

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Years Ended
June 30, 2015 and 2014**

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
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INTRODUCTORY SECTION

Capital Region Airport Commission
MEMBERS OF THE COMMISSION
June 30, 2015

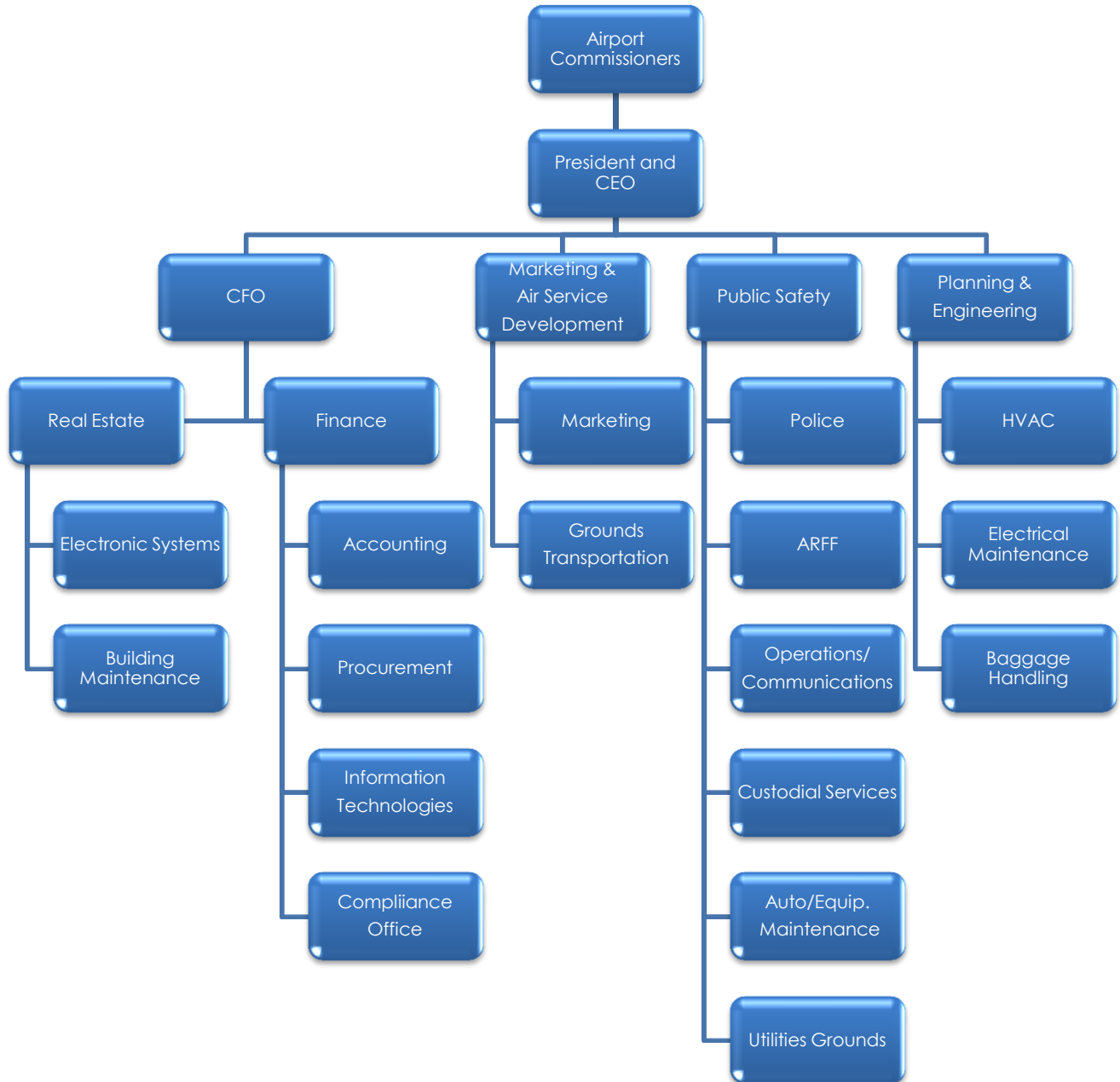
OFFICERS

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

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, III	County of Hanover
David A. Kaechele	County of Henrico
Patricia S. O'Bannon	County of Henrico
Thomas E. Pruitt	County of Henrico
Tyrone E. Nelson	County of Henrico

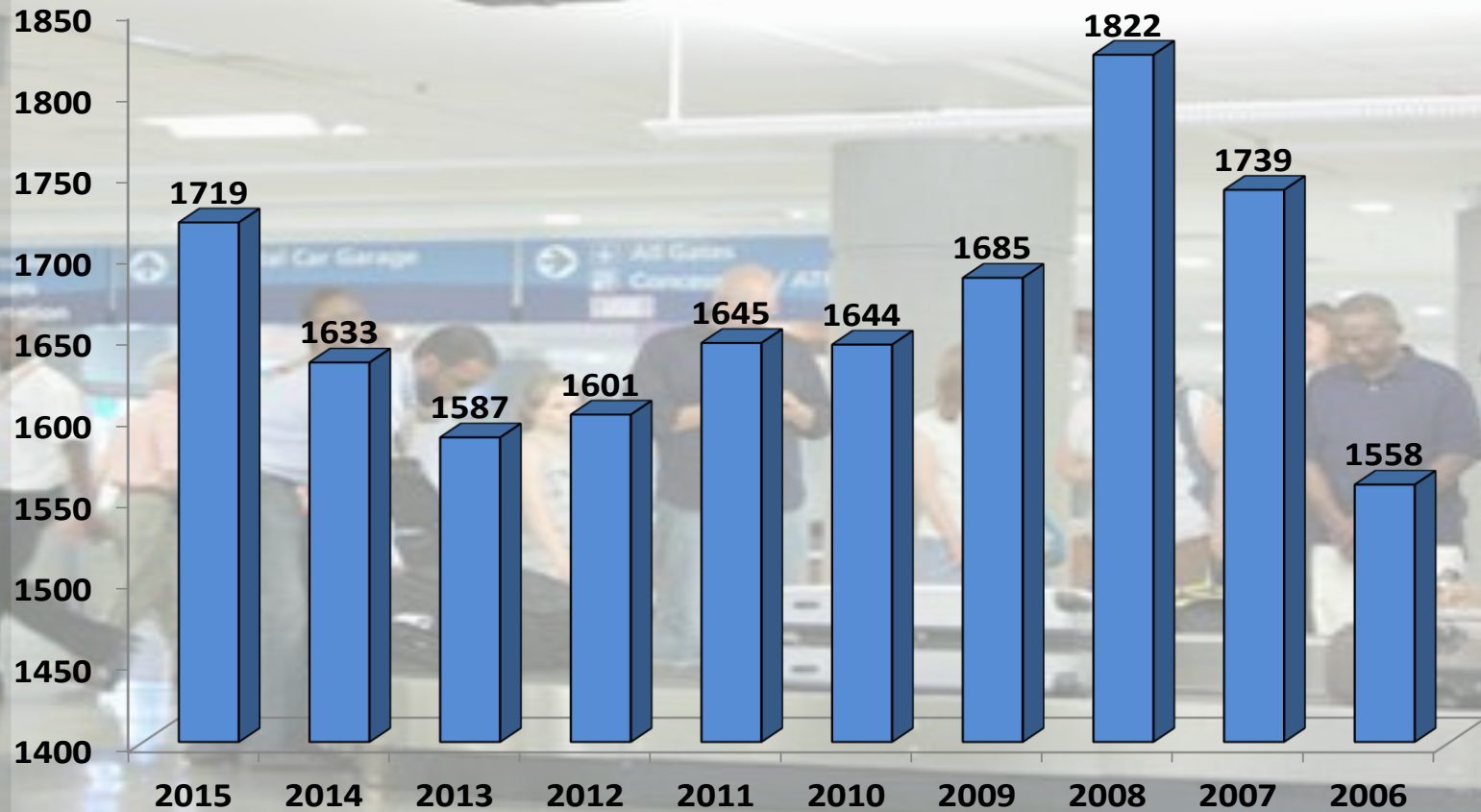
Capital Region Airport Commission



Richmond International Airport Air Cargo Performance Fiscal Years 2006-2015



Richmond International Airport Enplaned Passenger Performance Fiscal Years 2006-2015





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Capital Region Airport Commission
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

October 30, 2015

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, 2015 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 business activities of the Airport and produces the financial statements as well as being responsible for 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 3,076 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, eighteen 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 fiscal year 2015 of 1.72 million increased from the 2014 level of 1.63 million enplaned passengers by 5.2%. The Airport is an economic engine for the Richmond region, generating an estimated \$1.1 billion annually. The Airport also provides jobs for 3,000 plus local residents.

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 750 miles of approximately 60% of the nation's population.

The changes that U.S. carriers have made since the start of the global recession in 2008 helped the industry to make a profit for the fifth year in a row. Many industry professionals see these changes as providing traction towards profitability, even during future periods of uncertainty. The revenues of the Commission are affected substantially by the economic health of the airline industry and the airlines serving the Airport. The U.S. airline industry has become more nimble adjusting capacity either upward or downward to seize opportunities or minimize losses. This strategy and the continued strategy of adding ancillary passenger fees have increased the profit for the airlines. The most recent data for fiscal year 2014 show that the reporting passenger carriers had a combined operating profit of \$14.9 billion (compared to a \$9.6 billion operating profit for fiscal year 2013). A great deal of uncertainty in the airline industry existed at the beginning of calendar year 2014; even with the favorable results, it still continues. As a result of this, the Commission has positioned itself to increase revenues by controlling costs. 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. (Federal Aviation Administration. Review of 2014. <http://www.faa.gov>)

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

Due to the uncertainty in the continued growth in passenger traffic along with other factors, the Commission took a conservative approach to the fiscal year 2016 budget which reflects a (3.9%) decrease in total revenue when compared to fiscal year 2015 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 and the Richmond Metropolitan Statistical Area (MSA):

- Richmond International Airport once again performed well in the annual Air Transport Research Society (ATRS) Global Airport Performance Benchmarking Project, earning a #3 ranking for cost competitiveness among all small (less than 15 million passengers) airports in North America. 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.
- Richmond ranked 3rd on the 10 Best Places to Start a Business, Inc. magazine, Aug. 2015
- Richmond named "the southern food destination you need to know about," by Conde Nast Traveler, July 2015.
- Richmond came in at No. 1 on the list of top 10 most popular U.S. cities to visit this summer, by American Express Travel, May 14, 2015.
- Richmond ranked among the 10 Best Cities To Relocate To In The U.S., by The Huffington Post, April 29, 2015.
- Ranked 4th among the Top 10 Mid-Sized American Cities of the Future in Foreign Direct Investment (fDi) Magazine's North American Cities of the Future 2015/16, April 2015.
- Twenty-three companies from the Richmond region made Inc. magazine's list of the nation's 5,000 fastest-growing companies.

DEMOGRAPHICS AND EMPLOYMENT

The population of the Richmond MSA is estimated to be 1.3 million and is projected to reach 1.4 million by 2020. The median household income for 2013 was \$57,286 which is higher than the national average of \$52,520. (www.grpva.com/doing-business/labor-workforce/labor-data)

Richmond's population of 55% falls within the prime working ages of 25-64. The Richmond Metro area's unemployment rate fell to 5.1% in June 2015 compared to 5.7% in June 2014, higher than the state unemployment rate of 4.9% and below the national rate of 5.3%.

The region is ranked 19th 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 three for the total number of *Fortune* 1000 companies. (Source: <http://www.fortune.com>, June 2015)

Six Richmond Metropolitan area businesses are listed Fortune 500 companies:

Dominion Resources
Genworth Financial
Altria Group

WestRock
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 smart phones. The Commission's Comprehensive Annual Financial Report (CAFR) is posted on the web site. The web address is 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 adjustments.

FINANCIAL HIGHLIGHTS

The Commission took a conservative approach and anticipated that passenger traffic would only slightly increase in fiscal year 2015 as compared to fiscal year 2014 actual passenger traffic. The actual total passengers exceeded our expectations and increased to 1.72 million enplaned passengers for fiscal year 2015 compared to 1.63 million in fiscal year 2014.

The fiscal year 2015 budget included a decrease in operating revenue (2.8%) compared to fiscal year 2014 actual revenue. The Commission ended fiscal year 2015 with a 9.3% increase in revenues when compared to the 2015 budgeted revenues and a 6.3% increase over fiscal year 2014 revenues.

During fiscal year 2015 the Commission made the final debt service payment of \$2,130,000 retiring the Airport Revenue Bonds, Series 2004A. The Commission made an additional payment of \$2,360,000 for the early retirement of a portion of the Passenger Facility Charge Revenue Bonds, 2005 Series B-Non-AMT (the "PFC Bonds"). The Commission continuously reviews all of the debt service requirements in order to take advantage of opportunities to make additional payments whenever it is allowable and feasible.

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, 2014. This was the twenty-fifth 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.

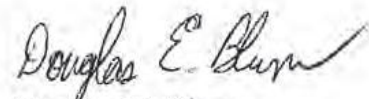
ACKNOWLEDGMENTS

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

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Capital Region Airport Commission as of and for the year ended June 30, 2015, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Capital Region Airport Commission, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Capital Region Airport Commission as of June 30, 2014, were audited by other auditors whose report dated October 31, 2014, expressed an unmodified opinion on those statements. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, Capital Region Airport Commission adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Comparative Information

As described in Note 1 to the financial statements, GASB Statement Nos. 68 and 71 were implemented prospectively resulting in a restatement from beginning net position. In the year of implementation, comparative information for the net pension liability and related items was unavailable. Therefore, the 2014 amounts related to pensions have not been restated to reflect the requirements of GASB Statement Nos. 68 and 71. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of pension funding on pages 3-16 and 55-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplemental information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of 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.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia

October 30, 2015

**Capital Region Airport Commission
Management's Discussion and Analysis
June 30, 2015 and 2014**

The Capital Region Airport Commission's ("Commission") Management's Discussion and Analysis ("MD&A") section provides a 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 generally accepted accounting principles in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (the "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's operations are 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, 2015 and 2014. Information for the preceding fiscal year ended June 30, 2013 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 higher at the Airport in fiscal year 2015 compared to fiscal year 2014. The total passengers enplaned for fiscal year 2015 were 1.72 million, which was higher than fiscal year 2014 enplanements of 1.63 million and 6.6% higher than the fiscal year 2015 budgeted enplaned passengers. Fiscal year 2014 enplanements were higher than fiscal year 2013 enplanements of 1.59 million. The financial condition of the Commission is primarily dependent upon the number of passengers using the 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 increase from 2014 is primarily attributed to a more robust local economy, including an improving job market and competitive airfares driven by increased air travel in both the business and leisure passenger markets. Improved airline profitability was influenced by decreasing fuel prices, which set the stage to keep airfares down. Over the long term, the Federal Aviation Administration ("FAA") forecasts a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than inflation, reflecting over the long term a growing U.S. economy. Specifically, the FAA's forecast

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

calls for U.S. carrier passenger growth over the next 20 years to average 1.9 percent per year. (www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts)

The Commission ended fiscal year 2015 with a 9.3% increase in revenues when compared to the 2015 budgeted revenues and a 6.3% increase over fiscal year 2014 operating revenues. This was primarily due to a 11.6% increase in parking revenue when compared to the 2015 budgeted parking revenue and a 6.5% increase over fiscal year 2014 parking revenue. The increase in parking revenue is primarily attributed to a 6.6% increase in enplanements when compared to the 2015 budgeted enplanements and a 4.7% increase in parking revenue per enplaned passenger when compared to budgeted parking revenue per enplaned passenger.

The Commission's revenues are derived primarily from airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rents and apron fees received from airlines using the airport, concession fees from the vendors serving the passengers including food, retail and rental cars; public parking fees including surface and garage parking, and fixed based operator activities from general aviation activities. The average monthly enplaned passengers increased from 132,267 in fiscal year 2013 to 136,086 in fiscal year 2014 and then increased to 143,226 in fiscal year 2015. The increase in passengers, when compared to 2014, had positive effects on the Commission's main revenue stream, parking revenue, in fiscal year 2015.

Aircraft operations increased to 102 thousand a 6.3% increase when compared to fiscal year 2014 operations of 96 thousand which was a (1.0%) decrease when compared to FY 2013. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000 pound units increased by 1.7% in fiscal year 2015 to 410 million pounds compared to fiscal year 2014 and increased 5.9% in fiscal year 2014 to 403 million pounds compared to fiscal year 2013 landed weight of 381 million pounds.

The Airport's parking revenue increased 6.5% in fiscal year 2015 when compared to fiscal year 2014 and increased 3.5% in fiscal year 2014 when compared to fiscal year 2013. Parking revenue increased due to the effect of higher than budgeted enplanements and higher parking revenue per enplaned passenger (parking rates were the same as FY 2014). The parking revenue accounts for 45.5% of the Airport's operating revenue in fiscal year 2015 compared to 45.5% in fiscal year 2014 and 45.2% in fiscal year 2013.

	2015	2014	2013
Parking Revenue per Enplanement	\$11.41	\$11.28	\$11.21
Percent Increase (Decrease)	1.2%	0.6%	0.1%

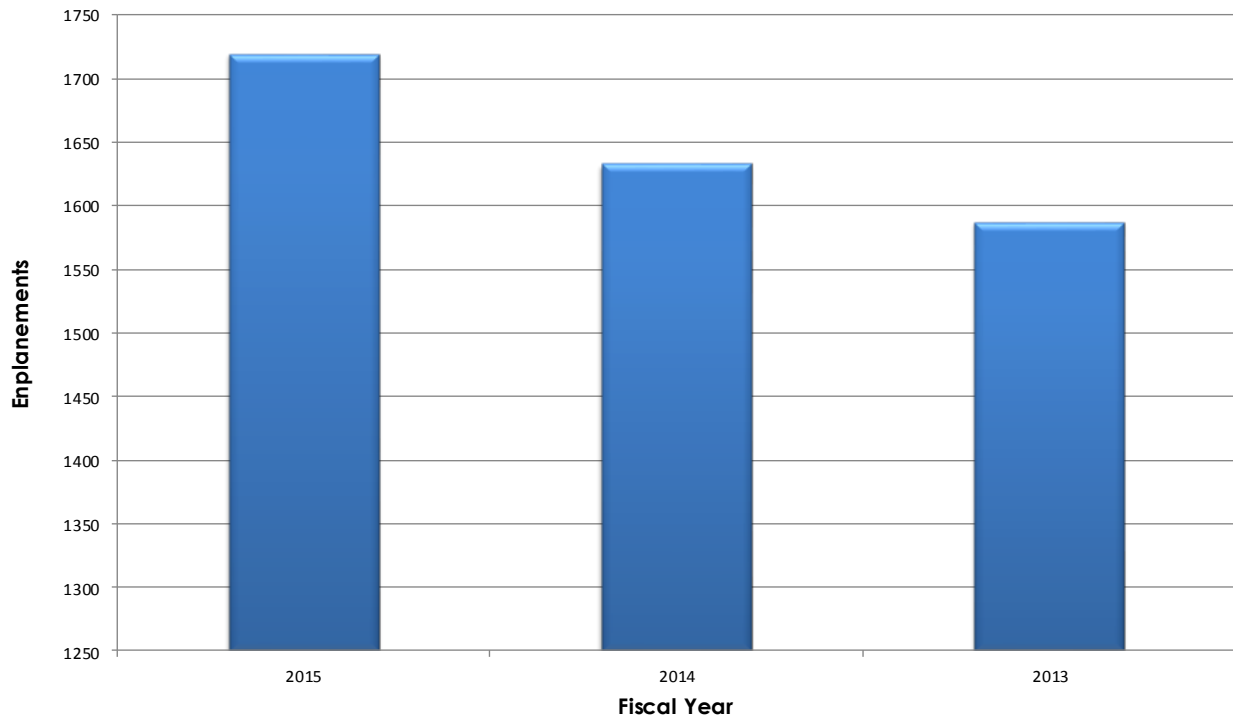
As of June 30, 2015, the Airport is currently served by six major airlines, with more than 160 daily flights to 18 non-stop destinations and more than 3.2 million travelers per year.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

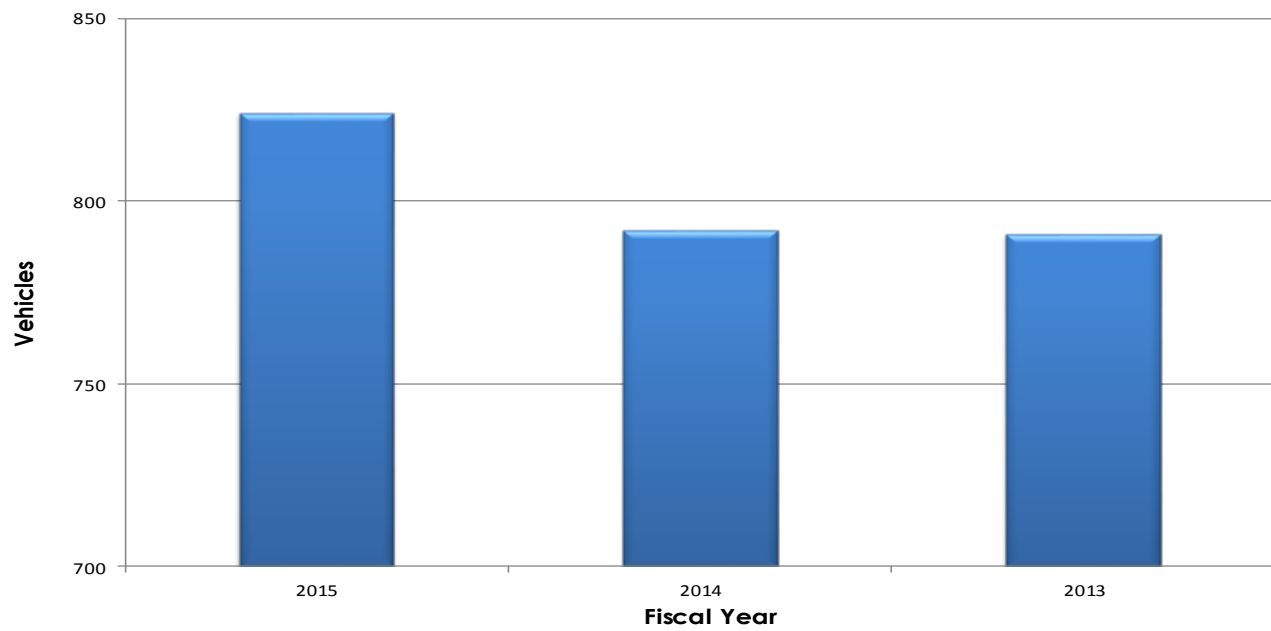
	FY 2015	FY 2014	FY 2013
Enplanements	1,719	1,633	1,587
<i>% increase / (decrease)</i>	5.2%	2.9%	(0.1%)
Aircraft Operations (total take-offs and landings)	102	96	97
<i>% increase / (decrease)</i>	6.3%	(1.0%)	(3.0%)
Airline's Landed Weight (1,000 pound units)	2,031	1,972	1,902
<i>% increase / (decrease)</i>	2.9%	3.7%	(5.0%)
Air Cargo Carrier Activity (pounds)	114,820	112,535	113,946
<i>% increase / (decrease)</i>	2.0%	(1.2%)	13.5%
Parked Vehicles	824	792	791
<i>% increase / (decrease)</i>	4.0%	0.1%	(3.1%)

Note: The numbers presented above are in thousands.

Enplaned Passengers (in Thousands)



Parked Vehicles (in Thousands)



**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

The below selected financial data comparison represents the Commission's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2015, 2014, and 2013.

**SELECTED FINANCIAL DATA
(in thousands)**

	2015	2014	2013 As Restated
Assets			
Unrestricted current	\$ 14,989	\$ 18,138	\$ 15,747
Restricted current	101,446	89,817	79,198
Capital assets, net	416,359	412,851	418,231
Total assets	532,794	520,806	513,176
Deferred outflows of resources	3,720	3,129	3,491
Liabilities			
Current unrestricted	6,823	3,709	3,897
Current restricted	14,709	12,734	10,837
Long-term debt, net of current maturities	119,508	131,888	140,635
Net Pension Liability	2,823	-	-
Total liabilities	143,863	148,331	155,369
Deferred inflows of resources	1,698	-	-
Net position			
Net investment in capital assets	297,177	284,350	282,629
Restricted	83,867	74,244	66,011
Unrestricted	9,908	17,010	12,658
Total net position	\$ 390,952	\$ 375,604	\$ 361,298

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.

The Commission experienced an increase in total assets of approximately \$12.0 million or 2.3% during fiscal year 2015 when compared to fiscal year 2014 and \$7.6 million or 1.5% increase during fiscal year 2014 when compared to fiscal year 2013. This increase in fiscal year 2015 can be attributed to a number of changes in the balance sheet including the increase of \$8.7 million in restricted cash and cash equivalents and a \$3.5 million increase in property and equipment. The increase in restricted cash and cash equivalents is primarily attributed to a \$6.4 million increase in the Commission's Equipment and Capital Outlay funds. These funds will be used for future and ongoing Commission funded capital projects.

Total liabilities decreased (\$4.5) million or (3.0%) in fiscal year 2015 when compared to fiscal year 2014 and decreased (\$7.0) million or (4.5%) in fiscal year 2014 when compared to fiscal year 2013. This change is primarily attributable to a (\$12.4) million decrease in long-term debt which was offset slightly by a \$5.1 million increase in current liabilities.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

The increase in net financial position for fiscal year 2015 was \$15.3 million when compared to fiscal year 2014. Net Financial position increased \$14.3 million in fiscal year 2014 and increased \$12.4 million in fiscal year 2013. Fiscal year 2015 resulted in a loss from operations of (\$1.3) million, which was a (\$1.1) million decrease in the loss from operations when compared to fiscal year 2014. The decrease in the loss from operations is primarily attributed to the increase in operating income before depreciation offset by an increase in depreciation expense. In fiscal year 2014, the loss from operations was (\$2.4) million, which was a (\$54) thousand decrease in the loss from operations when compared to the fiscal year 2013 loss from operations of (\$2.5) million. Net nonoperating income for fiscal year 2015 reflected an increase in net revenues of \$2.7 million when compared to fiscal year 2014. This is attributed to a \$2.8 million increase in CFC revenue due to the increased CFC fee implemented in FY 2015. Net nonoperating income for fiscal year 2014 reflected an increase in net revenues of \$1.1 million when compared to fiscal year 2013.

Capital contributions increased to \$14.8 million in fiscal year 2015, a \$1.4 million or 10.4% increase when compared to fiscal year 2014. Capital contributions increased to \$13.4 million in fiscal year 2014, a \$778 thousand or 6.2% increase when compared to fiscal year 2013. This is due to the receipt of more capital funded projects over the fiscal year.

The below chart shows operating revenues and expenses for the three years ended June 30, 2015, 2014, and 2013.

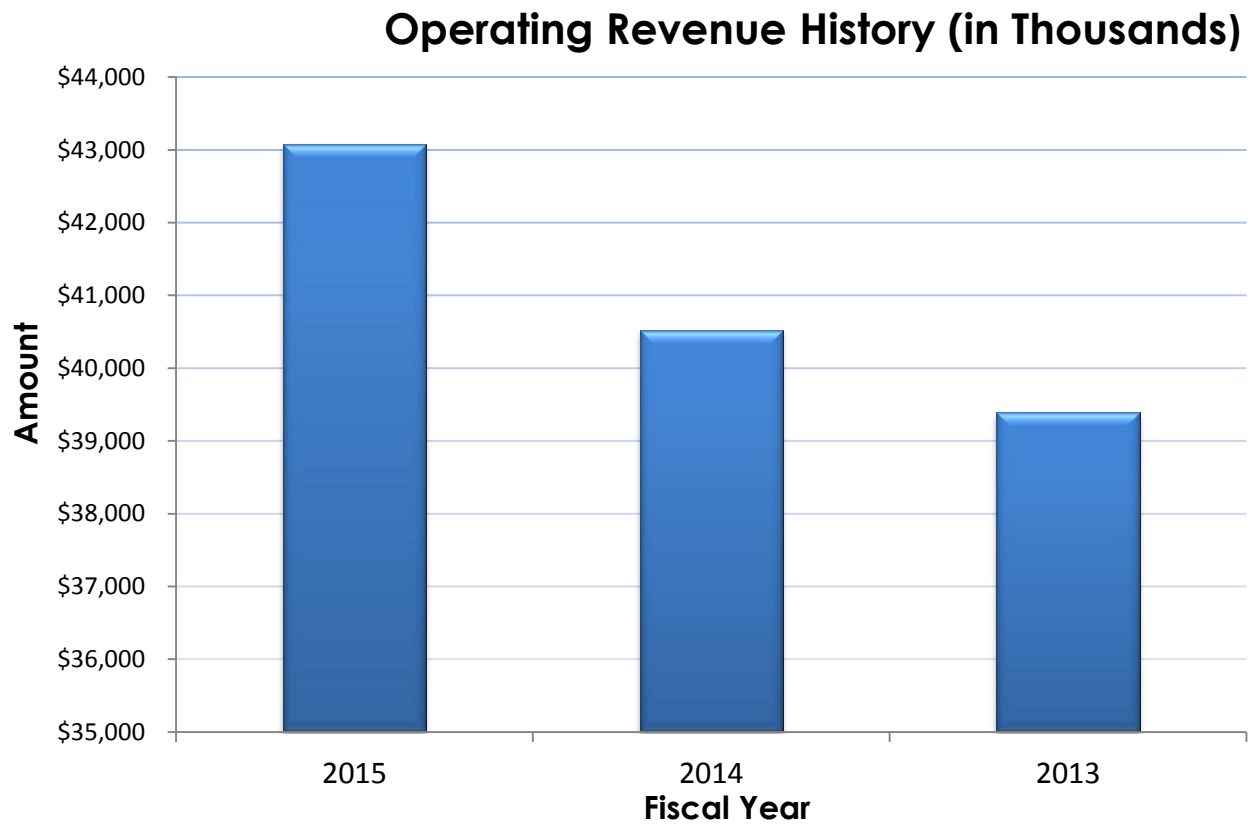
	2015	2014	2013 As Restated
Operating revenues	\$ 43,082	\$ 40,523	\$ 39,392
Operating expenses	21,574	20,724	20,621
Operating income before depreciation	21,508	19,799	18,771
Depreciation	22,825	22,195	21,222
Operating loss	(1,317)	(2,396)	(2,451)
Nonoperating income, net	5,952	3,263	2,150
Income (loss) before capital contributions	4,635	867	(301)
Capital contributions	14,830	13,439	12,661
Change in net position	19,465	14,306	12,360
Beginning net position	375,604	361,298	351,440
Effect of accounting change	(4,116)	-	(2,502)
Ending net position	\$ 390,953	\$ 375,604	\$ 361,298

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.

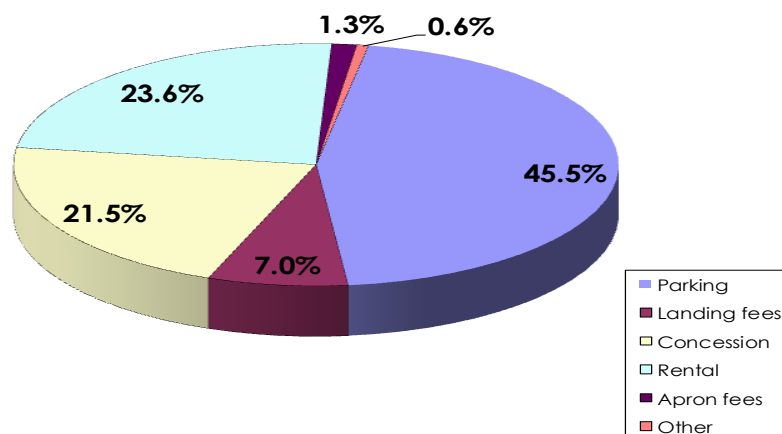
Operating income before depreciation for fiscal year 2015 increased by \$1.7 million or 8.6% compared to fiscal year 2014, fiscal year 2014 operating income before depreciation increased by \$1 million or 5.5% compared to fiscal year 2013. Depreciation expense increased by 2.8% between fiscal year 2015 and 2014 and increased by 4.6% between fiscal year 2014 and 2013. This is a result primarily of depreciation from the major projects completed in the fiscal year. The weighted average yield on investments was approximately .15% for fiscal year 2015, .30% for fiscal year 2014 and .21% for fiscal year 2013.

REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2015, 2014, and 2013 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2015.



2015 Operating Revenues



Parking revenues at the Airport for fiscal year 2015 were \$19.6 million, which represented a 6.5% increase compared to fiscal year 2014; parking revenues for fiscal year 2014 were \$18.4 million, which represented a 3.5% increase compared to fiscal year 2013. The increase in parking revenue in fiscal year 2015 is attributed to higher than budgeted enplaned passengers.

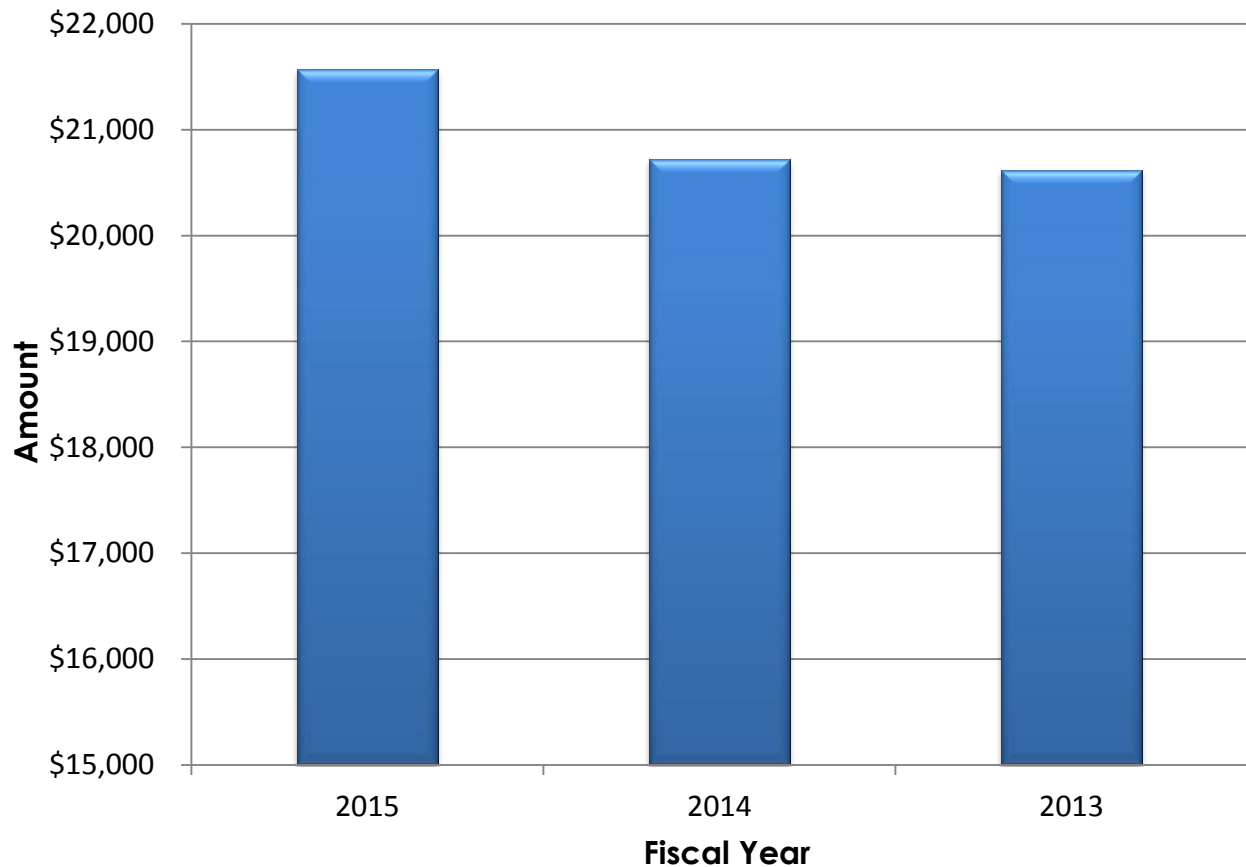
Below is a summary of revenues and nonoperating income stated in thousands, for the three fiscal years ended June 30, 2015, 2014, and 2013:

	2015	2014	2013
Operating Revenues			
Parking	\$ 19,617	\$ 18,424	\$ 17,799
Landing fees	3,218	2,885	2,855
Concession	9,254	8,264	7,956
Rental	10,151	10,034	9,936
Apron fees	574	601	588
Other	268	315	258
Total Operating	<u>43,082</u>	<u>40,523</u>	<u>39,392</u>
Nonoperating Income			
Interest income	128	187	136
Passenger Facility Charges	7,063	6,790	6,589
Customer Facility Charges	3,314	525	975
Total nonoperating	<u>10,505</u>	<u>7,502</u>	<u>7,700</u>
Total	<u>\$ 53,587</u>	<u>\$ 48,025</u>	<u>\$ 47,092</u>

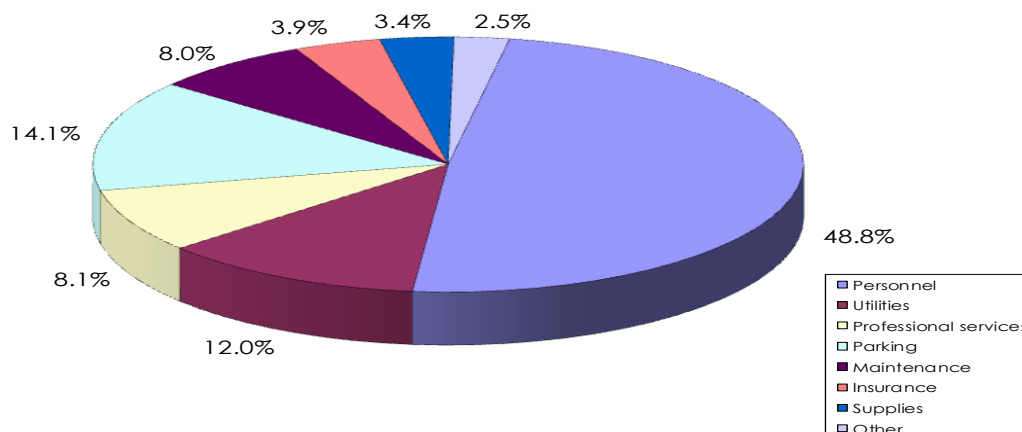
EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2015, 2014, and 2013 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2015.

Operating Expense History (in Thousands)



2015 Operating Expenses



Operating expenses, exclusive of depreciation, totaled \$21.6 million for fiscal year 2015, \$20.7 million for fiscal year 2014 and \$20.6 million for fiscal year 2013. The increase in operating expense when compared to FY 2014 is primarily attributed to an increase in personnel costs due to overtime expense and an increase in professional services expense. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2015, 2014, and 2013:

	2015	2014	2013 As Restated
Operating Expenses			
Personnel	\$ 10,534	\$ 10,224	\$ 10,279
Utilities	2,586	2,524	2,537
Professional services	1,748	1,450	1,223
Parking	3,034	2,876	2,912
Maintenance	1,556	1,541	1,651
Insurance	849	844	848
Supplies	724	692	763
Other	543	573	408
Total Operating	<u>21,574</u>	<u>20,724</u>	<u>20,621</u>
Depreciation	<u>22,825</u>	<u>22,195</u>	<u>21,222</u>
Nonoperating Expense			
Interest expense	4,065	3,556	4,557
Other, net	488	682	992
Total nonoperating	<u>4,553</u>	<u>4,238</u>	<u>5,549</u>
Total	<u>\$ 48,952</u>	<u>\$ 47,157</u>	<u>\$ 47,392</u>

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

CASH FLOW ACTIVITIES

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

	2015	2014	2013
Cash flows provided by operating activities	\$ 20,348	\$ 20,324	\$ 19,465
Cash flows provided by investing activities	45	170	874
Cash flows used in capital and related financing activities	(16,256)	(8,277)	(14,961)
Net increase in cash and cash equivalents	4,137	12,217	5,378
Cash and cash equivalents			
Beginning of year	92,156	79,939	74,561
End of year	\$ 96,293	\$ 92,156	\$ 79,939

Cash flow from operating activities for 2015 increased slightly by \$24 thousand or less than 1.0% compared to fiscal year 2014. Cash flow from operating activities for 2014 increased by \$859 thousand or 4.4% compared to fiscal year 2013. The change is primarily due to a 6.3% increase in operating revenue which was offset by a 4.1% increase in operating expenses when compared to fiscal year 2014.

Cash and cash equivalents for fiscal year 2015 amounted to \$96.3 million representing a \$4.1 million increase over fiscal year 2014. Cash and cash equivalents for fiscal year 2014 amounted to \$92.2 million representing a \$12.2 million increase over fiscal year 2013. The increase in cash and cash equivalents fiscal year 2015 resulted primarily from a \$2.8 million increase in CFC collections.

AIRLINE RATES AND CHARGES

The current 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 has been extended until a new agreement has been signed. 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 2014 to 2015 in the amount of \$117 thousand and increased from fiscal year 2013 to 2014 in the amount of \$98 thousand. The increase in fiscal year 2014 is attributed to an increase in warehouse rental income. The apron fees decreased \$27 thousand from fiscal year 2014 to 2015 and increased \$13 thousand from fiscal year 2013 to 2014. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2015	Rate Effective for 2014	Rate Effective for 2013
Apron fees (square foot)	\$ 1.16	\$ 1.23	\$ 1.23
Landing fees (1,000 lb. unit)	1.26	1.26	1.23
Terminal rental (square foot)	36.11	35.84	35.12

Note: The rates and charges for 2015 are estimates.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

PASSENGER FACILITY CHARGES

The Commission collects \$4.50 per qualifying enplaned passenger, which totaled \$7.1 million for fiscal year 2015 which was an increase of 4.0% compared to fiscal year 2014. PFC revenue for fiscal year 2014 increased 3.0% compared to fiscal year 2013.

CUSTOMER FACILITY CHARGES

The Commission increased Customer Facility Charges (CFC's) to \$3.00 on July 1, 2014. It was collecting \$.40 per vehicle transaction day from May 1, 2014 to June 30, 2014 and \$.55 per each rental vehicle transaction day from July 1, 2013 to April 30, 2014. Collections for the year ended June 30, 2015 were \$3.3 million compared to the year ended June 30, 2014 collections of \$525 thousand, an increase of 532%. The CFC rate was increased to fund the expansion of the existing rental car parking deck or the construction of a new rental car parking deck. Total rental vehicle transaction days for fiscal year 2015 were 1.1 million compared to 1.2 million in fiscal year 2014.

<u>Account Name</u>	<u>FY 2015 Balances</u>	<u>FY 2014 Balances</u>
Trust Funds		
CFC Bond Interest Fund	\$ 52,581	\$ 101,907
CFC Bond Operating Fund	\$ 27,511	\$ 28,201
CFC Repair and Replacement Fund	\$ 100,006	\$ 74,216
CFC General Purpose Fund	\$ 4,517,966	\$ 2,278,678
CFC Debt Service Reserve	\$ 1,130,500	\$ 1,130,500
Commission Accounts		
CFC Account	\$ 352,920	\$ 63,964
Total	<u>\$ 6,181,484</u>	<u>\$ 3,677,466</u>
Estimated Debt Service Coverage	5.08	2.70

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 \$26.3 million for fiscal year 2015 when compared to fiscal year 2014 and increased \$16.8 million for fiscal year 2014 from 2013. The increase for fiscal year 2015 was primarily the result of new construction mainly represented by the taxiway M project of \$6.0 million. Depreciation expense for fiscal year 2015 was \$22.8 million, \$22.2 million in fiscal year 2014, and \$21.2 million in fiscal year 2013.

See Note 4 of Notes to Financial Statements.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

Major capital projects that are planned to begin in the next 5 years include:

- ➔ Construction of a new 34,689 sq. ft. building for snow removal equipment storage
- ➔ Relocation and reconstruction of Taxiway "M", including connector taxiways
- ➔ Rehabilitation of taxiway 'E' and 'L'
- ➔ Expansion for the rental car parking deck, adding an estimated 450 additional spaces and realignment of the access road
- ➔ Construction of east side access roadway

Long-Term Debt

As of June 30, 2015, the Commission had principal debt outstanding of \$127,156 as follows (in thousands):

Airport Revenue Bonds	\$ 96,677
PFC Revenue Bonds	28,910
CFC Revenue Bonds	1,230
Line of Credit	339
Total	<u>\$ 127,156</u>

See Note 5 of Notes to Financial Statements.

ECONOMIC FACTORS AND FISCAL 2016 BUDGET

The Airport experienced a 5.2% increase in the number of passenger enplanements over last year, resulting in total 2015 enplanements of 1.7 million. Increased airline competition and a drop in fuel prices along with an improving local economy led to stimulation in RIC passenger traffic. The Airport remains significantly an Origination and Destination (O&D) airport, with most of its traffic being generated by the population and economy of the region.

Future increases in passenger 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 consolidation and alliances
- Airline competition and airfares
- Capacity of national air traffic control and airport systems

Fuel costs and economic conditions can have a significant effect on air travel and transportation industries. The Commission cannot predict how future air travel may be impacted by various economic or other factors or the extent of any adverse impact on airline related revenues.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2015 and 2014**

Because of the uncertainty of the economy and the airline industry in general, the Commission continued to take a conservative approach for the fiscal year 2016 budget. The Commission adopted the fiscal year 2016 budget which includes \$41.4 million in operating revenue a (3.9%) decrease compared to the FY 2015 actual revenues of \$43.1 million. Parking, concession and rental revenues were expected to provide the main source of income for fiscal year 2016. Operating expenses of \$22.6 million are budgeted for 2016; an increase of 4.6% compared to fiscal year 2015 actual expenses of \$21.6 million. The Commission's fiscal year 2016 approved capital budget allotted \$6.1 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 updated information at Richmond International Airport can visit on our website at www.flyrichmond.com.

Capital Region Airport Commission
STATEMENTS OF NET POSITION
June 30, 2015 and 2014

	2015	2014
ASSETS		
AND		
DEFERRED		
OUTFLOWS OF		
RESOURCES		
	CURRENT ASSETS	
	Unrestricted Assets:	
	Cash and cash equivalents	\$ 11,358,984
	Accounts receivable, less allowance for doubtful accounts (2015-\$136,928; 2014-\$162,487)	\$ 15,752,710
	Other	2,829,890
	800,015	478,981
	Total Unrestricted Current Assets	14,988,889
	Restricted Current Assets:	
	Cash and cash equivalents	84,933,212
	Investments	76,402,937
	Customer and Passenger Facility Charges receivable	8,073,814
	Due from federal and state governments	7,860,506
	1,296,494	1,250,438
	7,142,084	4,303,376
	Total Restricted Current Assets	101,445,604
	Total Current Assets	107,955,124
	NONCURRENT ASSETS	
	Depreciable assets, net	311,842,685
	Non-depreciable assets	332,594,817
	104,516,440	80,256,106
	Total Noncurrent Assets	416,359,125
	Total Assets	520,806,047
	DEFERRED OUTFLOWS OF RESOURCES	
	Deferred loss on refunding	2,863,007
	Deferred outflows related to pension	856,739
	-	-
	Total Deferred Outflows of Resources	3,128,835
	LIABILITIES,	
	DEFERRED INFLOWS	
	OF RESOURCES	
	AND NET POSITION	
	CURRENT LIABILITIES	
	Liabilities From Unrestricted Assets:	
	Accounts payable	5,052,261
	Accrued expenses	2,089,136
	1,770,531	1,619,895
	Total Liabilities From Unrestricted Assets	3,709,031
	Liabilities From Restricted Assets:	
	Accounts payable	2,740,450
	Accrued interest payable	2,602,975
	Current maturities of long-term debt	1,735,962
	10,233,239	1,722,134
	Total Liabilities From Restricted Assets	8,409,312
	Total Current Liabilities	12,734,421
	21,532,443	16,443,452
	NONCURRENT LIABILITIES	
	Net Pension Liability	2,822,666
	Noncurrent portion of long-term obligations (Note 5)	-
	119,507,508	131,887,711
	Total Noncurrent Liabilities	131,887,711
	Total Liabilities	148,331,163
	DEFERRED INFLOWS OF RESOURCES	
	1,698,345	-
	NET POSITION	
	Net investment in capital assets	297,177,349
	Restricted	
	Debt service	81,699,530
	Customer and Passenger Facility Charges	72,313,155
	2,167,576	1,931,405
	9,907,948	17,010,076
	Total Net Position	\$ 390,952,403
	\$ 390,952,403	\$ 375,603,719

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Parking	\$ 19,617,302	\$ 18,423,919
Landing fees	3,218,322	2,885,179
Concession	9,253,573	8,263,894
Rental	10,150,620	10,034,282
Apron fees	573,997	600,555
Other	268,464	315,147
Total Operating Revenues	43,082,278	40,522,976
OPERATING EXPENSES		
Personnel	10,534,353	10,224,255
Utilities	2,586,403	2,524,049
Professional services	1,748,069	1,449,500
Parking	3,033,489	2,875,817
Maintenance	1,555,635	1,541,404
Insurance	849,124	843,952
Supplies	723,840	691,960
Other	543,434	573,354
Total Operating Expenses	21,574,347	20,724,291
Operating Income Before Depreciation	21,507,931	19,798,685
DEPRECIATION	22,825,400	22,194,825
Operating Loss	(1,317,469)	(2,396,140)
NONOPERATING INCOME (EXPENSES)		
Interest income	128,263	186,678
Interest expense	(4,064,693)	(3,556,452)
Passenger Facility Charges	7,062,875	6,790,459
Customer Facility Charges	3,314,309	524,800
Other, net	(488,357)	(682,282)
Total Nonoperating Income (Expenses), Net	5,952,397	3,263,203
Increase/(Decrease) in Net Position Before		
Capital Grants and Contributions	4,634,925	867,063
CAPITAL GRANTS AND CONTRIBUTIONS	14,830,087	13,438,922
CHANGE IN NET POSITION	19,465,012	14,305,985
NET POSITION, BEGINNING	375,603,719	361,297,734
EFFECT OF ACCOUNTING CHANGE	(4,116,327)	-
NET POSITION, BEGINNING AS RESTATED	371,487,392	361,297,734
TOTAL NET POSITION, ENDING	\$ 390,952,404	\$ 375,603,719

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 42,158,562	\$ 41,237,899
Cash paid to employees	(8,219,469)	(7,689,566)
Cash paid to suppliers	(13,591,308)	(13,224,786)
Cash used in operating activities	(21,810,777)	(20,914,352)
Net cash provided by operating activities	20,347,785	20,323,547
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	2,722,329	(35,291)
Purchase of investments	(2,823,453)	-
Interest income received	145,784	205,417
Net cash provided by investing activities	44,660	170,126
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(10,430,187)	(6,941,697)
Payment of interest on long-term debt	(4,332,303)	(4,341,641)
Capital contributions received	11,991,379	12,003,863
Passenger Facility Charges collected	7,080,916	6,756,282
Customer Facility Charges collected	3,250,211	559,483
Additions to capital assets	(23,463,678)	(15,938,893)
Payments related to investments and bonds	(352,232)	(374,524)
Net cash used in capital and related financing activities	(16,255,894)	(8,277,127)
Net increase in cash and cash equivalents	4,136,551	12,216,546
CASH AND CASH EQUIVALENTS		
Balances - beginning of year	92,155,645	79,939,099
Balances - end of year	\$ 96,292,196	\$ 92,155,645
Current Assets	\$ 11,358,984	\$ 15,752,710
Restricted Assets	84,933,212	76,402,937
	\$ 96,292,196	\$ 92,155,647
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,317,472)	\$ (2,396,140)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	22,825,400	22,194,824
Pension expense adjusted for GASB68	(452,056)	-
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(923,714)	714,923
Decrease (increase) in other current assets	(321,034)	(1,932)
Increase (decrease) in trade accounts payable	386,024	(187,544)
Increase (decrease) in accrued expenses	150,636	(584)
Net cash provided by operating activities	\$ 20,347,784	\$ 20,323,547
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ 129,703	\$ 55,716
Non-cash capital contributions	\$ 7,142,084	\$ 4,303,376
Capital assets included in accounts payable	\$ 4,139,828	\$ 1,298,602

See Notes to Financial Statements

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Capital Region Airport Commission ("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 six major airlines and eighteen regional airlines.

The financial statements presented for the Commission are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows 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 certificates 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 are expensed when they are incurred. Original issuance premiums, net of gains or losses on refunding, are amortized using the effective interest method and 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, 2015 and 2014

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has two items that qualify for reporting in this category: accounting loss on debt refunding and contributions to the pension plan made during the current year and subsequent to the net pension asset measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, reference the pension note. The accounting loss on debt refunding is recognized as a component of interest expense over the shorter of the life of the old debt or new debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

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. The capitalized interest cost for fiscal year 2015 was \$155,348 and was \$108,137 for fiscal year 2014.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. The rate was \$3.00 during fiscal year 2015. Collections during fiscal year 2015 were \$3.3 million (2014 - \$525 thousand).

Passenger Facility Charges

The Federal Aviation Administration (the "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 \$170 million. Collections during fiscal year 2015 were \$7.1 million (2014 - \$6.8 million) and aggregate collections and interest thereon from inception through June 30, 2015 were \$114 million. Net position related to PFC is 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$5,000 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to \$836 thousand at June 30, 2015, and \$804 thousand at June 30, 2014. The net increase for fiscal year 2015 amounted to \$32 thousand, represented by payments of \$736 thousand to vested employees and additional accrued vacation and sick leave of \$768 thousand. For fiscal year 2014, the net decrease amounted to \$73 thousand.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgets

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

Risk Management

The Commission carries commercial insurance for risks of loss including property, workers' compensation, theft, auto liability, general liability and construction insurance. The Commission also carries coverage for public officials and employer's liability under the Virginia State Police Officials' Self-Insurance Pool. 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 Commission implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and recognizes as expenses and revenues certain items that were previously reported as assets and liabilities. With the implementation of GASB Statement No. 65, the Commission adjusted the previously reported balances for 2013.

The Commission implemented the financial reporting provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68 for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

Net Position as reported at June 30, 2014	\$ 375,603,719
Implementation of GASB 68	<u>(4,116,327)</u>
Net Position as restated at June 30, 2014	<u>\$ 371,487,392</u>

In the year of implementation of GASB 68, prior year comparative information was not available. Therefore, the 2014 information has not been restated to reflect the requirements of GASB 68 and 71.

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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of period	\$ 162,487	\$ 211,129
Charged to costs and other	46,329	(1,513)
Write - offs	<u>(71,887)</u>	<u>(47,129)</u>
Balance, end of period	<u>\$ 136,928</u>	<u>\$ 162,487</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 includes the net effect of 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, 2015 and 2014

Note 2. FORMATION OF THE COMMISSION

As of January 1, 1976, under an agreement among the City of Richmond, Virginia (the "City"), the County 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:

	2015	2014
Petty cash	\$ 618	\$ 690
Deposits at financial institutions	17,853,659	21,375,196
Cash equivalents and investments	86,511,733	78,640,266
	\$104,366,010	\$100,016,152
Summary:		
Unrestricted assets	\$ 11,358,984	\$ 15,752,710
Restricted assets	93,007,026	84,263,442
	\$104,366,010	\$100,016,152

Deposits

At June 30, 2015, the carrying value of the Commission's deposits with banks was \$17,853,659 with corresponding bank balances of \$24,319,381. At June 30, 2014, the carrying value of the Commission's deposits with banks was \$21,375,196 with corresponding bank balances of \$18,404,272. 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 \$78,437,709.

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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

acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool ("LGIP") and the Commonwealth of Virginia State Non-Arbitrage Program ("SNAP").

The Commission has invested a portion of the proceeds from the Airport Revenue Refunding Bonds Series 2005A in the SNAP Fund (the "Fund"), which is a component of the Commonwealth Cash Reserve Fund, Inc. ("CCRF"). CCRF was organized as a Virginia corporation on December 8, 1986 and 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, 2015, 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 2015

Investment Type	Fair Value	Less Than 12 months		Quality Ratings
			Over 12 months	
Atlanta GA Development Authority Revenue	\$ 751,403	\$ -	\$ 751,403	BBB
Federal National Mortgage Association	2,801,736	-	2,801,736	Aaa
Federal Home Loan Banks	3,390,386	-	3,390,386	Aaa
US Bank Certificate of Deposit	1,130,500	-	1,130,500	A-1+
Virginia State Non-Arbitrage Program	209	209	-	AAAm
	<u>\$ 8,074,234</u>	<u>\$ 209</u>	<u>\$ 8,074,025</u>	

Investment Maturities and Ratings for 2014

Investment Type	Fair Value	Less Than 12 months		Quality Ratings
			Over 12 months	
Atlanta, GA Development Authority Revenue	\$ 751,403	\$ -	\$ 751,403	BBB
Federal Home Loan Banks	1,725,138	-	1,725,138	AA-
Federal Farm Cr Bks Cons	4,253,965	-	4,253,965	AA-
US Bank Certificates of Deposit	1,130,000	-	1,130,000	A-1+
Virginia State Non-Arbitrage Program	209	209	-	AAAm
	<u>\$ 7,860,715</u>	<u>\$ 209</u>	<u>\$ 7,860,506</u>	

Custodial credit risk: The risk that in the event of the failure of the counter party, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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, 2015, 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, 2015 and 2014

Note 4. CAPITAL ASSETS

	Balance June 30, 2014	Additions	Reductions	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	27,391,924	24,260,334	-	-	51,652,258
Total Non Depreciable Capital Assets	<u>80,256,106</u>	<u>24,260,334</u>	<u>-</u>	<u>-</u>	<u>104,516,440</u>
Other capital assets:					
Land improvements	23,727,510	90,473	-	-	23,817,982
Buildings	317,010,186	97,519	-	-	317,107,705
Paved Facilities	237,481,626	-	-	-	237,481,626
Furniture and fixtures	5,023,241	37,800	-	-	5,061,041
Machinery and Equipment	60,684,502	1,847,476	-	-	62,531,978
Total Other Capital Assets	<u>643,927,064</u>	<u>2,073,268</u>	<u>-</u>	<u>-</u>	<u>646,000,332</u>
Total Capital Assets	<u>724,183,170</u>	<u>26,333,602</u>	<u>-</u>	<u>-</u>	<u>750,516,772</u>
Accumulated depreciation:					
Land improvements	(10,403,213)	(1,072,721)	-	-	(11,475,935)
Buildings	(114,907,821)	(9,776,857)	-	-	(124,684,677)
Paved Facilities	(140,859,816)	(9,256,187)	-	-	(150,116,003)
Furniture and fixtures	(3,598,414)	(213,268)	-	-	(3,811,682)
Machinery and Equipment	(41,562,983)	(2,506,367)	-	-	(44,069,350)
Total Accumulated Depreciation	<u>(311,332,246)</u>	<u>(22,825,400)</u>	<u>-</u>	<u>-</u>	<u>(334,157,647)</u>
Capital Assets, Net	<u>\$ 412,850,923</u>	<u>\$ 3,508,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,359,125</u>

	Balance June 30, 2013	Additions	Reductions	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	38,468,762	16,029,216	-	(27,106,054)	27,391,924
Total Non Depreciable Capital Assets	<u>91,332,944</u>	<u>16,029,216</u>	<u>-</u>	<u>(27,106,054)</u>	<u>80,256,106</u>
Other capital assets:					
Land improvements	19,315,401	2,106	-	4,410,003	23,727,510
Buildings	316,544,750	96,139	-	369,297	317,010,186
Paved Facilities	222,431,045	75,898	-	14,974,683	237,481,626
Furniture and fixtures	4,989,018	34,223	-	-	5,023,241
Machinery and Equipment	52,755,192	577,238	-	7,352,072	60,684,502
Total Other Capital Assets	<u>616,035,406</u>	<u>785,604</u>	<u>-</u>	<u>27,106,054</u>	<u>643,927,064</u>
Total Capital Assets	<u>707,368,350</u>	<u>16,814,819</u>	<u>-</u>	<u>-</u>	<u>724,183,170</u>
Accumulated depreciation:					
Land improvements	(9,468,176)	(935,038)	-	-	(10,403,213)
Buildings	(105,120,625)	(9,787,196)	-	-	(114,907,821)
Paved Facilities	(131,836,818)	(9,022,997)	-	-	(140,859,816)
Furniture and fixtures	(3,314,391)	(284,023)	-	-	(3,598,414)
Machinery and Equipment	(39,397,412)	(2,165,571)	-	-	(41,562,983)
Total Accumulated Depreciation	<u>(289,137,422)</u>	<u>(22,194,825)</u>	<u>-</u>	<u>-</u>	<u>(311,332,246)</u>
Capital Assets, Net	<u>\$ 418,230,928</u>	<u>\$ (5,380,005)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,850,923</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 5. LONG-TERM DEBT

Long-term debt at June 30, 2015 and 2014 consists of:

	Balance 6/30/2014	Increase	Decrease	Balance 6/30/2015	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 28,926,109	\$ -	\$ (2,159,312)	\$ 26,766,797	\$ 2,229,114
Series 2004A (b)	2,130,000	-	(2,130,000)	-	-
Series 2005A Airport Refunding (c)	2,195,000	-	(515,000)	1,680,000	1,680,000
Series 2008A (d)	47,455,000	-	(1,050,000)	46,405,000	1,105,000
Series 2013A Airport Refunding (e)	21,870,000	-	(45,000)	21,825,000	45,000
PFC Revenue Bonds:					
Series 2005A (f)	14,220,000	-	(745,000)	13,475,000	765,000
Series 2005B (g)	18,410,000	-	(2,975,000)	15,435,000	2,840,000
Car Rental Garage Revenue Bonds, Series 2000 (h)					
	2,380,000	-	(1,150,000)	1,230,000	1,230,000
Line of Credit	-	339,125	-	339,125	339,125
	137,586,109	339,125	(10,769,312)	127,155,922	10,233,239
Add: Bond premium paid, net	2,710,918	-	(126,092)	2,584,826	-
Total Long-Term Debt	\$ 140,297,027	\$ 339,125	\$ (10,895,404)	\$ 129,740,748	\$ 10,233,239
Loss deferred outflows	\$ (3,128,836)	\$ -	\$ 265,829	\$ (2,863,007)	\$ -

	As Restated 6/30/2013	Increase	Decrease	Balance 6/30/2014	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 31,017,806	\$ -	\$ (2,091,697)	\$ 28,926,109	\$ 2,159,312
Series 2004A (b)	4,155,000	-	(2,025,000)	2,130,000	2,130,000
Series 2005A Airport Refunding (c)	2,695,000	-	(500,000)	2,195,000	515,000
Series 2008A (d)	48,470,000	-	(1,015,000)	47,455,000	1,050,000
Series 2013A Airport Refunding (e)	21,870,000	-	-	21,870,000	45,000
PFC Revenue Bonds:					
Series 2005A (f)	14,935,000	-	(715,000)	14,220,000	745,000
Series 2005B (g)	19,005,000	-	(595,000)	18,410,000	615,000
Car Rental Garage Revenue Bonds, Series 2000 (h)					
	2,380,000	-	-	2,380,000	1,150,000
	144,527,806	-	(6,941,697)	137,586,109	8,409,312
Add: Bond premium paid, net	3,049,420	-	(338,502)	2,710,918	-
Total Long-Term Debt	\$ 147,577,226	\$ -	\$ (7,280,199)	\$ 140,297,027	\$ 8,409,312
Loss deferred outflows	\$ (3,491,856)	\$ 363,020	\$ -	\$ (3,128,836)	\$ -

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 5. LONG-TERM DEBT (continued)

The aggregate amount of debt service on long-term debt following June 30, 2015, is as follows:

Long-Term Debt

Year	Revenue		PFC		CFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,398,239	\$ 4,003,916	\$ 3,605,000	\$ 54,565	\$ 1,230,000	\$ 43,050	\$ 10,233,239	\$ 4,101,531
2017	5,286,174	3,759,994	1,455,000	51,653	-	-	6,741,174	3,811,647
2018	5,560,565	3,570,716	1,500,000	48,628	-	-	7,060,565	3,619,344
2019	5,717,363	3,374,843	1,555,000	45,509	-	-	7,272,363	3,420,352
2020	5,906,646	3,162,760	1,605,000	42,276	-	-	7,511,646	3,205,036
2021-2025	33,055,208	12,155,843	8,885,000	158,986	-	-	41,940,208	12,314,829
2026-2030	12,371,726	7,176,648	9,255,000	60,447	-	-	21,626,726	7,237,095
2031-2035	11,885,000	4,502,375	1,050,000	1,733	-	-	12,935,000	4,504,108
2036-2040	11,835,000	1,219,625	-	-	-	-	11,835,000	1,219,625
	<u>\$ 97,015,921</u>	<u>\$ 42,926,720</u>	<u>\$ 28,910,000</u>	<u>\$ 463,797</u>	<u>\$ 1,230,000</u>	<u>\$ 43,050</u>	<u>\$ 127,155,921</u>	<u>\$ 43,433,567</u>

Note: The revenue principal amount includes the line of credit of \$339,125.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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. The final principal payment has been made as of June 30, 2015.

(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, 2015 and 2014

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 defeased, and the liability has been removed from the Commission's statement of net position. 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 costs 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 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

Capital Region Airport Commission
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June 30, 2015 and 2014

Note 5. LONG-TERM DEBT (continued)

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 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. On September 1, 2014 the Commission approved the prepayment and redemption of \$2,360,000 of the Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT). 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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 5. LONG-TERM DEBT (continued)

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 September 2011, the Commission approved a resolution for the early redemption of \$2.0 million of the 2000 Series CFC Bonds. The Commission utilized available funds for this early redemption.

(i) Line of Credit

The Commission entered into the second two years amendment of an Exempt Facility Credit Agreement with a bank as of December 15, 2014, whereby the Commission may borrow the aggregate maximum principal amount not to exceed \$5,000,000. Interest on the note is payable monthly at a rate per annum equal to the sum of one month LIBOR, plus 2.50% per annum. Currently, there is an outstanding borrowing under the agreement of \$339,125 for the year ended June 30, 2015.

(j) Restricted Assets

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

	2015	2014
Cost of issuance	\$ 343	\$ 343
Debt service	48,118,275	49,097,049
Equipment and capital outlay	31,816,914	25,390,270
Operation and maintenance	6,681,997	4,388,034
	<u>\$ 86,617,529</u>	<u>\$ 78,875,696</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, 2015 and June 30, 2014.

Capital Region Airport Commission
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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 \$2,159,178 (5.0%) and \$1,403,613 (3.3%) for the year ended June 30, 2015, and \$2,059,430 (5.1%) and \$1,466,390 (3.6%) for the year ended June 30, 2014.

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, 2015:

Fiscal Year	Amount
2016	14,849,148
2017	1,071,856
2018	815,915
2019	917,869
2020	565,685
2021-2025	2,065,563
2026-2030	514,958
2031	350,000
	<u>\$ 21,150,994</u>

The Commission had rental and concession income of \$19,404,193 and \$18,298,176 in 2015 and 2014, 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. PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Plan Description (continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting (Cont.)</p>	<p>Vesting (Cont.)</p>	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p>

Capital Region Airport Commission
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

Capital Region Airport Commission
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

Capital Region Airport Commission
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

**Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014**

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	69
Inactive members:	
Vested inactive members	38
Non-vested inactive members	113
Inactive members active elsewhere in VRS	<u>61</u>
Total inactive members	212
Active members	<u>166</u>
Total covered employees	<u><u>447</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.0% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.0% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.0% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Commission's contractually required contribution rate for the year ended June 30, 2015, was 16.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. It included the Commission's share of 11.07% and the plan members' share of 5%. The Commission's contractually required contribution rate for the year ended June 30, 2014, was 16.35% of the covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2012. It included the Commission's share of 11.35% and the plan members' share of 5%.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$856,739 and \$831,532 for the years ended June 30, 2015 and June 30, 2014, respectively.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Annual Pension Cost (as reported under GASB 27 for 2014 comparative information)

For the year ended June 30, 2014, the Commission's annual pension cost of \$1,285,774, including the plan members' share, was equal to its required and actual contribution. The required contribution rate for the year ended June 30, 2014, was determined using the entry age normal actuarial cost method as part of the actuarial valuations for June 30, 2014.

Significant actuarial assumptions used per year include a 7.0% rate of return on investments; projected salary increases of 3.50% to 5.35%; 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)

For Plan Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$1,285,774	100%	None
June 30, 2013	1,146,013	100	None
June 30, 2012	870,475	100	None

Funding Progress (Unaudited)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2014	\$ 25,561,876	\$ 29,932,342	\$ 4,370,466	85.40%	\$ 7,253,040	60.26%

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.

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Commission's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2013	\$ 28,825,185	\$ 23,877,325	\$ 4,947,860
Changes for the year:			
Service cost	\$ 870,607	\$ -	\$ 870,607
Interest	1,980,695	-	1,980,695
Differences between expected and actual experience	-	-	-
Contributions - employer	-	831,532	(831,532)
Contributions - employee	-	366,404	(366,404)
Net investment income	-	3,798,506	(3,798,506)
Benefit payments, including refunds of employee contributions	(1,059,085)	(1,059,085)	-
Administrative expenses	-	(20,146)	20,146
Other changes	-	200	(200)
Net changes	\$ 1,792,217	\$ 3,917,411	\$ (2,125,194)
Balances at June 30, 2014	\$ 30,617,402	\$ 27,794,736	\$ 2,822,666

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Commission using the discount rate of 7.00%, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Rate</u>		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Capital Region Airport Commission			
Net Pension Liability	\$ 6,849,646	\$ 2,822,666	\$ (525,593)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Commission recognized pension expense of \$404,683. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,698,345
Employer contributions subsequent to the measurement date	856,739	-
Total	<u>\$ 856,739</u>	<u>\$ 1,698,345</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

Note 8. PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$856,739 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2016	\$ (424,586)
2017	\$ (424,586)
2018	\$ (424,586)
2019	\$ (424,587)
Thereafter	\$ -

Note 9. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2015 and 2014, 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 \$18,000 for the year 2015; with participants age 50 and older allowed to defer a maximum of \$24,000. 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, 2015, the Commission had construction commitments of approximately \$52.6 million, of which approximately \$27.8 million will be paid from federal and state grants.

Note 12. SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Capital Region Airport Commission
VIRGINIA RETIREMENT SYSTEM FUNDING PROGRESS
June 30, 2015 and 2014

Cavanaugh MacDonald Consulting, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2014. Independent auditors have not audited this information. The funding progress and the Commission's contributions are as follows:

Virginia Retirement System
Funding Progress (Unaudited)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2014	\$ 25,561,876	\$ 29,932,342	\$ 4,370,466	85.40%	\$ 7,253,040	60.26%
June 30, 2013	22,702,114	28,825,185	6,123,071	78.76	7,155,224	85.57
June 30, 2012	21,727,233	28,092,248	6,365,015	77.34	6,794,782	93.68

Pension Plan Schedule of Employer Contributions (Unaudited)

For Plan Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 1,285,774	100%	None
June 30, 2013	1,146,013	100	None
June 30, 2012	870,475	100	None

Note: The above schedules are presented to reflect the requirements of GASB 27 in relation to 2014 financials.

Capital Region Airport Commission
SCHEDULE OF COMPONENTS OF AND CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Year Ended June 30, 2015 and 2014

	<u>2014</u>
Total pension liability	
Service cost	\$ 870,607
Interest	1,980,695
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(1,059,085)
Net change in total pension liability	\$ 1,792,217
Total pension liability - beginning	28,825,185
Total pension liability - ending (a)	\$ 30,617,402
Plan fiduciary net position	
Contributions - employer	\$ 831,532
Contributions - employee	366,404
Net investment income	3,798,506
Benefit payments, including refunds of employee contributions	(1,059,085)
Administrative expense	(20,146)
Other	200
Net change in plan fiduciary net position	\$ 3,917,411
Plan fiduciary net position - beginning	23,877,325
Plan fiduciary net position - ending (b)	\$ 27,794,736
Commission's net pension liability - ending (a) - (b)	\$ 2,822,666
Plan fiduciary net position as a percentage of the total pension liability	90.78%
Covered-employee payroll	\$ 7,755,981
Commission's net pension liability as a percentage of covered-employee payroll	36.39%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended June 30, 2015

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
2015	\$ 856,739	\$ 856,739	\$ 0.00	\$ 8,343,930	10%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Changes of benefit terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2015 and 2014

	2015	2014
Parking		
Terminal	\$ 15,194,814	\$ 14,258,990
Economy and shuttle	3,845,567	3,610,241
Valet	572,467	549,864
Parking meter and violations	4,454	4,824
	19,617,302	18,423,919
Landing Fees		
Major	1,375,500	1,262,994
Regional	1,199,821	1,154,695
Scheduled freighter	514,212	489,732
Other	128,789	(22,242)
	3,218,322	2,885,179
Concession		
Rental car	5,281,214	5,052,906
Food and beverage	1,047,965	880,025
Ground transportation fees	395,362	362,524
In-flight catering, etc.	6,696	6,411
Retail sales	1,290,036	897,153
Off-airport concession fees	130,691	122,508
Terminal advertising	905,555	769,074
Fuel flowage fees	169,522	148,026
Other	26,532	25,267
	9,253,573	8,263,894
Rental		
Airline terminal	6,598,852	6,645,149
Land	1,275,142	1,152,975
Other buildings	2,276,626	2,236,158
	10,150,620	10,034,282
Apron Fees	573,997	600,555
Other		
Utilities	132,974	189,896
Other	135,490	125,251
	268,464	315,147
Total	\$ 43,082,278	\$ 40,522,976

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2015 and 2014

	2015	2014
Personnel		
Salaries		
Regular	\$ 8,114,672	\$ 7,592,921
Overtime	335,199	171,098
Fringe benefits		
Payroll taxes	610,049	581,433
Group insurance, life and health	1,026,150	1,012,907
Retirement	404,683	827,797
Other	43,600	38,099
	<u>10,534,353</u>	<u>10,224,255</u>
Utilities		
Electricity	2,035,097	2,034,783
Heating fuel	133,834	141,546
Telephone	75,643	66,617
Water and sewer	341,830	281,103
	<u>2,586,403</u>	<u>2,524,049</u>
Professional Services		
Legal and accounting	576,285	489,627
Consulting services	481,162	370,001
Marketing and promotion	690,622	589,872
	<u>1,748,069</u>	<u>1,449,500</u>
Parking		
Terminal	1,631,094	1,582,151
Economy and shuttle	1,402,395	1,293,666
	<u>3,033,489</u>	<u>2,875,817</u>
Maintenance		
Building	463,571	463,265
Equipment	355,694	368,380
Other	736,370	709,759
	<u>1,555,635</u>	<u>1,541,404</u>
Insurance	849,124	843,952
Supplies	723,840	691,960
Other		
Conference and travel	65,703	71,471
Snow removal	175,496	276,502
Other	302,235	225,381
	<u>543,434</u>	<u>573,354</u>
Total	\$ 21,574,347	\$ 20,724,291

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2015

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$ 13,611,000	\$ 15,194,814	\$ 1,583,814
Economy and shuttle	3,435,000	3,845,567	410,567
Valet	527,000	572,467	45,467
Parking meter and violations	4,000	4,454	454
	17,577,000	19,617,302	2,040,302
Landing Fees			
Major	1,406,160	1,375,500	(30,660)
Regional	991,488	1,199,821	208,333
Scheduled freighter	477,351	514,212	36,861
Other	32,694	128,789	96,095
	2,907,693	3,218,322	310,629
Concession			
Rental car	4,651,300	5,281,214	629,914
Food and beverage	777,000	1,047,965	270,965
Ground transportation fees	333,000	395,362	62,362
In-flight catering, etc.	5,400	6,696	1,296
Retail sales	904,100	1,290,036	385,936
Off airport concession fees	118,700	130,691	11,991
Terminal advertising	800,000	905,555	105,555
Fuel flowage fees	144,600	169,522	24,922
Other	17,300	26,532	9,232
	7,751,400	9,253,573	1,502,173
Rental			
Airline terminal	6,480,913	6,598,852	117,939
Land	1,353,616	1,275,142	(78,474)
Other buildings	2,438,092	2,276,626	(161,466)
	10,272,621	10,150,620	(122,001)
Apron Fees			
	597,689	573,997	(23,692)
Other			
Utilities	220,300	132,974	(87,326)
Other	96,300	135,490	39,190
	316,600	268,464	(48,136)
Total	\$ 39,423,003	\$ 43,082,278	\$ 3,659,275

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2015

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	\$ 8,088,882	\$ 8,114,672	\$ (25,790)
Overtime	118,500	335,199	(216,699)
Fringe benefits			
Payroll taxes	610,919	610,049	870
Group insurance, life and health	1,035,010	1,026,150	8,860
Retirement	874,099	404,683	469,416
Other personnel expense	37,000	43,600	(6,600)
	10,764,410	10,534,353	230,057
Utilities			
Electricity	2,094,000	2,035,097	58,903
Heating fuel	140,600	133,834	6,766
Telephone	79,600	75,643	3,957
Water and sewer	305,000	341,830	(36,830)
	2,619,200	2,586,403	32,797
Professional Services			
Legal and accounting	432,000	576,285	(144,285)
Consulting services	358,000	481,162	(123,162)
Marketing and promotion	551,900	690,622	(138,722)
Annual Report	3,000	1,971	1,029
	1,344,900	1,750,040	(406,169)
Parking			
Terminal	1,658,900	1,631,094	27,806
Economy and shuttle	1,343,101	1,402,395	(59,294)
	3,002,001	3,033,489	(31,488)
Maintenance			
Building	534,450	463,571	70,879
Equipment	420,300	355,694	64,606
Other	738,650	736,370	2,280
	1,693,400	1,555,635	137,765
Insurance	879,100	849,124	29,976
Supplies	769,075	723,840	45,235
Other			
Conference and travel	68,500	65,703	2,797
Snow removal	120,000	175,496	(55,496)
Other	279,350	300,264	(20,914)
	467,850	541,463	(73,613)
Total	\$ 21,539,936	\$ 21,574,347	\$ (35,440)

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2015

	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	\$ -	\$ 6,353,867	\$ 25,390,270	\$ 5,245,300	\$ 2,006,940	\$ 67,029	\$ 4,818,260
RECEIPTS							
Deposits from Commission	42,816,322	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Interest earned	-	-	-	10,089	30,000	-	8,267
	42,816,322	-	-	10,089	30,000	-	8,267
DISBURSEMENTS							
Disbursements to Commission	-	-	5,672,742	21,870,520	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	11,319,129	-	-	-	-	-
	-	11,319,129	5,672,742	21,870,520	-	-	-
TRANSFERS							
Transfer of interest earned to revenue account	8,588	-	-	(10,089)	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(42,824,978)	10,318,884	12,099,386	21,539,940	-	-	100,000
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(42,816,390)	10,318,884	12,099,386	21,529,851	(426)	-	100,000
ENDING BALANCE	\$ (69)	\$ 5,353,622	\$ 31,816,914	\$ 4,914,720	\$ 2,036,514	\$ 67,029	\$ 4,926,528

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)
Year Ended June 30, 2015

	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	\$ 270,029	\$ 3,561,622	\$ -	\$ 343	\$ 2,526,967	\$ -	\$ 33,907,900
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-	7,172,500
Gain (loss) on sale of investments	-	(948)	(6,078)	-	-	(757)	-	-
Interest earned	-	1,361	59,749	-	-	47,305	-	5,729
	-	413	53,671	-	-	46,548	-	7,178,229
DISBURSEMENTS								
Disbursements to Commission	-	-	-	-	-	-	-	2,397,187
Principal curtailment on long-term debt	-	-	-	-	-	-	-	3,720,000
Interest payments on long-term debt	-	-	-	-	-	-	-	19,311
Disbursements to others	-	-	-	-	-	-	-	552
	-	-	-	-	-	-	-	6,137,050
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	-	-	-	-	-	-	-	-
Discount (premium) amortized on bonds held as an investment	-	(347)	(29,192)	-	-	(10,608)	-	-
	-	(347)	(29,192)	-	-	(10,608)	-	-
ENDING BALANCE	\$ 4,634	\$ 270,095	\$ 3,586,101	\$ -	\$ 343	\$ 2,562,907	\$ -	\$ 34,949,079

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)
Year Ended June 30, 2015

	CFC Bonds							Total
	Revenue Account	Debt Service Reserve	Interest Fund	Operating Fund	Principal Fund	Repair Fund	General Purpose Fund	
BEGINNING BALANCE	\$ -	\$ 1,130,500	\$ 101,907	\$ 28,201	\$ 1,172,593	\$ 74,216	\$ 2,278,678	\$ 88,939,258
RECEIPTS								
Deposits from Commission	-	-	-	-	-	25,784	-	42,842,106
Deposits from Commission-collections	3,134,499	-	-	-	-	-	-	10,306,999
Gain (loss) on sale of investments	-	-	-	-	-	-	-	(7,783)
Interest earned	-	-	2	-	10	6	374	162,893
	3,134,499	-	2	-	10	25,790	374	53,304,214
DISBURSEMENTS								
Disbursements to Commission	-	-	-	165,888	-	-	530,789	30,637,126
Principal curtailment on long-term debt	-	-	-	-	1,150,000	-	-	4,870,000
Interest payments on long-term debt	-	-	126,350	-	-	-	-	145,661
Disbursements to others	-	-	-	-	-	-	334	11,320,016
	-	-	126,350	165,888	1,150,000	-	531,123	46,972,803
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	(1,501)
Transfer of deposited revenue to designated accounts per resolution	(3,134,499)	-	77,021	165,199	119,124	-	2,770,037	1,230,114
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	(40,573)
	(3,134,499)	-	77,021	165,199	119,124	-	2,770,037	1,188,040
ENDING BALANCE	\$ -	\$ 1,130,500	\$ 52,581	\$ 27,511	\$ 141,727	\$ 100,006	\$ 4,517,966	\$ 96,458,709

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 \$86,617,460 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, 2015

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
2004 Bonds			
Bond account - debt service	Money market fund	0.0%	\$ 5,353,622
Revenue account	Money market fund	0.0	(69)
Equipment and capital outlay	Money market fund	0.0	31,816,914
Operation and maintenance account	Cash deposits	0.6	4,914,720
Operation and maintenance reserve	Money market fund	0.0	1,283,747
Operation and maintenance reserve	Municipal obligation	4.4	751,403
Subordinated indebtedness	Money market fund	0.6	67,029
Surplus, issuer discretionary	Cash deposits	0.0	4,926,528
			<u>49,113,893</u>
1995 Bonds			
Debt service reserve	Money market fund	0.0	4,634
2005 Bonds			
Debt service reserve	Money market fund	0.0	210
Debt service reserve	Federal obligations	3.0	269,121
			<u>269,331</u>
2008 Bonds			
Debt service reserve	Money market fund	0.0	32,105
Debt service reserve	Federal obligations	1.3	3,487,362
Cost of issue	Money market fund	0.0	343
			<u>3,519,810</u>
2013 Bonds			
Debt service reserve	Federal obligations	1.5	2,445,399
Debt service reserve	Money Market Fund	0.0	80,545
			<u>2,525,944</u>
PFC Bonds			
General purpose fund	Money market fund	1.0	34,949,079
			<u>34,949,079</u>
CFC Bonds			
Debt service reserve	Certificate of deposit	0.0	1,130,500
Interest fund	Money market fund	0.0	52,581
Operating fund	Money market fund	0.0	27,511
Principal fund	Money market fund	0.0	141,727
Repair fund	Money market fund	0.0	100,006
General purpose fund	Money market fund	0.0	4,517,966
			<u>5,970,290</u>
			<u>\$ 96,352,981</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	\$ 9,841,248
Restricted assets:	
Cash and cash equivalents	78,437,709
Investments	8,074,024
	<u>\$ 96,352,981</u>

Note: Includes fair market value adjustment of \$105,727



STATISTICAL SECTION



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**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, 2015
(dollars in thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating revenues										
Apron fees	\$ 574	\$ 601	\$ 588	\$ 638	\$ 624	\$ 509	\$ 755	\$ 674	\$ 585	\$ 609
Concession	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037
Landing fees	3,218	2,885	2,855	3,007	2,976	2,837	3,332	3,496	3,333	3,400
Other	268	315	258	181	166	177	211	253	250	173
Parking	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,892	16,956	15,034
Rental	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260
Total operating revenues	43,082	40,523	39,392	39,124	38,868	37,999	39,444	42,142	37,734	34,513
Nonoperating revenues										
Customer Facility Charges	3,314	525	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061
Interest income	128	187	136	198	250	338	1,152	2,608	3,330	3,052
Passenger Facility Charges	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,328	7,549	6,546
Total nonoperating revenues	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,680	12,725	11,659
Total Revenues	53,587	48,025	47,092	47,609	47,458	46,666	49,017	53,822	50,459	46,172
Operating expenses										
Depreciation	22,825	22,195	21,222	20,609	19,644	18,492	17,151	16,364	15,802	14,344
Insurance	849	844	848	669	798	810	664	625	738	678
Maintenance	1,556	1,541	1,651	1,464	1,539	1,864	1,424	1,928	1,672	1,400
Other	543	573	408	369	558	545	394	516	468	638
Parking	3,034	2,876	2,912	3,052	3,019	2,834	3,070	2,896	2,366	2,344
Personnel	10,534	10,224	10,279	9,484	9,173	9,380	10,121	10,343	9,419	8,490
Professional services	1,748	1,450	1,223	1,384	1,658	1,001	1,207	1,544	1,407	1,381
Supplies	724	692	763	806	686	597	685	800	730	678
Utilities	2,586	2,524	2,537	2,509	2,348	2,081	2,555	2,361	2,191	1,974
Total operating expenses	44,399	42,919	41,843	40,346	39,423	37,604	37,271	37,377	34,793	31,927
Nonoperating expenses										
Interest expense	4,065	3,556	4,557	5,193	5,580	3,793	5,555	5,666	6,177	6,022
Other, net	488	682	992	3,170	861	786	1,075	666	810	794
Total nonoperating expenses	4,553	4,238	5,549	8,363	6,441	4,579	6,630	6,332	6,987	6,816
Total Expenses	48,952	47,157	47,392	48,709	45,864	42,183	43,901	43,709	41,780	38,743
Capital grants and contributions	14,830	13,439	12,660	9,825	5,594	5,879	12,481	23,860	8,895	15,471
Increase (decrease) in Net Position	19,465	14,307	12,360	8,725	7,188	10,362	17,597	33,973	17,574	22,900
Net Position at Year-End										
Net Investment in capital assets	\$ 297,177	\$ 284,350	\$ 282,629	\$ 272,217	\$ 268,968	\$ 274,025	\$ 271,544	\$ 241,895	\$ 222,570	\$ 209,638
Restricted	83,867	74,244	66,011	60,776	56,480	41,370	31,247	39,742	34,568	27,394
Unrestricted	9,908	17,010	12,658	15,945	14,765	17,630	19,871	23,428	13,954	16,486
Total Net Position	\$ 390,952	\$ 375,604	\$ 361,298	\$ 348,938	\$ 340,213	\$ 333,025	\$ 322,662	\$ 305,065	\$ 271,092	\$ 253,518

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.

Fiscal year 2014 balances were not restated to reflect GASB 68 implementation in FY2015.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2015
(dollars in thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Airline revenues										
Landing fees	\$ 3,218	\$ 2,885	\$ 2,855	\$ 3,007	\$ 2,976	\$ 2,837	\$ 3,332	\$ 3,496	\$ 3,333	\$ 3,400
Apron fees	574	601	588	638	624	509	755	674	585	609
Total airline revenues	3,792	3,486	3,443	3,645	3,600	3,346	4,087	4,172	3,918	4,009
Percentage of total revenues	7.1%	7.3%	7.3%	7.7%	7.6%	7.1%	8.4%	7.8%	7.8%	8.7%
Nonairline revenues										
Parking	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,891	16,956	15,034
Rental	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260
Concession	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037
Other	268	315	258	181	166	178	211	253	250	172
Total nonairline revenues	39,290	37,037	35,949	35,479	35,268	34,654	35,357	37,971	33,816	30,503
Percentage of total revenues	73.3%	77.1%	76.3%	74.5%	74.3%	74.3%	72.1%	70.5%	67.0%	66.1%
Nonoperating revenues										
Passenger Facility Charges	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,327	7,549	6,546
Customer Facility Charges	3,314	525	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061
Interest Income	128	187	136	198	250	338	1,152	2,608	3,330	3,052
Total nonoperating revenues	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,679	12,725	11,659
Percentage of total revenues	19.6%	15.6%	16.4%	17.8%	18.1%	18.6%	19.5%	21.7%	25.2%	25.3%
Total revenues	<u>\$ 53,587</u>	<u>\$ 48,025</u>	<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>
Enplaned passengers (excluding charters)	1,706,272	1,627,469	1,581,348	1,595,180	1,640,642	1,640,314	1,675,186	1,813,158	1,734,523	1,554,675
Total revenue per enplaned passengers	\$ 31.41	\$ 29.51	\$ 29.78	\$ 29.85	\$ 28.93	\$ 28.45	\$ 29.26	\$ 29.69	\$ 29.02	\$ 29.71

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2015

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Parking:										
Terminal	\$ 15,194,814	\$ 14,258,972	\$ 13,785,664	\$ 13,931,741	\$ 14,256,654	\$ 13,808,197	\$ 13,490,156	\$ 15,536,039	\$ 13,054,241	\$ 11,729,209
Economy and shuttle	3,845,567	3,610,259	3,481,463	3,474,623	3,493,000	3,607,957	3,885,764	3,658,456	3,118,025	2,606,678
Valet	572,467	549,864	525,664	546,265	562,929	572,419	611,691	688,525	776,112	691,069
Parking meter and violations	4,454	4,824	5,596	6,311	7,888	4,425	1,358	8,408	8,114	7,537
	\$ 19,617,302	\$ 18,423,919	\$ 17,798,387	\$ 17,958,940	\$ 18,320,471	\$ 17,992,998	\$ 17,988,969	\$ 19,891,428	\$ 16,956,492	\$ 15,034,493

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2015

	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
	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	\$ 12	\$ 3	\$ 12	\$ 3	\$ 10	\$ 3	\$ 10
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Economy A	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6
Economy B	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6
Economy C	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6
Valet	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	6	15	6	15

Note: Rates are subject to change during year.
Public parking is the only source of parking revenue.

Capital Region Airport Commission
REVENUE RATES
Ten Years Ended June 30, 2015

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Apron fees (per square foot)	\$1.16	\$1.23	\$1.23	\$1.21	\$1.21	\$1.21	\$1.34	\$1.31	\$1.34	\$1.34
Landing Fees (per 1,000 lbs unit)	1.26	1.26	1.23	1.24	1.19	1.22	1.25	1.24	1.20	1.16
Terminal Rental (square foot)	36.11	35.84	35.12	34.19	34.17	33.50	34.93	43.01	40.95	40.66

REVENUE BOND COVERAGE
Ten Years Ended June 30, 2015

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2015	\$ 41,520,397	\$ 21,164,337	\$ 20,356,060	\$ 8,997,379	\$ 13,489,704	2.26	1.51
2014	40,671,411	20,203,214	20,468,197	10,176,079	14,165,679	2.01	1.44
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

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, 2015
(dollars in thousands)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Airport Revenue Bonds:										
Series 1995 A,B&C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,880	\$ 15,880	\$ 15,880
Series 2001 A&B	26,767	28,926	31,018	33,044	34,962	36,673	38,308	39,874	41,373	42,806
Series 2004 A	-	2,130	4,155	6,085	7,920	9,670	11,335	12,935	14,475	15,955
Series 2005 A	1,680	2,195	2,695	26,130	26,595	27,045	27,485	27,910	28,325	28,725
Series 2008 A	46,405	47,455	48,470	49,450	50,395	51,310	51,310	51,310	-	-
Series 2013 A	21,825	21,870	21,870	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	13,475	14,220	14,935	15,625	16,295	16,940	21,570	26,175	26,765	27,335
Series 2005 B	15,435	18,410	19,005	19,580	20,135	20,675	21,200	21,705	22,190	22,660
Car Rental Garage Revenue Bond	1,230	2,380	2,380	2,380	5,400	6,280	7,100	7,870	8,595	9,275
The Warehouse Company Note	-	-	-	-	-	-	-	1,493	1,691	1,874
Line of Credit	339	-	-	-	-	-	1,185	-	1,450	-
	<u>127,156</u>	<u>137,586</u>	<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>
Add: Bond premium, net	2,585	2,711	3,049	866	1,031	1,218	1,424	1,650	1,891	2,147
Less: Debt issuance costs, net	-	-	-	-	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)	(4,433)
Total Long-Term Debt	<u>\$ 129,741</u>	<u>\$ 140,297</u>	<u>\$ 147,577</u>	<u>\$ 153,160</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>
Enplaned passengers (excluding charters)	1,706	1,627	1,581	1,595	1,641	1,640	1,675	1,813	1,735	1,555
Total Long-Term Debt per enplaned passenger	\$76.05	\$86.23	\$93.34	\$96.03	\$96.72	\$100.84	\$105.11	\$111.00	\$91.41	\$104.32

Under GASB 65, deferred financing costs, which were previously amortized over the life of the debt, are recognized as an outflow of resources in the period incurred.

Accordingly this table has been restated for 2013 and 2012.

Capital Region Airport Commission
MAJOR CUSTOMERS

Year Ended June 30, 2015			Year Ended June 30, 2006		
Company	Revenue	Percent of Operating Revenue	Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 2,159,178	5.0%	USAir, Inc.	\$ 2,002,704	6.2%
US Airways, Inc.	1,403,613	3.3	Hertz Rent-A-Car Company, Inc.	1,478,503	4.6
Hertz Corporation, Inc.	1,355,148	3.1	Delta Airlines, Inc.	1,307,481	4.1
National / Alamo Rent A Car, Inc.	1,345,794	3.1	Delaware North Company	1,022,785	3.2

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2015

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2015	5.2%	N/A	N/A
2014	2.9%	N/A	N/A
2013	(0.9)	0.1%	0.5
2012	(2.6)	0.1	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

Note: Calendar year data except for 2015, 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 8 and 1-37. Airport records.

N/A: Not available

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2015

	Share of		Share of		2013	2012	2011	2010	2009	2008	2007	2006
	2015	Total 2015	2014	Total 2014								
Major Airlines												
AirTran Airways	-	-	155,199	9.5%	155,937	151,031	147,825	152,852	170,372	172,770	147,658	137,411
American Eagle Airlines	-	-	58,949	3.6	72,417	79,021	84,255	64,187	45,026	61,952	63,103	70,709
Continental Airlines	-	-	-	-	-	79,032	124,349	123,513	119,820	129,014	132,724	113,434
Delta Airlines	370,744	21.6	344,697	21.1	337,549	324,690	310,789	270,066	232,326	240,723	227,925	221,489
Envoy Air	60,180	3.5	-	-	-	-	-	-	-	-	-	-
JetBlue Airways	171,310	10.0	136,659	8.4	124,539	116,545	129,566	160,784	152,318	148,052	137,536	36,894
Northwest Airlines	-	-	-	-	-	-	-	107	70,007	10,488	19,997	14,240
SkyBus Airlines	-	-	-	-	-	-	-	-	-	29,793	4,473	-
Southwest Airlines	167,187	9.7	-	-	-	-	-	-	-	-	-	-
United Airlines	38,130	2.2	38,153	2.3	33,371	32,079	38,844	47,922	52,430	56,980	59,898	60,870
US Airways	139,603	8.1	130,968	8.0	103,197	95,599	88,912	103,443	122,451	137,069	122,747	145,018
Total Major Airlines	947,154	55.1	864,625	52.9	827,010	877,997	924,540	922,874	964,750	986,841	916,061	800,065
Regional Airlines												
Air Canada	-	-	-	-	4,927	6,157	6,731	6,564	6,903	1,821	-	-
Air Wisconsin	121,014	7.0	105,583	6.5	81,501	144,638	152,087	113,190	76,002	86,360	64,525	43,229
American	108,253	6.3	117,787	7.2	111,183	118,303	121,523	113,082	104,165	116,805	115,244	106,789
Atlantic Southeast	-	-	-	-	-	934	863	21,211	33,967	41,706	31,358	36,185
Chautauqua	26,477	1.5	57,868	3.5	62,224	35,495	35,387	71,793	71,237	70,858	134,892	106,948
ComAir/Delta Connection	-	-	-	-	3,771	24,032	52,216	53,106	58,263	85,373	102,462	99,709
CommutAir	13,726	0.8	-	-	-	-	-	-	-	-	-	-
Compass	-	-	-	-	-	7,215	22,176	7,229	-	-	-	-
Endeavor Airlines	16,833	1.0	42,411	2.6	83,652	81,623	47,595	30,123	12,364	72,249	54,659	71,560
Express Jet	256,926	15.0	262,836	16.1	208,385	121,025	20,233	-	-	-	-	-
GoJet	30,595	1.8	26,971	1.7	39,594	29,123	27,863	23,957	13,599	12,391	2,229	-
Mesa	56,278	3.3	82,056	5.0	74,682	54,432	45,278	27,893	54,807	76,854	78,014	56,606
Mesaba	-	-	-	-	-	7,514	6,374	20,397	-	-	-	-
Piedmont	13,512	0.8	17,502	1.1	33,126	6,652	9,994	18,063	21,057	21,695	12,930	5,603
PSA	44,100	2.6	7,571	0.5	23,800	23,556	34,118	31,725	30,449	41,579	57,499	34,578
Republic	15,183	0.9	1,556	0.1	2,926	26,983	53,192	84,493	84,651	47,366	2,516	347
Shuttle America	16,023	0.9	2,063	0.1	2,981	62	2,418	19	14,666	-	-	521
SkyWest	-	-	62	-	88	653	-	-	-	-	-	1,070
Trans States	40,198	2.3	38,578	2.4	21,498	28,786	78,054	94,595	128,306	151,260	162,134	191,465
Total Regional Airlines	759,118	44.2	762,844	46.7	754,338	717,183	716,102	717,440	710,436	826,317	818,462	754,610
Charters	12,439	0.7	5,567	0.4	5,861	6,136	3,820	3,466	9,820	8,529	4,310	3,035
Totals	1,718,711	100.0%	1,633,036	100.0%	1,587,209	1,601,316	1,644,462	1,643,780	1,685,006	1,821,687	1,738,833	1,557,710

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2015
Landed Weight (1,000 Pound Units)

	Share of		Share of		2013	2012	2011	2010	2009	2008	2007	2006
	2015	Total 2015	2014	Total 2014								
Major Airlines												
AirTran Airways	15,704	0.8	148,664	7.5	181,656	184,792	172,888	183,712	240,928	212,656	196,632	220,792
American Eagle Airlines	-	-	69,609	3.5	76,148	83,748	91,333	67,051	52,730	68,586	72,455	88,973
Continental Airlines	-	-	-	-	-	1,667	1,447	89,000	146,750	152,133	156,277	154,396
Delta Airlines	409,299	20.1	392,582	20.0	398,489	405,770	380,426	319,496	286,572	287,074	274,715	296,066
Envoy Air	66,104	3.3	-	-	-	-	-	-	-	-	-	-
JetBlue Airways	194,685	9.6	163,062	8.3	145,116	136,127	158,826	208,769	224,064	203,415	204,773	51,606
Northwest Airlines*	-	-	-	-	-	-	-	961	374	13,896	33,601	27,917
SkyBus Airlines	-	-	-	-	-	-	-	-	-	41,749	7,027	-
Southwest Airlines	165,408	8.1	29,702	1.5	-	-	-	-	-	-	-	-
United Airlines	51,035	2.5	53,118	2.7	47,791	48,130	68,335	76,006	78,635	82,037	81,216	84,523
US Airways	180,410	8.9	170,405	8.6	137,273	143,046	134,919	155,556	182,515	211,407	206,784	310,410
Total Major Airlines	1,082,645	53.3	1,027,142	52.1	986,473	1,003,280	1,008,174	1,100,551	1,212,568	1,272,953	1,233,480	1,234,683
Regional Airlines												
Aero Mexico	864	-	968	-	-	-	-	-	-	-	-	-
Air Canada	-	-	-	-	8,516	9,562	9,982	17,687	18,417	3,390	-	-
Air Wisconsin	152,092	7.5	128,968	6.5	97,854	197,400	196,413	135,266	96,068	103,447	83,284	60,160
Allegiant Airlines	6,559	0.3	279	0.0	1,850	2,503	4,082	3,835	4,408	1,477	837	837
American	114,970	5.7	130,534	6.6	128,100	135,298	137,264	134,180	134,590	135,370	132,614	133,808
Atlantic Southeast	-	-	-	-	-	1,513	1,798	25,145	36,206	48,942	36,961	39,331
Bahamair	992	0.1	1,488	0.1	2,736	1,872	-	-	-	-	-	-
Chautauqua	30,167	1.5	71,845	3.6	76,163	43,783	43,104	81,915	88,856	88,531	171,207	140,818
Colgan Air	-	-	-	-	-	-	-	-	12,214	1,178	-	-
ComAir/Delta Connection	-	-	-	-	4,376	29,061	65,644	69,560	89,059	113,686	149,103	143
CommutAir	16,113	0.8	-	-	-	-	-	-	-	-	-	-
Compass Airlines	-	-	-	-	-	-	33,412	8,539	17,465	2,024	-	-
Endeavor Air	27,736	1.4	-	-	-	-	-	-	-	-	-	-
Express Jet	333,068	16.4	332,115	16.8	240,983	235,324	166,404	58,114	-	-	-	-
Freedom Airlines	-	-	-	-	-	-	3,783	15,045	51,085	52,530	39,653	34
GoJet Airlines	50,920	2.5	45,359	2.3	60,300	39,463	35,376	37,185	25,058	24,522	9,246	-
Interjet Vacation Express	1,846	0.1	-	-	-	-	-	-	-	-	-	-
Mesa Airlines	61,380	3.0	90,807	4.6	82,489	60,772	43,112	12,856	17,736	39,291	43,071	37,777
Mesaba Airlines	-	-	-	-	-	9,008	9,750	21,853	32,636	-	-	-
Piedmont	16,524	0.8	21,545	1.1	39,585	9,144	12,551	23,402	26,689	26,074	15,505	6,806
Pinnacle Airlines	-	-	58,568	3.0	108,779	111,078	63,867	36,720	45,043	79,375	65,471	94,047
PSA	51,981	2.6	9,461	0.5	26,661	26,119	37,372	34,304	35,857	48,724	64,926	48,097
Republic Airlines	19,207	0.9	3,326	0.2	3,292	33,453	63,270	104,077	111,722	64,787	3,543	1,229
Shuttle America	20,697	1.0	4,906	0.2	5,998	220	3,962	217	17,944	-	-	898
SkyWest Airlines	181	-	134	0.0	94	913	-	-	1,717	-	-	1,316
Trans States	43,545	2.1	44,934	2.3	27,375	45,259	86,794	99,905	151,075	187,356	210,528	297,240
Vision Airlines	-	-	-	-	-	932	-	-	-	-	-	-
Total Regional Airlines	948,842	46.7	945,237	47.9	915,151	992,677	1,017,940	919,805	1,013,845	1,020,704	1,025,949	862,541
Total Airline Weight	2,031,487	100.0%	1,972,379	100.0%	1,901,624	1,995,957	2,026,114	2,020,356	2,226,413	2,293,657	2,259,429	2,097,224

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2015
Landed Weight (1,000 Pound Units)

	2015	Share of Total 2015	2014	Share of Total 2014	2013	2012	2011	2010	2009	2008	2007	2006
Cargo Carriers												
Airborne Express	-	-	-	-	-	-	-	-	6,745,200	25,806,200	25,763,000	25,891,700
AirNet Systems	662,300	0.2%	3,303,100	0.8%	3,131,300	2,995,000	4,589,800	4,675,800	5,388,000	7,299,100	8,868,800	10,105,604
Ameriflight	4,019,194	1.0	4,091,288	1.0	876,794	806,000	803,600	756,600	653,870	67,088	82,588	-
DHL Express	-	-	-	-	-	-	-	-	10,498,000	-	-	-
Federal Express	224,045,300	54.9	217,493,600	54.2	200,056,200	175,671,800	174,001,400	144,392,100	172,706,450	182,858,050	183,266,200	185,593,950
Mountain Air Cargo	-	-	47,068	0.1	8,500	17,000	125,480	187,140	53,160	59,500	8,500	8,500
UPS	179,381,040	43.9	176,286,160	43.9	174,765,520	178,608,000	177,643,760	160,848,720	166,685,040	173,015,360	175,649,920	171,104,680
Total Cargo Weight	408,107,834	100.0%	401,221,216	100.0%	378,838,314	358,097,800	357,164,040	310,860,360	362,729,720	389,105,298	393,639,008	392,704,434
Total Landed Weight	410,139,321		403,193,595		380,739,938	360,093,757	359,190,153	312,880,716	365,330,240	391,398,955	395,898,437	394,801,658

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2014 and 2013

2014				2013			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	240,650	1	Atlanta	SH	247,110
2	Atlanta	SH	239,410	2	Boston	SH	198,350
3	Orlando	MH	184,710	3	Orlando	MH	178,700
4	New York/Newark	SH	158,550	4	New York/Newark	SH	155,150
5	Chicago	MH	125,680	5	Chicago	MH	135,730
6	Dallas/Fort Worth	MH	104,300	6	Dallas/Fort Worth	MH	104,160
7	Fort Lauderdale	MH	97,690	7	Fort Lauderdale	MH	98,140
8	Las Vegas	LH	74,910	8	Los Angeles	LH	70,220
9	Los Angeles	LH	71,990	9	Las Vegas	LH	64,220
10	San Francisco	LH	64,480	10	Houston	MH	60,310
11	Houston	MH	64,120	11	San Francisco	LH	54,750
12	Denver	MH	60,630	12	Denver	MH	52,680
13	Phoenix	LH	51,650	13	Phoenix	LH	50,650
14	San Diego	LH	47,700	14	Charlotte	SH	46,870
15	Minneapolis/St Paul	MH	46,960	15	Minneapolis/St Paul	MH	46,630
16	Seattle/Tacoma	LH	46,230	16	Seattle/Tacoma	LH	43,550
17	Tampa	MH	43,870	17	Tampa	MH	42,920
18	Austin	MH	41,330	18	San Diego	LH	41,650
19	Miami	MH	40,810	19	Austin	MH	40,810
20	Charlotte	SH	39,670	20	San Antonio	MH	37,830
21	Nashville	SH	38,210	21	Nashville	SH	36,480
22	San Antonio	MH	36,610	22	New Orleans	MH	35,880
23	St Louis	MH	36,610	23	Miami	MH	35,740
24	New Orleans	MH	35,680	24	Detroit	SH	35,700
25	Philadelphia	SH	35,570	25	St Louis	MH	33,830
Total			2,028,020	Total			1,948,060

**Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2011-2014**

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2014	2013	2012	2011	2013-2014	2012-2013	2011-2012
	United States	318,857,056	316,128,839	313,914,040	311,591,917	0.9	0.7
Virginia total	8,326,289	8,260,405	8,185,867	8,096,604	0.8	0.9	1.1
Richmond MSA*	1,311,379	1,245,764	1,231,980	1,271,101	5.3	1.1	(3.1)
Richmond-Petersburg MSA	1,189,443	1,175,814	1,162,296	1,150,614	1.2	1.2	1.0
Richmond City	217,853	214,114	210,309	206,238	1.7	1.8	2.0
Henrico County	321,924	318,611	314,932	310,742	1.0	1.2	1.3
Chesterfield County	332,499	327,745	323,856	319,641	1.5	1.2	1.3
Hanover County	101,918	101,330	100,668	100,704	0.6	0.7	0.0
Petersburg City	32,701	32,538	31,973	32,948	0.5	1.8	(3.0)
Hopewell City	22,196	22,163	22,348	22,779	0.1	(0.8)	(1.9)
Colonial Heights City	17,731	17,634	17,479	17,556	0.6	0.9	(0.4)
Charles City County	7,023	7,130	7,157	7,290	(1.5)	(0.4)	(1.8)
Dinwiddie County	27,859	27,904	27,994	28,018	(0.2)	(0.3)	(0.1)
Goochland County	21,936	21,626	21,347	21,753	1.4	1.3	(1.9)
New Kent County	20,021	19,507	19,169	18,827	2.6	1.8	(1.8)
Powhatan County	28,449	28,259	28,123	28,290	0.7	0.5	(0.6)
Prince George County	37,333	37,253	36,941	35,828	0.2	0.8	(3.1)
Amelia County	12,855	12,745	12,759	12,841	0.9	(0.1)	(0.6)
Caroline County	29,778	29,298	28,972	28,826	1.6	1.1	(0.5)
Cumberland County	9,827	9,841	9,849	10,100	(0.1)	0.0	(0.9)
King and Queen County	7,175	7,130	7,046	7,049	0.6	0.1	0.0
King William County	16,186	16,097	15,981	16,159	0.6	0.7	(1.1)
Louisa County	34,348	33,945	33,430	33,456	1.2	1.0	0.0
Sussex County	11,767	11,810	11,972	12,056	(0.4)	(1.4)	(0.7)

Source: Estimates by Census Bureau, May 2015

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

Capital Region Airport Commission
PERSONAL INCOME
Calendar Years 2004-2013

Millions of Dollars	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
United States	\$14,151,427	\$13,729,063	\$12,949,905	\$12,353,577	\$12,168,161	\$12,225,589	\$11,634,322	\$10,978,053	\$10,252,973	\$ 9,711,363
Virginia	403,425	396,005	373,312	355,193	347,284	343,580	321,245	306,918	286,685	267,521
Richmond-Petersburg MSA	57,452	55,678	54,641	52,004	50,966	51,918	48,790	46,457	43,399	40,608
Annual growth rate	1.9%	4.1%	5.8%	3.0%	(2.0%)	2.3%	5.0%	7.0%	6.9%	7.2%

Note: 2013 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2015

PER CAPITA INCOME
Calendar Years 2004-2013

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
United States	\$44,765	\$43,735	\$41,560	\$39,937	\$39,635	\$ 40,166	\$38,615	\$36,794	\$34,690	\$33,157
Virginia	48,838	48,377	46,107	44,267	44,057	44,075	41,727	40,234	37,988	35,886
Richmond-Petersburg MSA*	46,118	45,194	43,046	41,260	41,161	42,309	40,286	38,913	36,995	35,186
Percent of national average	103.0%	103.3%	103.6%	103.3%	103.9%	105.3%	104.3%	105.8%	106.6%	106.1%

2013 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2015

Note:

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

Major Public Employers	Average Number of Employees
Local Governments	53,800
Commonwealth of Virginia	39,400
Federal Government	16,600

Source: Virginia Employment Commission, Current Employment Statistics Program, 2014 Annual Averages

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

	Annual Average		Percent	Percent Total	
	2014	2004	Change 2004	2014	2004
Total Employment	631,100	593,900	6.3%	100.0%	100.0%
By Industry:					
Government	109,700	110,400	(0.6)	17.4	18.6
Wholesale and retail trade	98,500	91,700	15.5	15.7	15.5
Manufacturing	30,900	44,600	(30.7)	4.9	7.5
Financial activities	48,500	46,700	3.9	7.7	7.9
Construction and mining	33,700	40,700	(17.2)	5.3	6.9
Transportation and utilities	19,900	18,600	7.0	3.2	3.1
Information	8,000	11,200	(28.6)	1.3	1.9
Professional and business services	99,700	87,700	13.7	15.8	14.8
Educational and health services	92,800	65,100	42.5	14.7	11.0
Leisure and hospitality services	58,700	48,000	22.3	9.3	8.1
Other services	30,900	29,200	5.8	4.9	4.9

Source: Virginia Employment Commission, Current Employment Statistics Program

**UNEMPLOYMENT RATES
Calendar Years 2010-2014**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
United States	6.2%	7.4%	8.1%	8.9%	9.80%	9.30%	5.80%	4.60%	4.60%	5.10%
Virginia	5.2	5.5	5.9	6.2	6.9	6.7	4.0	3.0	3.0	3.5
Richmond-Petersburg MSA*	5.5	5.9	6.4	6.9	7.7	7.5	4.3	3.1	3.2	3.7

Sources: Virginia Employment Commission, Local Area Unemployment Statistics Program

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2015

Full Time Equivalent Employees

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police	27	25	27	23	29	24	23	29	30	30
Communications/ Operations	12	12	12	12	8	12	12	13	15	12
Aircraft Rescues & Fire Fighting	17	16	18	18	18	19	19	21	19	19
Custodial Services	46	45	47	45	47	46	45	45	46	31
Utilities/Ground Maintenance	14	15	15	16	15	14	12	12	12	12
Equipment/Automotive Maintenance	6	6	5	5	5	5	6	6	6	5
Building Maintenance	2	2	2	2	2	2	1	6	8	8
Electronic Systems	4	4	4	4	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	3	4	4	4
Electrical Maintenance	2	2	2	2	2	2	3	4	4	5
Finance and Administrative Services	9	7	8	8	8	11	11	12	11	12
Ground Transportation	1	1	1	1	1	1	2	2	2	1
Information Systems	3	3	3	3	3	3	3	3	3	2
Executive/Marketing	9	9	9	9	9	5	5	5	4	4
Human Resources	-	-	-	-	-	-	3	4	4	4
Baggage System	11	11	11	11	10	10	10	10	7	4
Total Employees	166	161	167	162	164	161	162	180	179	157

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, 2015

	Pounds of Cargo									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Cargo Carrier:										
Airborne	-	-	-	-	-	-	3,660,614	7,275,287	7,227,257	6,035,741
Air Net Systems	129,870	613,886	552,764	656,162	761,196	795,955	816,348	1,038,124	1,178,060	1,394,396
AmeriFlight	750,667	1,386,840	226,225	212,165	223,434	219,970	174,964	5,199	11,473	253
Federal Express	68,943,364	67,509,310	71,588,803	59,848,214	59,712,374	56,575,502	60,794,140	67,546,025	71,357,645	69,948,418
UPS	44,995,819	43,024,627	41,578,577	39,683,396	23,780,038	24,211,667	27,341,043	37,016,959	35,101,104	33,890,613
Total	114,819,720	112,534,663	113,946,369	100,399,937	84,477,042	81,803,094	92,787,109	112,881,594	114,875,539	111,269,421
Percentage change	2.0%	(1.2%)	13.5%	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%	4.5%

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2015

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Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2015	34,671	30,013	30,298	7,351	102,333
2014	31,530	34,078	24,586	5,579	95,773
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
Average Annual Change	1.2%	(4.7%)	5.6%	(2.4%)	(2.4%)

Capital Region Airport Commission
INSURANCE COVERAGE
Period Ended June 30, 2015

Type/Carrier	Coverage	Limit
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/Technology Insurance Company	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 unlimited aggregate \$3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	\$480,679,000 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	\$4,110,494 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, 2015

Richmond International Airport

Location:	6 miles east of downtown Richmond, the capital of Virginia		
Elevation:	168 ft.		
Airport Code:	RIC		
Runways:	16/34	North/South	9,000 x 150 HIRL/CL/TDZ/VOR
	2/20	North/South	6,600 x 150 HIRL
	7/25	East/West	5,300 x 100 HIRL
Terminal:	Airlines	185,391 SF	
	Tenants	42,953 SF	
	Public/common	105,760 SF	
	Mechanical	49,785 SF	
	Other	168,078 SF	
	Number of passenger gates	22	
	Number of loading bridges	22	
	Number of concessionaires in terminal	2	
	Number of rental car agencies in terminal	9	
Apron:	Leased:	457,806 SF	
Ramp:	Leased:	21,949 SF	
Parking:	Spaces assigned:	Garage	6,548
		Short-term	280
		Long-term	0
		Economy	3,640
		Rental cars	490
		Employees	600
International:	Customs/Immigration Federal Inspection Service Facility		
Tower:	TRACON 24/7-365		
FBOs	Aero Industries, MillionAir, Richmond Jet Center		

COMPLIANCE SECTION

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Expenditures
Major Federal Assistance Program:			
FAA Direct Payments:			
Airport Improvement	20.106	3-51-0043-59	531,700
Airport Improvement	20.106	3-51-0043-60	4,824,510
Airport Improvement	20.106	3-51-0043-61	527,705
Airport Improvement	20.106	3-51-0043-62	2,095,908
Total Federal Assistance Expended			<u>\$ 7,979,823</u>

Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting not the accrual basis as the Commission's financial statements. The Commission uses the cash basis of accounting, wherein revenues are recognized when cash is received and expenses are recognized when paid. 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.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, 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 Capital Region Airport Commission as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Capital Region Airport Commission's basic financial statements and have issued our report thereon dated October 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Compliance and Other Matters

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

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.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia
October 30, 2015

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control 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 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 Capital Region Airport Commission's major federal programs for the year ended June 30, 2015. Capital Region Airport Commission's major federal programs are identified in the summary of auditors' 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 programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Capital Region Airport Commission's major federal programs 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 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 each major federal program. However, our audit does not provide a legal determination of Capital Region Airport Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of 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 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 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 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.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia
October 30, 2015

CAPITAL REGION AIRPORT COMMISSION

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>	
20.106	Airport Improvement Program	
Dollar threshold used to distinguish between Type A and Type B programs		\$300,000
Auditee qualified as low-risk auditee?		Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings and Questioned Costs

There were no federal award findings reported.

