

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Years Ended  
June 30, 2013 and 2012**

CAPITAL REGION AIRPORT COMMISSION

Richmond International Airport

Virginia

Prepared by

Finance Department

Douglas E. Blum  
Chief Financial Officer

Steven C. Owen  
Director Finance



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Capital Region Airport Commission  
**MEMBERS OF THE COMMISSION**  
June 30, 2013

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**OFFICERS**

Robert M. Atack	Chairman
Arthur S. Warren	Vice Chairman
Robert F. Norfleet, Jr.	Secretary
Aubrey M. Stanley, Jr.	Treasurer

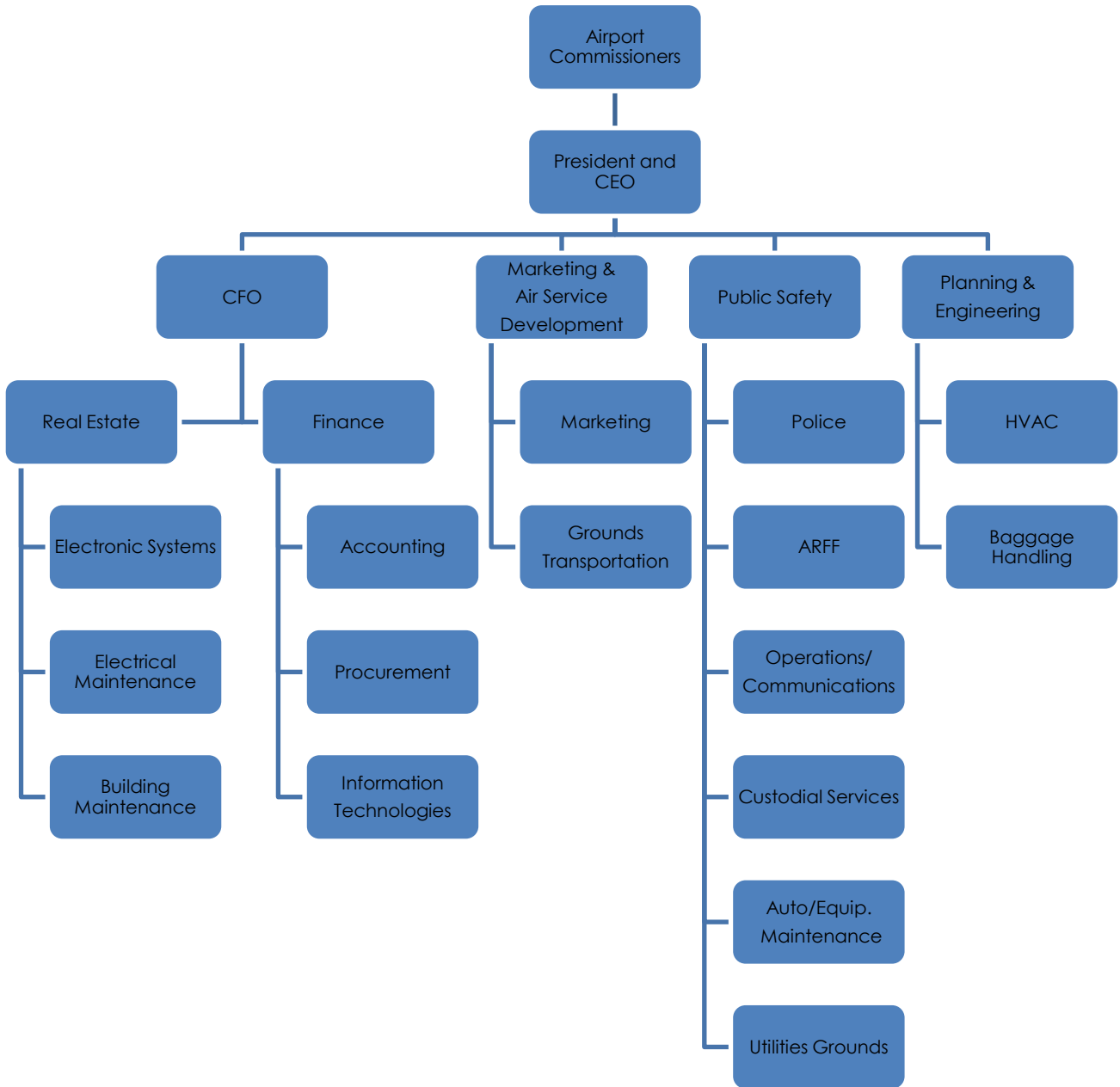
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**COMMISSIONERS**

Algenon L Brown	City of Richmond
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Charles R. Samuels	City of Richmond
Steve A. Elswick	County of Chesterfield
Daniel A. Gecker	County of Chesterfield
John V. Mazza, Jr.	County of Chesterfield
Arthur S. Warren	County of Chesterfield
Aubrey M. Stanley, Jr.	County of Hanover
G. Ed Via	County of Hanover
Robert M. Atack	County of Henrico
David A. Kaechele	County of Henrico
Patricia S. O'Bannon	County of Henrico
Thomas E. Pruitt	County of Henrico

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# Capital Region Airport Commission





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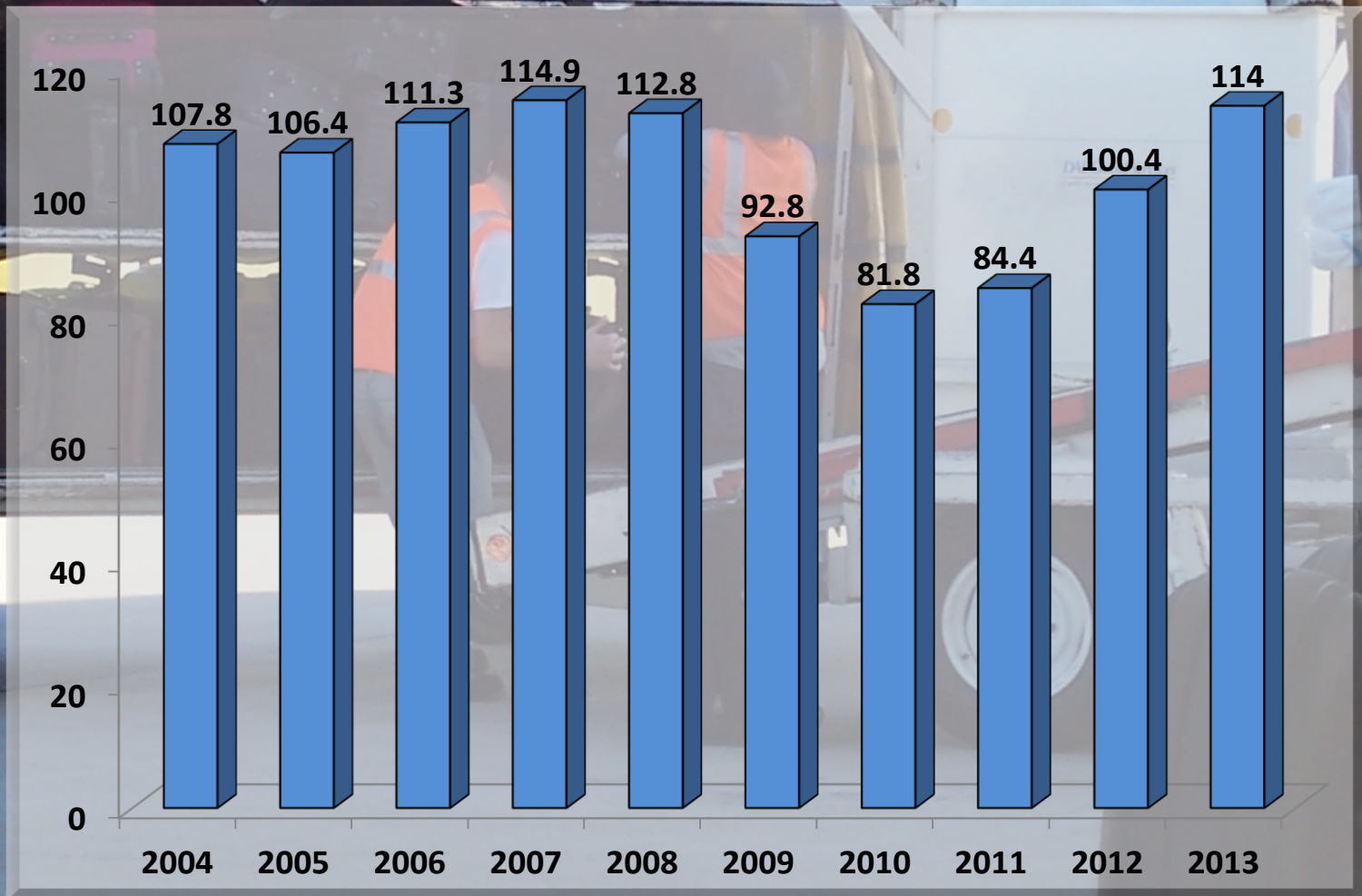
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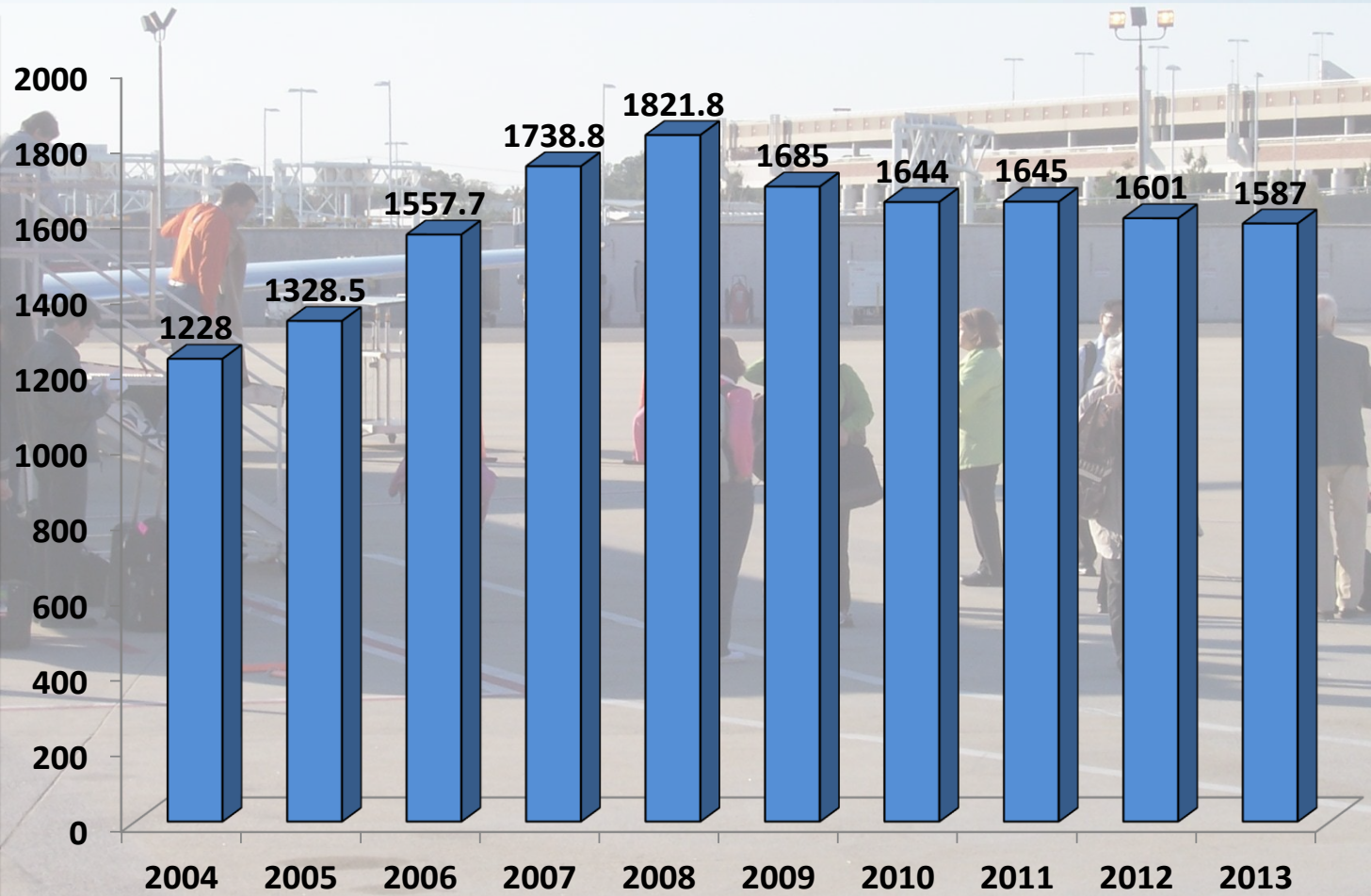
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**Richmond International Airport  
Air Cargo Performance  
Fiscal Years 2004-2013**





## Richmond International Airport Enplaned Passenger Performance Fiscal Years 2004-2013





Government Finance Officers Association

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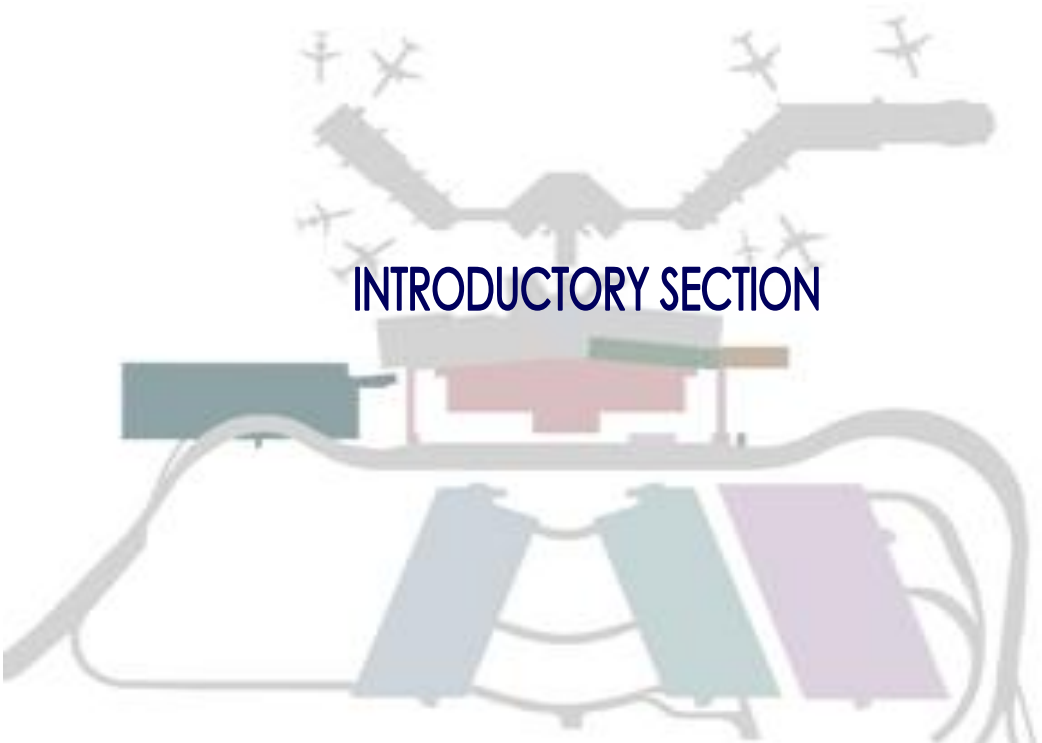
Presented to

**Capital Region Airport  
Commission, Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



# INTRODUCTORY SECTION

October 25, 2013

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, 2013 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 (the "City") 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. The City 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 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, 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 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 six major airlines, fifteen regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with over 160 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 2013 of 1.59 million decreased slightly from the 2012 level of 1.60 million enplaned passengers.

## ECONOMIC CONDITIONS

The Airport is conveniently located approximately six miles from the City's business district, providing air service to over 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 near term outlook for air service enhancement is tempered by the airline capacity. According to Airlines for America, an industry trade association, U.S. Airlines lost \$62.9 billion from 2001 through 2010, produced \$554 million in profit in 2011 and are estimated to have generated \$152 million of profit in 2012 representing a slim profit margin of 1/10th of 1% of revenue. Carrier consolidations continued into early 2013 with the announcement of an agreement between US Airways and American Airlines to merge. The Commission has positioned itself to rely upon existing or even less airline seat capacity by holding down costs it can control. These measures include controlling operating costs and advancing capital expenditures that do not require new sources of capital funding and are generally limited to aviation related projects only.

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 2013. The Commission took a conservative approach to the fiscal year 2014 budget which reflects a (1.4%) decrease in total revenue when compared to fiscal year 2013 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 International Airport:

Richmond International Airport is one of the most efficient airports in North America, according to a study of global airports by the Air Transport Research Society (ATRS). RIC ranked second among airports in the United States and Canada handling fewer than 15 million passengers a year, the study said. The ATRS Global Airport Benchmarking Report, which first launched in 2000, is the most comprehensive independent evaluation of global airport performance. The rankings are used by airport and airlines executives, governments, consultants, institutional investors and researchers. Benchmarking factors include aircraft operations, passenger counts, cargo tonnage, non-aeronautical revenue, labor, non-capital expenses, and facilities such as runways, terminal size, and number of gates. Per the report, RIC scores high in overall operating and management efficiency, with factors such as low landing fees, low overall costs per enplaned passenger, and a high percentage of operating revenue derived from non-airline sources such as parking, non-airline leases, concessions, ground transportation, and in-terminal advertising.

The Capital Region Airport Commission was named a recipient of a 2013 [Airport Minority Advisory Council \(AMAC\) Award](#). The Airport was recognized in the category entitled Award of the Organization-Regional Airports for initiatives that promoted the growth and development of Disadvantaged Business Enterprises (DBE). The award cited the Airport's efforts to enable Disadvantage Business Enterprises (DBEs) and other small enterprises to participate in highly competitive business opportunities. Those opportunities ranged from runway lighting and paving to major concessions, ground transportation and master planning, as well as a wide range of goods and services that support the airport's daily activities.

#### 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 6.0% in June 2013 compared to 6.6% in June 2012, higher than the state unemployment rate of 5.5% and below the national rate of 7.8%.

The population of the Richmond MSA is estimated to be 1.3 million and is projected to reach 1.4 million by 2020. Per capita income in the area is \$43,046, which is higher than the national average of \$41,560.

The region ranked 15th in the nation when looking at the number of companies per 100,000 people. Of regions with populations of 1.5 million or less, Richmond ranked number two for the total number of *Fortune* 1000 companies. (Source: <http://www.fortune.com>, May 2013)

Six Richmond Metropolitan area businesses are listed Fortune 500 companies:

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

*MeadWestvaco*  
*CarMax*  
*Owens & Minor*

Four Richmond Metropolitan area businesses are listed Fortune 1000 companies:

*Brink's*  
*Universal*

*Markel*  
*NewMarket*

#### 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 2013 as compared to fiscal year 2012 actual passenger traffic. The actual total passengers enplaned for fiscal year 2013 was 1.59 million, which was slightly lower than fiscal year 2012.

The fiscal year 2013 budget included a decrease in operating revenue (1.5%) compared to fiscal year 2012 actual revenue. The Commission ended fiscal year 2013 with a 2.2% increase in revenues when compared to the 2013 budgeted revenues and a 0.7% increase over fiscal year 2012 revenues.

On April 24, 2013, the Commission issued Airport Revenue Refunding Bonds Series 2013A in the amount of \$21,870,000. The net proceeds of the bonds were combined with other available resources to establish an irrevocable trust to effectively defease the outstanding principal amount of the 2005A Revenue Bonds maturing on July 1 in the years 2016 through 2025 totaling \$22,955,000. The estimated net present value savings is \$1,929,000.

#### 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, 2012. This was the twenty third 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,

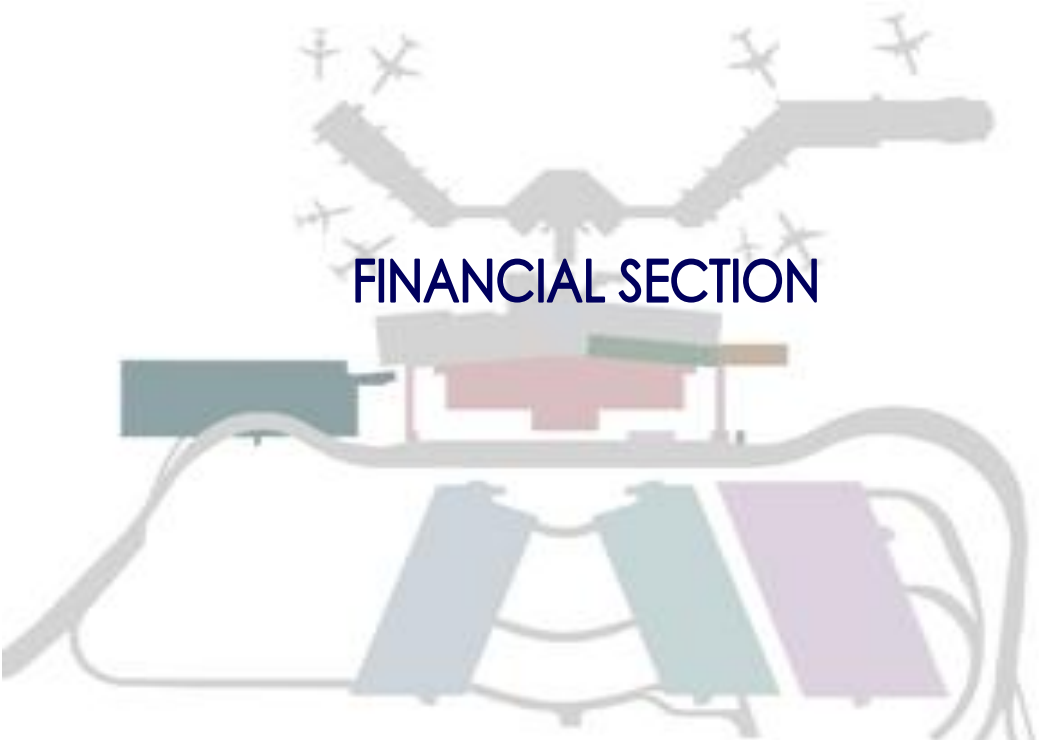


Jon E. Mathiasen, A.A.E.  
President and Chief Executive Officer



Douglas E. Blum  
Chief Financial Officer





# FINANCIAL SECTION

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Capital Region Airport Commission (the "Commission") as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Commission's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our 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 and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Region Airport Commission, as of June 30, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis-of-Matter**

As discussed in Note 1 to the financial statements, in 2013 the Capital Region Airport Commission adopted new accounting guidance, Governmental Accounting Standards Board (the "GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–15 and the pension reporting required supplementary information on page 35 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Capital Region Airport Commission's financial statements. The introductory section, supplemental information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 supplemental information and the schedule of expenditures of federal awards are 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 financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013, on our consideration of the Capital Region Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Region Airport Commission's internal control over financial reporting and compliance.



Richmond, Virginia  
October 30, 2013

**Capital Region Airport Commission  
Management's Discussion and Analysis  
June 30, 2013 and 2012**

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, 2013 and 2012. Information for the preceding fiscal year ended June 30, 2011 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 2013 compared to fiscal year 2012. The total passengers enplaned for fiscal year 2013 were 1.59 million, which was slightly lower than fiscal year 2012 enplanements of 1.60 million and (2.0%) lower than the fiscal year 2013 budgeted enplaned passengers. Fiscal year 2012 enplanements were slightly lower than fiscal year 2011 enplanements of 1.64 million. 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 2013 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 economy continues to slowly recover from one of the most serious economic downturn in recent history. As the economy returns to growth, so will aviation. The 2013 Federal Aviation Administration ('FAA') forecast calls for U.S. carrier passenger growth over the next 20 years to average 2.2 percent per year, compared to last year's forecast growth of 2.6 percent per year. ([www.faa.gov/about/office\\_org/headquarters\\_offices/apl/aviation\\_forecasts](http://www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts))

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

The Commission ended fiscal year 2013 with a 2.0% increase in revenues when compared to the 2013 budgeted revenues and a 1.0% increase over fiscal year 2012 revenues. This was primarily due to a 3.0% increase in rental revenue when compared to the 2013 budgeted rental revenue and a 5.0% increase over fiscal year 2012 rental revenue. The increase in rental revenue was offset by a (5.0%) decrease in landing fee revenue when compared to the 2013 budgeted landing fee revenue and a (5.0%) decrease when compared to fiscal year 2012 landing fee revenue. The increase in rental revenue is primarily attributed to a 21.8% increase in ground rental revenue when compared to the 2013 budgeted ground rental revenue. The decrease in landing fee revenue is attributed total airline landed weights that were (5.0%) lower than fiscal year 2012 total landed weights.

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 decreased from 137,039 in fiscal year 2011 to 133,443 in fiscal year 2012 and then decreased to 132,267 in fiscal year 2013. The slight decrease in passengers, when compared to 2012, had negative effects on the Commission's main revenue stream, parking revenue, in fiscal year 2013.

Aircraft operations decreased to 97 thousand a (3.0%) decrease when compared to fiscal year 2012 operations of 100 thousand which was a (5.6%) decrease when compared to FY 2011. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation. The decrease in aircraft operations continues to be attributed to the merger between Continental and United airlines and the termination of flights to LaGuardia Airport by US Airways resulting from the slot swap with Delta Air Lines.

Cargo landed weight in 1,000 pound units increased by 5.7% in fiscal year 2013 to 381 million pounds compared to fiscal year 2012 and increased 0.3% in fiscal year 2012 to 360 million pounds compared to fiscal year 2011 landed weight of 359 million pounds.

The Airport's parking revenue decreased (0.9%) in fiscal year 2013 when compared to fiscal year 2012 and decreased (2.0%) in fiscal year 2012 when compared to fiscal year 2011. 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 2012). The parking revenue accounts for 45.2% of the airports revenue in fiscal year 2013 compared to 45.9% in fiscal year 2012 and 47.1% in fiscal year 2011.

	2013	2012	2011
Parking Revenue per Enplanement	\$11.21	\$11.20	\$11.14
Percent Increase	0.1%	0.5%	1.8%

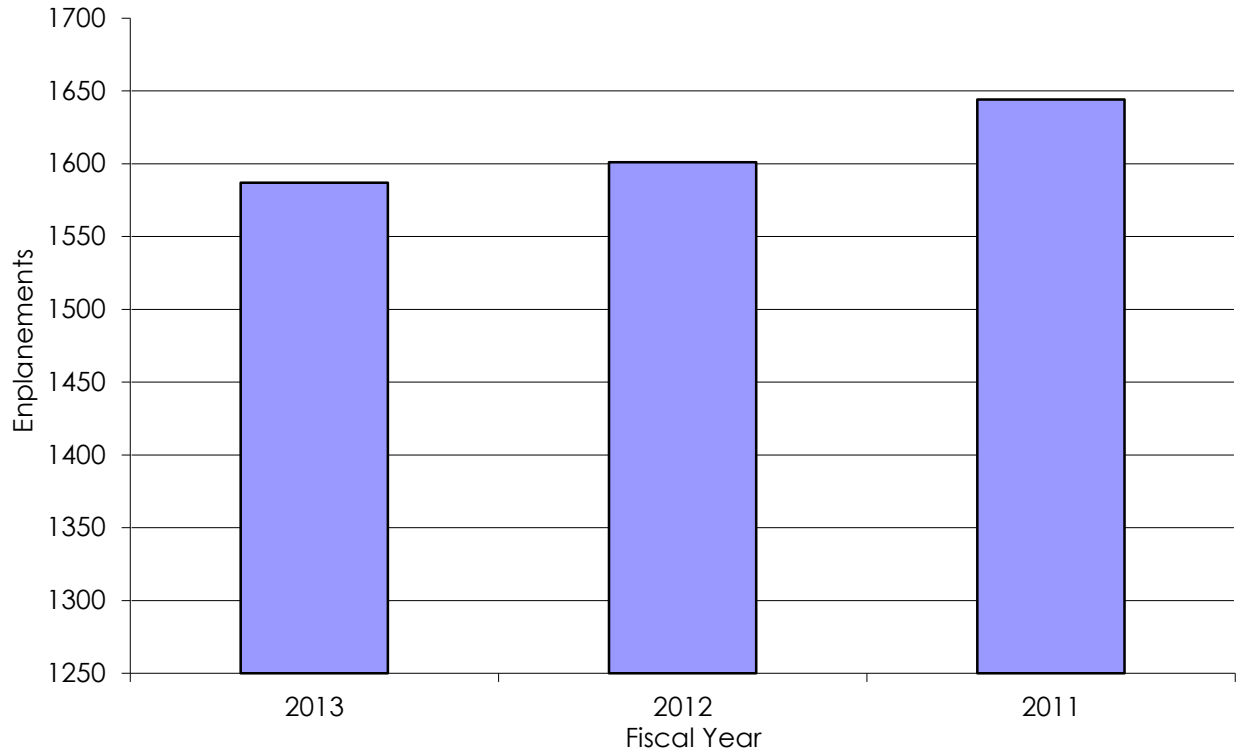
As of June 30, 2013, the Airport is currently served by six major airlines, with more than 160 daily flights to 18 non-stop destinations and more than 3 million travelers per year.

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

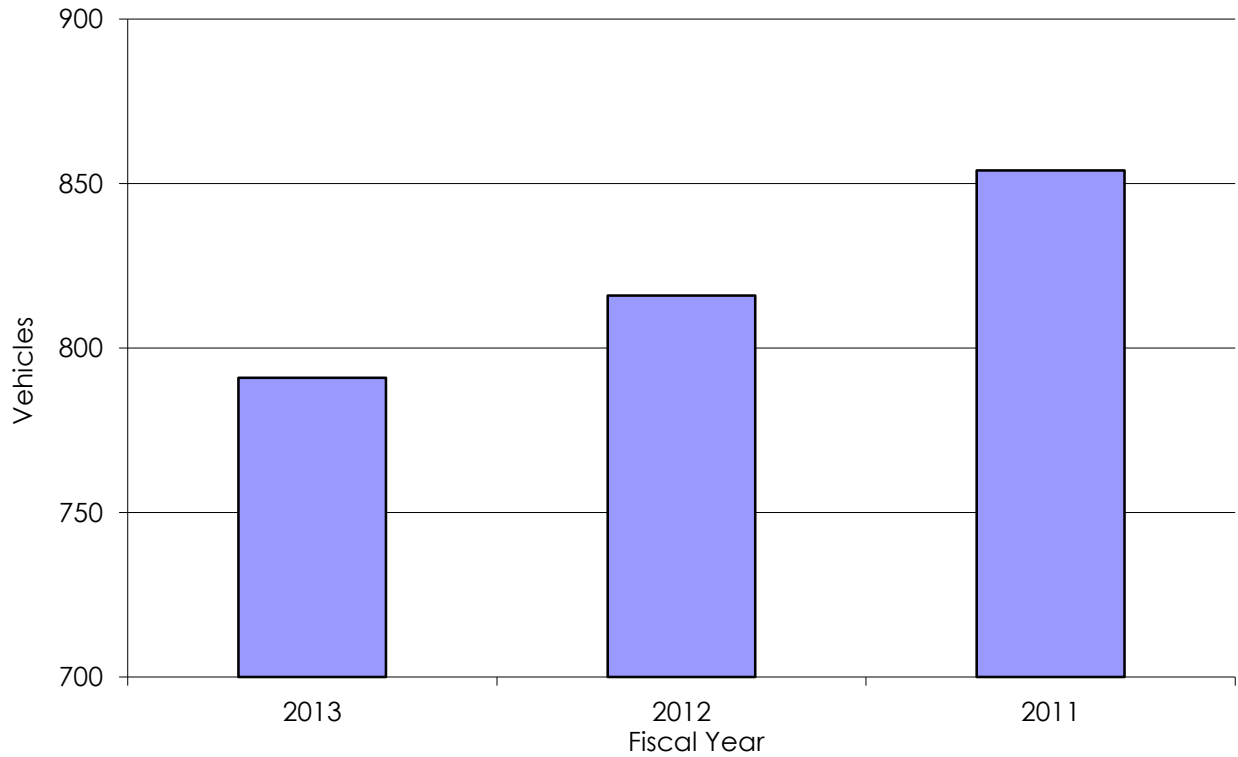
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>
Enplanements	1,587	1,601	1,644
<i>% increase / (decrease)</i>	(0.1%)	(2.6%)	0.0%
Aircraft Operations (total take-offs and landings)	97	100	106
<i>% increase / (decrease)</i>	(3.0%)	(5.6%)	3.9%
Airline's Landed Weight (1,000 pound units)	1,902	1,996	2,026
<i>% increase / (decrease)</i>	(5.0%)	(1.5%)	0.3%
Air Cargo Carrier Activity (pounds)	113,946	100,400	84,477
<i>% increase / (decrease)</i>	13.5%	18.8%	3.3%
Parked Vehicles	791	816	854
<i>% increase / (decrease)</i>	(3.1%)	(4.5%)	(7.5%)

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)  
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The below selected financial data comparison represents the Commission's assets, liabilities and net position at June 30, 2013, 2012, and 2011.

**SELECTED FINANCIAL DATA  
(in thousands)**

	2013	2012	2011
<b>Assets</b>			
Unrestricted current	\$15,747	\$ 16,397	\$ 16,872
Restricted current	79,198	77,243	70,214
Capital assets, net	418,231	415,251	418,557
Total assets	\$513,176	508,891	505,643
<b>Liabilities</b>			
Current unrestricted	3,897	3,797	2,885
Current restricted	10,837	10,808	11,032
Long-term debt, net of current maturities	134,967	142,847	151,513
Total liabilities	149,701	157,452	165,430
<b>Net position</b>			
Net investment in capital assets	284,805	274,718	268,968
Restricted	66,012	60,776	56,480
Unrestricted	12,658	15,945	14,765
Total net position	363,475	\$ 351,439	\$ 340,213

The Commission experienced an increase in total assets of approximately \$4.3 million or 0.8% during fiscal year 2013 when compared to fiscal year 2012 and \$3.2 million or 0.6% during fiscal year 2012 when compared to fiscal year 2011. This increase in fiscal year 2013 can be contributed to a number of changes in the balance sheet including the increase of \$5.4 million in restricted cash and cash equivalents offset by the (\$2.6) million decrease in due from federal and state governments.

Total liabilities decreased (\$7.8) million or (4.9%) in fiscal year 2013 when compared to fiscal year 2012 and decreased (\$8.0) million or (4.8%) in fiscal year 2012 when compared to fiscal year 2011. This change is primarily attributable to a decrease in long term debt.

The increase in net financial position for fiscal year 2013 was \$12.0 million when compared to fiscal year 2012. Net Financial position increased \$11.2 million in fiscal year 2012 and increased \$7.2 million in fiscal year 2011. Fiscal year 2013 resulted in a loss from operations of (\$2.5) million, which was a \$1.2 million increase in the loss from operations when compared to fiscal year 2012. The increase in the loss from operations is primarily attributed to the increase in depreciation expense. In fiscal year 2012, the loss from operations was (\$1.2) million, which was 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) for fiscal year 2013 reflected a decrease in net revenues of (\$797) thousand when compared to fiscal year 2012. This is attributed to the decrease in CFC revenue. Net nonoperating revenue (expense) for fiscal



**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
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year 2012 reflected an increase in net revenues of \$475 thousand when compared to fiscal year 2011. Capital contributions increased to \$12.7 million in fiscal year 2013, a \$2.8 million or 28.9% increase when compared to fiscal year 2012. Capital contributions increased to \$9.8 million in fiscal year 2012, a \$4.2 million or 75.6% increase when compared to fiscal year 2011.

The below chart shows operating revenues and expenses for the three years ended June 30, 2013, 2012, and 2011.

	2013	2012	2011
Operating revenues	\$ 39,392	\$ 39,124	\$ 38,868
Operating expenses	20,621	19,737	19,778
Operating income before depreciation	18,771	19,387	19,090
Depreciation	21,222	20,609	19,644
Operating loss	(2,451)	(1,222)	(554)
Nonoperating income, net	1,826	2,623	2,148
Income (loss) before capital contributions	(625)	1,401	1,594
Capital contributions	12,661	9,825	5,594
Change in net position	12,036	11,226	7,188
Beginning net position	351,439	340,213	333,025
Ending net position	\$ 363,475	\$ 351,439	\$ 340,213

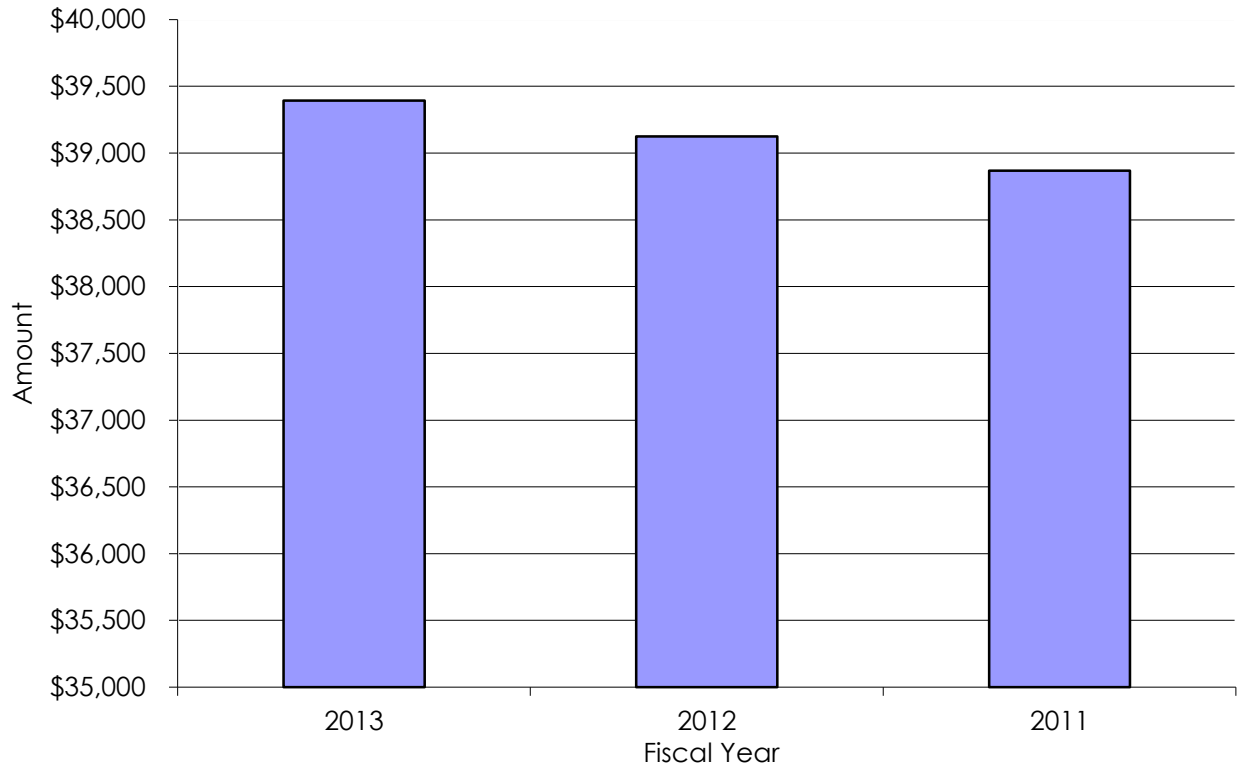
Operating income before depreciation for fiscal year 2013 decreased by (\$616) thousand or (3.2%) compared to fiscal year 2012, fiscal year 2012 operating income before depreciation increased by \$297 thousand or 1.6% compared to fiscal year 2011. Depreciation expense increased by 3.0% between fiscal year 2013 and 2012 and increased by 4.9% between fiscal year 2012 and 2011. This is a result primarily of the first full year of depreciation from the major projects completed in the previous fiscal year. Nonoperating income decreased (\$797) thousand in fiscal year 2013 compared with fiscal year 2012 and increased by \$475 thousand in fiscal year 2012 compared with fiscal year 2011. The decrease in nonoperating income was attributed to a decrease in interest revenue. The weighted average yield on investments was approximately .21% for fiscal year 2013, .28% for fiscal year 2012 and .39% for fiscal year 2011.

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

**REVENUES**

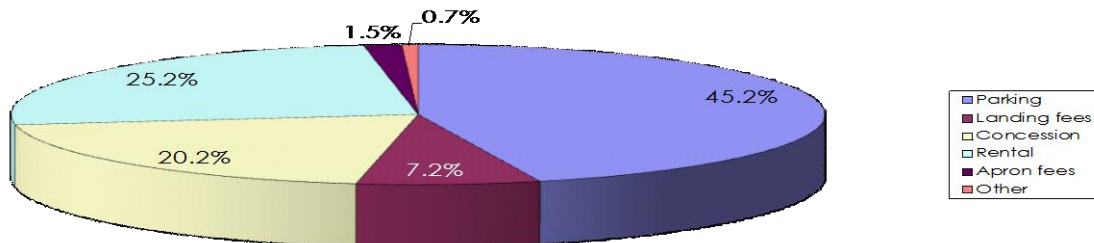
The graphs below illustrate the operating revenues for the three fiscal years ended June 30, 2013, 2012, and 2011 and main sources of revenue for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2013.

**Operating Revenues History (in Thousands)**



**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

**2013 Operating Revenues**



Parking revenues at the Airport for fiscal year 2013 were \$17,799, which represented a (0.9%) decrease compared to fiscal year 2012; parking revenues for fiscal year 2012 were \$17,959, which represented a (2.0%) decrease compared to fiscal year 2011. The slight decrease in parking revenue in fiscal year 2013 is attributed to lower than budgeted enplaned passengers.

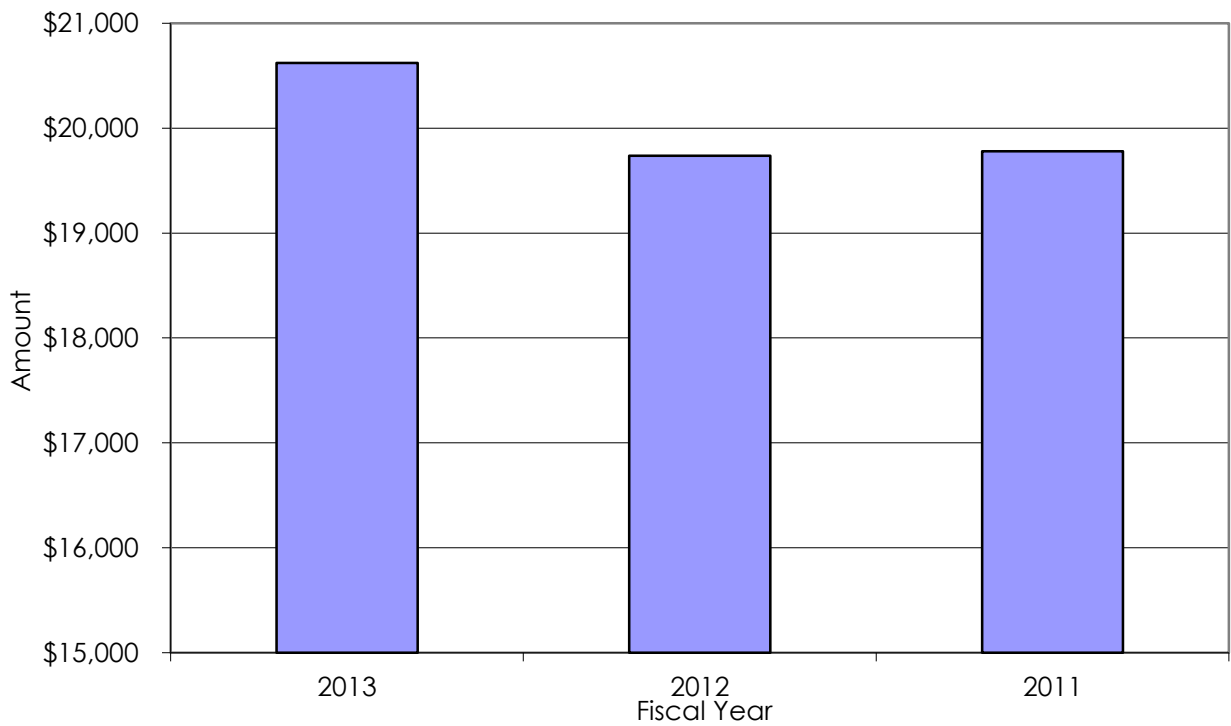
Below is a summary of revenues stated in thousands, for the three fiscal years ended June 30, 2013, 2012, and 2011:

	2013	2012	2011
<b>Operating Revenues</b>			
Parking	\$ 17,799	\$ 17,959	\$ 18,320
Landing fees	2,855	3,007	2,976
Concession	7,956	7,863	7,152
Rental	9,936	9,476	9,630
Apron fees	588	638	624
Other	258	181	166
Total Operating	<u>39,392</u>	<u>39,124</u>	<u>38,868</u>
<b>Nonoperating Income</b>			
Interest income	136	198	250
Passenger Facility Charges	6,589	6,571	6,829
Customer Facility Charges	975	1,716	1,511
Total nonoperating	<u>7,700</u>	<u>8,485</u>	<u>8,590</u>
<b>TOTAL</b>	<b>\$ 47,092</b>	<b>\$ 47,609</b>	<b>\$ 47,458</b>

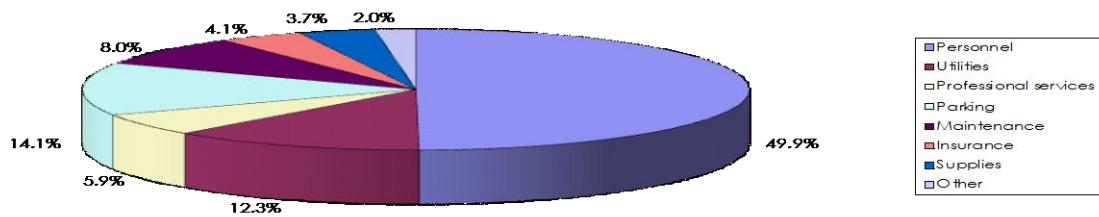
**EXPENSES**

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, 2013.

**Operating Expenses History (in Thousands)**



**2013 Operating Expenses**



**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

Operating expenses, exclusive of depreciation, totaled \$20,621 for fiscal year 2013, \$19,737 for fiscal year 2012 and \$19,779 for fiscal year 2011. The increase in operating expense when compared to FY 2012 is primarily attributed to an increase in personnel expense, which is attributed to increased salary and healthcare costs. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2013, 2012, and 2011:

	2013	2012	2011
Operating Expenses			
Personnel	\$ 10,279	\$ 9,484	\$ 9,173
Utilities	2,537	2,509	2,348
Professional services	1,223	1,384	1,658
Parking	2,912	3,052	3,019
Maintenance	1,651	1,464	1,539
Insurance	848	669	798
Supplies	763	806	686
Other	408	369	558
Total Operating	<u>20,621</u>	<u>19,737</u>	<u>19,779</u>
Depreciation	<u>21,222</u>	<u>20,609</u>	<u>19,644</u>
Nonoperating Expense			
Interest expense	4,882	5,193	5,580
Other, net	992	669	861
Total nonoperating	<u>5,874</u>	<u>5,862</u>	<u>6,441</u>
TOTAL	<u>\$ 47,717</u>	<u>\$ 46,208</u>	<u>\$ 45,864</u>

**CASH FLOW ACTIVITIES**

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

	2013	2012	2011
Cash flows provided by operating activities	\$19,465	\$ 18,593	\$ 19,663
Cash flows provided by investing activities	874	148	4,425
Cash flows used in capital and related financing activities	<u>(14,961)</u>	<u>(16,448)</u>	<u>(14,776)</u>
Net increase in cash and cash equivalents	5,378	2,293	9,312
Cash and cash equivalents			
Beginning of year	<u>74,561</u>	<u>72,268</u>	<u>62,956</u>
End of year	<u>\$79,939</u>	<u>\$ 74,561</u>	<u>\$ 72,268</u>

Cash flow from operating activities for 2013 increased by \$872 thousand or 4.7% compared to fiscal year 2012. Cash flow from operating activities for 2012 decreased by \$1.1 million or (5.4%) compared to fiscal year 2011.

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
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Cash and cash equivalents for fiscal 2013 amounted to \$79.9 million representing a \$5.4 million increase over fiscal year 2012. Cash and cash equivalents for fiscal 2012 amounted to \$74.6 million representing a \$2.3 million increase over 2011. The increase in cash and cash equivalents fiscal year 2013 resulted primarily from a \$7.8 million increase in capital contribution offset by a (\$746) thousand decrease in CFC receipts and a \$777 thousand increase in cash paid to suppliers.

**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 extended to February 28, 2013 with two one year renewal periods. The agreement is currently in the first one year renewal period which will expire on February 28, 2014. 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 increased from fiscal year 2012 to 2013 in the amount of \$459 thousand and decreased from fiscal year 2011 to 2012 in the amount of (\$154) thousand. The increase in fiscal year 2013 is attributed to an increase in ground rental and warehouse rental income. The apron fees decreased (\$49) thousand from fiscal year 2012 to 2013 and increased \$13 thousand from fiscal year 2011 to 2012. Rates and charges for the signatory airlines were as follows:

<b>Signatory Airline Rates and Charges</b>	<b>Rate Effective for 2013</b>	<b>Rate Effective for 2012</b>	<b>Rate Effective for 2011</b>
Apron fees (square foot)	\$ 1.23	\$ 1.21	\$ 1.21
Landing fees (1,000 lb. unit)	1.23	1.24	1.24
Terminal rental (square foot)	35.12	34.19	34.19

Note: The rates and charges for 2013 are estimates.

**PASSENGER FACILITY CHARGES**

The Commission collects \$4.50 per qualifying enplaned passenger, which totaled \$6.6 million for fiscal year 2013 which was an increase of 0.3% compared to fiscal year 2012. PFC revenue for fiscal year 2012 decreased (3.8%) compared to fiscal year 2011.

**CUSTOMER FACILITY CHARGES**

The Commission collects \$.95 per each rental vehicle transaction day. In May 2012, the CFC rate was reduced to \$.95 from \$1.70. Collections for the year ended June 30, 2013 were \$975 thousand, which was a decrease of (43.2%) compared to fiscal year 2012 of \$1.7 million, which was an increase of 13.6% compared to fiscal year 2011.

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

**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 \$24.2 for fiscal year 2013 when compared to fiscal year 2012 and increased \$17.3 million for fiscal year 2012 from 2011. The increase for fiscal year 2013 was primarily the result of new construction mainly represented by the concourse A apron expansion of \$11 million. Depreciation expense for fiscal year 2013 was \$21.2 million, \$20.6 million in fiscal year 2012, and 19.6 million in fiscal year 2011.

The current 20 year Master Plan includes the following projects:

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

Long-Term Debt

As of June 30, 2013, the Commission had principal debt outstanding of \$144,528 as follows (in thousands):

Airport Revenue Bonds	\$ 108,208
PFC Revenue Bonds	33,940
CFC Revenue Bonds	2,380
Total	<u>\$ 144,528</u>

See Note 5 of notes to financial statements.

**ECONOMIC FACTORS AND FISCAL 2013 BUDGET**

In calendar year 2012, demand for air travel only grew by 0.8%, as the airlines showed continued constraint in expanding capacity, allowing load factors to increase by 0.7% to 82.7%, nationally. U.S. commercial air carriers removed 174 aircraft from their fleet in 2012, a 2.4% reduction from 2011, and commercial aircraft operations dropped 1.1% during the same period. The reduction in capacity, combined with continued consolidation among the major carriers, and a 24% increase in fuel prices resulted in air carriers implementing ticket price increases in 2012. (Federal Aviation Administration. Review of 2012.,[http://www.faa.gov/about/office\\_org/](http://www.faa.gov/about/office_org/))

**Capital Region Airport Commission  
Management's Discussion and Analysis (continued)  
June 30, 2013 and 2012**

The Commission took a conservative approach for the fiscal year 2013 budget. The Commission adopted the FY 2013 budget which includes a \$38.6 million in operating revenue a (1.5%) decrease compared to the FY 2012 actual revenues of \$39.1 million. Parking, concession and rental revenues were expected to provide the main source of income for fiscal year 2013. Operating expenses of \$20.4 million were budgeted for 2013; an increase of 3.2% compared to fiscal year 2012 actual expenses of \$19.7 million. The Commission's fiscal year 2013 approved capital budget allotted \$6.2 million for new projects, equipment, and studies.

The 2014 budget includes \$38.9 million in operating revenue a (1.4%) decrease compared to the FY 2013 actual revenues of \$39.4 million. Parking, concession and rental revenues were expected to provide the main source of income for fiscal year 2014. Operating expenses of \$20.9 million were budgeted for 2014; an increase of 1.5% compared to fiscal year 2013 actual expenses of \$20.6 million. The Commission's fiscal year 2014 capital budget allotted \$7.9 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 POSITION**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 12,649,304	\$ 12,704,361
Accounts receivable, less allowance for doubtful accounts (2013-\$211,129; 2012-\$153,572)	2,621,099	3,083,102
Other	477,049	609,165
Total Unrestricted Current Assets	15,747,452	16,396,628
Restricted Current Assets:		
Cash and cash equivalents	67,289,796	61,856,996
Investments	7,788,692	8,770,020
Customer and Passenger Facility Charges receivable	1,250,944	1,131,930
Due from federal and state governments	2,868,317	5,484,047
Total Restricted Current Assets	79,197,749	77,242,993
Total Current Assets	94,945,201	93,639,621
NONCURRENT ASSETS		
Depreciable assets, net	326,897,984	328,261,047
Non-depreciable assets	91,332,944	86,990,662
Total Noncurrent Assets	418,230,928	415,251,709
Total Assets	513,176,129	508,891,330
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Liabilities From Unrestricted Assets:		
Accounts payable	2,276,680	2,435,821
Accrued expenses	1,620,479	1,361,529
Total Liabilities From Unrestricted Assets	3,897,159	3,797,350
Liabilities From Restricted Assets:		
Accounts payable	1,835,185	1,988,454
Accrued interest payable	2,060,681	2,137,780
Current maturities of long-term debt	6,941,697	6,681,201
Total Liabilities From Restricted Assets	10,837,563	10,807,435
Total Current Liabilities	14,734,722	14,604,785
Noncurrent Liabilities:		
Noncurrent portion of long-term obligations (Note 5)	134,966,635	142,847,008
Total Liabilities	149,701,357	157,451,793
NET POSITION		
Net Investment in Capital Assets	284,805,156	274,717,925
Restricted:		
Debt service	64,249,446	58,919,775
Customer and Passenger Facility Charges	1,762,241	1,856,293
Unrestricted	12,657,928	15,945,544
Total Net Position	\$ 363,474,771	\$ 351,439,537

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Parking	\$ 17,798,387	\$ 17,958,940
Landing fees	2,855,240	3,006,568
Concession	7,955,556	7,862,760
Rental	9,935,975	9,476,503
Apron fees	588,368	637,688
Other	258,140	181,102
<b>Total Operating Revenues</b>	<b>39,391,666</b>	<b>39,123,561</b>
<b>OPERATING EXPENSES</b>		
Personnel	10,279,335	9,484,227
Utilities	2,537,480	2,508,786
Professional services	1,223,052	1,383,593
Parking	2,911,755	3,052,205
Maintenance	1,650,498	1,464,051
Insurance	847,576	669,302
Supplies	762,651	806,312
Other	408,176	368,429
<b>Total Operating Expenses</b>	<b>20,620,523</b>	<b>19,736,905</b>
Operating Income Before Depreciation	18,771,143	19,386,656
<b>DEPRECIATION</b>		
Operating Loss	(2,450,905)	(1,222,497)
<b>NONOPERATING INCOME (EXPENSES)</b>		
Interest income	136,230	198,483
Interest expense	(4,881,726)	(5,192,971)
Passenger Facility Charges	6,588,574	6,571,385
Customer Facility Charges	974,879	1,715,582
Other, net	(992,354)	(668,940)
<b>Total Nonoperating Income (Expenses)</b>	<b>1,825,603</b>	<b>2,623,539</b>
Decrease in Net Position Before Capital Grants and Contributions	(625,302)	1,401,042
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>12,660,536</b>	<b>9,825,103</b>
<b>CHANGE IN NET POSITION</b>	<b>12,035,234</b>	<b>11,226,145</b>
<b>TOTAL NET POSITION, BEGINNING</b>	<b>351,439,537</b>	<b>340,213,392</b>
<b>TOTAL NET POSITION, ENDING</b>	<b>\$ 363,474,771</b>	<b>\$ 351,439,537</b>

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations	\$ 39,853,669	\$ 37,633,434
Cash paid to employees	(7,668,509)	(7,097,494)
Cash paid to suppliers	(12,720,089)	(11,943,346)
Cash used in operating activities	(20,388,598)	(19,040,840)
Net cash provided by operating activities	19,465,071	18,592,594
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturities of investments	6,982,389	1,712,952
Purchase of investments	(6,212,317)	(1,780,147)
Interest income received	103,562	215,365
Net cash provided by investing activities	873,634	148,170
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt, net of issuance cost	21,821,277	-
Payment of long-term debt	(29,636,201)	(9,407,705)
Payment of interest on long-term debt	(5,101,630)	(5,574,059)
Capital contributions received	15,276,265	7,472,975
Passenger Facility Charges collected	6,444,061	6,517,159
Customer Facility Charges collected	1,000,379	1,746,388
Additions to capital assets	(24,354,535)	(16,794,785)
Payments related to investments and bonds	(410,579)	(407,576)
Net cash used in capital and related financing activities	(14,960,963)	(16,447,603)
Net increase in cash and cash equivalents	5,377,742	2,293,161
<b>CASH AND CASH EQUIVALENTS</b>		
Balances - beginning of year	74,561,357	72,268,195
Balances - end of year	\$ 79,939,099	\$ 74,561,356
Current Assets	\$ 12,649,304	\$ 12,704,361
Restricted Assets	67,289,796	61,856,996
	\$ 79,939,100	\$ 74,561,357
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>		
Operating loss	\$ (2,450,905)	\$ (1,222,497)
Adjustments to reconcile operating loss to net cash provided by operations:		
Depreciation	21,222,048	20,609,153
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	462,003	(1,490,128)
Decrease (increase) in other current assets	132,116	(215,968)
Increase (decrease) in accounts payable	(159,141)	883,554
Increase in accrued expenses	258,950	28,480
Net cash provided by operating activities	\$ 19,465,071	\$ 18,592,594
<b>Supplemental Cash Flow Information</b>		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (243,923)	\$ (128,564)
Non-cash capital contributions	\$ 2,868,317	\$ 5,484,047
Capital assets included in accounts payable	\$ 508,018	\$ 957,536

See Notes to Financial Statements.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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, Virginia and the Counties of Chesterfield, Hanover and Henrico, Virginia. 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").

**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 position.

***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 position as a reduction or addition to long-term debt.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

**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 and a useful life greater than one year 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.

**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

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

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; reduced to \$1.70 effective July 1, 2007 and reduced to \$.95 effective May 1, 2012. Collections during fiscal year 2013 were \$975 thousand (2012 - \$1.7 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, with the net receipts 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 2013 were \$6.6 million (2012 - \$6.6 million) and aggregate collections and interest thereon from inception through June 30, 2013 were \$100 million. Net positions 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 position as capital grants and contributions.

**Restricted Net Position**

The Commission restricts net position 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 \$877 thousand at June 30, 2013 and \$698 thousand at June 30, 2012. The net increase for fiscal year 2013 amounted to \$179 thousand, represented by payments of \$780 thousand to vested employees and additional accrued vacation and sick leave of \$601 thousand. For fiscal year 2012, the net decrease amounted to \$48 thousand.

**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.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

**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. There have been no significant reductions in insurance coverage in comparison to coverage in prior years and settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the three past fiscal years.

**Change in Accounting Principles**

Effective July 1, 2012, the Government adopted the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (Statement No. 63). This implementation required the Commission to present a Statement of Net Position, replacing previously presented Statement of Net Assets, in the Commission's basic financial statements. The Commission's implementation also required the Statement of Net Position to present deferred outflows and inflows of resources in separate sections following total assets and total liabilities sections, respectively. In practice, Statement No. 63 only impacts activities related to derivative instruments or service concession arrangements. The Commission has no deferred inflows or outflows.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience, and other currently available evidence. The allowance activity in the allowance for doubtful accounts was as follows:

	<b>2013</b>	<b>2012</b>
Balance, beginning of period	\$ 153,573	\$ 151,148
Charged to costs and other	61,817	4,185
Write - offs	(4,260)	(1,760)
Balance, end of period	<u>\$ 211,129</u>	<u>\$ 153,573</u>

**Net Position**

Net position represents the residual interest of all other elements presented in the statement of financial position for the Commission. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in three components: net investment in capital assets, which include capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; restricted when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources which will be liquidated with the restricted assets; or unrestricted, which include all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories.

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**Note 2. FORMATION OF THE COMMISSION**

As of January 1, 1976, under an agreement among the City of Richmond, Virginia (the "City"), the Commission of Henrico, Virginia and the Commission; the City 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 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>2013</b>	<b>2012</b>
Petty cash	\$ 1,320	\$ 1,320
Deposits at financial institutions	17,357,162	18,592,234
Cash equivalents and investments	70,369,310	64,737,823
	<u>\$87,727,792</u>	<u>\$83,331,377</u>
Summary:		
Unrestricted assets	\$12,649,304	\$12,704,361
Restricted assets	75,078,488	70,627,016
	<u>\$87,727,792</u>	<u>\$83,331,377</u>

**Deposits**

At June 30, 2013, the carrying value of the Commission's deposits with banks was \$17,357,162 with corresponding bank balances of \$19,450,650. 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. 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 \$62,509,008.

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).



**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

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, 2013, 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 for 2013**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12 months</u>	<u>Over 12 months</u>	<u>Quality Ratings</u>
Atlanta, GA Development Authority Revenue	\$ 736,748	\$ -	\$ 736,748	BBB
Federal Home Loan Banks	1,618,014	-	\$ 1,618,014	AA+
Federal Farm Cr Bks Cons	4,303,931	-	\$ 4,303,931	AA+
US Bank Certificates of Deposit	1,130,000	-	\$ 1,130,000	A-1
Virginia State Non-Arbitrage Program	209	209	-	AA+
	<u>\$ 7,788,902</u>	<u>\$ 209</u>	<u>\$ 7,788,693</u>	

**Investment Maturities and Ratings for 2012**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12 months</u>	<u>Over 12 months</u>	<u>Quality Ratings</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, 2013, 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, 2013 and 2012**

**Note 4. CAPITAL ASSETS**

	Balance				Balance
	June 30, 2012	Additions	Reductions	Transfers	June 30, 2013
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	34,126,480	23,582,008	-	(19,239,726)	38,468,762
	<u>86,990,662</u>	<u>23,582,008</u>	<u>-</u>	<u>(19,239,726)</u>	<u>91,332,944</u>
Other capital assets:					
Land improvements	13,574,061	-	-	5,741,340	19,315,401
Buildings	314,580,081	146,185	-	1,818,484	316,544,750
Paved facilities	213,430,919	-	-	9,000,126	222,431,045
Furniture and fixtures	4,981,910	7,108	-	-	4,989,018
Machinery and equipment	49,609,450	465,966	-	2,679,776	52,755,192
Total Other Capital Assets	<u>596,176,421</u>	<u>619,259</u>	<u>-</u>	<u>19,239,726</u>	<u>616,035,406</u>
Total Capital Assets	<u>683,167,083</u>	<u>24,201,267</u>	<u>-</u>	<u>-</u>	<u>707,368,350</u>
Accumulated depreciation:					
Land improvements	(8,807,608)	(660,568)	-	-	(9,468,176)
Buildings	(95,395,087)	(9,725,538)	-	-	(105,120,625)
Paved facilities	(123,317,524)	(8,519,294)	-	-	(131,836,818)
Furniture and fixtures	(2,917,871)	(396,520)	-	-	(3,314,391)
Machinery and equipment	(37,477,284)	(1,920,128)	-	-	(39,397,412)
Total Accumulated Depreciation	<u>(267,915,374)</u>	<u>(21,222,048)</u>	<u>-</u>	<u>-</u>	<u>(289,137,422)</u>
Capital Assets, Net	<u>\$ 415,251,709</u>	<u>\$ 2,979,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,230,928</u>

	Balance				Balance
	June 30, 2011	Additions	Reductions	Transfers	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)	(2,157,984)	13,500	-	(37,477,284)
Total Accumulated Depreciation	<u>(247,319,721)</u>	<u>(20,609,153)</u>	<u>13,500</u>	<u>-</u>	<u>(267,915,374)</u>
Capital Assets, Net	<u>\$ 418,557,461</u>	<u>\$ (3,319,253)</u>	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ 415,251,709</u>

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**Note 5. LONG-TERM DEBT**

Long-term debt at June 30, 2013 and 2012 consists of:

	Balance			Balance	Current
	6/30/2012	Increase	Decrease	6/30/2013	Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 33,044,007	\$ -	\$ (2,026,201)	\$ 31,017,806	\$ 2,091,697
Series 2004A (b)	6,085,000	-	(1,930,000)	4,155,000	2,025,000
Series 2005A Airport Refunding (c)	26,130,000	-	(23,435,000)	2,695,000	500,000
Series 2008A (d)	49,450,000	-	(980,000)	48,470,000	1,015,000
Series 2013A Airport Refunding (e)	-	21,870,000	-	21,870,000	-
PFC Revenue Bonds:					
Series 2005A (f)	15,625,000	-	(690,000)	14,935,000	715,000
Series 2005B (g)	19,580,000	-	(575,000)	19,005,000	595,000
Car Rental Garage Revenue					
Bonds, Series 2000 (h)	2,380,000	-	-	2,380,000	-
Line of Credit (i)	-	-	-	-	-
	152,294,007	21,870,000	(29,636,201)	144,527,806	6,941,697
Add: Bond premium paid, net	865,827	3,026,138	(142,805)	3,749,160	-
Less: Debt issuance costs, net	(3,631,625)	(48,723)	(2,688,286)	(6,368,634)	-
Total Long-Term Debt	\$ 149,528,209	\$ 24,847,415	\$ (32,467,292)	\$ 141,908,332	\$ 6,941,697

	Balance			Balance	Current
	6/30/2011	Increase	Decrease	6/30/2012	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	\$ 158,711,204	\$ -	\$ (9,182,995)	\$ 149,528,209	\$ 6,681,201

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

The aggregate amount of debt service on long-term debt following June 30, 2013 is as follows:

**Long-Term Debt**

Year	Revenue		PFC		CFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	5,631,697	3,549,945	1,310,000	68,333	-	166,600	6,941,697	3,784,878
2015	5,899,312	3,998,632	1,360,000	65,609	1,150,000	126,350	8,409,312	4,190,591
2016	5,059,114	4,004,816	1,400,000	62,782	1,230,000	43,050	7,689,114	4,110,648
2017	4,996,174	3,795,344	1,455,000	59,870	-	-	6,451,174	3,855,214
2018	3,865,565	3,635,841	1,500,000	56,845	-	-	5,365,565	3,692,686
2019-2023	30,300,711	15,083,893	8,310,000	235,213	-	-	38,610,711	15,319,106
2024-2028	24,735,233	9,081,102	9,810,000	142,777	-	-	34,545,233	9,223,879
2029-2033	10,780,000	5,635,000	6,435,000	51,931	-	-	17,215,000	5,686,931
2034-2038	13,760,000	2,582,000	2,360,000	6,054	-	-	16,120,000	2,588,054
2039	3,180,000	79,500	-	-	-	-	3,180,000	79,500
	<u>\$ 108,207,806</u>	<u>\$ 51,446,073</u>	<u>\$ 33,940,000</u>	<u>\$ 749,414</u>	<u>\$ 2,380,000</u>	<u>\$ 336,000</u>	<u>\$ 144,527,806</u>	<u>\$ 52,531,487</u>

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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 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 January 1 and July 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, 2013 and 2012**

**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 1 and July 1.

The Commission issued \$21,870,000 of Series 2013A revenue bonds that were combined with the premium received of \$3,026,138 and other available resources to establish an irrevocable trust for certain future debt service payments of \$25,738,421. As a result, \$22,955,000 of the Series 2005A Revenue Bonds is considered to be defease, and the liability has been removed from the Commission's balance sheet. The remaining principal balance of \$2,695,000 will be paid according to the maturity payment schedule for July 1, 2013 – July 1, 2015.

*(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) Revenue Refunding Bonds, Series 2013A*

On April 24, 2013, the Commission issued Airport Revenue Refunding Bonds Series 2013A in the amount of \$21,870,000, secured by an Airport Revenue Bond Resolution adopted by the Commission November 21, 1984, as amended and supplemented, including a Twelfth Supplemental Bond Resolution adopted by the Commission on February 26, 2013. The net proceeds of the bonds were combined with other available resources to establish an irrevocable trust to effectively defease the outstanding principal amount of the 2005A Revenue Bonds maturing on July 1 in the years 2016 through 2025 totaling \$22,955,000. Principal payments are due each year on July 1 starting in 2014 through 2025. Interest on the bonds is payable semi-annually each January 1 and July 1. The estimated net present value savings is \$1,929,000. As a result of the refunding, total debt service payments decreased by \$2,181,934 resulting in an economic gain of \$1,929,376.

*(f) 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

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

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 was amended on March 1, 2013 and will expire on March 31, 2016, 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) Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT)*

On March 31, 2005, the Commission issued Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT) in the amount of \$23,115,000, under a Master Indenture of Trust dated March 1, 2005, as amended, and pursuant to provisions of Chapter 380 of the Acts of Assembly of the Commonwealth of Virginia of 1980, as amended. The bonds were issued for the purpose of refinancing the Passenger Facility Charge Revenue Bonds, 1999 Series B, in the amount of \$17,000,000. The remaining proceeds were used to finance certain costs of the terminal project. The bonds bear interest 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 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 was amended on March 1, 2013 and will expire on March 31, 2016, 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.

*(h) 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 In

**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

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

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.

*(i) Line of Credit*

The Commission entered into the first one year amendment of an Exempt Facility Credit Agreement with a bank as of December 1, 2012, 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, 2013 and June 30, 2012.

*(j) Restricted Assets*

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

	2013	2012
Cost of issuance	\$ 207,718	\$ 343
Debt service	43,281,075	39,366,257
Equipment and capital outlay	22,948,058	21,734,383
Operation and maintenance	4,223,606	3,684,063
	<u>\$ 70,660,457</u>	<u>\$ 64,785,046</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, 2013 and June 30, 2012.

**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 \$2,100,487 (5.3%) and \$1,433,604 (3.6%) for the year ended June 30, 2013 and \$2,009,467 (5.1%) and \$1,439,102 (3.7%) for the year ended June 30, 2012.



**Capital Region Airport Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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, 2013:

Fiscal Year	Amount
2014	8,024,892
2015	6,780,540
2016	1,073,197
2017	1,031,797
2018	1,158,228
2019-2023	1,475,784
2024-2028	2,215,872
2029-2033	85,104
	\$ 21,845,414

The Commission had rental and concession income of \$17,891,531 and \$17,339,263 in 2013 and 2012, 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, 2013 and 2012**

**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. In addition, the Commission 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, 2013, the Commission contributed 16.35% of the annual covered payroll. The contribution rate for the year ended June 30, 2013 includes the Commission's share of 11.35% and the plan members' share of 5%. 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 included the Commission's share of 7.9% and the plan members' share of 5%.

**Annual Pension Cost**

For the year ended June 30, 2013, the Commission's annual pension cost of \$1,146,013 (2012 - \$870,475), including the plan members' share, was equal to its required and actual contribution. The required contribution rates for the years ended June 30, 2013 and 2012 were determined using the entry age normal actuarial cost method as part of the actuarial valuations for June 30, 2012.

Significant actuarial assumptions used per year include a 7.5% 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, 2013	\$1,146,013	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, 2012	\$ 21,727,233	\$ 28,092,248	\$ 6,365,015	77.34%	\$ 6,794,782	93.68%

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, 2013 and 2012**

**Note 9. RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2013 and 2012, 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 \$17,500 for the year 2013; with participants age 50 and older allowed to defer a maximum of \$23,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency.

All plan assets are held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. 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. Commission management 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, 2013, the Commission had construction commitments of approximately \$19.7 million, of which approximately \$18.9 million will be paid from federal and state grants.

**Note 12. SUBSEQUENT EVENTS**

The Commission has evaluated subsequent events through October 18, 2013, 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, 2013 and 2012**

Cavanaugh MacDonald Consulting, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2012. 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, 2012	\$ 21,727,233	\$ 28,092,248	\$ 6,365,015	77.34%	\$ 6,794,782	93.68%
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

**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, 2013	\$1,146,013	100%	None
June 30, 2012	870,475	100	None
June 30, 2011	856,039	100	None

# SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION



**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
Parking		
Terminal	\$ 13,785,664	\$ 13,931,741
Economy and shuttle	3,481,463	3,474,623
Valet	525,664	546,265
Parking meter and violations	5,596	6,311
	17,798,387	17,958,940
Landing Fees		
Major	1,931,224	1,869,314
Regional	422,594	634,334
Scheduled freighter	465,971	444,041
Other	35,451	58,879
	2,855,240	3,006,568
Concession		
Rental car	4,749,098	4,720,649
Food and beverage	855,988	864,407
Ground transportation fees	319,583	324,677
In-flight catering, etc.	6,903	7,667
Retail sales	1,100,468	1,004,368
Off-airport concession fees	103,654	92,729
Terminal advertising	661,579	706,895
Fuel flowage fees	154,028	137,305
Other	4,255	4,063
	7,955,556	7,862,760
Rental		
Airline terminal	6,602,339	6,564,739
Land	1,471,916	1,212,188
Other buildings	1,861,720	1,699,576
	9,935,975	9,476,503
Apron Fees	588,368	637,688
Other		
Utilities	135,635	77,351
Other	122,505	103,751
	258,140	181,102
<b>Total</b>	<b>\$ 39,391,666</b>	<b>\$ 39,123,561</b>

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
Personnel		
Salaries		
Regular	\$ 7,611,768	\$ 6,880,838
Overtime	315,691	245,136
Fringe benefits		
Payroll taxes	576,560	603,093
Group insurance, life and health	864,812	761,349
Retirement	804,546	870,475
Other	105,958	123,336
	10,279,335	9,484,227
Utilities		
Electricity	2,061,433	2,075,298
Heating fuel	107,250	72,630
Telephone	81,267	76,332
Water and sewer	287,530	284,526
	2,537,480	2,508,786
Professional Services		
Legal and accounting	345,516	381,510
Consulting services	314,822	502,028
Marketing and promotion	562,714	500,055
	1,223,052	1,383,593
Parking		
Terminal	1,625,362	1,686,623
Economy and shuttle	1,286,393	1,365,582
	2,911,755	3,052,205
Maintenance		
Building	520,366	336,885
Equipment	395,302	411,864
Other	734,830	715,302
	1,650,498	1,464,051
Insurance	847,576	669,302
Supplies	762,651	806,312
Other		
Conference and travel	35,615	52,141
Snow removal	83,554	89,643
Other	289,007	226,645
	408,176	368,429
<b>Total</b>	<b>\$ 20,620,523</b>	<b>\$ 19,736,905</b>



**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$ 13,575,000	\$ 13,785,664	\$ 210,664
Economy and shuttle	3,452,000	3,481,463	29,463
Valet	531,000	525,664	(5,336)
Parking meter and violations	7,000	5,596	(1,404)
	17,565,000	17,798,387	233,387
Landing Fees			
Major	1,537,200	1,931,224	394,024
Regional	891,210	422,594	(468,616)
Scheduled freighter	523,990	465,971	(58,019)
Other	62,418	35,451	(26,967)
	3,014,818	2,855,240	(159,578)
Concession			
Rental car	4,440,000	4,749,098	309,098
Food and beverage	811,900	855,988	44,088
Ground transportation fees	314,600	319,583	4,983
In-flight catering, etc.	6,300	6,903	603
Retail sales	1,094,099	1,100,468	6,369
Off airport concession fees	90,500	103,654	13,154
Terminal advertising	750,000	661,579	(88,421)
Fuel flowage fees	134,600	154,028	19,428
Other	4,500	4,255	(245)
	7,646,499	7,955,556	309,057
Rental			
Airline terminal	6,614,478	6,602,339	(12,139)
Land	1,097,979	1,471,916	373,937
Other buildings	1,888,074	1,861,720	(26,354)
	9,600,531	9,935,975	335,444
Apron Fees	657,220	588,368	(68,852)
Other			
Utilities	64,600	135,635	71,035
Other	4,700	122,505	117,805
	69,300	258,140	188,840
Total	\$ 38,553,368	\$ 39,391,666	\$ 838,298

**Capital Region Airport Commission**  
**SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL**  
**Year Ended June 30, 2013**

	Budget	Actual	Variance with Budget Positive (Negative)
<b>Personnel</b>			
Salaries			
Regular	\$ 7,364,611	\$ 7,611,768	\$ (247,157)
Overtime	185,000	315,691	(130,691)
Fringe benefits			
Payroll taxes	482,196	576,560	(94,364)
Group insurance, life and health	747,592	864,812	(117,220)
Retirement	786,584	804,546	(17,962)
Other personnel expense	84,000	105,958	(21,958)
	9,649,983	10,279,335	(629,352)
<b>Utilities</b>			
Electricity	2,095,350	2,061,433	33,917
Heating fuel	96,400	107,250	(10,850)
Telephone	75,100	81,267	(6,167)
Water and sewer	375,000	287,530	87,470
	2,641,850	2,537,480	104,370
<b>Professional Services</b>			
Legal and accounting	352,000	345,516	6,484
Consulting services	440,000	314,822	125,178
Marketing and promotion	594,500	562,714	31,786
	1,386,500	1,223,052	163,448
<b>Parking</b>			
Terminal	1,736,000	1,625,362	110,638
Economy and shuttle	1,426,000	1,286,393	139,607
	3,162,000	2,911,755	250,245
<b>Maintenance</b>			
Building	428,000	520,366	(92,366)
Equipment	458,700	395,302	63,398
Other	728,900	734,830	(5,930)
	1,615,600	1,650,498	(34,898)
<b>Insurance</b>			
	775,100	847,576	(72,476)
<b>Supplies</b>			
	728,850	762,651	(33,801)
<b>Other</b>			
Conference and travel	56,000	35,615	20,385
Snow removal	100,000	83,554	16,446
Other	247,900	289,008	(41,108)
	403,900	408,176	(4,276)
<b>Total</b>	<b>\$ 20,363,783</b>	<b>\$ 20,620,523</b>	<b>\$ (256,740)</b>

**Capital Region Airport Commission**  
**SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS**  
**Year Ended June 30, 2013**

	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	\$ -	\$ 6,156,877	\$ 21,734,383	\$ 4,704,369	\$ 1,947,792	\$ 67,029	\$ 4,662,333
RECEIPTS							
Deposits from Commission	39,436,107	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-
Interest earned	-	-	-	11,915	30,000	-	9,622
	39,436,107	-	-	11,915	30,000	-	9,622
DISBURSEMENTS							
Disbursements to Commission	-	-	7,265,720	20,198,543	-	-	(20,160)
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	10,565,128	-	-	-	-	-
	-	10,565,128	7,265,720	20,198,543	-	-	(20,160)
TRANSFERS							
Transfer of interest earned to revenue account	20,279	-	-	(11,967)	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(39,456,386)	10,363,392	8,479,395	20,363,784	-	-	25,000
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(39,436,107)	10,363,392	8,479,395	20,351,817	(426)	-	25,000
ENDING BALANCE	\$ -	\$ 5,955,141	\$ 22,948,058	\$ 4,869,558	\$ 1,977,366	\$ 67,029	\$ 4,717,115

**Capital Region Airport Commission**  
**SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)**  
**Year Ended June 30, 2013**

	1995 Bonds		2005 Rev Bonds		2008 Rev Bonds		2013 Rev Bonds		PFC Bonds	
	Debt Service Reserve	Debt Service Reserve	Debt Service Reserve	Construction Fund	Cost of Issuance	Debt Service Reserve	Cost of Issuance	General Purpose Fund		
BEGINNING BALANCE	\$ 4,634	\$ 3,588,673	\$ 3,538,117	\$ -	\$ 343	\$ -	\$ -	\$ 24,046,022		
RECEIPTS										
Deposits from Commission	-	-	-	-	-	2,489,614	-	-		
Deposits from Commission-collections	-	-	-	-	-	-	-	6,741,714		
Gain (loss) on sale of investments	-	(54,459)	(66,992)	-	-	-	-	8,886		
Interest earned	-	56,361	55,324	-	-	-	-	222		
	-	1,902	(11,668)	-	-	2,489,614	-	6,750,821		
DISBURSEMENTS										
Disbursements to Commission	-	-	-	-	-	-	-	-		
Principal curtailment on long-term debt	-	-	-	-	-	-	-	1,265,000		
Interest payments on long-term debt	-	-	-	-	-	-	-	(64,032)		
Disbursements to others	-	3,344,899	-	-	-	-	-	561		
	-	3,344,899	-	-	-	-	-	1,201,529		
TRANSFERS										
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	(313,486)		
Transfer of deposited revenue to designated accounts per resolution	-	-	-	-	-	-	207,375	(607,390)		
Discount (premium) amortized on bonds held as an investment	-	24,040	8,988	-	-	108	-	-		
	-	24,040	8,988	-	-	108	207,375	(920,876)		
ENDING BALANCE	\$ 4,634	\$ 269,716	\$ 3,535,437	\$ -	\$ 343	\$ 2,489,722	\$ 207,375	\$ 28,674,438		

**Capital Region Airport Commission**  
**SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)**  
**Year Ended June 30, 2013**

	CFC Bonds							Total
	Revenue Account	Debt Service Reserve	Interest Fund	Operating Fund	Principal Fund	Repair Fund	General Purpose Fund	
BEGINNING BALANCE	\$ -	\$ 1,130,500	\$ 101,904	\$ 29,448	\$ 732,500	\$ 102,176	\$ 1,604,647	\$ 74,151,749
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	41,925,721
Deposits from Commission-collections	1,151,185	-	-	-	-	-	-	7,892,899
Gain (loss) on sale of investments	-	-	-	-	-	-	-	(112,565)
Interest earned	-	44,880	4	-	42	54	435	208,859
	1,151,185	44,880	4	-	42	54	435	49,914,914
DISBURSEMENTS								
Disbursements to Commission	-	-	-	160,138	-	150,011	-	27,754,252
Principal curtailment on long-term debt	-	-	-	-	-	-	-	1,265,000
Interest payments on long-term debt	-	-	83,300	-	-	-	-	19,268
Disbursements to others	-	-	-	-	-	-	-	13,910,588
	-	-	83,300	160,138	-	150,011	-	42,949,108
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	(305,174)
Transfer of deposited revenue to designated accounts per resolution	(1,151,185)	(44,880)	83,296	160,138	320,011	100,000	559,490	(597,960)
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	32,710
	(1,151,185)	(44,880)	83,296	160,138	320,011	100,000	559,490	(870,424)
ENDING BALANCE	\$ -	\$ 1,130,500	\$ 101,904	\$ 29,448	\$ 1,052,553	\$ 52,219	\$ 2,164,572	\$ 80,247,131

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 \$70,660,457 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, 2013**

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
<b>2004 Bonds</b>			
Bond account - debt service	Money market fund	0.0%	\$5,955,141
Equipment and capital outlay	Money market fund	0.0	22,948,058
Operation and maintenance account	Cash deposits	0.6	4,869,558
Operation and maintenance reserve	Money market fund	0.0	1,223,747
Operation and maintenance reserve	Municipal obligation	4.0	736,748
Subordinated indebtedness	Money market fund	0.0	67,029
Surplus, issuer discretionary	Cash deposits	0.6	4,717,116
			<u>\$40,517,397</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	221
Debt service reserve	Federal obligations	2.1	269,156
			<u>269,377</u>
<b>2008 Bonds</b>			
Debt service reserve	Money market fund	0.0	27,046
Debt service reserve	Federal obligations	1.9	3,344,014
Cost of issue	Money market fund	0.0	343
			<u>3,371,403</u>
<b>2013 Bonds</b>			
Debt service reserve	Money market fund	0.0	71,344
Debt service reserve	Federal obligations	1.5	2,308,818
Cost of issue	Money market fund	0.0	207,375
			<u>2,587,537</u>
<b>PFC Bonds</b>			
General purpose fund	Money market fund	0.1	28,674,439
			<u>28,674,439</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	1,052,553
Repair fund	Money market fund	0.0	52,220
General purpose fund	Money market fund	0.0	2,164,572
			<u>4,531,197</u>
			<u>\$ 79,955,984</u>

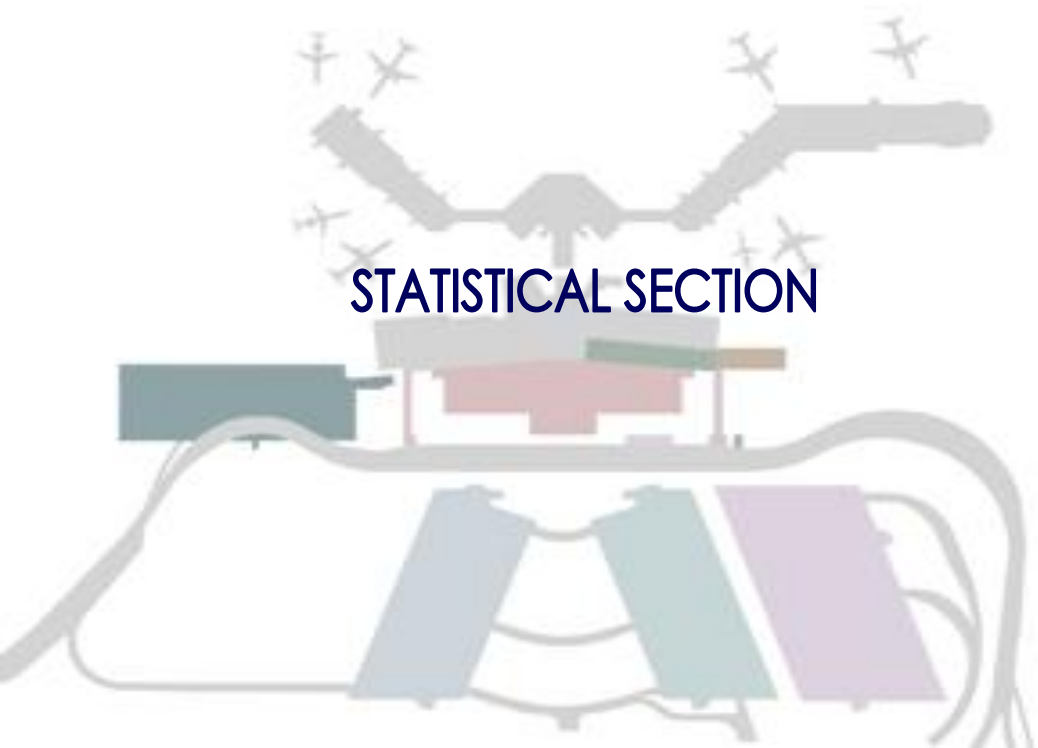
Summary of cash, cash equivalents and investments created by bond resolution are included in the statements of net position as follows:

Current assets:	
Cash and cash equivalents	\$9,586,674
Restricted assets:	
Cash and cash equivalents	62,580,617
Investments	\$ 7,788,693
	<u>\$ 79,955,984</u>

Note: Includes fair market value adjustment of \$291,147



Now you're going places.



# **STATISTICAL SECTION**





Now you're going places.

**Capital Region Airport Commission  
Statistical Section**

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**Capital Region Airport Commission**  
**NET POSITION AND CHANGES IN NET POSITION**  
**Ten Years Ended June 30, 2013**  
**(dollars in thousands)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Operating revenues</b>										
Apron fees	\$ 588	\$ 638	\$ 624	\$ 509	\$ 755	\$ 674	\$ 585	\$ 609	\$ 679	\$ 696
Concession	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,249
Landing fees	2,855	3,007	2,976	2,837	3,332	3,496	3,333	3,400	3,212	3,107
Other	258	181	166	177	211	253	250	173	157	334
Parking	17,799	17,959	18,320	17,993	17,989	19,892	16,956	15,034	12,760	11,506
Rental	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109
<b>Total operating revenues</b>	<b>39,392</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>Nonoperating income</b>										
Customer Facility Charges	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814
Interest income	136	198	250	338	1,152	2,608	3,330	3,052	1,538	684
Passenger Facility Charges	6,589	6,571	6,829	6,949	6,929	7,328	7,549	6,546	4,247	3,279
<b>Total nonoperating revenues</b>	<b>7,700</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>Total Revenues</b>	<b>47,092</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>Operating expenses</b>										
Depreciation	21,222	20,609	19,644	18,492	17,151	16,364	15,802	14,344	13,706	11,828
Insurance	848	669	798	810	664	625	738	678	604	606
Maintenance	1,651	1,464	1,539	1,864	1,424	1,928	1,672	1,400	1,373	1,350
Other	408	369	558	545	394	516	468	638	615	575
Parking	2,912	3,052	3,019	2,834	3,070	2,896	2,366	2,344	2,149	1,922
Personnel	10,279	9,484	9,173	9,380	10,121	10,343	9,419	8,490	7,681	7,036
Professional services	1,223	1,384	1,658	1,001	1,207	1,544	1,407	1,381	1,583	1,578
Supplies	763	806	686	597	685	800	730	678	618	415
Utilities	2,537	2,509	2,348	2,081	2,555	2,361	2,191	1,974	1,719	1,774
<b>Total operating expenses</b>	<b>41,843</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>Nonoperating expenses</b>										
Interest expense	4,882	5,193	5,580	3,793	5,555	5,666	6,177	6,022	5,743	5,885
Other, net	992	669	861	786	1,075	666	810	794	519	608
<b>Total nonoperating expenses</b>	<b>5,874</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>Total Expenses</b>	<b>47,717</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>
Capital grants and contributions	12,660	9,825	5,594	5,879	12,481	23,860	8,895	15,471	6,658	8,481
Special item-transfer to governmental agency	-	-	-	-	-	-	-	-	-	(12,731)
<b>Increase (decrease) in Net Position</b>	<b>\$ 12,035</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>Net Position at Year-End</b>										
Net Investment in capital assets	\$ 284,805	\$ 274,718	\$ 268,968	\$ 274,025	\$ 271,544	\$ 241,895	\$ 222,570	\$ 209,638	\$ 172,289	\$ 171,847
Restricted	66,012	60,776	56,480	41,370	31,247	39,742	34,568	27,394	42,511	36,781
Unrestricted	12,658	15,945	14,765	17,630	19,871	23,428	13,954	16,486	15,818	11,525
<b>Total Net Position</b>	<b>\$ 363,475</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>

**Capital Region Airport Commission**  
**PRINCIPAL REVENUE SOURCES AND REVENUES**  
**Ten Years Ended June 30, 2013**  
**(dollars in thousands)**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Airline revenues										
Landing fees	\$ 2,855	\$ 3,007	\$ 2,976	\$ 2,837	\$ 3,332	\$ 3,496	\$ 3,333	\$ 3,400	\$ 3,212	\$ 3,107
Apron fees	588	638	624	509	755	674	585	609	679	697
Total airline revenues	3,443	3,645	3,600	3,346	4,087	4,172	3,918	4,009	3,891	3,804
Percentage of total revenues	7.3%	7.7%	7.6%	7.1%	8.4%	7.8%	7.8%	8.7%	9.7%	10.6%
Nonairline revenues										
Parking	17,799	17,959	18,320	17,993	17,989	19,891	16,956	15,034	12,760	11,506
Rental	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377	8,109
Concession	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053	6,285
Other	258	181	166	178	211	253	250	172	157	334
Total nonairline revenues	35,949	35,479	35,268	34,654	35,357	37,971	33,816	30,503	28,347	26,234
Percentage of total revenues	76.3%	74.5%	74.3%	74.3%	72.1%	70.5%	67.0%	66.1%	70.7%	73.2%
Nonoperating revenues										
Passenger Facility Charges	6,589	6,571	6,829	6,949	6,929	7,327	7,549	6,546	4,247	3,279
Customer Facility Charges	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094	1,814
Interest Income	136	198	250	338	1,152	2,608	3,330	3,052	1,538	684
Total nonoperating revenues	7,700	8,485	8,590	8,667	9,573	11,679	12,725	11,659	7,879	5,777
Percentage of total revenues	16.4%	17.8%	18.1%	18.6%	19.5%	21.7%	25.2%	25.3%	19.6%	16.1%
Total revenues	<u>\$ 47,092</u>	<u>\$ 47,609</u>	<u>\$ 47,458</u>	<u>\$ 46,667</u>	<u>\$ 49,017</u>	<u>\$ 53,822</u>	<u>\$ 50,459</u>	<u>\$ 46,171</u>	<u>\$ 40,117</u>	<u>\$ 35,815</u>
Enplaned passengers (excluding charters)										
Enplaned passengers (excluding charters)	1,581,348	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
Total revenue per enplaned passengers	\$ 29.78	\$ 29.85	\$ 28.93	\$ 28.45	\$ 29.26	\$ 29.69	\$ 29.02	\$ 29.71	\$ 30.35	\$ 29.53

**Capital Region Airport Commission**  
**LARGEST OWN-SOURCE REVENUE**  
**Ten Years Ended June 30, 2013**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Parking:										
Terminal	\$ 13,785,664	\$ 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
Economy and shuttle	3,481,463	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
Valet	525,664	546,265	562,929	572,419	611,691	688,525	776,112	691,069	563,733	488,905
Parking meter and violations	5,596	6,311	7,888	4,425	1,358	8,408	8,114	7,537	9,547	19,805
	<u>\$ 17,798,387</u>	<u>\$ 17,958,940</u>	<u>\$ 18,320,471</u>	<u>\$ 17,992,998</u>	<u>\$ 17,988,969</u>	<u>\$ 19,891,428</u>	<u>\$ 16,956,492</u>	<u>\$ 15,034,493</u>	<u>\$ 12,759,778</u>	<u>\$ 11,506,207</u>

**LARGEST OWN-SOURCE REVENUE RATES**  
**Ten Years Ended June 30, 2013**

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	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
	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
Lot:																				
Garage/long term	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 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	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6	1	7	1	7
Economy B	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6	1	7	1	7
Economy C	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6	1	6	1	6
Valet	2	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	6	15	6	15	6	15	6	15

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, 2013**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Apron fees	\$1.23	\$1.21	\$1.21	\$1.21	\$1.34	\$1.31	\$1.34	\$1.34	\$1.49	\$1.51
Landing Fees (per 1,000 lbs unit)	1.23	1.24	1.19	1.22	1.25	1.24	1.20	1.16	1.21	1.21
Terminal Rental (square foot)	35.12	34.19	34.17	33.50	34.93	43.01	40.95	40.66	41.52	41.04

**REVENUE BOND COVERAGE**  
**Ten Years Ended June 30, 2013**

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2013	\$ 37,911,029	\$ 20,871,776	\$ 17,039,253	\$ 10,036,138	\$ 13,831,834	1.70	1.23
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

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 position 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, 2013**  
**(dollars in thousands)**

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	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Airport Revenue Bonds:										
Series 1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105
Series 1995 A,B&C	-	-	-	-	-	15,880	15,880	15,880	16,405	46,295
Series 2001 A&B	31,018	33,044	34,962	36,673	38,308	39,874	41,373	42,806	44,180	45,492
Series 2004 A	4,155	6,085	7,920	9,670	11,335	12,935	14,475	15,955	17,380	17,380
Series 2005A	2,695	26,130	26,595	27,045	27,485	27,910	28,325	28,725	28,725	-
Series 2008A	48,470	49,450	50,395	51,310	51,310	51,310	-	-	-	-
Series 2013A	21,870	-	-	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 1999 A	-	-	-	-	-	-	-	-	-	3,260
Series 1999 B	-	-	-	-	-	-	-	-	-	17,000
Series 2005 A	14,935	15,625	16,295	16,940	21,570	26,175	26,765	27,335	27,885	-
Series 2005 B	19,005	19,580	20,135	20,675	21,200	21,705	22,190	22,660	23,115	-
Car Rental Garage Revenue Bond	2,380	2,380	5,400	6,280	7,100	7,870	8,595	9,275	9,910	10,510
The Warehouse Company Note	-	-	-	-	-	1,493	1,691	1,874	2,043	2,197
Line of Credit	-	-	-	-	1,185	-	1,450	-	-	1,119
	<u>144,528</u>	<u>152,294</u>	<u>161,702</u>	<u>168,593</u>	<u>179,493</u>	<u>205,152</u>	<u>160,744</u>	<u>164,510</u>	<u>169,643</u>	<u>144,358</u>
Add: Bond premium, net	3,749	866	1,031	1,218	1,424	1,650	1,891	2,147	2,393	1,081
Less: Debt issuance costs, net	(6,369)	(3,632)	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)	(4,433)	(4,666)	(3,147)
Total Long Term Debt	<u>\$ 141,908</u>	<u>\$ 149,528</u>	<u>\$ 158,711</u>	<u>\$ 165,378</u>	<u>\$ 176,054</u>	<u>\$ 201,237</u>	<u>\$ 158,603</u>	<u>\$ 162,224</u>	<u>\$ 167,370</u>	<u>\$ 142,292</u>
Enplaned passengers (excluding charters)	1,581	1,595	1,641	1,640	1,675	1,813	1,735	1,555	1,322	1,214
Total Long Term Debt per enplaned passenger	<u>\$89.76</u>	<u>\$93.75</u>	<u>\$96.72</u>	<u>\$100.84</u>	<u>\$105.11</u>	<u>\$111.00</u>	<u>\$91.41</u>	<u>\$104.32</u>	<u>\$126.60</u>	<u>\$117.21</u>

**Capital Region Airport Commission**  
**MAJOR CUSTOMERS**  
**Year Ended June 30, 2013**

	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 2,100,487	5.3%
US Airways, Inc	1,433,604	3.6
Hertz Corporation, Inc.	1,348,810	3.4
Federal Bureau of Investigations (FBI)	1,078,510	2.7
National / Alamo Rent A Car, Inc.	974,512	2.5

**ENPLANEMENT TRENDS**  
**RICHMOND, SMALL HUBS, UNITED STATES**  
**Ten Years Ended June 30, 2013**

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2013	(0.9%)	N/A	N/A
2012	(2.6)	N/A	0.6%
2011	0.1	(10.0%)	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

Note: Calendar year data except for 2013, 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 6 and 1-37. Airport records.

N/A: Not available



**Capital Region Airport Commission**  
**ENPLANED PASSENGERS**  
**Ten Years Ended June 30, 2013**

	Share of		Share of		2011	2010	2009	2008	2007	2006	2005	2004
	2013	Total 2013	2012	Total 2012								
<b>Majors:</b>												
AirTran Airways	155,937	9.8%	151,031	9.4%	147,825	152,852	170,372	172,770	147,658	137,411	2,960	-
American Eagle Airlines	72,417	4.6	79,021	4.9	84,255	64,187	45,026	61,952	63,103	70,709	82,715	55,974
Continental Airlines	-	-	79,032	4.9	124,349	123,513	119,820	129,014	132,724	113,434	100,856	95,311
Delta Airlines	337,549	21.3	324,690	20.3	310,789	270,066	232,326	240,723	227,925	221,489	243,800	229,351
JetBlue Airways	124,539	7.8	116,545	7.3	129,566	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
SkyBus Airlines	-	-	-	-	-	-	-	29,793	4,473	-	-	-
United Airlines	33,371	2.1	32,079	2.0	38,844	47,922	52,430	56,980	59,898	60,870	55,035	59,163
US Airways	103,197	6.5	95,599	6.0	88,912	103,443	122,451	137,069	122,747	145,018	180,443	191,477
<b>Total Major</b>	<b>827,010</b>	<b>52.1</b>	<b>877,997</b>	<b>54.9</b>	<b>924,540</b>	<b>922,874</b>	<b>964,750</b>	<b>986,841</b>	<b>916,061</b>	<b>800,065</b>	<b>705,234</b>	<b>675,828</b>
<b>Regionals:</b>												
Air Canada	4,927	0.3	6,157	0.4	6,731	6,564	6,903	1,821	-	-	-	-
Air Wisconsin	81,501	5.1	144,638	9.0	152,087	113,190	76,002	86,360	64,525	43,229	18,091	50,836
American	111,183	7.0	118,303	7.4	121,523	113,082	104,165	116,805	115,244	106,789	87,196	105,235
Atlantic Coast	-	-	-	-	-	-	-	-	-	-	3,509	27,519
Atlantic Southeast	-	-	934	0.1	863	21,211	33,967	41,706	31,358	36,185	11,607	-
Chautauqua	62,224	3.9	35,495	2.2	35,387	71,793	71,237	70,858	134,892	106,948	84,362	62,137
ComAir/Delta Connection	3,771	0.2	24,032	1.5	52,216	53,106	58,263	85,373	102,462	99,709	72,469	66,278
Compass	-	-	7,215	0.5	22,176	7,229	-	-	-	-	-	-
Express Jet	208,385	13.1	121,025	7.6	20,233	-	-	-	-	-	-	-
GoJet	39,594	2.5	29,123	1.8	27,863	23,957	13,599	12,391	2,229	-	-	-
Mesa	74,682	4.7	54,432	3.4	45,278	27,893	54,807	76,854	78,014	56,606	38,820	24,053
Mesaba	-	-	7,514	0.5	6,374	20,397	-	-	-	-	-	-
Piedmont	33,126	2.1	6,652	0.4	9,994	18,063	21,057	21,695	12,930	5,603	5,851	14,648
Pinnacle	83,652	5.3	81,623	5.1	47,595	30,123	12,364	72,249	54,659	71,560	67,382	46,356
PSA	23,800	1.5	23,556	1.5	34,118	31,725	30,449	41,579	57,499	34,578	25,707	11,281
Republic	2,926	0.2	26,983	1.7	53,192	84,493	84,651	47,366	2,516	347	-	-
Shuttle America	2,981	0.2	62	-	2,418	19	14,666	-	-	521	4,803	-
SkyWest	88	-	653	-	-	-	-	-	-	1,070	-	-
Trans States	21,498	1.4	28,786	1.8	78,054	94,595	128,306	151,260	162,134	191,465	193,070	124,345
USA 3000	-	-	-	-	-	-	-	-	-	-	3,762	5,055
US Airways Express	-	-	-	-	-	-	-	-	-	-	-	8,678
<b>Total Regionals</b>	<b>754,338</b>	<b>47.5</b>	<b>717,183</b>	<b>44.7</b>	<b>716,102</b>	<b>717,440</b>	<b>710,436</b>	<b>826,317</b>	<b>818,462</b>	<b>754,610</b>	<b>616,629</b>	<b>546,421</b>
<b>Charters</b>	<b>5,861</b>	<b>0.4</b>	<b>6,136</b>	<b>0.4</b>	<b>3,820</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>Totals</b>	<b>1,587,209</b>	<b>100.0%</b>	<b>1,601,316</b>	<b>100.0%</b>	<b>1,644,462</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>

**Capital Region Airport Commission**  
**AIRLINE MARKET SHARES**  
**Ten Years Ended June 30, 2013**  
**Landed Weight (1,000 Pound Units)**

	Share of		Share of		2011	2010	2009	2008	2007	2006	2005	2004
	2013	Total 2013	2012	Total 2012								
<b>Major Airlines</b>												
AirTran Airways	181,656	9.6%	184,792	9.3%	172,888	183,712	240,928	212,656	196,632	220,792	4,992	-
American Eagle Airlines	76,148	4.0	83,748	4.2	91,333	67,051	52,730	68,586	72,455	88,973	115,106	85,644
Continental Airlines	-	-	1,667	0.1	1,447	89,000	146,750	152,133	156,277	154,396	153,118	146,851
Delta Airlines	398,489	21.0	405,770	20.3	380,426	319,496	286,572	287,074	274,715	296,066	339,027	329,080
JetBlue Airways	145,116	7.6	136,127	6.8	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
SkyBus Airlines	-	-	-	-	-	-	-	41,749	7,027	-	-	-
United Airlines	47,791	2.5	48,130	2.4	68,335	76,006	78,635	82,037	81,216	84,523	86,915	93,352
US Airways	137,273	7.2	143,046	7.2	134,919	155,556	182,515	211,407	206,784	310,410	379,899	367,808
<b>Total Major Airlines</b>	<b>986,473</b>	<b>51.9</b>	<b>1,003,280</b>	<b>50.3</b>	<b>1,008,174</b>	<b>1,100,551</b>	<b>1,212,568</b>	<b>1,272,953</b>	<b>1,233,480</b>	<b>1,234,683</b>	<b>1,148,829</b>	<b>1,098,093</b>
<b>Regional Airlines</b>												
Air Canada	8,516	0.4	9,562	0.5	9,982	17,687	18,417	3,390	-	-	-	-
Air Wisconsin	97,854	5.1	197,400	9.9	196,413	135,266	96,068	103,447	83,284	60,160	20,949	62,889
Allegiant Airlines	1,850	0.1	2,503	0.1	4,082	3,835	4,408	1,477	837	837	-	-
American	128,100	6.7	135,298	6.8	137,264	134,180	134,590	135,370	132,614	133,808	128,589	175,943
Atlantic Coast	-	-	-	-	-	-	-	-	-	-	4,227	35,197
Atlantic Southeast	-	-	1,513	0.1	1,798	25,145	36,206	48,942	36,961	39,331	12,126	-
Bahamair	2,736	0.1	1,872	0.1	-	-	-	-	-	-	-	-
Chautauqua	76,163	4.0	43,783	2.2	43,104	81,915	88,856	88,531	171,207	140,818	115,227	88,528
Colgan Air	-	-	-	-	-	-	12,214	1,178	-	-	-	-
ComAir/Delta Connection	4,376	0.2	29,061	1.5	65,644	69,560	89,059	113,686	149,103	143	119,709	127,276
Compass Airlines	-	-	-	-	33,412	8,539	17,465	2,024	-	-	-	-
Express Jet	240,983	12.7	235,324	11.8	166,404	58,114	-	-	-	-	-	-
Freedom Airlines	-	-	-	-	3,783	15,045	51,085	52,530	39,653	34	-	-
GoJet Airlines	60,300	3.2	39,463	2.0	35,376	37,185	25,058	24,522	9,246	-	-	-
Mesa Airlines	82,489	4.3	60,772	3.0	43,112	12,856	17,736	39,291	43,071	37,777	54,708	35,824
Mesaba Airlines	-	-	9,008	.5	9,750	21,853	32,636	-	-	-	-	-
Piedmont	39,585	2.1	9,144	.5	12,551	23,402	26,689	26,074	15,505	6,806	8,308	26,075
Pinnacle Airlines	108,779	5.7	111,078	5.6	63,867	36,720	45,043	79,375	65,471	94,047	108,429	70,688
PSA	26,661	1.4	26,119	1.3	37,372	34,304	35,857	48,724	64,926	48,097	41,372	18,688
Republic Airlines	3,292	0.2	33,453	1.7	63,270	104,077	111,722	64,787	3,543	1,229	-	-
Shuttle America	5,998	0.3	220	-	3,962	217	17,944	-	-	898	28,179	-
SkyWest Airlines	94	0.0	913	-	-	-	1,717	-	-	1,316	-	-
Trans States	27,375	1.4	45,259	2.3	86,794	99,905	151,075	187,356	210,528	297,240	291,520	196,199
USA 3000	-	-	-	-	-	-	-	-	-	-	6,683	-
US Airways Express	-	-	-	-	-	-	-	-	-	-	-	8,678
Vision Airlines	-	-	932	0.1	-	-	-	-	-	-	-	-
<b>Total Regional Airlines</b>	<b>915,151</b>	<b>48.1</b>	<b>992,677</b>	<b>49.7</b>	<b>1,017,940</b>	<b>919,805</b>	<b>1,013,845</b>	<b>1,020,704</b>	<b>1,025,949</b>	<b>862,541</b>	<b>940,026</b>	<b>845,985</b>
<b>Total Airline Weight</b>	<b>1,901,624</b>	<b>100.0%</b>	<b>1,995,957</b>	<b>100.0%</b>	<b>2,026,114</b>	<b>2,020,356</b>	<b>2,226,413</b>	<b>2,293,657</b>	<b>2,259,429</b>	<b>2,097,224</b>	<b>2,088,855</b>	<b>1,944,078</b>

\*Corrected Northwest for 2009

**Capital Region Airport Commission**  
**AIRLINE MARKET SHARES-CARGO**  
**Ten Years Ended June 30, 2013**  
**Landed Weight (1,000 Pound Units)**

	2013	Share of Total 2013	2012	Share of Total 2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Cargo Carriers</b>												
<i>Airborne Express</i>	-	-	-	-	-	-	6,745,200	25,806,200	25,763,000	25,891,700	48,669,200	51,796,600
AirNet Systems	3,131,300	0.9%	2,995,000	0.8%	4,589,800	4,675,800	5,388,000	7,299,100	8,868,800	10,105,604	11,227,336	10,183,552
Ameriflight	876,794	0.2	806,000	0.2	803,600	756,600	653,870	67,088	82,588	-	4,004,000	2,349,000
DHL Express	-	-	-	-	-	-	10,498,000	-	-	-	-	-
Federal Express	200,056,200	52.8	175,671,800	49.1	174,001,400	144,392,100	172,706,450	182,858,050	183,266,200	185,593,950	183,839,450	185,484,450
Mountain Air Cargo	8,500	-	17,000	-	125,480	187,140	53,160	59,500	8,500	8,500	42,500	25,500
UPS	174,765,520	46.1	178,608,000	49.9	177,643,760	160,848,720	166,685,040	173,015,360	175,649,920	171,104,680	165,935,000	165,813,500
<b>Total Cargo Weight</b>	<b>378,838,314</b>	<b>100.0%</b>	<b>358,097,800</b>	<b>100.0%</b>	<b>357,164,040</b>	<b>310,860,360</b>	<b>362,729,720</b>	<b>389,105,298</b>	<b>393,639,008</b>	<b>392,704,434</b>	<b>413,717,486</b>	<b>415,652,602</b>
<b>Total Landed Weight</b>	<b>380,739,938</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>395,898,437</b>	<b>394,801,658</b>	<b>415,806,341</b>	<b>417,596,680</b>

**Capital Region Airport Commission**  
**PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS**  
**Calendar Years 2012 and 2011**

2012				2011			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Atlanta	SH	255,780	1	Atlanta	SH	237,850
2	Boston	SH	187,490	2	New York/Newark	SH	197,020
3	New York/Newark	SH	174,370	3	Boston	SH	168,210
4	Orlando	MH	164,410	4	Orlando	MH	148,960
5	Chicago	MH	130,950	5	Chicago	MH	130,370
6	Dallas/Fort Worth	MH	108,400	6	Dallas/Fort Worth	MH	110,880
7	Fort Lauderdale	MH	95,040	7	Fort Lauderdale	MH	86,630
8	Los Angeles	LH	76,910	8	Los Angeles	LH	73,650
9	Las Vegas	LH	67,400	9	Las Vegas	LH	69,920
10	San Francisco	LH	57,800	10	Denver	MH	61,550
11	Denver	MH	57,310	11	San Francisco	LH	60,550
12	Houston	MH	54,590	12	Houston	MH	54,700
13	Phoenix	LH	48,600	13	Minneapolis/St Paul	MH	51,730
14	Minneapolis/St Paul	MH	48,270	14	Tampa	MH	50,200
15	Tampa	MH	48,220	15	Phoenix	LH	48,710
16	San Diego	LH	42,510	16	Detroit	SH	44,700
17	Charlotte	SH	41,590	17	San Diego	LH	42,770
18	New Orleans	MH	39,900	18	Seattle/Tacoma	LH	40,370
19	San Antonio	MH	39,480	19	Charlotte	SH	40,000
20	Seattle/Tacoma	LH	39,340	20	New Orleans	MH	36,560
21	Detroit	SH	39,320	21	St Louis	MH	36,390
22	St Louis	MH	37,190	22	San Antonio	MH	34,850
23	Miami	MH	36,300	23	Nashville	SH	33,580
24	Philadelphia/Camden	SH	33,750	24	Miami	MH	31,470
25	Kansas City	MH	28,600	25	Jacksonville	SH	28,660
Total			1,953,520	Total			1,920,280

**Capital Region Airport Commission**  
**POPULATION IN THE AIR TRADE AREA**  
**Calendar Years 2009-2012**

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2012	2011	2010	2009	2011-	2010-	2009-
					2012	2011	2010
United States	313,914,040	311,591,917	308,745,538	307,006,550	0.7	0.9	0.6
Virginia total	8,185,867	8,096,604	8,001,024	7,882,590	1.1	1.2	1.5
Richmond MSA*	1,231,980	1,271,101	1,258,251	1,238,187	(3.1)	1.0	1.6
Richmond-Petersburg MSA	1,162,296	1,150,614	1,138,844	1,119,459	1.0	1.0	1.7
Richmond City	210,309	206,238	204,214	204,451	2.0	1.0	(0.1)
Henrico County	314,932	310,742	306,935	296,415	1.3	1.2	3.5
Chesterfield County	323,856	319,641	316,236	306,670	1.3	1.1	3.1
Hanover County	100,668	100,704	99,863	99,933	0.0	0.8	(0.1)
Petersburg City	31,973	32,948	32,420	32,986	(3.0)	1.6	(1.7)
Hopewell City	22,348	22,779	22,591	23,123	(1.9)	0.8	(2.3)
Colonial Heights City	17,479	17,556	17,411	17,823	(0.4)	0.8	(2.3)
Charles City County	7,157	7,290	7,256	7,217	(1.8)	0.5	0.5
Dinwiddie County	27,994	28,018	28,001	26,338	(0.1)	0.1	6.3
Goochland County	21,347	21,753	21,717	21,311	(1.9)	0.2	1.9
New Kent County	19,169	18,827	18,429	18,112	1.8	2.2	1.8
Powhatan County	28,123	28,290	28,046	27,964	(0.6)	0.9	0.3
Prince George County	36,941	35,828	35,725	37,116	3.1	0.3	(3.7)
Amelia County	12,759	12,841	12,690	12,886	(0.6)	1.2	(1.5)
Caroline County	28,972	28,826	28,545	27,870	0.5	1.0	2.4
King William County	15,981	16,159	15,935	16,225	(1.1)	1.4	(1.8)
Sussex County	11,972	12,056	12,087	12,116	(0.7)	(0.3)	(0.2)

Source: Estimates by Census Bureau, March 2013

\*February 2013 Office of Management and Budget (OMB) metropolitan definition

**PERSONAL INCOME**  
**Calendar Years 2007-2011**

Millions of Dollars	2011	2010	2009	2008	2007
United States	\$12,949,905	\$12,353,577	\$12,168,161	\$12,225,589	\$11,634,322
Virginia	373,312	355,193	347,284	343,580	321,245
Richmond-Petersburg MSA	54,641	52,004	50,966	51,918	48,790
Annual growth rate	5.8%	3.0%	(2.0%)	2.3%	5.0%

Note: 2011 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 19, 2013

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

	2011	2010	2009	2008	2007
United States	\$41,560	\$39,937	\$39,635	\$40,166	\$38,615
Virginia	46,107	44,267	44,057	44,075	41,727
Richmond-Petersburg MSA*	43,046	41,260	41,161	42,309	40,286
Percent of national average	103.6%	103.3%	103.9%	105.3%	104.3%

Note: 2011 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 19, 2013

**PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA**  
**Calendar Year 2013**

Major Private Employers	City/County	Full-Time Employees	Percentage of 50		Product or Service
			Total Employers		
Capital One Financial Corp.	Goochland	10,918	10.8%		Credit Cards
Virginia Commonwealth University Health System	Richmond	8,226	8.1		Hospitals
HCA Virginia Health System	Richmond	6,904	6.8		Hospitals
Bon Secours Richmond Health System	Richmond	5,892	5.8		Hospitals
Walmart	Richmond	5,331	5.3		Retail
Dominion Resources Inc.	Richmond	5,328	5.3		Energy
SunTrust Banks Inc.	Richmond	4,400	4.3		Banking
Altria Group Inc.	Henrico	3,900	3.9		Tobacco
Food Lion	Richmond	3,830	3.8		Grocer
Wells Fargo and Co.	Richmond	2,806	2.8		Banking
DuPont	Richmond	2,771	2.7		Chemicals
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, 2013)

Source: Richmond Times-Dispatch, May 2013

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

Major Public Employers	Average Number of Employees
Local Governments	56,700
Commonwealth of Virginia	39,600
Federal Government	16,600

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

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

	Annual Average		Percent Change	Percent Total	
	2012	2002	2002	2012	2002
Total Employment	623,400	586,800	6.2%	100.0%	100.0%
By Industry:					
Government	112,900	110,300	2.4	18.1	18.8
Wholesale and retail trade	94,200	92,000	2.4	15.1	15.7
Manufacturing	32,000	51,100	(37.4)	5.1	8.7
Financial activities	46,900	46,700	(0.4)	7.5	8.0
Construction and mining	33,600	40,500	(17.0)	5.4	6.9
Transportation and utilities	20,800	20,100	3.5	3.3	3.4
Information	8,000	12,400	(35.5)	1.3	2.1
Professional and business services	99,400	87,700	13.3	15.9	14.9
Educational and health services	89,100	56,700	57.1	14.3	9.7
Leisure and hospitality services	56,000	44,500	25.8	9.0	7.6
Other services	30,400	24,900	22.1	4.9	4.2

Source: Virginia Employment Commission, Current Employment Statistics Program

**UNEMPLOYMENT RATES  
Calendar Years 2008-2012**

	2012	2011	2010	2009	2008
United States	8.1%	8.9%	9.8%	9.3%	5.8%
Virginia	5.9	6.2	6.9	6.7	4.0
Richmond-Petersburg MSA*	6.4	6.9	7.7	7.5	4.3

Sources: Virginia Employment Commission, Local Area Unemployment Statistics Program

**Capital Region Airport Commission**  
**COMMISSION EMPLOYEES**  
**Ten Years Ended June 30, 2013**

**Full Time Equivalent Employees**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Police	27	23	29	24	23	29	30	30	30	30
Communications/ Operations	12	12	8	12	12	13	15	12	13	12
Aircraft Rescues & Fire Fighting	18	18	18	19	19	21	19	19	19	18
Custodial Services	47	45	47	46	45	45	46	31	31	27
Utilities/Ground Maintenance	15	16	15	14	12	12	12	12	12	9
Equipment/Automotive Maintenance	5	5	5	5	6	6	6	5	5	4
Building Maintenance	2	2	2	2	1	6	8	8	9	9
Electronic Systems	4	4	4	4	4	4	4	4	4	3
HVAC	3	3	3	3	3	4	4	4	20	N/A
Electrical Maintenance	2	2	2	2	3	4	4	5	15	5
Finance and Administrative Services	8	8	8	11	11	12	11	12	10	11
Ground Transportation	1	1	1	1	2	2	2	1	1	1
Information Systems	3	3	3	3	3	3	3	2	2	2
Executive/Marketing	9	9	9	5	5	5	4	4	4	4
Human Resources	-	-	-	-	3	4	4	4	4	4
Baggage System	11	11	10	10	10	10	7	4	N/A	N/A
<b>Total Employees</b>	<b>167</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>

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
 Full-time equivalent employment is calculated by dividing total labor hours by 2080.  
 Several departments have been reclassified which resulted in variances.



**Capital Region Airport Commission**  
**CARGO CARRIER**  
**Ten Years Ended June 30, 2013**

	Pounds of Cargo									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Cargo Carrier:										
Airborne	-	-	-	-	3,660,614	7,275,287	7,227,257	6,035,741	4,501,947	4,362,193
Air Net Systems	552,764	656,162	761,196	795,955	816,348	1,038,124	1,178,060	1,394,396	1,093,160	779,011
AmeriFlight	226,225	212,165	223,434	219,970	174,964	5,199	11,473	253	1,040,716	2,439,475
Federal Express	71,588,803	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
Mountain Air Cargo	-	-	-	-	-	-	-	-	5,912	2,490
UPS	41,578,577	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
Total	113,946,369	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
Percentage change	13.5%	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%	4.5%	(1.3%)	4.2%

**TAKEOFF AND LANDING OPERATIONS SUMMARY**  
**Ten Years Ended June 30, 2013**

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Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2013	27,551	38,219	24,976	6,747	97,493
2012	24,557	43,032	26,092	6,276	99,957
2011	26,474	42,894	28,577	8,405	106,350
2010	27,491	26,498	41,102	6,921	102,012
2009	30,696	45,267	28,457	6,127	110,547
2008	29,977	51,450	37,426	6,451	125,304
2007	26,474	58,646	22,892	8,042	116,054
2006	32,735	64,526	24,536	11,463	133,260
2005	24,760	67,273	31,354	12,377	135,764
2004	24,759	63,834	31,991	13,686	134,270
Average Annual Change	0.2%	1.3%	0.1%	(4.5%)	(2.2%)

**Capital Region Airport Commission**  
**INSURANCE COVERAGE**  
**Period Ended June 30, 2013**

<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/Companion Commercial Insurance Co.	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	\$475,719,000 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	\$4,380,494 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, 2013**

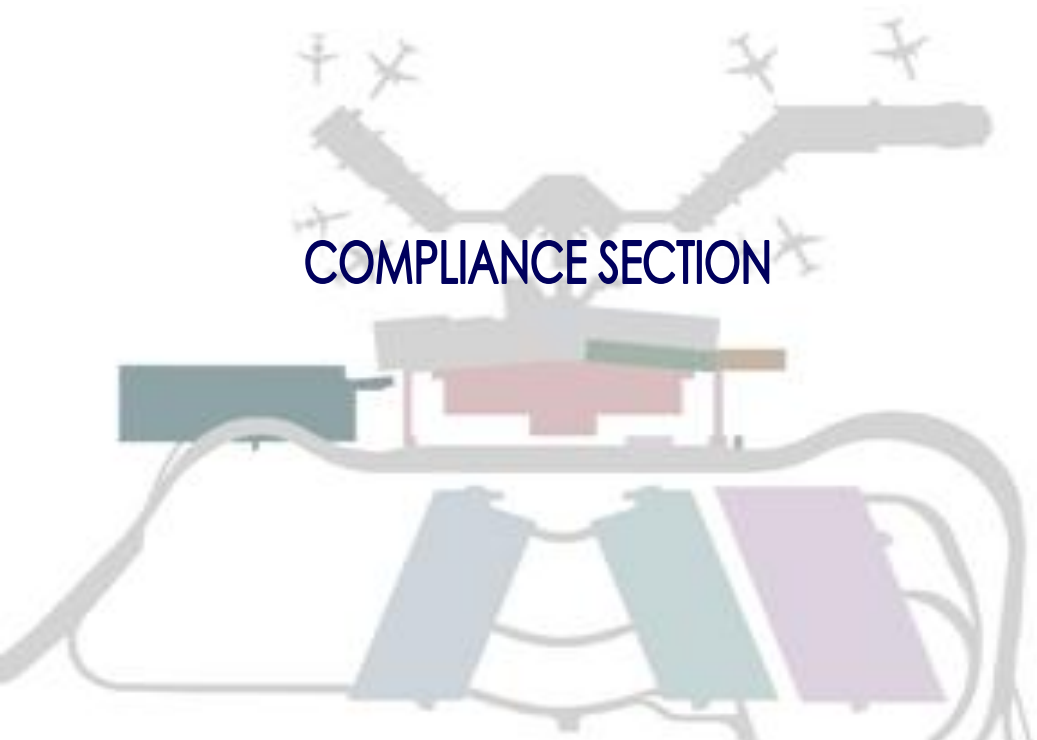
**Richmond International Airport**

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Location:	6 miles east of downtown Richmond, the capital of Virginia		
Elevation:	168 ft.		
Airport Code:	RIC		
Runways:	16/34	North/South	9,000 x 150 HIRL/CL/TDZ/VOR
	2/20	North/South	6,600 x 150 HIRL
	7/25	East/West	5,300 x 100 HIRL
Terminal:	Airlines	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		

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# COMPLIANCE SECTION



**Capital Region Airport Commission**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**

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	82,350
Airport Improvement	20.106	3-51-0043-55	28,026
Airport Improvement	20.106	3-51-0043-56	315,712
Airport Improvement	20.106	3-51-0043-57	912,784
Airport Improvement	20.106	3-51-0043-59	9,224,965
Airport Improvement	20.106	3-51-0043-60	490,376
<b>Total Federal Assistance Expended</b>			<b>\$ 11,054,212</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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Capital Region Airport Commission, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Capital Region Airport Commission's financial statements, and have issued our report thereon dated October 30, 2013. That report recognizes that the Capital Region Airport Commission implemented a new accounting standard effective July 1, 2012.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted certain other matters that we communicated to management in a separate letter dated October 30, 2013.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Cheryl Bekert LLP". The signature is written in a cursive, flowing style.

Richmond, Virginia  
October 30, 2013

**Report of Independent Auditor on Compliance  
for Each Major Program and on Internal Controls  
over Compliance Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Capital Region Airport Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Capital Region Airport Commission's major federal programs for the year ended June 30, 2013. The Capital Region Airport Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Capital Region Airport Commission's major federal program based on our audit of the types of compliance requirements referred to above. 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 and OMB Circular A-133 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 and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Capital Region Airport 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Capital Region Airport Commission's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Capital Region Airport Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the Capital Region Airport Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Capital Region Airport Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Capital Region Airport 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Cheng Bekert LLP*

Richmond, Virginia  
October 30, 2013

**CAPITAL REGION AIRPORT COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**A. Summary of Auditor's Results**

1. The type of report issued on the financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None**
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: **Unmodified 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.