Ground Transportation	1	1	2	2	2	1	1	1	1	1
Information Systems	3	3	3	3	3	2	2	2	2	2
Executive Marketing	9	5	5	5	4	4	4	4	5	3
Human Resources	-	-	3	4	4	4	4	4	4	5
Baggage System	10	10	10	10	7	4	N/A	N/A	N/A	N/A
Operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Employees</b>	<b>164</b>	<b>161</b>	<b>162</b>	<b>180</b>	<b>179</b>	<b>157</b>	<b>179</b>	<b>139</b>	<b>141</b>	<b>140</b>

Note: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave).  
Full-time equivalent employment is calculated by dividing total labor hours by 2,088.  
Several departments have been reclassified which resulted in variances.

**Capital Region Airport Commission**  
**CARGO CARRIER**  
**Ten Years Ended June 30, 2011**

	Pounds of Cargo									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cargo Carrier:										
Airborne	-	-	3,660,614	7,275,287	7,227,257	6,035,741	4,501,947	4,362,193	5,060,314	5,183,761
Air Net Systems	761,196	795,955	816,348	1,038,124	1,178,060	1,394,396	1,093,160	779,011	700,208	429,832
Airtrain/Emery Worldwide	-	-	-	-	-	-	-	-	-	1,187,824
AmeriFlight	223,434	219,970	174,964	5,199	11,473	253	1,040,716	2,439,475	3,804,072	3,382,018
Emery	-	-	-	-	-	-	-	-	-	3,363,331
Federal Express	59,712,374	56,575,502	60,794,140	67,546,025	71,357,645	69,948,418	65,749,853	65,198,840	66,359,216	62,942,348
Mountain Air Cargo	-	-	-	-	-	-	5,912	2,490	2,152	53,905
UPS	23,780,038	24,211,667	27,341,043	37,016,959	35,101,104	33,890,613	34,082,119	35,050,794	27,564,147	30,870,889
Total	84,477,042	81,803,094	92,787,109	112,881,594	114,875,539	111,269,421	106,473,707	107,832,803	103,490,109	107,413,908
Percentage change	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%	4.5%	(1.3%)	4.2%	(3.7%)	0.1%

**TAKEOFF AND LANDING OPERATIONS SUMMARY**  
**Ten Years Ended June 30, 2011**

Fiscal Year	General			Air Taxi/		Total
	Air Carrier	Aviation	Commuter	Military		
2011	26,474	28,577	42,894	8,405	106,350	
2010	27,491	41,102	26,498	6,921	102,012	
2009	30,696	28,457	45,267	6,127	110,547	
2008	29,977	37,426	51,450	6,451	125,304	
2007	26,474	22,892	58,646	8,042	116,054	
2006	32,735	24,536	64,526	11,463	133,260	
2005	24,760	31,354	67,273	12,377	135,764	
2004	24,759	31,991	63,834	13,686	134,270	
2003	30,112	35,206	47,220	12,471	125,009	
2002	36,030	47,745	40,583	11,805	136,163	
Average Annual Change	(4.7%)	2.4%	(3.3%)	(2.9%)	(3.2%)	



**Capital Region Airport Commission**  
**INSURANCE COVERAGE**  
**Period ending June 30, 2011**

<b>Type/Carrier</b>	<b>Coverage</b>	<b>Limit</b>
Airport liability/ACE/ Lloyd's	Public liability including aircraft products/completed operations	\$200,000,000
Automobile liability/Federal Insurance Company	Bodily injury or property damage resulting from ownership maintenance or use of any automobile	\$1,000,000 combined single limit bodily injury and property damage
	Excess auto liability(off premises)	\$50,000,000
Workers' compensation and employer's liability/Liberty Mutual	Worker's compensation	Statutory and \$1,000,000 employer's liability
	Excess employees liability (excluding disease)	\$50,000,000
Public officials and employer's liability/Virginia State Public Officials self-insurance pool	Civil claims for wrongful acts	\$1,000,000 each loss \$1,000,000 annual aggregate \$3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	\$420,678,000 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	\$3,980,534 scheduled equipment \$300,000 miscellaneous equipment \$10,000 unscheduled equipment \$100,000 leased/rental equipment \$100,000 newly acquired equipment
Blanket crime/Federal Insurance Company	Employee dishonesty	\$1,000,000 limit \$2,500 deductible

Note: The insurance coverage was provided by USI Insurance Services, with exception of Public Officials policy.

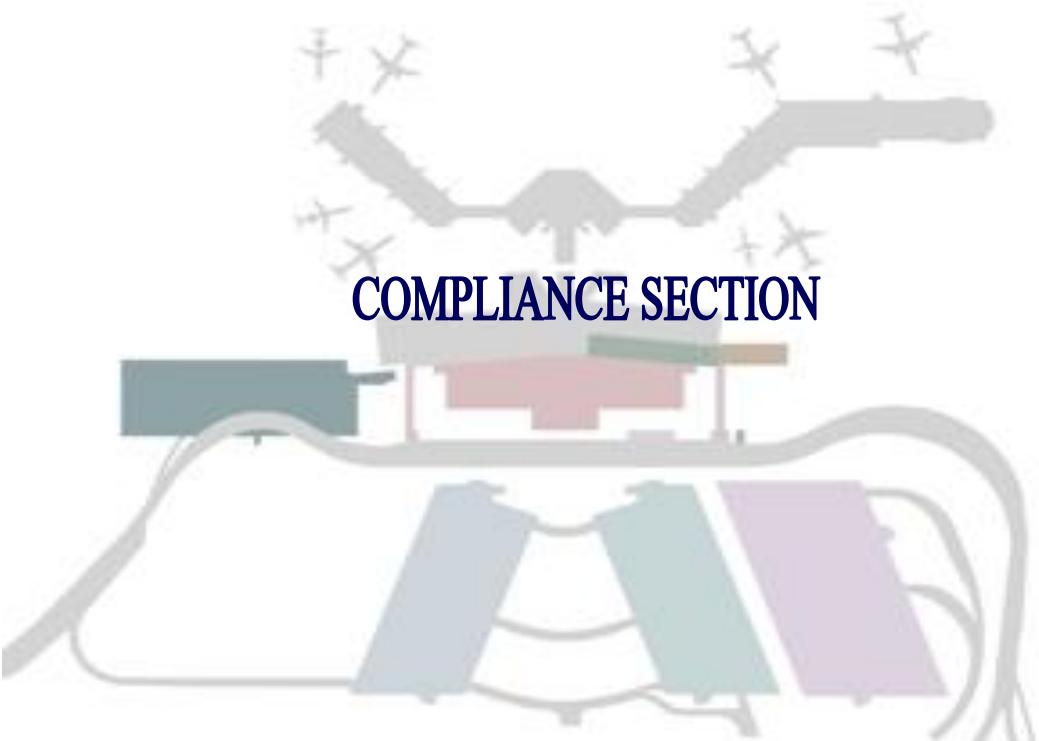
**Capital Region Airport Commission**  
**CAPITAL ASSET INFORMATION**  
**As of June 30, 2011**

**Richmond International Airport**

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Location:	6 miles east of downtown Richmond, the capital of Virginia		
Elevation:	168 ft.		
Airport Code:	RIC		
Runways:	16/34	North/South	9,000 x 150 HIRL/CL/TDZ/VOR
	2/20	North/South	6,600 x 150 HIRL
	7/25	East/West	5,300 x 100 HIRL
Terminal:	Airlines		76,783 SF
	Tenants		40,597 SF
	Public/common		62,845 SF
	Mechanical		15,946 SF
	Other		193,797 SF
	Number of passenger gates		22
	Number of loading bridges		22
	Number of concessionaires in terminal		2
	Number of rental car agencies in terminal		7
Apron:	Leased:		457,806 SF
Ramp:	Leased:		21,949 SF
Parking:	Spaces assigned:	Garage	6,548
		Short-term	280
		Long-term	0
		Economy	3,640
		Rental cars	490
		Employees	600
International:	Customs/Immigration Federal Inspection Service Facility		
Tower:	TRACON 24/7-365		
FBOs	Aero Industries, MillionAir, Richmond Jet Center		

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COMPLIANCE SECTION



# COMPLIANCE SECTION



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

To the Commissioners  
Capital Region Airport Commission  
Richmond International Airport, Virginia

We have audited the basic financial statements of the Capital Region Airport Commission (the "Commission") as of and for the year ended June 30, 2011 and 2010, and have issued our report thereon dated October 28, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

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

*Cherry, Bekaert + Holland, LLP*

Richmond, Virginia  
October 28, 2011



**Independent Auditors' Report on Compliance with Requirements  
that Could Have a Direct and Material Effect on Each Major Federal Program  
and Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the Commissioners  
Capital Region Airport Commission  
Richmond International Airport, Virginia

**Compliance**

We have audited the Capital Region Airport Commission (the "Commission") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2011. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of the Board of Directors, Audit Committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Bekaert + Holland, LLP*

Richmond, Virginia  
October 28, 2011

**CAPITAL REGION AIRPORT COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**A. Summary of Auditors' Results**

1. The type of report issued on the basic financial statements: **Unqualified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **No**
3. Noncompliance, which is material to the financial statements: **No**
4. Significant Deficiencies in internal control over major programs: **No**

Material weaknesses: **No**

5. The type of report issued on compliance for major programs: **Unqualified opinion**
6. Any audit findings which are required to be reported under Section 510(1) of OMB Circular A-133: **No**
7. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Airport Improvement Program	20.106

8. Dollar threshold to distinguish between Type A and Type B Programs: **\$300,000**
9. The Capital Region Airport Commission was determined to be a low risk auditee.

**B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**None**

**C. Findings and Questioned Costs Relating to Federal Awards:**

**None**

**D. Resolution of Prior Year Audit Findings**

There were no findings resulting from the prior year audit.



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# Our Values At Work

## **Be Safe**

- Take actions to ensure safety comes first
- Keep all areas clean
- Follow all safety policies and procedures

## **Be Respectful**

- Always be honest and trustworthy
- Treat others as you would have them treat you
- Create supportive relationships built on mutual respect

## **Be Hard Working**

- Serve your co-workers and customers through a strong work ethic
- Continue to learn, be innovative, and provide feedback
- Take pride in a job well done

## **Be Courteous**

- Be courteous to all customers including the public, tenants, and other departments
- Respond to requests promptly
- Remember — a smile can make a difference in someone's day

## **Be Positive**

- Deliver the best customer service possible through a positive attitude
- Contribute to a positive workplace by being friendly and helpful to others



**VALUES AT WORK**  
Richmond International Airport