

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Years Ended  
June 30, 2012 and 2011**

CAPITAL REGION AIRPORT COMMISSION

Richmond International Airport

Virginia

Prepared by

Finance Department

Douglas E. Blum  
Chief Financial Officer

Steven C. Owen  
Director Finance



Now you're going places.

Capital Region Airport Commission  
**MEMBERS OF THE COMMISSION**  
June 30, 2012

---

**OFFICERS**

Robert M. Atack  
Arthur S. Warren  
Robert F. Norfleet, Jr.  
Aubrey M. Stanley, Jr.

Chairman  
Vice Chairman  
Secretary  
Treasurer

---

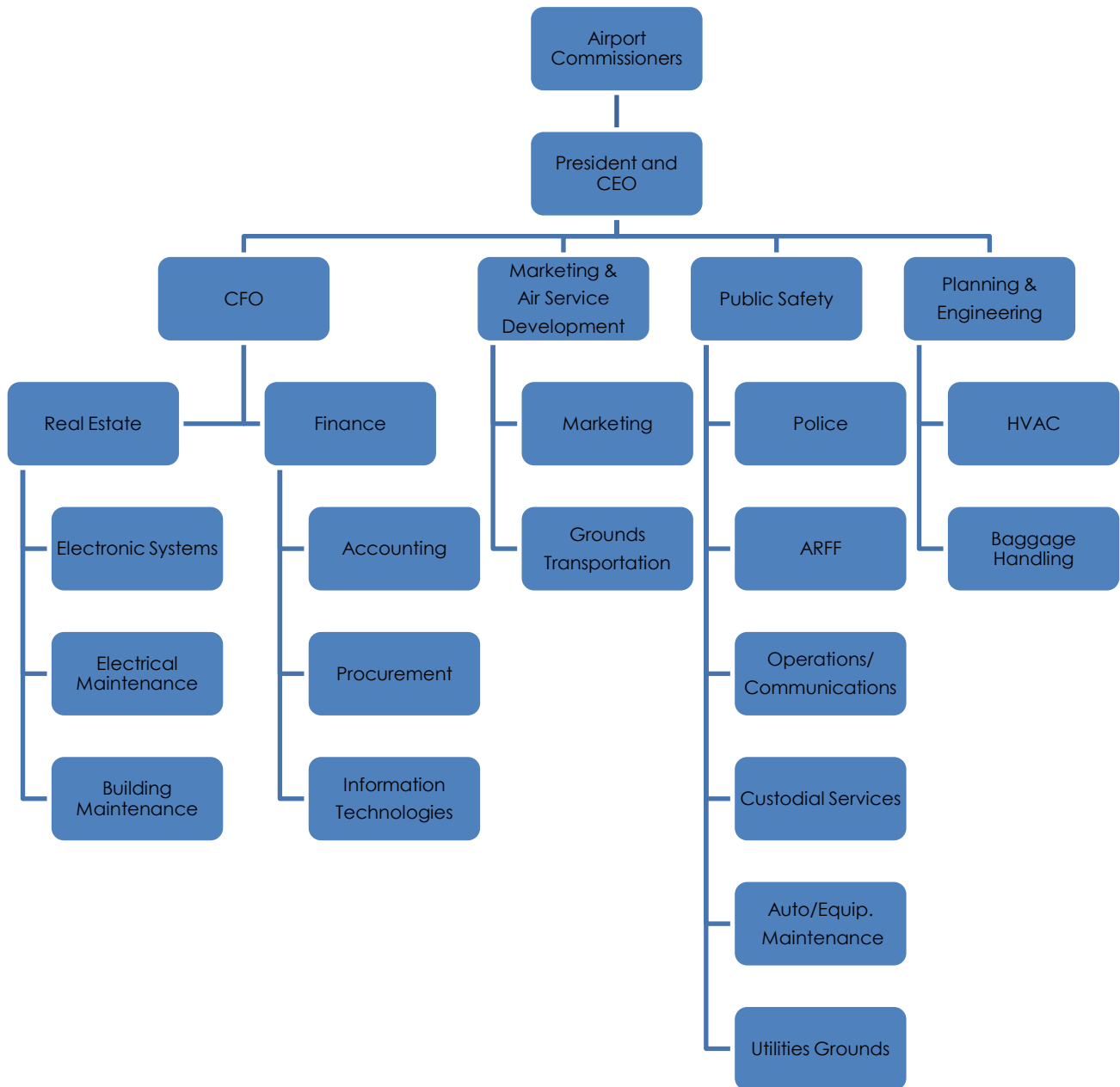
**COMMISSIONERS**

Charles R. Samuels  
Algenon L Brown  
Robert M. Atack  
James B. Donati, Jr.  
Daniel A. Gecker  
Steve A. Elswick  
David A. Kaechele  
Charles S. Macfarlane  
John V. Mazza, Jr.  
Robert F. Norfleet, Jr.  
Thomas E. Pruitt  
Aubrey M. Stanley, Jr.  
G. Ed Via  
Arthur S. Warren

City of Richmond  
City of Richmond  
County of Henrico  
County of Henrico  
County of Chesterfield  
County of Chesterfield  
County of Henrico  
City of Richmond  
County of Chesterfield  
City of Richmond  
County of Henrico  
County of Hanover  
County of Hanover  
County of Chesterfield

---

# Capital Region Airport Commission





Now you're going places.

**Capital Region Airport Commission**  
**TABLE OF CONTENTS**  
**Years Ended June 30, 2012 and 2011**

**INTRODUCTORY SECTION**

**LETTER OF TRANSMITTAL**..... i

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT** ..... 1

**MANAGEMENT'S DISCUSSION AND ANALYSIS** ..... 3

**FINANCIAL STATEMENTS**

STATEMENTS OF NET ASSETS ..... 15

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS ..... 16

STATEMENTS OF CASH FLOWS ..... 17

NOTES TO FINANCIAL STATEMENTS ..... 18

**REQUIRED SUPPLEMENTARY INFORMATION**

VIRGINIA RETIREMENT SYSTEM FUNDING PROGRESS ..... 32

PENSION PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS ..... 32

**SUPPLEMENTAL INFORMATION**

SCHEDULE OF OPERATING REVENUES ..... 33

SCHEDULE OF OPERATING EXPENSES ..... 34

SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL ..... 35

SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL ..... 36

SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS ..... 37

SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS IN ACCOUNTS CREATED BY  
BOND RESOLUTIONS ..... 40

**STATISTICAL SECTION**

NET ASSETS AND CHANGES IN NET ASSETS ..... 41

PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGERS ..... 42

LARGEST OWN-SOURCE REVENUE ..... 43

LARGEST OWN-SOURCE REVENUE RATES ..... 43

REVENUE RATES ..... 44

REVENUE BOND COVERAGE ..... 44

OUTSTANDING DEBT ..... 45

MAJOR CUSTOMERS ..... 46

ENPLANEMENT TRENDS ..... 46

ENPLANED PASSENGERS ..... 47

AIRLINE MARKET SHARES ..... 48

PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS ..... 49



Now you're going places.

**Capital Region Airport Commission**  
**TABLE OF CONTENTS**  
**Years Ended June 30, 2012 and 2011**

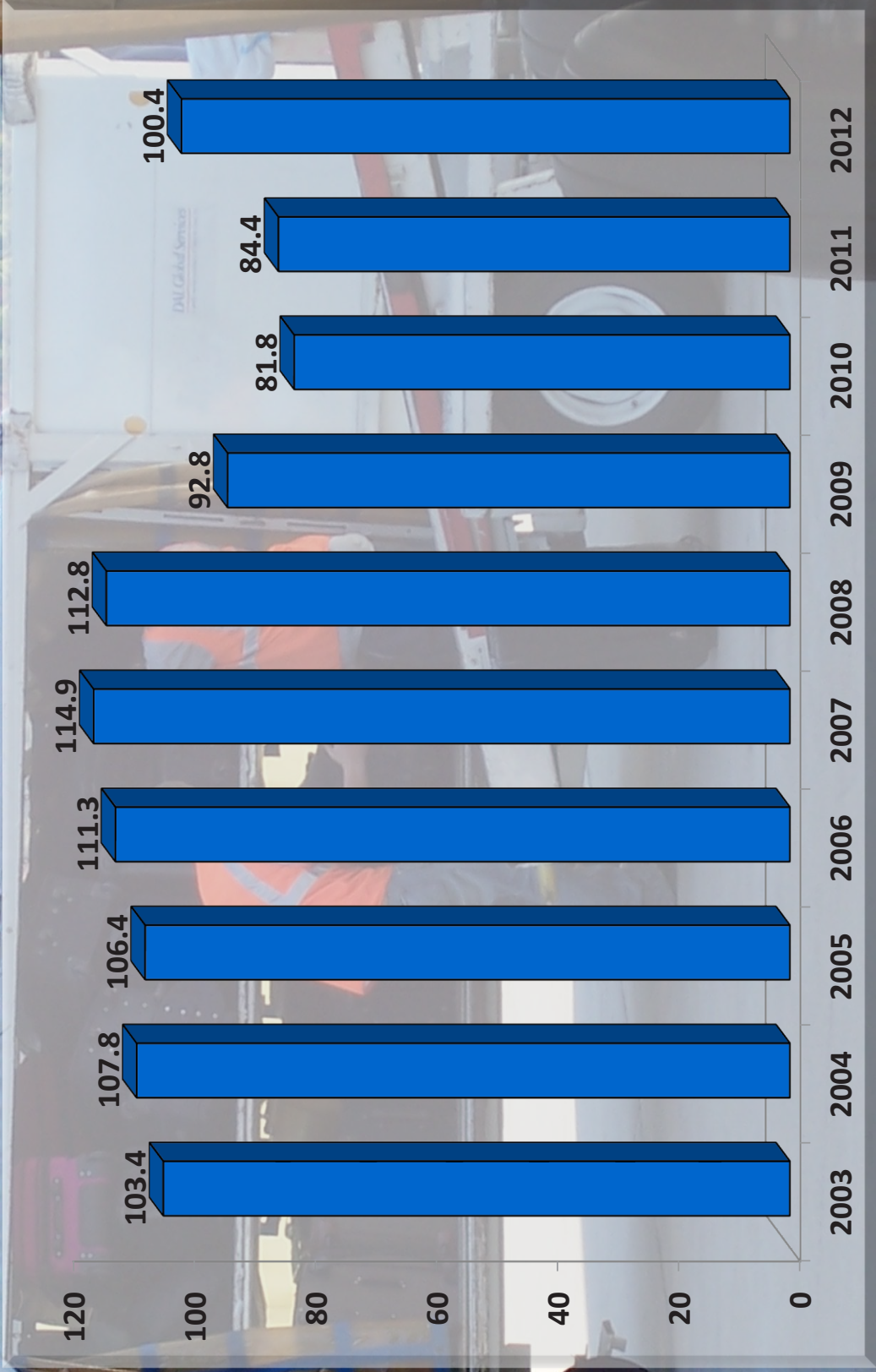
**STATISTICAL SECTION (Continued)**

POPULATION IN THE AIR TRADE AREA.....	51
PERSONAL INCOME.....	51
PER CAPITA INCOME.....	52
PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA.....	52
EMPLOYMENT DATA.....	53
COMMISSION EMPLOYEES.....	54
CARGO CARRIER.....	55
TAKEOFF AND LANDING OPERATION SUMMARY.....	55
INSURANCE COVERAGE.....	56
CAPITAL ASSET INFORMATION.....	57

**COMPLIANCE SECTION**

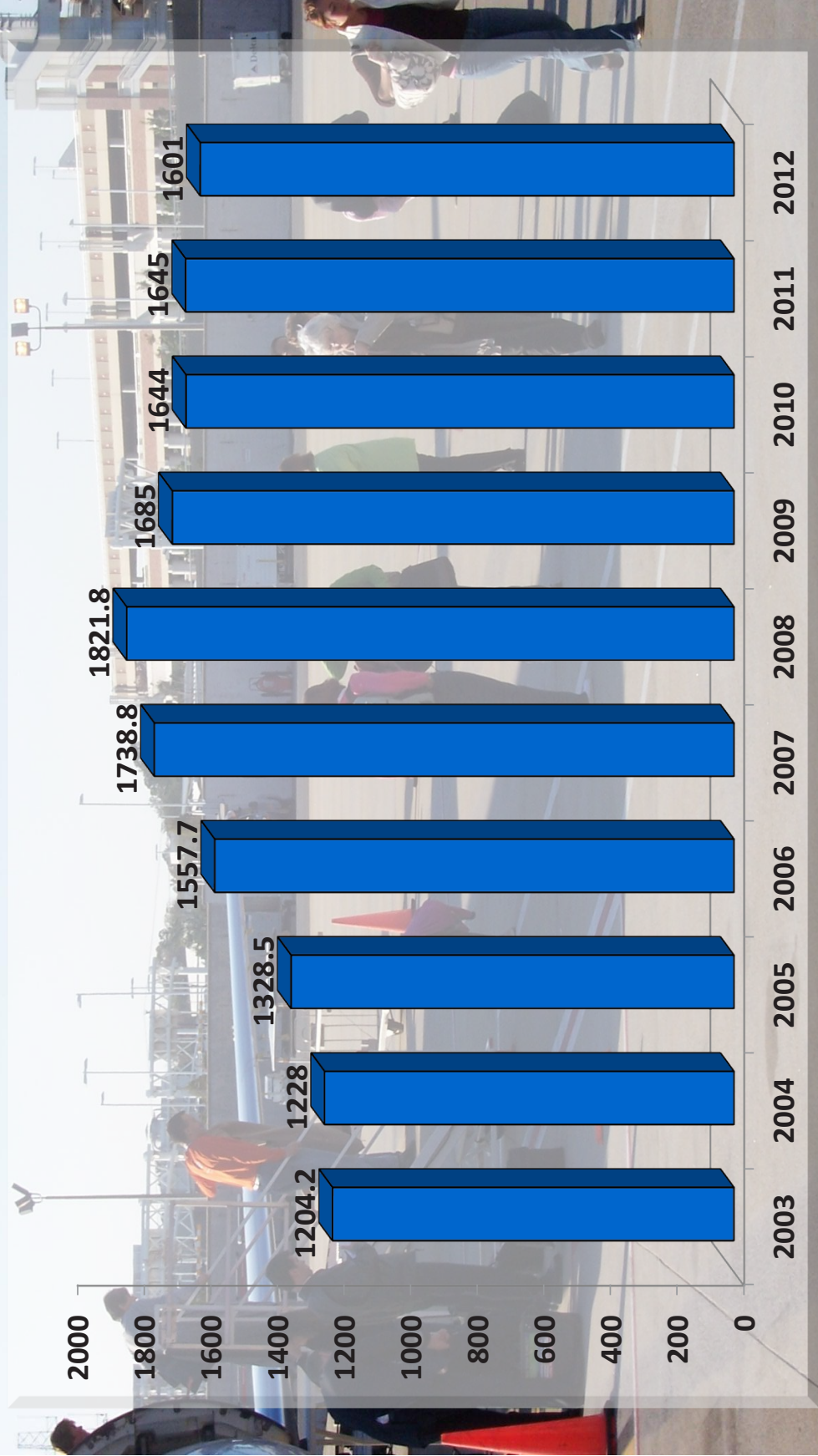
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	58
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	59
INDEPENDENT AUDITOR'S REPORT ON 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.....	61
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	63

**Richmond International Airport  
Air Cargo Performance  
Fiscal Years 2003-2012**





**Richmond International Airport  
Enplaned Passenger Performance  
Fiscal Years 2003-2012**



# 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, 2011

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.

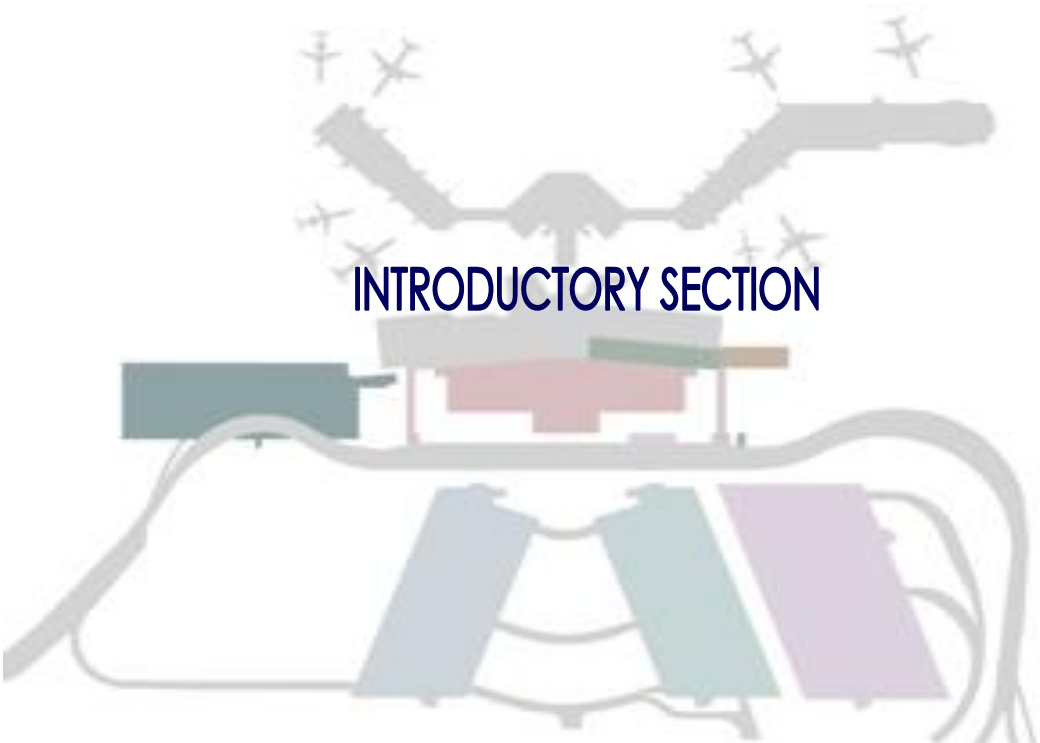


*Christopher P. Moynell*

President

*Jeffrey R. Egan*

Executive Director



# INTRODUCTORY SECTION

December 6, 2012

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, 2012 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 170 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 2012 maintained the 2011 level of 1.6 million enplaned passengers.

## ECONOMIC CONDITIONS

The Airport is conveniently located approximately six miles from the City of Richmond's business district, providing air service to over 3.3 million passengers, and with over 100 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. The first half of fiscal year 2012 saw a drop in the economy as consumer confidence declined amidst the bankruptcy/bailout challenges of other countries and fuel prices that remained at higher levels. The downturn in the economy has dampened the near-term prospects for the aviation industry, but the long-term outlook remains favorable. Growth is forecasted in business aviation demand over the long term driven by a growing U.S. and world economy. The global economy is growing again, reviving the demand for air travel. Profitability for the U.S. carriers will hinge on a stable environment for fuel prices, an increase in demand for corporate air travel, and the ability to pass along fare increases to leisure travelers. ([www.faa.gov/about/office\\_org/headquarters\\_offices/apl/aviation\\_forecasts](http://www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts))

Future increases in passenger and cargo traffic at the Airport will be influenced by several key factors, which include, but are not limited to, the following:

- Economic and political conditions
- Airline consolidation and alliances
- Aviation security concerns
- Availability and price of aviation fuel
- Financial health of the airline industry

- Capacity of the airport
- Airline service and routes
- Airline competition and airfares
- Capacity of national air traffic control and airport systems

The Commission anticipates that the national economy and subsequently airline passenger traffic will remain flat with very little growth when compared to fiscal year 2012. The Commission took a conservative approach to the fiscal year 2013 budget which reflects a (1.5%) decrease in total revenue when compared to fiscal year 2012 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 49th out of 200 metro areas in the nation according to the Forbes 2012 Best Places for Business and Careers list.
- Richmond companies rank among the nation's top military-friendly employers according to Business Week .com 11/9/12
- Richmond-Petersburg metro area was named the #3 large city in the country for job growth according to Gallup.com 2012

#### 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 6.6% in June 2012 compared to 6.8% in June 2011, higher than the state unemployment rate of 5.7% and below the national rate of 8.2%.

The population of the Richmond MSA has reached 1.3 million and is projected to reach 1.4 million by 2020. Per capita income in the area is \$41,260, which is higher than the national average of \$39,937.

Six Richmond Metropolitan area businesses are listed Fortune 500 companies

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

*MeadWestvaco*  
*CarMax*  
*Owens & Minor*

Three Richmond Metropolitan area businesses are listed Fortune 1000 companies:

*Brink's*  
*Universal*

*Markel*

#### MAJOR INITIATIVES

The expansion of the Concourse A apron area was started 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 2012 as compared to fiscal year 2011 actual passenger traffic. The actual total passengers enplaned for fiscal year 2012 was 1.6 million, which was the same for fiscal year 2011.

The fiscal year 2012 budget included a decrease in operating revenue (1.0%) compared to fiscal year 2011 actual revenue. The Commission ended fiscal year 2012 with a 1.7% increase in revenues when compared to the 2012 budgeted revenues and a 0.7% increase over fiscal year 2011 revenues.

## 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, 2011. This was the twenty second 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.

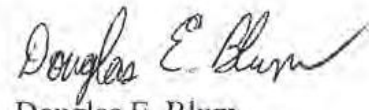
## ACKNOWLEDGMENTS

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,

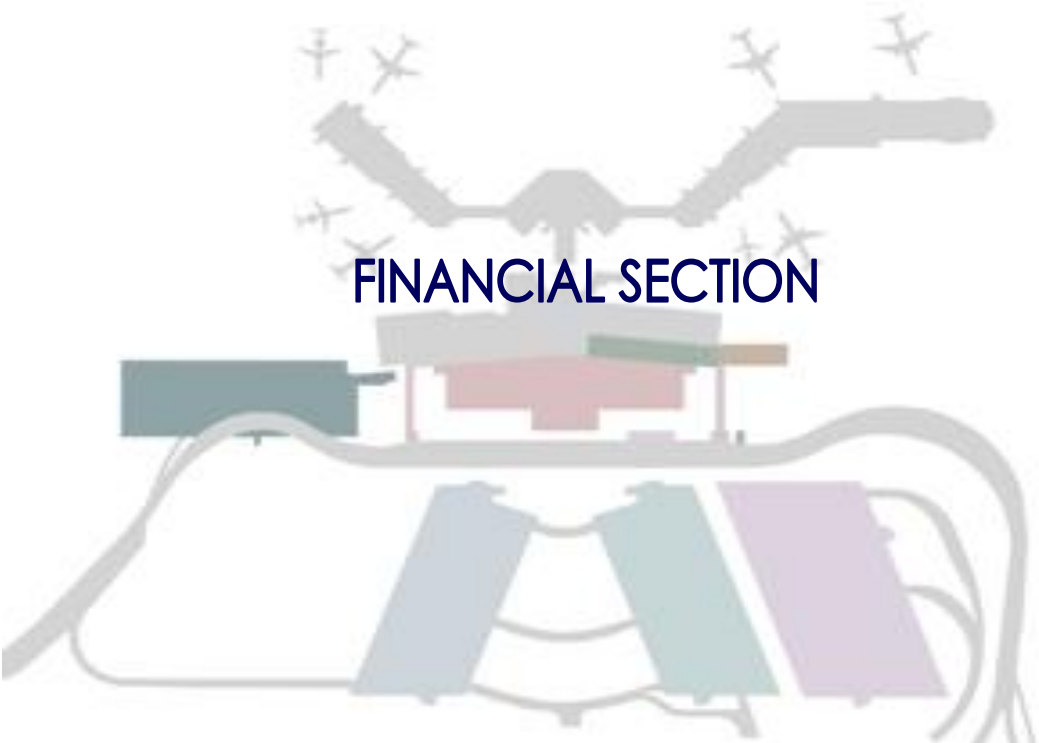


Jon E. Mathiasen, A.A.E.  
President and Chief Executive Officer



Douglas E. Blum  
Chief Financial Officer





# 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, 2012 and 2011, 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, 2012 and 2011, 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 31, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The introductory section, supplementary information and statistical section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cheng Beckett + Holland, C.L.P.*

Richmond, Virginia  
October 31, 2012

**Capital Region Airport Commission  
Management's Discussion and Analysis  
June 30, 2012 and 2011**

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 years ended June 30, 2012 and 2011. Information for the preceding fiscal year ended June 30, 2010 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

Passenger and air carrier activity was relatively unchanged at the Richmond International Airport in fiscal year 2012 compared to fiscal year 2011. The total passengers enplaned for fiscal year 2012 were 1.60 million, which was slightly lower than fiscal year 2011 and fiscal year 2010 enplanements of 1.64 million for both fiscal years and (4.0%) lower than the fiscal year 2012 budgeted enplaned passengers. 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 first half of fiscal year 2012 saw a drop in the economy as consumer confidence declined amidst the bankruptcy/bailout challenges of other countries and fuel prices that remained at higher levels. The downturn in the economy has dampened the near-term prospects for the aviation industry, but the long-term outlook remains favorable. Growth is forecasted in business aviation demand over the long term driven by a growing U.S. and world economy. The global economy is growing again, reviving the demand for air travel. Profitability for the U.S. carriers will hinge on a stable environment for fuel prices, an increase in demand for

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

corporate air travel, and the ability to pass along fare increases to leisure travelers. ([www.faa.gov/about/office\\_org/headquarters\\_offices/apl/aviation\\_forecasts](http://www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts))

The Commission ended fiscal year 2012 with a 1.7% increase in revenues when compared to the 2012 budgeted revenues and a 0.7% increase over fiscal year 2011 revenues. This was primarily due to a 12.4% increase in concession revenue when compared to the 2012 budgeted concession revenue and a 9.9% increase over fiscal year 2011 concession revenue. The increase in concession revenue was offset by a (1.8%) decrease in parking revenue when compared to the 2012 budgeted parking revenue and a (2.0%) decrease when compared to fiscal year 2011 parking revenue. The increase in concession revenue is primarily attributed to a 13.3% increase in rental car revenue when compared to the 2012 budgeted rental car revenue. The decrease in parking revenue is attributed to enplanements that were (4.0%) lower than the 2012 budgeted enplanements and (2.6%) lower than fiscal year 2011 enplanements.

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 average monthly enplaned passengers increased from 136,982 in fiscal year 2010 to 137,039 in fiscal year 2011 and then decreased to 133,443 in fiscal year 2012. The slight decrease in passengers, when compared to 2011, had negative effects on the Commission's main revenue stream, parking revenue, in fiscal year 2012.

Aircraft operations decreased to 100 thousand a (5.6%) decrease as compared to FY 2011 and a (2.0%) decrease when compared to FY 2010. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation. The decrease in aircraft operations is attributed to the recent completion of the merger between Continental and United airlines and the termination of flights to New York City by both Jet Blue and US Airways.

Cargo landed weight in 1,000 pound units increased by 0.3% in fiscal year 2012 to 360 million pounds compared to fiscal year 2011 landed weight of 359 million pounds and increased 15.1% when compared to fiscal year 2010.

The Airport's parking revenue decreased (2.0%) in fiscal year 2012 when compared to fiscal year 2011 and increased 0.2% when compared to fiscal year 2010. The effect of the lower than budgeted enplaned passengers was offset slightly by higher parking revenue per enplaned passenger (parking rates were the same as FY 2011). The parking revenue accounts for 45.9% of the Airport's revenue in fiscal year 2012 compared to 47.1% in fiscal year 2011 and 47.4% in fiscal year 2010.

	2012	2011	2010
Parking Revenue per Enplanement	\$11.20	\$11.14	\$10.94
Percent Increase (Decrease)	0.5%	1.8%	2.5%

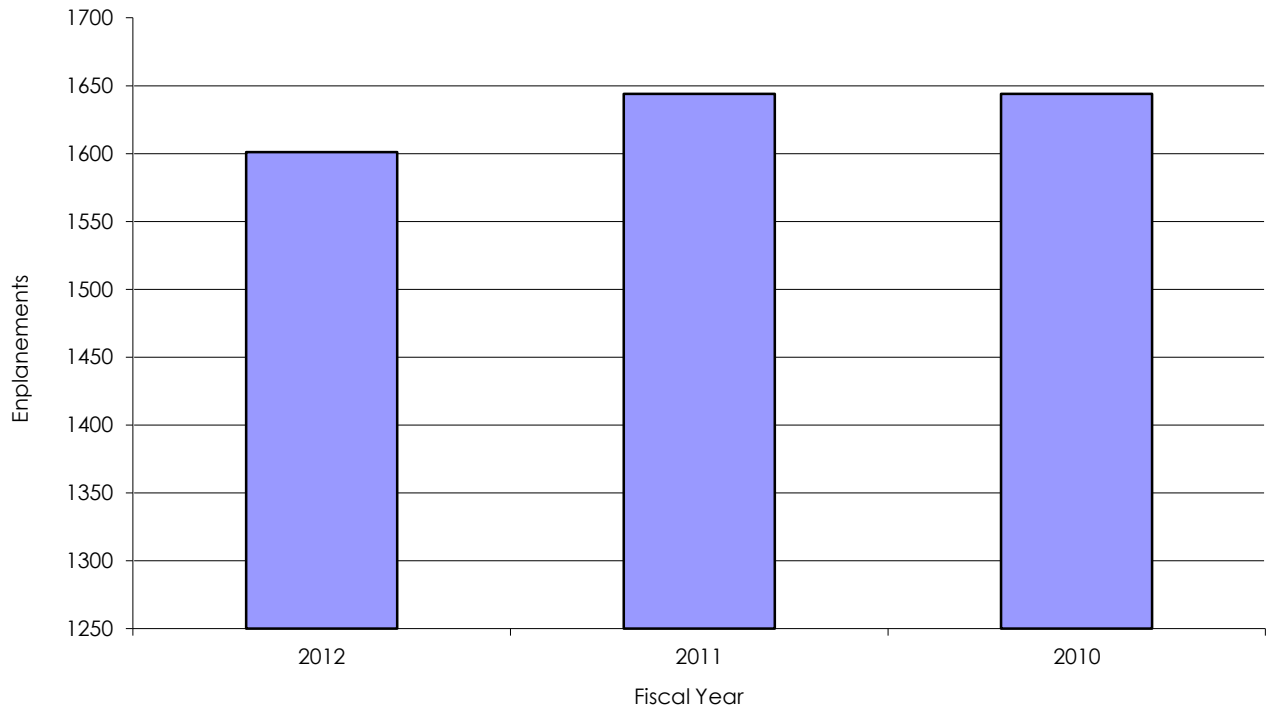
As of June 30, 2012, the Airport is currently served by seven major airlines, with more than 170 daily flights to 19 non-stop destinations and more than 3.3 million travelers per year.

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

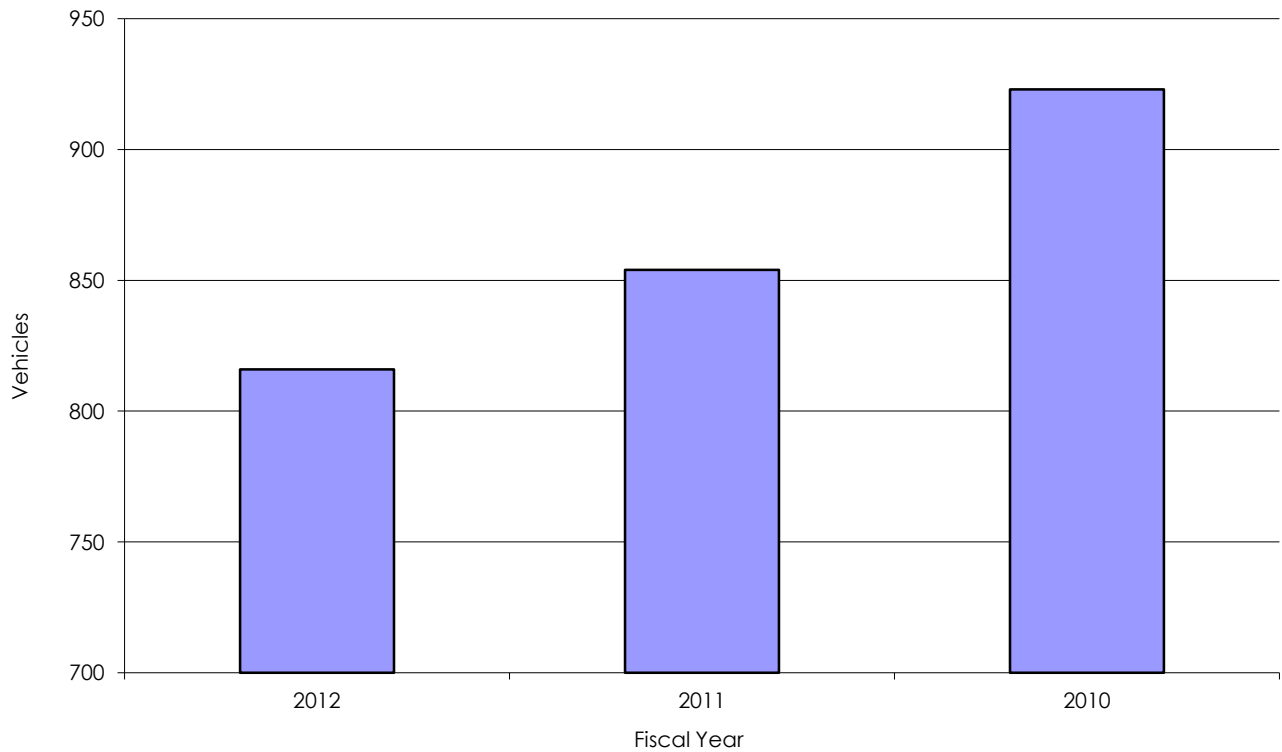
	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>
Enplanements	1,601	1,644	1,644
<i>% increase / (decrease)</i>	(2.6%)	0.0%	(2.4%)
Aircraft Operations (total take-offs and landings)	100	106	102
<i>% increase / (decrease)</i>	(5.6%)	3.9%	(8.1%)
Airline's Landed Weight (1,000 pound units)	1,996	2,026	2,020
<i>% increase / (decrease)</i>	(1.5%)	0.3%	(9.3%)
Air Cargo Carrier Activity (pounds)	100,400	84,477	81,803
<i>% increase / (decrease)</i>	18.8%	3.3%	(11.8%)
Parked Vehicles	816	854	923
<i>% increase / (decrease)</i>	(4.5%)	(7.5%)	(2.7%)

Note: The numbers presented above are in thousands.

Enplaned Passengers (in Thousands)



Parked Vehicles (in Thousands)



**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

The below selected financial data comparison represents the Commission's assets, liabilities and net assets at June 30, 2012, 2011, and 2010.

**SELECTED FINANCIAL DATA  
(in thousands)**

	2012	2011	2010
<b>Assets</b>			
Unrestricted current	\$16,397	\$ 16,872	\$ 22,099
Restricted current	77,243	70,214	58,239
Capital assets, net	415,251	418,557	425,335
<b>Total assets</b>	<b>\$508,891</b>	<b>505,643</b>	<b>505,673</b>
<b>Liabilities</b>			
Current unrestricted	3,797	2,885	2,849
Current restricted	10,808	11,032	11,312
Long-term debt, net of current maturities	142,847	151,513	158,487
<b>Total liabilities</b>	<b>157,452</b>	<b>165,430</b>	<b>172,648</b>
<b>Net assets</b>			
Invested in capital assets net of related debt	274,718	268,968	274,025
Restricted	60,776	56,480	41,370
Unrestricted	15,945	14,765	17,630
<b>Total net assets</b>	<b>351,439</b>	<b>\$ 340,213</b>	<b>\$ 333,025</b>

The Commission experienced an increase in total assets of approximately \$3.2 million or 0.6% during fiscal year 2012 when compared to fiscal year 2011 and a \$3.2 million increase when compared to fiscal year 2010. This increase can be contributed to a number of changes in the balance sheet including the increase of \$4.5 million in restricted cash and cash equivalents and the \$2.4 million increase in federal and state grants receivable. This was offset by a (\$3.3) million decrease in noncurrent assets.

Total liabilities decreased (\$8.0) million or (4.8%) in 2012 when compared to fiscal year 2011 and decreased (\$15.2) million when compared to fiscal year 2010. This change is primarily attributable to a decrease in long term debt.

The increase in net assets for 2012 was \$11.2 million compared to an increase of \$7.2 million for fiscal year 2011. Fiscal year 2012 resulted in a loss from operations of (\$1.2) million, which is a \$668 thousand increase in the loss from operations when compared to the fiscal year 2011 loss from operations of (\$554) thousand. Net nonoperating revenue (expense) reflected an increase in net revenues of \$475 thousand, capital contributions increased to \$9.8 million a \$4.2 million or 76% increase when compared to fiscal year 2011.



**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

The below chart shows operating revenues and expenses for the three years ended June 30, 2012, 2011, and 2010.

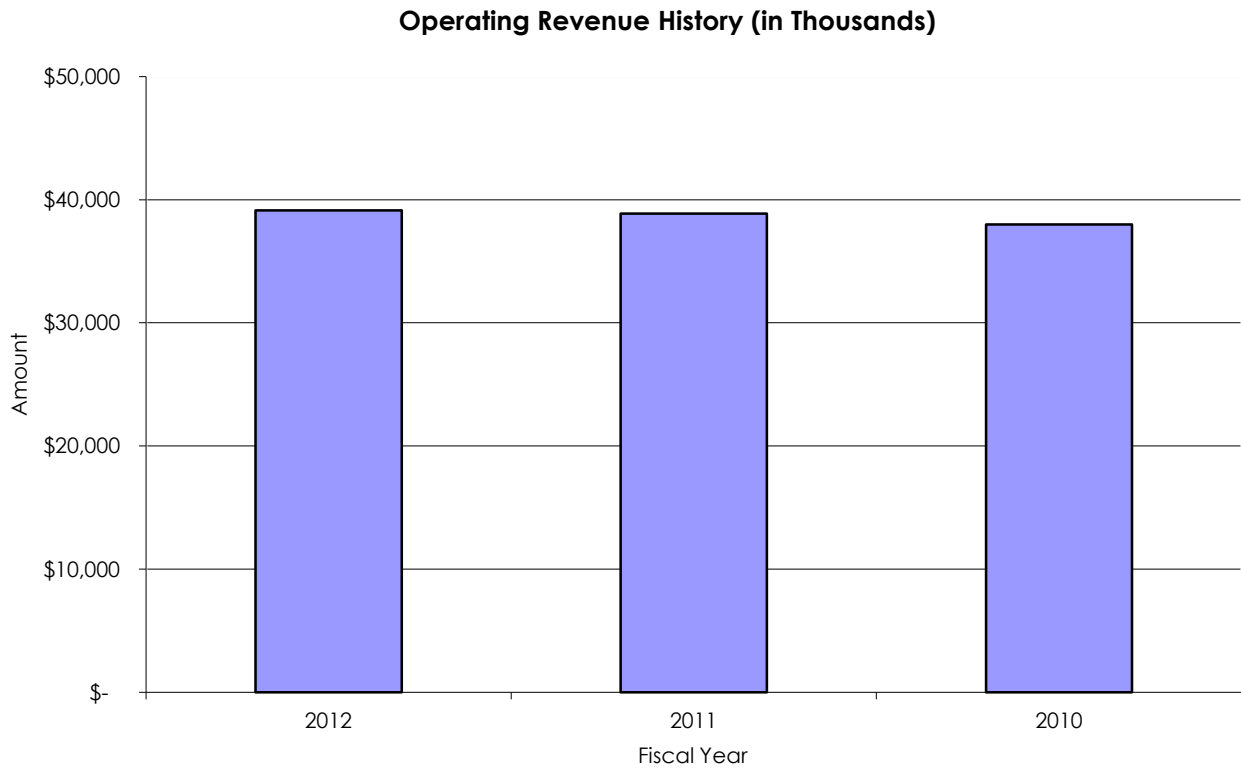
	2012	2011	2010
Operating revenue	\$ 39,124	\$ 38,868	\$ 37,999
Operating expenses	19,737	19,778	19,112
Operating income before depreciation	19,387	19,090	18,887
Depreciation	20,609	19,644	18,492
Operating Income (loss)	(1,222)	(554)	395
Nonoperating income (expenses)	2,623	2,148	4,089
Income before capital contributions	1,401	1,594	4,484
Capital contributions	9,825	5,594	5,879
Change in net assets	11,226	7,188	10,363
Beginning net assets	340,213	333,025	322,662
Ending net assets	\$ 351,439	\$ 340,213	\$ 333,025

Operating income before depreciation for fiscal year 2012 increased by \$297 thousand or 1.6% compared to fiscal year 2011 and increased \$500 thousand or 2.6% compared to fiscal year 2010. Depreciation expense increased by 4.9% between fiscal year 2012 and 2011 and increased by 11.4% when compared to fiscal year 2010. This is a result primarily of the completion of the economy lot B expansion as well as the completion of other major projects. Nonoperating income increased by \$475 thousand in fiscal year 2012 compared with fiscal year 2011 and decreased by (\$1.5) million when compared to fiscal year 2010. The increase in nonoperating income was attributed to a decrease in interest expense. The weighted average yield on investments was approximately .28% for fiscal year 2012, .39% for fiscal year 2011 and .41% for fiscal year 2010.

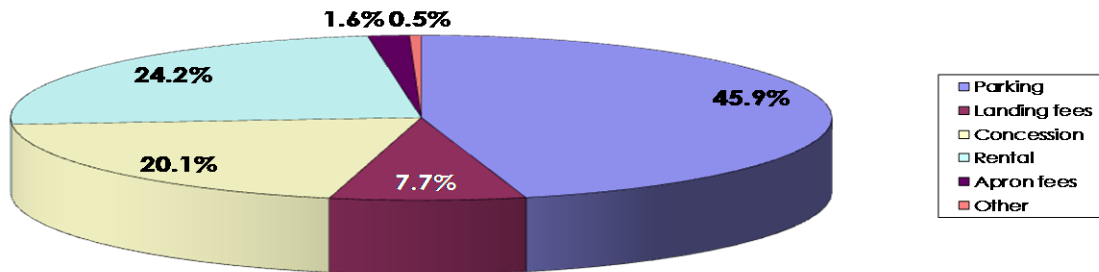
**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

**REVENUES**

The graphs below illustrate the operating revenue for the three fiscal years ended June 30, 2012, 2011, and 2010 and main sources of revenue for the Airport and each source's percentage of total operating revenue for the fiscal year ended June 30, 2012.



2012 Operating Revenue



Parking revenues at the Airport, for fiscal year 2012 were \$17,959 which represented a (2.0%) decrease over fiscal year 2011 and a (1.9%) decrease over fiscal year 2010.

Below is a summary of revenue stated in thousands, for the three fiscal years ended June 30, 2012, 2011, and 2010:

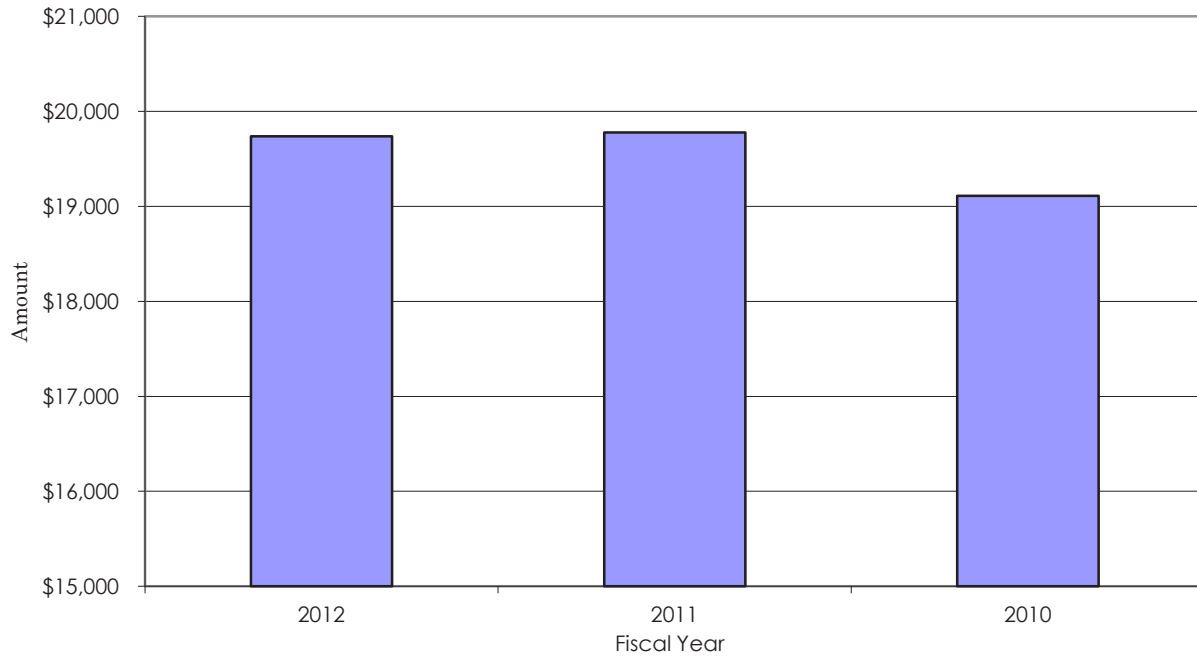
	2012	2011	2010
<b>Operating Revenues</b>			
Parking	\$ 17,959	\$ 18,320	\$ 17,993
Landing fees	3,007	2,976	2,837
Concession	7,863	7,152	7,055
Rental	9,476	9,630	9,428
Apron fees	638	624	509
Other	181	166	177
Total Operating	<u>39,124</u>	<u>38,868</u>	<u>37,999</u>
<b>Nonoperating Income</b>			
Interest income	198	250	338
Passenger Facility Charges	6,571	6,829	6,949
Customer Facility Charges	1,716	1,511	1,380
Total nonoperating	<u>8,485</u>	<u>8,590</u>	<u>8,667</u>
<b>TOTAL</b>	<b>\$ 47,609</b>	<b>\$ 47,458</b>	<b>\$ 46,666</b>

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

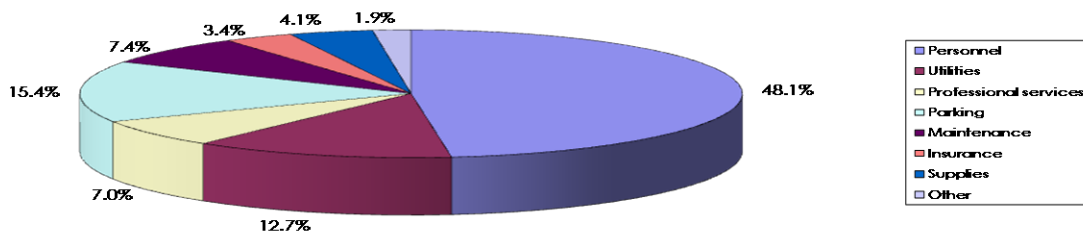
**EXPENSES**

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, 2012.

**Operating Expense History (in Thousands)**



**2012 Operating Expenses**



Operating expenses, exclusive of depreciation, totaled \$19,737 for fiscal year 2012, \$19,779 for fiscal year 2011 and \$19,112 for fiscal year 2010. The decrease in operating expense when

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

compared to FY 2011 is attributed to a decrease in marketing and public relations expense. The 2011 expense included the grant to the Greater Richmond Chamber of Commerce to support the "Save Low Fares" campaign. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010
Operating Expenses			
Personnel	\$ 9,484	\$ 9,173	\$ 9,380
Utilities	2,509	2,348	2,081
Professional services	1,384	1,658	1,001
Parking	3,052	3,019	2,834
Maintenance	1,464	1,539	1,864
Insurance	669	798	810
Supplies	806	686	597
Other	369	558	545
Total Operating	<u>19,737</u>	<u>19,779</u>	<u>19,112</u>
Depreciation	<u>20,609</u>	<u>19,644</u>	<u>18,492</u>
Nonoperating Expense			
Interest expense	5,193	5,580	3,793
Other, net	669	861	785
Total nonoperating	<u>5,862</u>	<u>6,441</u>	<u>4,578</u>
TOTAL	<u>\$ 46,208</u>	<u>\$ 45,864</u>	<u>\$ 42,182</u>

**CASH FLOW ACTIVITIES**

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

	2012	2011	2010
Cash flows provided from operating activities	\$18,593	\$ 19,663	\$ 18,361
Cash flows used in investing activities	148	4,425	(8,167)
Cash flows used in capital and related financing activities	(16,448)	(14,776)	(30,487)
Net increase (decrease) in cash and cash equivalents	<u>2,293</u>	<u>9,312</u>	<u>(20,293)</u>
Cash and cash equivalents			
Beginning of year	<u>72,268</u>	<u>62,956</u>	<u>83,249</u>
End of year	<u>\$ 74,561</u>	<u>\$ 72,268</u>	<u>\$ 62,956</u>

Cash flow from operating activities for 2012 decreased by \$1.1 million or (5.4%) compared to fiscal year 2011; an increase of \$232 thousand or 1.0% compared to 2010. The decrease resulted primarily from an increase in operating loss and an increase in accounts receivable.

Cash and cash equivalents for fiscal 2012 amounted to \$74.6 million representing a \$2.3 million increase over 2011 and an \$11.6 increase over fiscal year 2010. This increase in cash and cash equivalents resulted primarily from a (\$297) thousand decrease in payments for operating

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

activities and a (\$664) thousand decrease in interest payments. In fiscal year 2012 the Commission executed an interest rate reduction agreement with the Virginia Resource Authority for the 2001A & B bonds total \$35 million. This resulted in a \$2.8 million (npv) interest savings over the remaining life of the bonds. The Commission also completed an early retirement of \$2.0 million dollars in CFC bonds.

**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 2011 to 2012 in the amount of \$154 thousand and increased \$49 thousand when compared to fiscal year 2010. The apron fees increased \$13 thousand from fiscal year 2011 to 2012 and increased \$128 thousand when compared to fiscal year 2010. Rates and charges for the signatory airlines were as follows:

<b>Signatory Airline Rates and Charges</b>	<b>Rate Effective for 2012</b>	<b>Rate Effective for 2011</b>	<b>Rate Effective for 2010</b>
Apron fees (square foot)	\$ 1.21	\$ 1.21	\$ 1.21
Landing fees (1,000 lb. unit)	1.24	1.24	1.22
Terminal rental (square foot)	34.19	34.19	33.50

Note: The rates and charges for 2012 are estimates.

**PASSENGER FACILITY CHARGES**

The Commission collects \$4.50 per qualifying enplaned passenger, which totaled \$6.6 million for fiscal year 2012, which was a decrease of (3.8%) compared to fiscal year 2011 and a decrease of (5.4%) when compared to fiscal year 2010.

**CUSTOMER FACILITY CHARGES**

The Commission collects \$1.70 per each rental vehicle transaction day. Collections for the year ended June 30, 2012 was \$1.7 million, which was an increase of 13.6% compared to fiscal year 2011 and an increase of 24.3% when compared to fiscal year 2010.

**CAPITAL AND DEBT ACTIVITY**

Capital Assets

Investments in capital assets include land, land improvements, buildings, construction in progress, furniture and fixtures, machinery and equipment and paved facilities. Capital assets, before accumulated depreciation, increased \$17.3 million for fiscal year 2012 from 2011. The increase for the year was primarily the result of new construction mainly represented by the airfield electrical upgrade (\$2.7 million) and the general aviation expansion (\$3.1 million) and concourse A expansion (\$2.8 million). Depreciation expense for fiscal year 2012 was \$20.6 million

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2012 and 2011**

as compared to fiscal year 2011 of \$19.6 million. The \$1.0 million increase in depreciation expense resulted primarily from the completion of the parking lot B expansion and other major projects. See Note 4 of notes to the financial statements.

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, 2012, the Commission had principal debt outstanding of \$152,294 as follows (in thousands):

Airport Revenue Bonds	\$ 114,709
PFC Revenue Bonds	35,205
CFC Revenue Bonds	<u>2,380</u>
Total	<u>\$ 152,294</u>

See Note 5 of notes to financial statements.

#### **ECONOMIC FACTORS AND FISCAL 2012 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**  
**June 30, 2012 and 2011**

	2012	2011
<b>ASSETS</b>		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 12,704,361	\$ 14,885,910
Accounts receivable, less allowance for doubtful accounts (2012 - \$153,572; 2011 - \$151,148)	3,083,102	1,592,974
Other	609,165	393,197
Total Unrestricted Current Assets	16,396,628	16,872,081
Restricted Current Assets:		
Cash and cash equivalents	61,856,996	57,382,285
Investments	8,770,020	8,591,142
Customer and Passenger Facility Charges receivable	1,131,930	1,108,511
Due from federal and state governments	5,484,047	3,131,919
Total Restricted Current Assets	77,242,993	70,213,857
Total Current Assets	93,639,621	87,085,938
NONCURRENT ASSETS		
Depreciable assets, net	328,261,047	336,079,862
Non-depreciable assets	86,990,662	82,477,599
Total Noncurrent Assets	415,251,709	418,557,461
Total Assets	508,891,330	505,643,399
<b>LIABILITIES</b>		
<b>AND</b>		
<b>NET ASSETS</b>		
CURRENT LIABILITIES		
Liabilities From Unrestricted Assets:		
Accounts payable	2,435,821	1,552,267
Accrued expenses	1,361,529	1,333,049
Total Liabilities From Unrestricted Assets	3,797,350	2,885,316
Liabilities From Restricted Assets:		
Accounts payable	1,988,454	1,479,837
Accrued interest payable	2,137,780	2,353,650
Current maturities of long-term debt	6,681,201	7,198,785
Total Liabilities From Restricted Assets	10,807,435	11,032,272
Total Current Liabilities	14,604,785	13,917,588
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations (Note 5)	142,847,008	151,512,419
Total Liabilities	157,451,793	165,430,007
NET ASSETS		
Invested in capital assets, net of related debt	274,717,925	268,967,563
Restricted		
Debt service	58,919,775	54,573,698
Customer and Passenger Facility Charges	1,856,293	1,907,095
Unrestricted	15,945,544	14,765,036
Total Net Assets	\$ 351,439,537	\$ 340,213,392

See Notes to Financial Statements.



**Capital Region Airport Commission**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**June 30, 2012 and 2011**

	2012	2011
<b>OPERATING REVENUES</b>		
Parking	\$ 17,958,940	\$ 18,320,471
Landing fees	3,006,568	2,976,392
Concession	7,862,760	7,151,623
Rental	9,476,503	9,630,339
Apron fees	637,688	624,364
Other	181,102	164,693
<b>Total Operating Revenues</b>	<b>39,123,561</b>	<b>38,867,882</b>
<b>OPERATING EXPENSES</b>		
Personnel	9,484,227	9,172,984
Utilities	2,508,786	2,347,858
Professional services	1,383,593	1,657,927
Parking	3,052,205	3,018,853
Maintenance	1,464,051	1,538,976
Insurance	669,302	797,810
Supplies	806,312	685,967
Other	368,429	557,806
<b>Total Operating Expenses</b>	<b>19,736,905</b>	<b>19,778,181</b>
Operating Income Before Depreciation	19,386,656	19,089,701
<b>DEPRECIATION</b>		
Operating Loss	(1,222,497)	(554,474)
<b>NONOPERATING INCOME (EXPENSES)</b>		
Interest income	198,483	250,121
Interest expense	(5,192,971)	(5,579,985)
Passenger Facility Charges	6,571,385	6,829,466
Customer Facility Charges	1,715,582	1,510,583
Other, net	(668,940)	(861,366)
<b>Total Nonoperating Income (Expenses)</b>	<b>2,623,539</b>	<b>2,148,819</b>
Income Before Capital Grants and Contributions	1,401,042	1,594,345
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>		
	9,825,103	5,594,154
<b>CHANGE IN NET ASSETS</b>	<b>11,226,145</b>	<b>7,188,499</b>
<b>TOTAL NET ASSETS, BEGINNING</b>	<b>340,213,392</b>	<b>333,024,893</b>
<b>TOTAL NET ASSETS, ENDING</b>	<b>\$ 351,439,537</b>	<b>\$ 340,213,392</b>

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**STATEMENTS OF CASH FLOWS**  
**June 30, 2012 and 2011**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 37,633,434	\$ 38,802,845
Cash paid to employees	(7,097,494)	(6,900,091)
Cash paid to suppliers	(11,943,346)	(12,240,099)
Cash used in operating activities	(19,040,840)	(19,140,190)
Net cash provided by operating activities	18,592,594	19,662,655
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	1,712,952	9,354,374
Purchase of Investments	(1,780,147)	(5,202,242)
Interest income received	215,365	272,926
Net cash provided by investing activities	148,170	4,425,058
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payment of long-term debt	(9,407,705)	(6,891,322)
Payment of interest on long-term debt	(5,574,059)	(6,238,172)
Capital contributions received	7,472,975	3,304,097
Passenger Facility Charges collected	6,517,159	6,860,999
Customer Facility Charges collected	1,746,388	1,539,229
Additions to capital assets	(16,794,785)	(12,982,690)
Payments to other organizations	(407,576)	(367,975)
Net cash used in capital and related financing activities	(16,447,603)	(14,775,834)
Net increase in cash and cash equivalents	2,293,161	9,311,879
<b>CASH AND CASH EQUIVALENTS</b>		
Balances - beginning of year	72,268,195	62,956,316
Balances - end of year	\$ 74,561,356	\$ 72,268,195
<b>Current Assets</b>		
Current Assets	\$ 12,704,361	\$ 14,885,910
<b>Restricted Assets</b>		
Restricted Assets	61,856,996	57,382,285
	\$ 74,561,357	\$ 72,268,195
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>		
Operating loss	\$ (1,222,497)	\$ (554,474)
Adjustments to reconcile operating loss to net cash provided by operations		
Depreciation	20,609,153	19,644,175
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(1,490,128)	(65,037)
Decrease (increase) in other current assets	(215,968)	601,595
Increase (decrease) in trade accounts payable	883,554	(11,273)
Increase (decrease) in accrued expenses	28,480	47,669
Net cash provided by operating activities	\$ 18,592,594	\$ 19,662,655
<b>Supplemental Cash Flow Information</b>		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (128,564)	\$ (82,544)
Non-cash capital contributions	\$ 5,484,047	\$ 3,131,919
Capital assets included in accounts payable	\$ 957,536	\$ 856,010

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**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 are presented in the fund of a single enterprise fund which includes all business activities of the Richmond International Airport (the "Airport") which the Commission oversees. 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 deposit, 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, 2012 and 2011**

**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:

Category	Years
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. Expenses, 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, 2012 and 2011**

**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 2012 were \$1.7 million (2011 - \$1.5 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 2012 were \$6.6 million (2011 - \$6.8 million) and aggregate collections and interest thereon from inception through June 30, 2012 were \$94 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 \$698 thousand at June 30, 2012 and \$746 thousand at June 30, 2011. The net decrease for fiscal year 2012 amounted to \$48 thousand, represented by payments of \$777 thousand to vested employees and additional accrued vacation and sick leave of \$729 thousand. For fiscal year 2011, the net decrease amounted to \$35 thousand.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**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>2012</b>	<b>2011</b>
Petty cash	\$ 1,320	\$ 1,320
Deposits at financial institutions	18,592,234	21,728,480
Cash equivalents and investments	64,737,823	59,129,537
	<b>\$83,331,377</b>	<b>\$80,859,337</b>
Summary:		
Unrestricted assets	\$12,704,361	\$14,885,910
Restricted assets	70,627,016	65,973,427
	<b>\$83,331,377</b>	<b>\$80,859,337</b>

**Deposits**

At June 30, 2012, the carrying value of the Commission's deposits with banks was \$18,592,234 with corresponding bank balances of \$18,292,360. 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. Bank balances are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

The remainder of money markets and cash deposits maintained by trustees is \$55,810,033.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

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 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, 2012, 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	\$ 750,968	\$ -	\$ 750,968	BBB
Federal Home Loan Banks	3,428,459		\$ 3,428,459	AA+
Federal Farm Cr Bks Cons	3,460,593	-	\$ 3,460,593	AA+
US Bank Certificates of Deposit	1,130,000	-	\$ 1,130,000	A-1
Virginia State Non-Arbitrage Program	157,770	157,770	-	AA+
	<u>\$ 8,927,790</u>	<u>\$ 157,770</u>	<u>\$ 8,770,020</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, 2012, 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 4. CAPITAL ASSETS**

	Balance June 30, 2011	Additions	Reductions	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	29,613,417	16,624,148	-	(12,111,085)	34,126,480
	<u>82,477,599</u>	<u>16,624,148</u>	<u>-</u>	<u>(12,111,085)</u>	<u>86,990,662</u>
Other capital assets:					
Land improvements	13,525,353	48,708	-	-	13,574,061
Buildings	312,627,241	134,444	-	1,818,396	314,580,081
Paved facilities	204,411,782	-	-	9,019,137	213,430,919
Furniture and fixtures	4,901,490	80,420	-	-	4,981,910
Machinery and equipment	47,933,717	402,181	-	1,273,552	49,609,450
Total Other Capital Assets	<u>583,399,583</u>	<u>665,752</u>	<u>-</u>	<u>12,111,085</u>	<u>596,176,421</u>
Total Capital Assets	<u>665,877,182</u>	<u>17,289,900</u>	<u>-</u>	<u>-</u>	<u>683,167,083</u>
Accumulated depreciation:					
Land improvements	(8,268,819)	(538,789)	-	-	(8,807,608)
Buildings	(85,811,864)	(9,583,223)	-	-	(95,395,087)
Paved facilities	(115,375,811)	(7,941,713)	-	-	(123,317,524)
Furniture and fixtures	(2,530,426)	(387,445)	-	-	(2,917,871)
Machinery and equipment	(35,332,801)	(2,144,484)	-	-	(37,477,284)
Total Accumulated Depreciation	<u>(247,319,721)</u>	<u>(20,595,653)</u>	<u>-</u>	<u>-</u>	<u>(267,915,374)</u>
Capital Assets, Net	<u>\$ 418,557,461</u>	<u>\$ (3,305,753)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,251,709</u>

	Balance June 30, 2010	Additions	Reductions	Transfers	Balance June 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	4,901,490
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>



**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 5. LONG-TERM DEBT**

Long-term debt at June 30, 2012 and 2011 consists of:

	Balance 6/30/2011	Increase	Decrease	Balance 6/30/2012	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 34,961,710	\$ -	\$ (1,917,703)	\$ 33,044,007	\$ 2,026,201
Series 2004A (b)	7,920,000	-	(1,835,000)	6,085,000	1,930,000
Series 2005A Airport Refunding (c)	26,595,000	-	(465,000)	26,130,000	480,000
Series 2008A (d)	50,395,000	-	(945,000)	49,450,000	980,000
PFC Revenue Bonds:					
Series 2005A (e)	16,295,000	-	(670,000)	15,625,000	690,000
Series 2005B (f)	20,135,000	-	(555,000)	19,580,000	575,000
Car Rental Garage Revenue Bonds, Series 2000 (g)	5,400,000	-	(3,020,000)	2,380,000	-
Line of Credit (h)	-	-	-	-	-
	161,701,710	-	(9,407,703)	152,294,007	6,681,201
Add: Bond premium paid, net	1,031,046	-	(165,219)	865,827	-
Less: Debt issuance costs, net	(4,021,552)	-	389,927	(3,631,625)	-
Total Long-Term Debt	<u>\$ 158,711,204</u>	<u>\$ -</u>	<u>\$ (9,182,995)</u>	<u>\$ 149,528,209</u>	<u>\$ 6,681,201</u>

The aggregate amount of debt service on long-term debt following June 30, 2012 is as follows:

Year	Revenue		PFC		CFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 5,416,201	\$ 4,870,998	\$ 1,265,000	\$ 70,963	\$ -	\$ 166,600	\$ 6,681,201	\$ 5,108,561
2014	5,631,697	4,653,314	1,310,000	68,333	-	166,600	6,941,697	4,888,247
2015	5,854,312	4,417,511	1,360,000	65,609	1,150,000	126,350	8,364,312	4,609,470
2016	5,014,114	4,191,709	1,400,000	62,782	1,230,000	43,050	7,644,114	4,297,541
2017	5,251,174	3,980,306	1,455,000	59,870	-	-	6,706,174	4,040,176
2018-2022	29,826,058	16,498,684	8,035,000	251,921	-	-	37,861,058	16,750,605
2023-2027	28,135,451	9,969,259	9,490,000	162,510	-	-	37,625,451	10,131,769
2028-2032	10,270,000	6,161,250	7,410,000	66,240	-	-	17,680,000	6,227,490
2033-2037	13,105,000	3,253,625	3,480,000	12,150	-	-	16,585,000	3,265,775
2038-2039	6,205,000	314,126	-	-	-	-	6,205,000	314,126
	<u>\$ 114,709,007</u>	<u>\$ 58,310,782</u>	<u>\$ 35,205,000</u>	<u>\$ 820,378</u>	<u>\$ 2,380,000</u>	<u>\$ 502,600</u>	<u>\$ 152,294,007</u>	<u>\$ 59,633,760</u>

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**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.

In November 2010, the Commission approved a resolution for the interest rate reduction agreement of the 2001A and the 2001B Series Bonds issued through the Virginia Resources Authority (the "VRA"). The bonds were refinanced effective August 23, 2011. The 2001A Series Bonds bear interest at 3.11% and the 2001B Series Bonds bear interest at 3.28%. Total savings in interest over the remaining life of the bonds will be approximately \$2.8 million.

*(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

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 5. LONG-TERM DEBT (continued)**

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.

*(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

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 5. LONG-TERM DEBT (continued)**

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 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.

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 outstanding bonds were \$4.5 million. The Commission utilized available funds for this early redemption.

*(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, 2012 and June 30, 2011.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**Note 5. LONG-TERM DEBT (continued)**

*(i) Restricted Assets*

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

	2012	2011
Cost of issuance	\$ 343	\$ 343
Debt service	39,366,257	33,942,540
Equipment and capital outlay	21,734,383	20,372,729
Operation and maintenance	3,684,063	4,989,712
	<u>\$ 64,785,046</u>	<u>\$ 59,305,324</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, 2012 and June 30, 2011.

**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 \$2,009,467 (5.1%) and \$1,439,102 (3.7%) for the year ended June 30, 2012 and \$1,888,392 (4.9%) and \$1,415,761 (3.6%) for the year ended June 30, 2011.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012 and 2011**

**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, 2012:

Fiscal Year	Amount
2013	\$ 8,361,695
2014	7,973,102
2015	6,720,476
2016	1,107,384
2017	1,053,912
2018-2022	3,594,083
2023-2027	1,571,078
2028-2032	125,955
	\$ 30,507,685

The Commission had rental and concession income of \$17,339,263 and \$16,781,962 in 2012 and 2011, 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**  
**June 30, 2012 and 2011**

**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, 2012, the Commission contributed 12.9% of the annual covered payroll. The contribution rate for the year ended June 30, 2012 includes the Commission's share of 7.9% and the plan members' share of 5%. 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 included the Commission's share of 7.9% and the plan members' share of 5%.

**Annual Pension Cost**

For the year ended June 30, 2012, the Commission's annual pension cost of \$870,475 (2011 - \$856,039), including the plan members' share, was equal to its required and actual contribution. The required contribution rates for the years ended June 30, 2012 and 2011 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.

**Pension Plan Schedule of Employer Contributions (Unaudited)**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2012	\$870,475	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, 2011	\$ 21,564,780	\$ 26,549,741	\$ 4,984,961	81.22%	\$ 6,739,248	73.97%

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**  
**June 30, 2012 and 2011**

**Note 9. RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2012 and 2011, 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 \$17,000 for the year 2012. However, participants age 50 and older may defer a maximum of \$22,500. 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 for 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, 2012, the Commission had construction commitments of approximately \$15.4 million, of which approximately \$12.5 million will be paid from federal and state grants.

**Note 12. SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through October 31, 2012, in connection with the preparation of these financial statements, which is the date the consolidated financial statements were available to be issued.

\* \* \* \* \*



# REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION



**Capital Region Airport Commission**  
**VIRGINIA RETIREMENT SYSTEM FUNDING PROGRESS**  
**June 30, 2012 and 2011**

Cavanaugh MacDonald Consulting, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2011. 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, 2011	\$ 21,564,780	\$ 26,549,741	\$ 4,984,961	81.22%	\$ 6,739,248	73.97%
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

**Pension Plan Schedule of Employer Contributions (Unaudited)**

<b>For Plan Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2012	\$870,475	100%	None
June 30, 2011	856,039	100	None
June 30, 2010	758,722	100	None

# SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION



**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES**  
**Years Ended June 30, 2012 and 2011**

	2012	2011
Parking		
Terminal	\$ 13,931,741	\$ 14,256,654
Economy and shuttle	3,474,623	3,493,000
Valet	546,265	562,929
Parking meter and violations	6,311	7,888
	17,958,940	18,320,471
Landing Fees		
Major	1,869,314	1,794,678
Regional	634,334	665,959
Scheduled freighter	444,041	425,025
Other	58,879	90,730
	3,006,568	2,976,392
Concession		
Rental car	4,720,649	4,278,084
Food and beverage	864,407	854,284
Ground transportation fees	324,677	298,768
In-flight catering, etc.	7,667	4,648
Retail sales	1,004,368	843,069
Off-airport concession fees	92,729	72,117
Terminal advertising	706,895	670,802
Fuel flowage fees	137,305	126,370
Other	4,063	3,481
	7,862,760	7,151,623
Rental		
Airline terminal	6,564,739	6,648,840
Land	1,212,188	1,225,067
Other buildings	1,699,576	1,756,432
	9,476,503	9,630,339
Apron Fees	637,688	624,364
Other		
Utilities	77,351	54,387
Other	103,751	110,306
	181,102	164,693
	\$ 39,123,561	\$ 38,867,882

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES**  
**Years Ended June 30, 2012 and 2011**

	2012	2011
Personnel		
Salaries		
Regular	\$ 6,880,838	\$ 6,762,587
Overtime	245,136	185,173
Fringe benefits		
Payroll taxes	603,093	451,294
Group insurance, life and health	761,349	794,192
Retirement	870,475	856,039
Other	123,336	123,699
	<u>9,484,227</u>	<u>9,172,984</u>
Utilities		
Electricity	2,075,298	1,867,465
Heating fuel	72,630	112,617
Telephone	76,332	74,189
Water and sewer	284,526	293,587
	<u>2,508,786</u>	<u>2,347,858</u>
Professional Services		
Legal and accounting	381,510	360,133
Consulting services	502,028	363,358
Marketing and promotion	500,055	934,436
	<u>1,383,593</u>	<u>1,657,927</u>
Parking		
Terminal	1,686,623	1,721,893
Economy and shuttle	1,365,582	1,296,960
	<u>3,052,205</u>	<u>3,018,853</u>
Maintenance		
Building	336,885	415,596
Equipment	411,864	402,401
Other	715,302	720,979
	<u>1,464,051</u>	<u>1,538,976</u>
Insurance	669,302	797,810
Supplies	806,312	685,967
Other		
Conference and travel	52,141	44,807
Snow removal	226,645	231,479
Other	89,643	281,520
	<u>368,429</u>	<u>557,806</u>
	<u>\$ 19,736,905</u>	<u>\$ 19,778,181</u>

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2012**

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$ 14,205,000	\$ 13,931,741	\$ (273,259)
Economy and shuttle	3,536,000	3,474,623	(61,377)
Valet	547,000	546,265	(735)
Parking meter and violations	8,000	6,311	(1,689)
	18,296,000	17,958,940	(337,060)
Landing Fees			
Major	1,630,300	1,869,314	239,014
Regional	875,840	634,334	(241,506)
Scheduled freighter	429,828	444,041	14,213
Other	39,106	58,879	19,773
	2,975,074	3,006,568	31,494
Concession			
Rental car	4,164,900	4,720,649	555,749
Food and beverage	791,700	864,407	72,707
Ground transportation fees	288,300	324,677	36,377
In-flight catering, etc.	3,700	7,667	3,967
Retail sales	854,200	1,004,368	150,168
Off airport concession fees	74,100	92,729	18,629
Terminal advertising	700,000	706,895	6,895
Fuel flowage fees	118,200	137,305	19,105
Other	3,300	4,063	763
	6,998,400	7,862,760	864,360
Rental			
Airline terminal	6,466,898	6,564,739	97,841
Land	1,107,581	1,212,188	104,607
Other buildings	1,798,924	1,699,576	(99,348)
	9,373,403	9,476,503	103,100
Apron Fees	632,220	637,688	5,468
Other			
Utilities	56,500	77,351	20,851
Other	134,700	103,751	(30,949)
	191,200	181,102	(10,098)
	\$ 38,466,297	\$ 39,123,561	\$ 657,264

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2012**

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	\$ 7,059,528	\$ 6,880,838	\$ 178,690
Overtime	183,000	245,136	(62,136)
Fringe benefits			
Payroll taxes	521,684	603,093	(81,409)
Group insurance, life and health	735,863	761,349	(25,486)
Retirement	889,837	870,475	19,362
Other personnel expense	46,000	123,336	(77,336)
	9,435,912	9,484,227	(48,315)
Utilities			
Electricity	1,825,000	2,075,298	(250,298)
Heating fuel	153,000	72,630	80,370
Telephone	73,675	76,332	(2,657)
Water and sewer	335,000	284,526	50,474
	2,386,675	2,508,786	(122,111)
Professional Services			
Legal and accounting	330,000	381,510	(51,510)
Consulting services	420,000	502,028	(82,028)
Marketing and promotion	596,650	500,055	96,595
	1,346,650	1,383,593	(36,943)
Parking			
Terminal	1,780,000	1,686,623	93,377
Economy and shuttle	1,324,800	1,365,582	(40,782)
	3,104,800	3,052,205	52,595
Maintenance			
Building	492,500	336,885	155,615
Equipment	450,300	411,864	38,436
Other	797,250	715,302	81,948
	1,740,050	1,464,051	275,999
Insurance	777,000	669,302	107,698
Supplies	667,250	806,312	(139,062)
Other			
Conference and travel	48,900	52,141	(3,241)
Snow removal	125,000	89,643	35,357
Other	274,850	226,645	48,205
	448,750	368,429	80,321
	\$ 19,907,087	\$ 19,736,905	\$ 170,182

Capital Region Airport Commission  
 SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS  
 Year Ended June 30, 2012

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	\$ -	\$ 5,882,284	\$ 20,372,747	\$ 4,424,172	\$ 1,918,218	\$ 67,029	\$ 4,661,056
RECEIPTS							
Deposits from Commission	39,066,791	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-
Interest earned	-	-	16,821	-	30,000	-	1,277
	39,066,791	-	16,821	-	30,000	-	1,277
DISBURSEMENTS							
Disbursements to Commission	-	-	7,071,943	19,597,388	-	-	165,132
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	10,340,439	-	-	-	-	-
	-	10,340,439	7,071,943	19,597,388	-	-	165,132
TRANSFERS							
Transfer of interest earned to revenue account	24,040	-	-	(16,324)	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(39,090,831)	10,615,032	8,433,579	19,877,088	-	-	165,132
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(39,066,791)	10,615,032	8,433,579	19,860,764	(426)	-	165,132
ENDING BALANCE	\$ -	\$ 6,156,877	\$ 21,734,383	\$ 4,704,369	\$ 1,947,792	\$ 67,029	\$ 4,662,333



Capital Region Airport Commission  
 SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)  
 Year Ended June 30, 2012

	1995 Bonds		2005 Rev Bonds		2008 Rev Bonds		PFC Bonds	
	Debt Service Reserve	Debt Service Reserve	Debt Service Reserve	Debt Service Reserve	Construction Fund	Cost of Issuance	General Purpose Fund	
BEGINNING BALANCE	\$ 4,634	\$ 3,530,540	\$ 3,515,632	\$ -	\$ -	\$ 343	\$ 18,682,920	
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	6,646,100	-
Gain (loss) on sale of investments	-	-	(47,952)	-	-	-	-	-
Interest earned	-	72,462	72,563	-	-	-	1,785	-
	-	72,462	24,611	-	-	-	6,647,885	-
DISBURSEMENTS								
Disbursements to Commission	-	-	-	-	-	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	1,225,000	-
Interest payments on long-term debt	-	-	-	-	-	-	59,443	-
Disbursements to others	-	-	-	-	-	-	340	-
	-	-	-	-	-	-	1,284,783	-
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	-	(14,329)	(2,126)	-	-	-	-	-
	-	(14,329)	(2,126)	-	-	-	-	-
ENDING BALANCE	\$ 4,634	\$ 3,588,673	\$ 3,538,117	\$ -	\$ -	\$ 343	\$ 24,046,022	

Capital Region Airport Commission  
 SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)  
 Year Ended June 30, 2012

CFC Bonds

	Debt		Interest		Operating		Principal		Repair		General	
	Revenue Account	Service Reserve	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Total
BEGINNING BALANCE	\$ -	\$ 1,130,500	\$ 189,000	\$ 32,045	\$ 940,000	\$ 89,601	\$ 2,949,848	\$ 68,390,569				
<b>RECEIPTS</b>												
Deposits from Commission	-	-	-	-	-	-	-	-	-	-	-	39,066,791
Deposits from Commission-collections	1,849,900	-	-	-	-	-	-	-	-	-	-	8,496,000
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-	-	-	-	(47,952)
Interest earned	-	44,842	9	3	57	11	225	240,055				
	1,849,900	44,842	9	3	57	11	225	47,754,894				
<b>DISBURSEMENTS</b>												
Disbursements to Commission	-	-	-	158,231	-	-	-	-	-	-	-	27,002,433
Principal curtailment on long-term debt	-	-	-	-	3,030,400	-	-	-	-	-	-	4,255,400
Interest payments on long-term debt	-	-	326,496	-	-	9,740	-	-	-	-	-	385,939
Disbursements to others	-	-	-	-	-	-	-	10,340,779				
	-	-	326,496	158,231	3,030,400	9,740	-	41,984,550				
<b>TRANSFERS</b>												
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	-	-	-	-	7,716
Transfer of deposited revenue to designated accounts per resolution	(1,849,900)	(44,842)	239,391	155,630	2,822,843	22,304	(1,345,426)	-				
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	(16,881)				
	(1,849,900)	(44,842)	239,391	155,630	2,822,843	22,304	(1,345,426)	(9,165)				
ENDING BALANCE	\$ -	\$ 1,130,500	\$ 101,904	\$ 29,448	\$ 732,500	\$ 102,176	\$ 1,604,647	\$ 74,151,748				

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 \$64,785,046 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, 2012**

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
<b>2004 Bonds</b>			
Bond account - debt service	Money market fund	0.0%	\$ 6,156,877
Equipment and capital outlay	Money market fund	0.0	21,734,383
Operation and maintenance account	Cash deposits	0.6	4,704,369
Operation and maintenance reserve	Money market fund	0.0	1,193,747
Operation and maintenance reserve	Municipal obligation	4.0	750,968
Subordinated indebtedness	Money market fund	0.0	67,029
Surplus, issuer discretionary	Cash deposits	0.6	4,662,333
			<u>39,269,707</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	157,770
Debt service reserve	Federal obligations	2.1	3,421,012
			<u>3,578,782</u>
<b>2008 Bonds</b>			
Debt service reserve	Money market fund	0.0	35,822
Debt service reserve	Federal obligations	1.9	3,468,040
Cost of issue	Money market fund	0.0	343
			<u>3,504,205</u>
<b>PFC Bonds</b>			
General purpose fund	Money market fund	0.1	24,046,022
			<u>24,046,022</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	101,904
Operating fund	Money market fund	0.0	29,448
Principal fund	Money market fund	0.0	732,500
Repair fund	Money market fund	0.0	102,176
General purpose fund	Money market fund	0.0	1,604,647
			<u>3,701,176</u>
			<u>\$ 74,104,526</u>

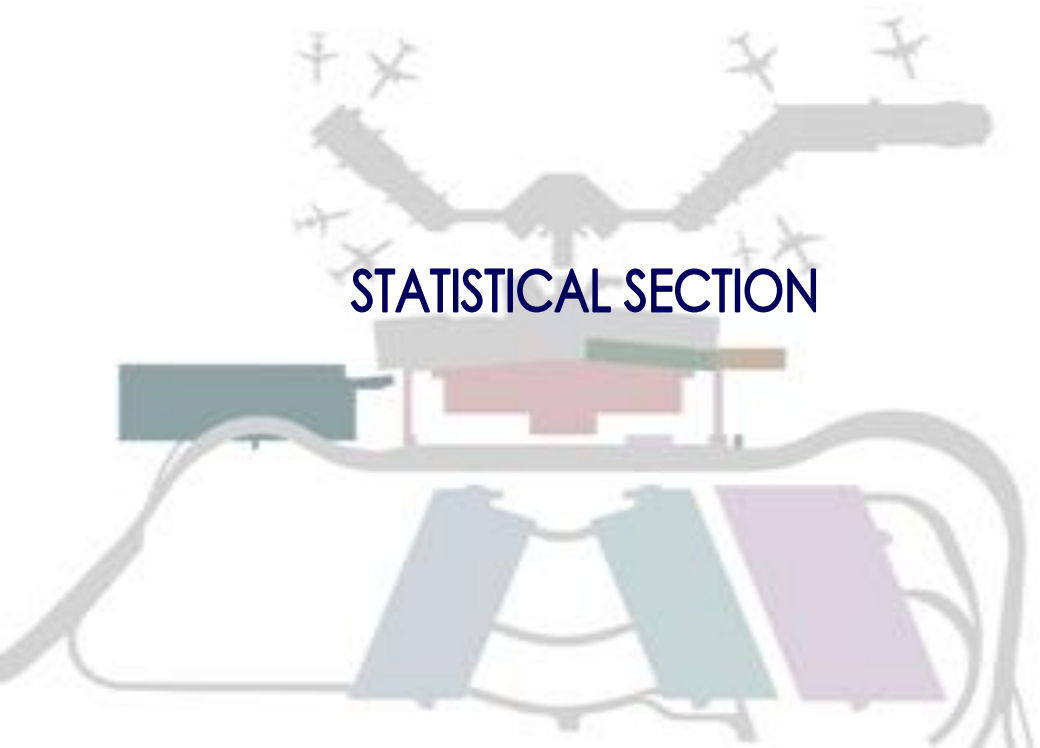
Summary of cash, cash equivalents and investments created by bond resolution are included in the statements of net assets as follows:

Current assets:	
Cash and cash equivalents	\$ 9,366,703
Restricted assets:	
Cash and cash equivalents	55,967,803
Investments	8,770,020
	<u>\$ 74,104,526</u>

Note: Includes fair market value adjustment of \$47,223.



Now you're going places.



# **STATISTICAL SECTION**



Now you're going places.

**Capital Region Airport Commission  
Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>→ Financial Trends</b> <i>These schedules include information for an understanding of the Airport's financial position.</i>	
Net Assets and Changes in Net Assets.....	41
<b>→ Revenue Capacity</b> <i>These schedules contain information to help the reader understand the significant revenue trends for the Airport.</i>	
Principal Revenue Sources and Revenues per Enplaned Passenger .....	42
Largest Own-Source Revenue .....	43
Largest Own-Source Revenue Rates.....	43
Revenue Rates.....	44
<b>→ Debt Capacity</b> <i>These schedules present information to help the reader understand the Airport's current level of debt.</i>	
Revenue Bond Coverage .....	44
Outstanding Debt .....	45
<b>→ Demographic and Economic Information</b> <i>These schedules offer indicators to help the reader understand the environment in which financial activities take place.</i>	
Major Customers.....	46
Enplanement Trends .....	46
Enplaned Passengers .....	47
Airline Market Shares .....	48
Primary Origin and Destinations Passenger Markets .....	50
Population in the Air Trade Area .....	51
Personal Income.....	51
Per Capita Income .....	52
Principal Employers in the Primary Air Trade Area .....	52
Employment Data .....	53
Commission Employees .....	54
Cargo Carrier .....	55
Takeoff and Landing Operations Summary .....	55
Insurance Coverage .....	56
Capital Asset Information .....	57

**Capital Region Airport Commission**  
**NET ASSETS AND CHANGES IN NET ASSETS**  
**Ten Years Ended June 30, 2012**  
**(dollars in thousands)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Operating revenues</b>										
Apron fees	\$ 638	\$ 624	\$ 509	\$ 755	\$ 674	\$ 585	\$ 609	\$ 679	\$ 696	\$ 704
Concession	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,249	5,821
Landing fees	3,007	2,976	2,837	3,332	3,496	3,333	3,400	3,212	3,107	3,274
Other	181	166	177	211	253	250	173	157	334	235
Parking	17,959	18,320	17,993	17,989	19,892	16,956	15,034	12,760	11,506	11,011
Rental	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109	7,595
<b>Total operating revenues</b>	<b>39,124</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>Nonoperating income</b>										
Customer Facility Charges	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814	1,442
Interest income	198	250	338	1,152	2,608	3,330	3,052	1,538	684	912
Passenger Facility Charges	6,571	6,829	6,949	6,929	7,328	7,549	6,546	4,247	3,279	3,100
<b>Total nonoperating revenues</b>	<b>8,485</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>Total Revenues</b>	<b>47,609</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>Operating expenses</b>										
Depreciation	20,609	19,644	18,492	17,151	16,364	15,802	14,344	13,706	11,828	10,227
Insurance	669	798	810	664	625	738	678	604	606	504
Maintenance	1,464	1,539	1,864	1,424	1,928	1,672	1,400	1,373	1,350	1,235
Other	369	558	545	394	516	468	638	615	575	704
Parking	3,052	3,019	2,834	3,070	2,896	2,366	2,344	2,149	1,922	1,912
Personnel	9,484	9,173	9,380	10,121	10,343	9,419	8,490	7,681	7,036	6,930
Professional services	1,384	1,658	1,001	1,207	1,544	1,407	1,381	1,583	1,578	1,529
Supplies	806	686	597	685	800	730	678	618	415	478
Utilities	2,509	2,348	2,081	2,555	2,361	2,191	1,974	1,719	1,774	1,678
<b>Total operating expenses</b>	<b>40,346</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>Nonoperating expenses</b>										
Interest expense	5,193	5,580	3,793	5,555	5,666	6,177	6,022	5,743	5,885	4,534
Other, net	669	861	786	1,075	666	810	794	519	608	330
<b>Total nonoperating expenses</b>	<b>5,862</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>Total Expenses</b>	<b>46,208</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>
Capital grants and contributions	9,825	5,594	5,879	12,481	23,860	8,895	15,471	6,658	8,481	14,761
Special item-transfer to governmental agency	-	-	-	-	-	-	-	-	(12,731)	-
<b>Increase (decrease) in Net Assets</b>	<b>\$ 11,226</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>Net Assets at Year-End</b>										
Invested in capital assets, net of related debt	\$ 274,718	\$ 268,968	\$ 274,025	\$ 271,544	\$ 241,895	\$ 222,570	\$ 209,638	\$ 172,289	\$ 171,847	\$ 181,046
Restricted	60,776	56,480	41,370	31,247	39,742	34,568	27,394	42,511	36,781	27,544
Unrestricted	15,945	14,765	17,630	19,871	23,428	13,954	16,486	15,818	11,525	13,611
<b>Total Net Assets</b>	<b>\$ 351,439</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>



**Capital Region Airport Commission**  
**PRINCIPAL REVENUE SOURCES AND REVENUES**  
**Ten Years Ended June 30, 2012**  
**(dollars in thousands)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Airline revenues										
Landing fees	\$ 3,007	\$ 2,976	\$ 2,837	\$ 3,332	\$ 3,496	\$ 3,333	\$ 3,400	\$ 3,212	\$ 3,107	\$ 3,274
Apron fees	638	624	509	755	674	585	609	679	697	704
Total airline revenues	3,645	3,600	3,346	4,087	4,172	3,918	4,009	3,891	3,804	3,978
Percentage of total revenues	7.7%	7.6%	7.1%	8.4%	7.8%	7.8%	8.7%	9.7%	10.6%	11.7%
Nonairline revenues										
Parking	17,959	18,320	17,993	17,989	19,891	16,956	15,034	12,760	11,506	11,011
Rental	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109	7,595
Concession	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,285	5,821
Other	181	166	178	211	253	250	172	157	334	235
Total nonairline revenues	35,479	35,268	34,654	35,357	37,971	33,816	30,503	28,347	26,234	24,662
Percentage of total revenues	74.5%	74.3%	74.3%	72.1%	70.5%	67.0%	66.1%	70.7%	73.2%	72.3%
Nonoperating revenues										
Passenger Facility Charges	6,571	6,829	6,949	6,929	7,327	7,549	6,546	4,247	3,279	3,100
Customer Facility Charges	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814	1,442
Interest Income	198	250	338	1,152	2,608	3,330	3,052	1,538	684	912
Total nonoperating revenues	8,485	8,590	8,667	9,573	11,679	12,725	11,659	7,879	5,777	5,454
Percentage of total revenues	17.8%	18.1%	18.6%	19.5%	21.7%	25.2%	25.3%	19.6%	16.1%	16.0%
Total revenues	\$ 47,609	\$ 47,458	\$ 46,667	\$ 49,017	\$ 53,822	\$ 50,459	\$ 46,171	\$ 40,117	\$ 35,815	\$ 34,094
Enplaned passengers (excluding charters)	1,595,180	1,640,642	1,640,314	1,675,186	1,813,158	1,734,523	1,554,675	1,321,863	1,213,571	1,187,509
Total revenue per enplaned passengers	\$ 29.85	\$ 28.93	\$ 28.45	\$ 29.26	\$ 29.69	\$ 29.02	\$ 29.71	\$ 30.35	\$ 29.53	\$ 28.72

**Capital Region Airport Commission  
LARGEST OWN-SOURCE REVENUE  
Ten Years Ended June 30, 2012**

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Parking:											
Terminal	\$ 13,931,741	\$ 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	
Economy and shuttle	3,474,623	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	
Valet	546,265	562,929	572,419	611,691	688,525	776,112	691,069	563,733	488,905	437,182	
Parking meter and violations	6,311	7,888	4,425	1,358	8,408	8,114	7,537	9,547	19,805	17,890	
	<b>\$ 17,958,940</b>	<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>	

**LARGEST OWN-SOURCE REVENUE RATES  
Ten Years Ended June 30, 2012**

	Fiscal Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Lot:	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	Maximum	
	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 \$ 12	\$ 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	
Economy A	2 7	2 6	2 6	2 6	1 6	1 6	1 6	1 7	1 7	1 7	
Economy B	2 7	2 6	2 6	2 6	1 6	1 6	1 6	1 7	1 7	1 7	
Economy C	2 7	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 15	6 16	

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, 2012**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Apron fees	\$1.21	\$1.21	\$1.21	\$1.34	\$1.31	\$1.34	\$1.34	\$1.49	\$1.51	\$1.49
Landing Fees (per 1,000 lbs unit)	1.24	1.19	1.22	1.25	1.24	1.20	1.16	1.21	1.21	1.21
Terminal Rental (square foot)	34.19	34.17	33.50	34.93	43.01	40.95	40.66	41.52	41.04	39.35

**REVENUE BOND COVERAGE**  
**Ten Years Ended June 30, 2012**

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2012	\$38,501,617	\$18,978,548	\$19,523,070	\$10,393,706	\$14,400,706	1.88	1.36
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

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, 2012**  
**(dollars in thousands)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Airport Revenue Bonds:										
Series 1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105	\$ 19,505
Series 1995 A,B&C	-	-	-	-	15,880	15,880	15,880	16,405	46,295	46,570
Series 2001 A&B	33,044	34,962	36,673	38,308	39,874	41,373	42,806	44,180	45,492	40,825
Series 2004 A	6,085	7,920	9,670	11,335	12,935	14,475	15,955	17,380	17,380	-
Series 2005A	26,130	26,595	27,045	27,485	27,910	28,325	28,725	28,725	-	-
Series 2008A	49,450	50,395	51,310	51,310	51,310	-	-	-	-	-
PFC Revenue Bonds:										
Series 1999 A	-	-	-	-	-	-	-	-	3,260	-
Series 1999 B	-	-	-	-	-	-	-	-	17,000	-
Series 2005 A	15,625	16,295	16,940	21,570	26,175	26,765	27,335	27,885	-	3,640
Series 2005 B	19,580	20,135	20,675	21,200	21,705	22,190	22,660	23,115	-	17,000
Car Rental Garage Revenue Bond	2,380	5,400	6,280	7,100	7,870	8,595	9,275	9,910	10,510	11,075
The Warehouse Company Note	-	-	-	-	1,493	1,691	1,874	2,043	2,197	2,331
Line of Credit	-	-	-	1,185	-	1,450	-	-	1,119	-
	152,294	161,702	168,593	179,493	205,152	160,744	164,510	169,643	144,358	140,946
Add: Bond premium, net	866	1,031	1,218	1,424	1,650	1,891	2,147	2,393	1,081	-
Less: Debt issuance costs, net	(3,632)	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)	(4,433)	(4,666)	(3,147)	(2,325)
Total Long Term Debt	\$ 149,528	\$ 158,711	\$ 165,378	\$ 176,054	\$ 201,237	\$ 158,603	\$ 162,224	\$ 167,370	\$ 142,292	\$ 138,621
Enplaned passengers (excluding charters)	1,595	1,641	1,640	1,675	1,813	1,735	1,555	1,322	1,214	1,188
Total Long Term Debt per enplaned passenger	\$93.75	\$96.72	\$100.84	\$105.11	\$111.00	\$91.41	\$104.32	\$126.60	\$117.21	\$116.68

**Capital Region Airport Commission**  
**MAJOR CUSTOMERS**  
**Year Ended June 30, 2012**

Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 2,009,467	5.1%
US Airways, Inc	1,439,102	3.7
Hertz Corporation, Inc.	1,408,617	3.6
Federal Bureau of Investigations (FBI)	1,038,861	2.7
National / Alamo Rent A Car, Inc.	1,009,799	2.6

**ENPLANEMENT TRENDS**  
**RICHMOND, SMALL HUBS, UNITED STATES**  
**Ten Years Ended June 30, 2012**

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2012	(2.6%)	N/A	N/A
2011	0.1	N/A	1.3%
2010	(2.5)	(4.8%)	1.9
2009	(7.5)	0.1	(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

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, 2012**

	Share of		Share of									
	2012	Total 2012	2011	Total 2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Majors:</b>												
AirTran Airways	151,031	9.4%	147,825	9.0%	152,852	170,372	172,770	147,658	137,411	2,960	-	-
American Airlines	118,303	7.4	121,523	7.4	113,082	104,165	116,805	115,244	106,789	87,196	105,235	129,884
Continental Airlines	79,032	4.9	124,349	7.6	123,513	119,820	129,014	132,724	113,434	100,856	95,311	80,119
Delta Airlines	324,690	20.3	310,789	19.0	270,066	232,326	240,723	227,925	221,489	243,800	229,351	254,184
JetBlue Airways	116,545	7.3	129,566	7.9	160,784	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
SkyBus Airlines	-	-	-	-	-	-	29,793	4,473	-	-	-	-
United Airlines	32,079	2.0	38,844	2.4	47,922	52,430	56,980	59,898	60,870	55,035	59,163	76,420
US Airways	95,599	6.0	88,912	5.4	103,443	122,451	137,069	122,747	145,018	180,443	191,477	223,145
<b>Total Major</b>	<b>917,279</b>	<b>57.3</b>	<b>961,808</b>	<b>58.5</b>	<b>971,769</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>Regionals:</b>												
Air Canada	6,157	0.4	6,731	0.4	6,564	6,903	1,821	-	-	-	-	3,211
Air Wisconsin	144,638	9.0	152,087	9.2	113,190	76,002	86,360	64,525	43,229	18,091	50,836	8,728
American Eagle	79,021	4.9	84,255	5.1	64,187	45,026	61,952	63,103	70,709	82,715	55,974	46,228
Atlantic Coast	-	-	-	-	-	-	-	-	-	3,509	27,519	44,594
Atlantic Coast Jet	-	-	-	-	-	-	-	-	-	-	-	5,622
Atlantic Southeast	934	0.1	863	0.1	21,211	33,967	41,706	31,358	36,185	11,607	-	-
Chautauqua	35,495	2.2	35,387	2.2	71,793	71,237	70,858	134,892	106,948	84,362	62,137	85,443
ComAir/Delta Connection	24,032	1.5	52,216	3.2	53,106	58,263	85,373	102,462	99,709	72,469	66,278	49,223
CommAir	-	-	-	-	-	-	-	-	-	-	-	10,585
Compass	7,215	0.5	22,176	1.3	7,229	-	-	-	-	-	-	-
Express Jet	121,025	7.6	20,233	1.2	-	-	-	-	-	-	-	-
GoJet	29,123	1.8	27,863	1.7	23,957	13,599	12,391	2,229	-	-	-	-
Mesa	54,432	3.4	45,278	2.7	27,893	54,807	76,854	78,014	56,606	38,820	24,053	6,274
Mesaba	7,514	0.5	6,374	0.4	20,397	-	-	-	-	-	-	-
Piedmont	6,652	0.4	9,994	0.6	18,063	21,057	21,695	12,930	5,603	5,851	14,648	26,243
Pinnacle	81,623	5.1	47,595	2.9	30,123	12,364	72,249	54,659	71,560	67,382	46,356	7,146
PSA	23,556	1.5	34,118	2.1	31,725	30,449	41,579	57,499	34,578	25,707	11,281	64,401
Republic	26,983	1.7	53,192	3.2	84,493	84,651	47,366	2,516	347	-	-	-
Shuttle America	62	-	2,418	0.1	19	14,666	-	-	521	4,803	-	-
SkyWest	653	-	-	-	-	-	-	-	1,070	-	-	-
Trans States	28,786	1.8	78,054	4.8	94,595	128,306	151,260	162,134	191,465	193,070	124,345	-
USA 3000	-	-	-	-	-	-	-	-	-	3,762	5,055	8,509
US Airways Express	-	-	-	-	-	-	-	-	-	-	8,678	16,665
<b>Total Regionals</b>	<b>677,901</b>	<b>42.3</b>	<b>678,834</b>	<b>41.3</b>	<b>668,545</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>Charters</b>	<b>6,136</b>	<b>0.4</b>	<b>3,820</b>	<b>0.2</b>	<b>3,466</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>Totals</b>	<b>1,601,316</b>	<b>100.0%</b>	<b>1,644,462</b>	<b>100.0%</b>	<b>1,643,780</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>

**Capital Region Airport Commission  
AIRLINE MARKET SHARES  
Ten Years Ended June 30, 2012  
Landed Weight (1,000 Pound Units)**

	Share of									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
<b>Major Airlines</b>										
AirTran Airways	184,792	172,888	183,712	240,928	212,656	196,632	220,792	4,992	-	-
American Airlines	135,298	137,264	134,180	134,590	135,370	132,614	133,808	128,589	175,943	235,775
Continental Airlines	1,667	1,447	89,000	146,750	152,133	156,277	154,396	153,118	146,851	138,855
Delta Airlines	405,770	380,426	319,496	286,572	287,074	274,715	296,066	339,027	329,080	396,205
JetBlue Airways	136,127	158,826	208,769	224,064	203,415	204,773	51,606	-	-	-
Northwest Airlines*	-	-	961	374	13,896	33,601	27,917	69,772	75,358	120,177
SkyBus Airlines	-	-	-	-	41,749	7,027	-	-	-	-
United Airlines	48,130	68,335	76,006	78,635	82,037	81,216	84,523	86,915	93,352	138,652
US Airways	143,046	134,919	155,556	182,515	211,407	206,784	310,410	379,899	367,808	440,347
<b>Total Major Airlines</b>	1,054,830	1,054,105	1,167,680	1,294,428	1,339,737	1,293,639	1,279,518	1,162,312	1,188,392	1,470,011
<b>Regional Airlines</b>										
Air Canada	9,562	9,982	17,687	18,417	3,390	-	-	-	-	5,115
Air Wisconsin	197,400	196,413	135,266	96,068	103,447	83,284	60,160	20,949	62,889	9,588
Allegiant Airlines	2,503	4,082	3,835	4,408	1,477	837	837	-	-	-
American Eagle	83,748	91,333	67,051	52,730	68,586	72,455	88,973	115,106	85,644	80,444
Atlantic Coast	-	-	-	-	-	-	-	4,227	35,197	58,249
Atlantic Southeast	1,513	1,798	25,145	36,206	48,942	36,961	39,331	12,126	-	-
Bahamair	1,872	-	-	-	-	-	-	-	-	-
Chautauqua	43,783	43,104	81,915	88,856	88,531	171,207	140,818	115,227	88,528	153,061
Colgan Air	-	-	-	12,214	1,178	-	-	-	-	-
Com Air/Delta Connection	29,061	65,644	69,560	89,059	113,686	149,103	143	119,709	127,276	88,548
Compass Airlines	-	33,412	8,539	17,465	2,024	-	-	-	-	-
Express Jet	235,324	166,404	58,114	-	-	-	-	-	-	-
Freedom Airlines	-	3,783	15,045	51,085	52,530	39,653	34	-	-	-
GoJet Airlines	39,463	35,376	37,185	25,058	24,522	9,246	-	-	-	-
Mesa Airlines	60,772	43,112	12,856	17,736	39,291	43,071	37,777	54,708	35,824	14,916
Mesaba Airlines	9,008	9,750	21,853	32,636	-	-	-	-	-	-
Piedmont	9,144	12,551	23,402	26,689	26,074	15,505	6,806	8,308	26,075	5,724
Pinnacle Airlines	111,078	63,867	36,720	45,043	79,375	65,471	94,047	108,429	70,688	37,647
PSA	26,119	37,372	34,304	35,857	48,724	64,926	48,097	41,372	18,688	9,596
Republic Airlines	33,453	63,270	104,077	111,722	64,787	3,543	1,229	-	-	-
Shuttle America	220	3,962	217	17,944	-	-	898	28,179	-	-
SkyWest Airlines	913	-	-	1,717	-	-	1,316	-	-	-
Trans States	45,259	86,794	99,905	151,075	187,356	210,528	297,240	291,520	196,199	119,256
USA 3000	-	-	-	-	-	-	-	6,683	-	-
US Airways Express	-	-	-	-	-	-	-	-	8,678	16,665
Vision Airlines	932	0.1	-	-	-	-	-	-	-	-
<b>Total Regional Airlines</b>	941,127	972,009	852,676	931,985	953,920	965,790	817,706	926,543	755,686	598,809
<b>Total Airline Weight</b>	1,995,957	2,026,114	2,020,356	2,226,413	2,293,657	2,259,429	2,097,224	2,088,855	1,944,078	2,068,820

**Capital Region Airport Commission  
 AIRLINE MARKET SHARES-CARGO  
 Ten Years Ended June 30, 2012  
 Landed Weight (1,000 Pound Units)**

	2012	Share of Total 2012	2011	Share of Total 2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Cargo Carriers</b>												
Airborne Express	-	-	-	-	6,745,200	25,806,200	25,763,000	25,891,700	48,669,200	51,796,600	51,697,100	
AirNet Systems	2,995,000	0.8%	4,589,800	1.3%	4,675,800	7,299,100	8,868,800	10,105,604	11,227,336	10,183,552	9,253,672	
Airtrain/Emery Worldwide	-	-	-	-	-	-	-	-	-	-	-	
Ameriflight	806,000	0.2	803,600	0.2	756,600	67,088	82,588	-	4,004,000	2,349,000	155,000	
DHL Express	-	-	-	-	10,498,000	-	-	-	-	-	-	
Federal Express	175,671,800	49.1	174,001,400	48.7	144,392,100	182,858,050	183,266,200	185,593,950	183,839,450	185,484,450	181,046,100	
Mountain Air Cargo	17,000	-	125,480	0.1	187,140	59,500	8,500	8,500	42,500	25,500	126,000	
UPS	178,608,000	49.9	177,643,760	49.7	160,848,720	166,685,040	173,015,360	171,104,680	165,935,000	165,813,500	162,638,500	
<b>Total Cargo Weight</b>	<b>358,097,800</b>	<b>100.0%</b>	<b>357,164,040</b>	<b>100.0%</b>	<b>310,860,360</b>	<b>362,729,720</b>	<b>389,105,298</b>	<b>392,704,434</b>	<b>413,717,486</b>	<b>415,652,602</b>	<b>404,916,372</b>	
<b>Total Landed Weight</b>	<b>360,093,757</b>		<b>359,190,153</b>		<b>312,880,716</b>	<b>365,330,240</b>	<b>391,398,955</b>	<b>394,801,658</b>	<b>415,806,341</b>	<b>417,596,680</b>	<b>406,985,192</b>	



**Capital Region Airport Commission**  
**PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS**  
**Calendar Years 2010 and 2011**

2011				2010			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Atlanta	SH	237,850	1	New York/Newark	SH	300,580
2	New York/Newark	SH	197,020	2	Atlanta	SH	236,050
3	Boston	SH	168,210	3	Boston	SH	162,570
4	Orlando	MH	148,960	4	Orlando	MH	160,650
5	Chicago	MH	130,370	5	Chicago	MH	136,260
6	Dallas/Fort Worth	MH	110,880	6	Dallas/Fort Worth	MH	118,790
7	Fort Lauderdale	MH	86,630	7	Fort Lauderdale	MH	84,920
8	Los Angeles	LH	73,650	8	Los Angeles	LH	74,010
9	Las Vegas	LH	69,920	9	Las Vegas	LH	72,670
10	Denver	MH	61,550	10	Denver	MH	61,470
11	San Francisco	LH	60,550	11	San Francisco	LH	57,770
12	Houston	MH	54,700	12	Houston	MH	56,830
13	Minneapolis/St Paul	MH	51,730	13	Tampa	MH	48,770
14	Tampa	MH	50,200	14	Phoenix	LH	47,910
15	Phoenix	LH	48,710	15	Minneapolis/St Paul	MH	43,940
16	Detroit	SH	44,700	16	Seattle/Tacoma	LH	43,740
17	San Diego	LH	42,770	17	San Diego	LH	43,570
18	Seattle/Tacoma	LH	40,370	18	Detroit	SH	41,870
19	Charlotte	SH	40,000	19	St Louis	MH	39,220
20	New Orleans	MH	36,560	20	New Orleans	MH	37,840
21	St Louis	MH	36,390	21	Nashville	SH	35,240
22	San Antonio	MH	34,850	22	Charlotte	SH	33,720
23	Nashville	SH	33,580	23	San Antonio	MH	31,990
24	Miami	MH	31,470	24	Philadelphia/Com	SH	31,330
25	Jacksonville	SH	28,660	25	Miami	MH	30,980
Total			1,920,280	Total			2,032,690

**Capital Region Airport Commission  
POPULATION IN THE AIR TRADE AREA  
Calendar Years 2008-2011**

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2011	2010	2009	2008	2010-2011	2009-2010	2008-2009
	United States	311,591,917	308,745,538	307,006,550	304,059,724	0.9	0.6
Virginia total	8,096,604	8,001,024	7,882,590	7,769,089	1.2	1.5	1.5
Richmond MSA*	1,271,101	1,258,251	1,238,187	1,225,626	1.0	1.6	1.0
Richmond-Petersburg MSA	1,150,614	1,138,844	1,119,459	1,107,782	1.0	1.7	1.1
Richmond City	206,238	204,214	204,451	202,002	1.0	(0.1)	1.2
Henrico County	310,742	306,935	296,415	292,599	1.2	3.5	1.3
Chesterfield County	319,641	316,236	306,670	303,469	1.1	3.1	1.1
Hanover County	100,704	99,863	99,933	99,716	0.8	(0.1)	0.2
Petersburg City	32,948	32,420	32,986	32,916	1.6	(1.7)	0.2
Hopewell City	22,779	22,591	23,123	23,142	0.8	(2.3)	(0.1)
Colonial Heights City	17,556	17,411	17,823	17,768	0.8	(2.3)	0.3
Charles City County	7,290	7,256	7,217	7,212	0.5	0.5	0.1
Dinwiddie County	28,018	28,001	26,338	26,082	0.1	6.3	1.0
Goochland County	21,753	21,717	21,311	20,956	0.2	1.9	1.7
New Kent County	18,827	18,429	18,112	17,825	2.2	1.8	1.6
Powhatan County	28,290	28,046	27,964	28,006	0.9	0.3	(0.1)
Prince George County	35,828	35,725	37,116	36,089	0.3	(3.7)	2.8
Amelia County	12,841	12,690	12,886	12,808	1.2	(1.5)	0.6
Caroline County	28,826	28,545	27,870	27,632	1.0	2.4	0.9
Cumberland County	10,100	10,052	9,757	9,670	0.5	3.0	0.9
King & Queen County	7,049	6,945	6,796	6,830	1.5	2.2	(0.5)
King William County	16,159	15,935	16,225	16,040	1.4	(1.8)	1.2
Louisa County	33,456	33,153	33,078	32,716	0.9	0.2	1.1
Sussex County	12,056	12,087	12,116	12,148	(0.3)	(0.2)	(0.3)

Source: Estimates by Census Bureau, April 2012

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

**PERSONAL INCOME  
Calendar Years 2006-2010**

Millions of Dollars	2010	2009	2008	2007	2006
United States	\$12,353,577	\$12,168,161	\$12,225,589	\$11,634,322	\$10,978,053
Virginia	355,193	347,284	343,580	321,245	306,918
Richmond-Petersburg MSA	52,004	50,966	51,918	48,790	46,457
Annual growth rate	3.0%	(2.0%)	2.3%	5.0%	7.0%

Note: 2010 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 25, 2012

**Capital Region Airport Commission**  
**PER CAPITA INCOME**  
**Calendar Years 2006-2010**

	2010	2009	2008	2007	2006
United States	\$39,937	\$39,635	\$40,166	\$38,615	\$36,794
Virginia	44,267	44,057	44,075	41,727	40,234
Richmond-Petersburg MSA*	41,260	41,161	42,309	40,286	38,913
Percent of national average	103.3%	103.9%	105.3%	104.3%	105.8%

Note: 2010 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 25, 2012

**PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA**  
**Calendar Year 2012**

Major Private Employers	City/County	Full-Time Employees	Percentage of 50		Product or Service
			Total Employers		
Capital One Financial Corp.	Goochland	9,995	9.9%		Credit Cards
Virginia Commonwealth University Health System	Richmond	7,935	7.8		Hospitals
HCA Virginia Health System	Richmond	7,236	7.2		Hospitals
Bon Secours Richmond Health System	Richmond	5,991	5.9		Hospitals
Walmart	Richmond	5,462	5.4		Retail
Dominion Resources Inc.	Richmond	5,378	5.3		Energy
Altria Group Inc.	Henrico	4,110	4.1		Tobacco
SunTrust Banks Inc.	Richmond	4,100	4.1		Banking
DuPont	Richmond	3,084	3.1		Chemicals
Wells Fargo and Co.	Richmond	2,851	2.8		Banking
WellPoint Inc.	Richmond	2,801	2.8		Health Care
Bank of America	Richmond	2,700	2.7		Banking

Note: This table lists the top twelve private employers in the Richmond region. (As of January 1, 2012)

Source: Richmond Times-Dispatch, April 2012

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

Major Public Employers	Average Number of Employees
Local Governments	57,300
Commonwealth of Virginia	39,800
Federal Government	16,400

Source: Virginia Employment Commission, Current Employment Statistics Program, 2011 Annual Averages

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

	Annual Average		Percent Change	Percent Total	
	2011	2001	From 2001	2011	2001
Richmond-Petersburg MSA					
Total Employment	609,500	588,900	3.5%	100.0%	100.0%
By Industry:					
Government	113,600	109,000	4.2	18.6	18.5
Wholesale and retail trade	92,400	91,300	9.8	15.2	15.5
Manufacturing	31,700	54,300	(41.6)	5.2	9.2
Financial activities	44,100	47,000	(6.2)	7.2	8.0
Construction and mining	32,400	40,600	(20.2)	5.3	6.9
Transportation and utilities	20,200	20,900	(3.3)	3.3	3.5
Information	9,000	12,600	(28.6)	1.5	2.1
Professional and business services	97,300	89,700	8.5	16.0	15.2
Educational and health services	85,000	53,900	57.7	13.9	9.2
Leisure and hospitality services	53,900	45,300	19.0	8.8	7.7
Other services	29,900	24,400	22.5	4.9	4.1

Source: Virginia Employment Commission, Current Employment Statistics Program

**UNEMPLOYMENT RATES  
Calendar Years 2007-2011**

	2011	2010	2009	2008	2007
United States	8.9%	9.8%	9.3%	5.8%	4.6%
Virginia	6.2	6.9	6.7	4.0	3.0
Richmond-Petersburg MSA*	6.9	7.7	7.5	4.3	3.1

Sources: Virginia Employment Commission, Local Area Unemployment Statistics Program

**Capital Region Airport Commission  
COMMISSION EMPLOYEES  
Ten Years Ended June 30, 2012**

	Full Time Equivalent Employees									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police	23	29	24	23	29	30	30	30	30	41
Communications/ Operations	12	8	12	12	13	15	12	13	12	N/A
Aircraft Rescues & Fire Fighting	18	18	19	19	21	19	19	19	18	19
Custodial Services	45	47	46	45	45	46	31	31	27	30
Utilities/Ground Maintenance	16	15	14	12	12	12	12	12	9	6
Equipment/Automotive Maintenance	5	5	5	6	6	6	5	5	4	4
Building Maintenance	2	2	2	1	6	8	8	9	9	10
Electronic Systems	4	4	4	4	4	4	4	4	3	4
HVAC	3	3	3	3	4	4	4	20	N/A	N/A
Electrical Maintenance	2	2	2	3	4	4	5	15	5	5
Finance and Administrative Services	8	8	11	11	12	11	12	10	11	10
Ground Transportation	1	1	1	2	2	2	1	1	1	1
Information Systems	3	3	3	3	3	3	2	2	2	2
Executive Marketing	9	9	5	5	5	4	4	4	4	5
Human Resources	-	-	-	3	4	4	4	4	4	4
Baggage System	11	10	10	10	10	7	4	N/A	N/A	N/A
<b>Total Employees</b>	<b>162</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>

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 2088.  
Several departments have been reclassified which resulted in variances.

**Capital Region Airport Commission  
CARGO CARRIER  
Ten Years Ended June 30, 2012**

	Pounds of Cargo									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Cargo Carrier:										
Airborne	-	-	-	3,660,614	7,275,287	7,227,257	6,035,741	4,501,947	4,362,193	5,060,314
Air Net Systems	656,162	761,196	795,955	816,348	1,038,124	1,178,060	1,394,396	1,093,160	779,011	700,208
Airtrain/Emery Worldwide	-	-	-	-	-	-	-	-	-	-
AmeriFlight	212,165	223,434	219,970	174,964	5,199	11,473	253	1,040,716	2,439,475	3,804,072
Federal Express	59,848,214	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
Mountain Air Cargo	-	-	-	-	-	-	-	5,912	2,490	2,152
UPS	39,683,396	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
Total	100,399,937	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
Percentage change	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%	4.5%	(1.3%)	4.2%	(3.7%)

**TAKEOFF AND LANDING OPERATIONS SUMMARY  
Ten Years Ended June 30, 2012**

Fiscal Year	Air Carrier		General Aviation		Air Taxi/Commuter		Military	Total
	Air Carrier	General Aviation	Air Taxi/Commuter	Military				
2012	24,557	26,092	43,032	6,276	99,957			
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			
Average Annual Change	(2.7%)	1.5%	(3.4%)	(4.7%)	(2.8%)			

**Capital Region Airport Commission**  
**INSURANCE COVERAGE**  
**Period Ended June 30, 2012**

<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/Great Northern Insurance Co.	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/Wausau Business Insurance	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 \$2,000,000 each loss, unlimited aggregate for medical malpractice \$3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	\$471,569,000 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	\$4,795,494 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, 2012**

**Richmond International Airport**

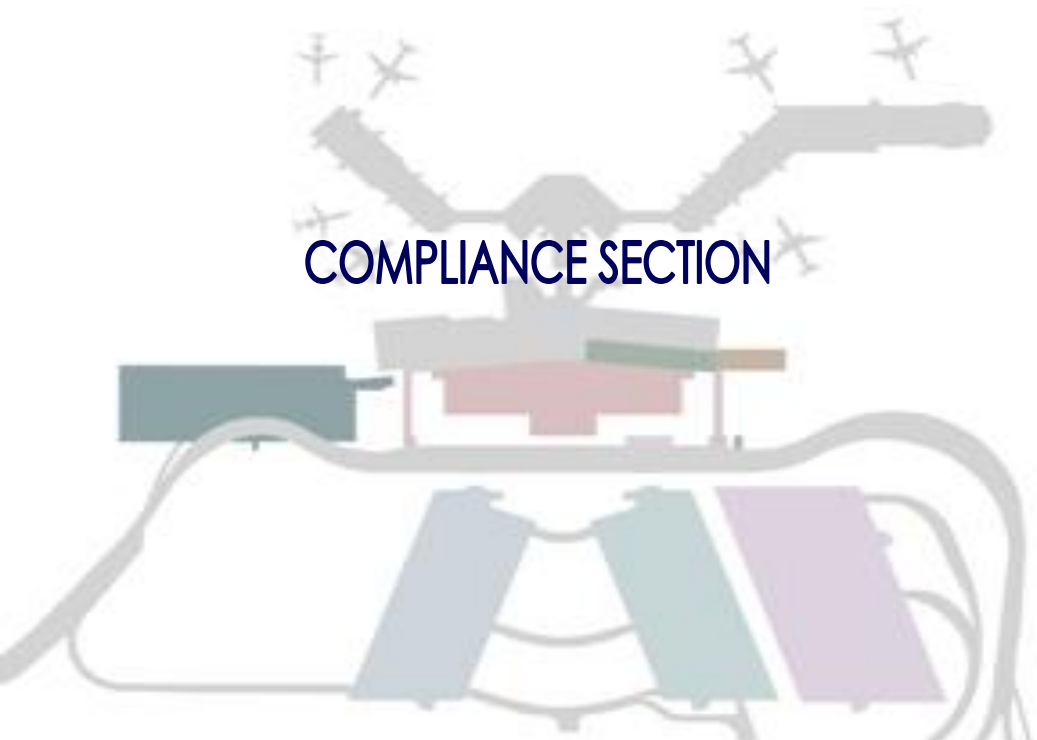
---

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		185,391 SF
	Tenants		42,953 SF
	Public/common		105,760 SF
	Mechanical		49,785 SF
	Other		168,078 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		

---



# COMPLIANCE SECTION





Now you're going places.

**Capital Region Airport Commission**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2012**

Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Expenditures
Major Federal Assistance Program:			
FAA Direct Payments:			
Airport Improvement	20.106	3-51-0043-51	701,337
Airport Improvement	20.106	3-51-0043-52	8,385
Airport Improvement	20.106	3-51-0043-53	226,829
Airport Improvement	20.106	3-51-0043-55	28,379
Airport Improvement	20.106	3-51-0043-56	337,776
Airport Improvement	20.106	3-51-0043-57	2,445,241
Airport Improvement	20.106	3-51-0043-58	936,363
Airport Improvement	20.106	3-51-0043-59	1,163,432
<b>Total Federal Assistance Expended</b>			<b>\$ 5,847,742</b>

Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Commission's financial statements. The Commission uses the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Commission's portion, may be more than shown.

Contingent Liabilities-Grants

The Commission received grant funds, principally from the Federal Government, for construction projects. Expenditures from these grants are subject to audit by the grantor, and the Commission is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the Commission, no material refunds will be required as a result of expenditures disallowed by the grantors.



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

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

We have audited the financial statements of the Capital Region Airport Commission (the “Commission”) as of and for the years ended June 30, 2012, and have issued our report thereon dated October 31, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the 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 a material weakness, as defined above.

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the Commission, in a separate letter dated October 31, 2012.

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.

*Cheng Bekaert + Holland, C.C.P.*

Richmond, Virginia  
October 31, 2012



**Independent Auditor’s 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 the Commission’s major federal program for the year ended June 30, 2012. The Commission’s major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 2012.

**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.

*Cheng Bekart + Holland, L.L.P.*

Richmond, Virginia  
October 31, 2012

**CAPITAL REGION AIRPORT COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**A. Summary of Auditor's 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: **None reported**
3. Material weaknesses: **None**
4. Noncompliance, which is material to the financial statements: **None**
5. Significant Deficiencies in internal control over major programs: **None reported**
6. Material weaknesses: **None**
7. The type of report issued on compliance for major programs: **Unqualified opinion**
8. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No**
9. The programs tested as major programs were:

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

10. Dollar threshold to distinguish between Type A and Type B Programs: **\$300,000**
11. 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.



**This page intentionally left blank.**

# 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