COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2014 and 2013

CAPITAL REGION AIRPORT COMMISSION

Richmond International Airport

Virginia

Prepared by

Finance Department

Douglas E. Blum
Chief Financial Officer

Steven C. Owen
Director Finance

RICHMOND INTERNATIONAL AIRPORT

Now you're going places.

Capital Region Airport Commission

MEMBERS OF THE COMMISSION

June 30, 2014

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

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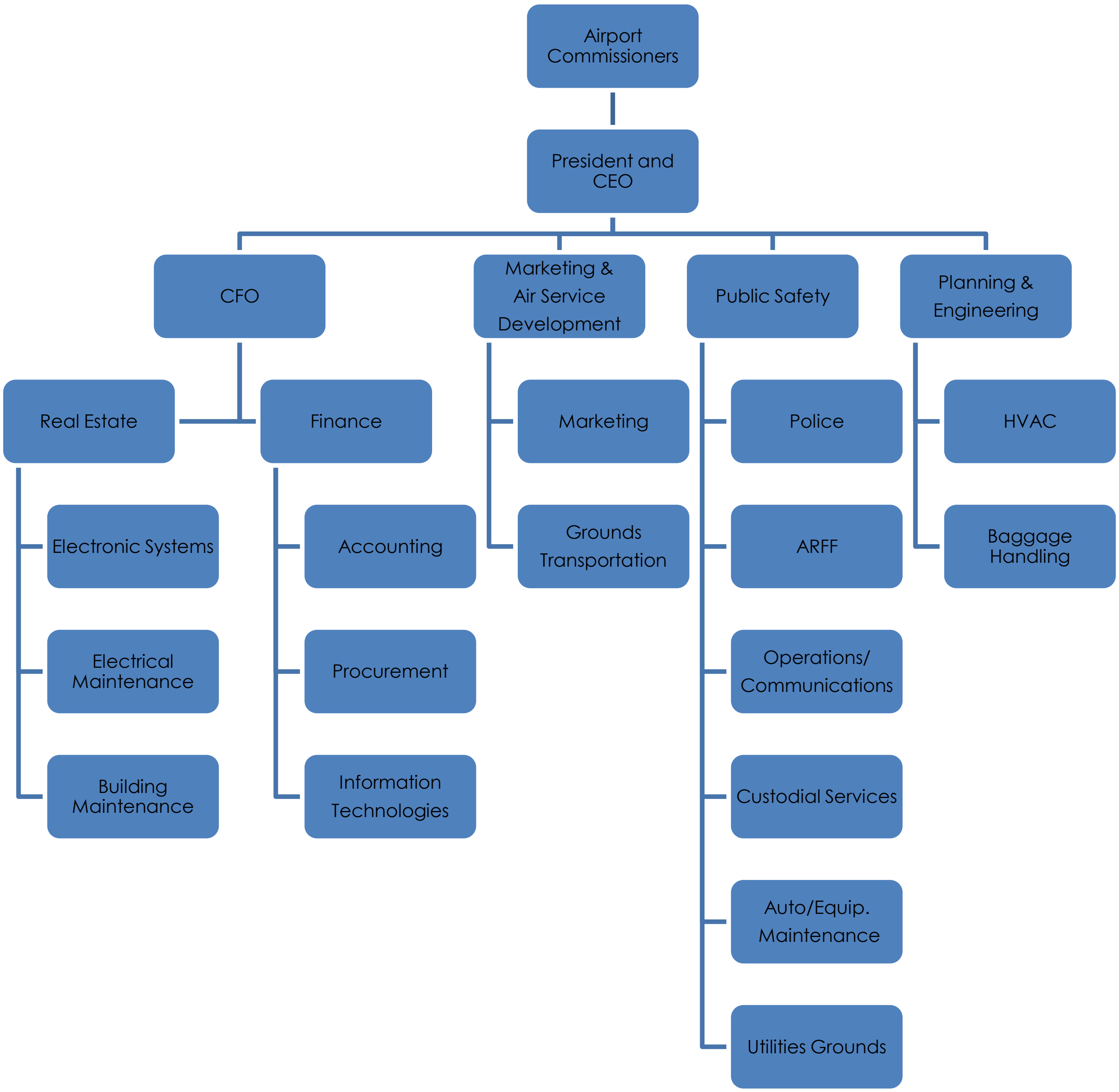
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Charles R. Samuels	City of Richmond
Steve A. Elswick	County of Chesterfield
Daniel A. Gecker	County of Chesterfield
John V. Mazza, Jr.	County of Chesterfield
Arthur S. Warren	County of Chesterfield
Aubrey M. Stanley, Jr.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

Capital Region Airport Commission



RICHMOND

INTERNATIONAL AIRPORT

Now you’re going places.

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RICHMOND
INTERNATIONAL AIRPORT

Now you're going places.

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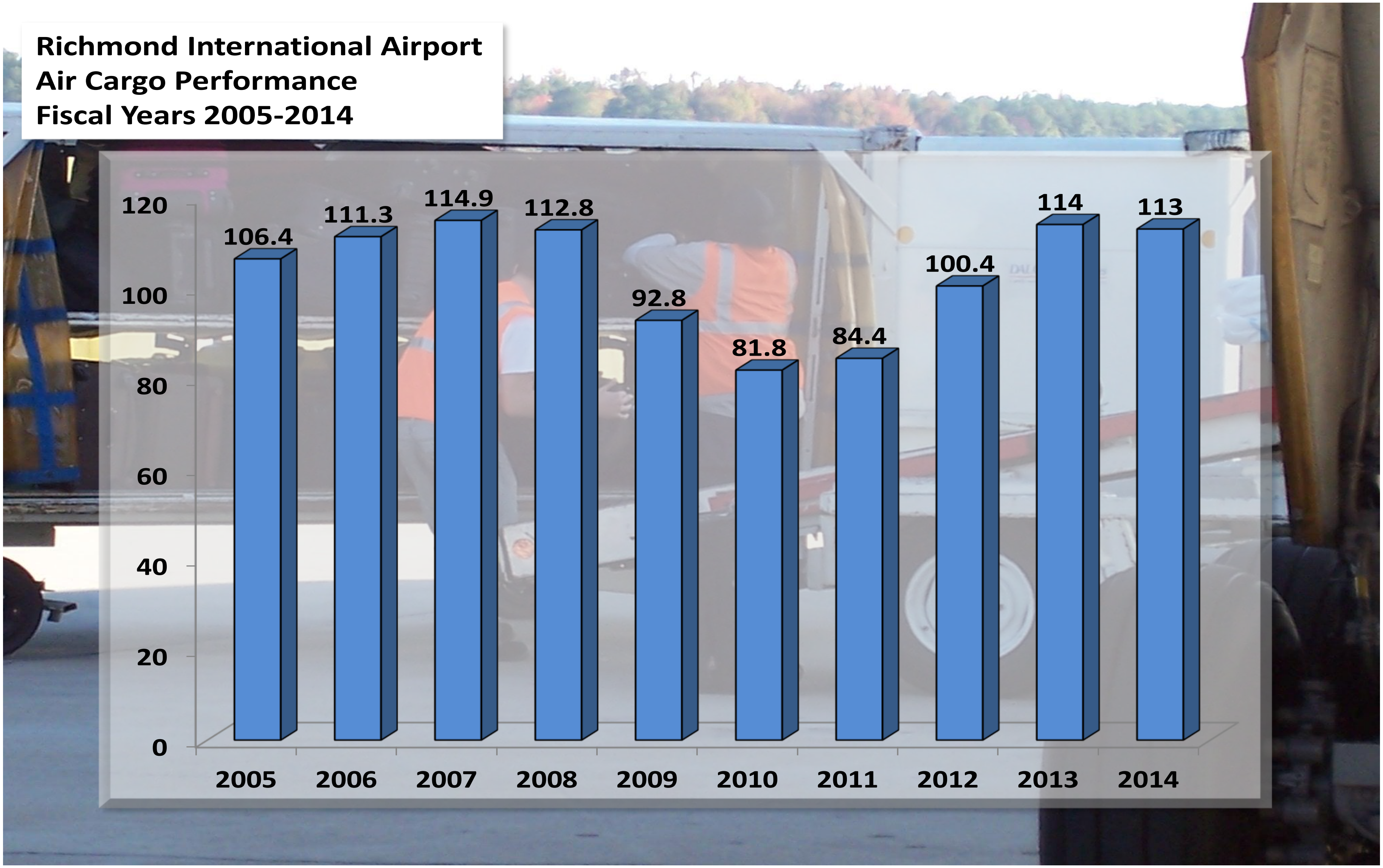
COMPLIANCE SECTION


Richmond International Airport
Air Cargo Performance
Fiscal Years 2005-2014
120
100
80
60
40
20
0
106.4
111.3
114.9
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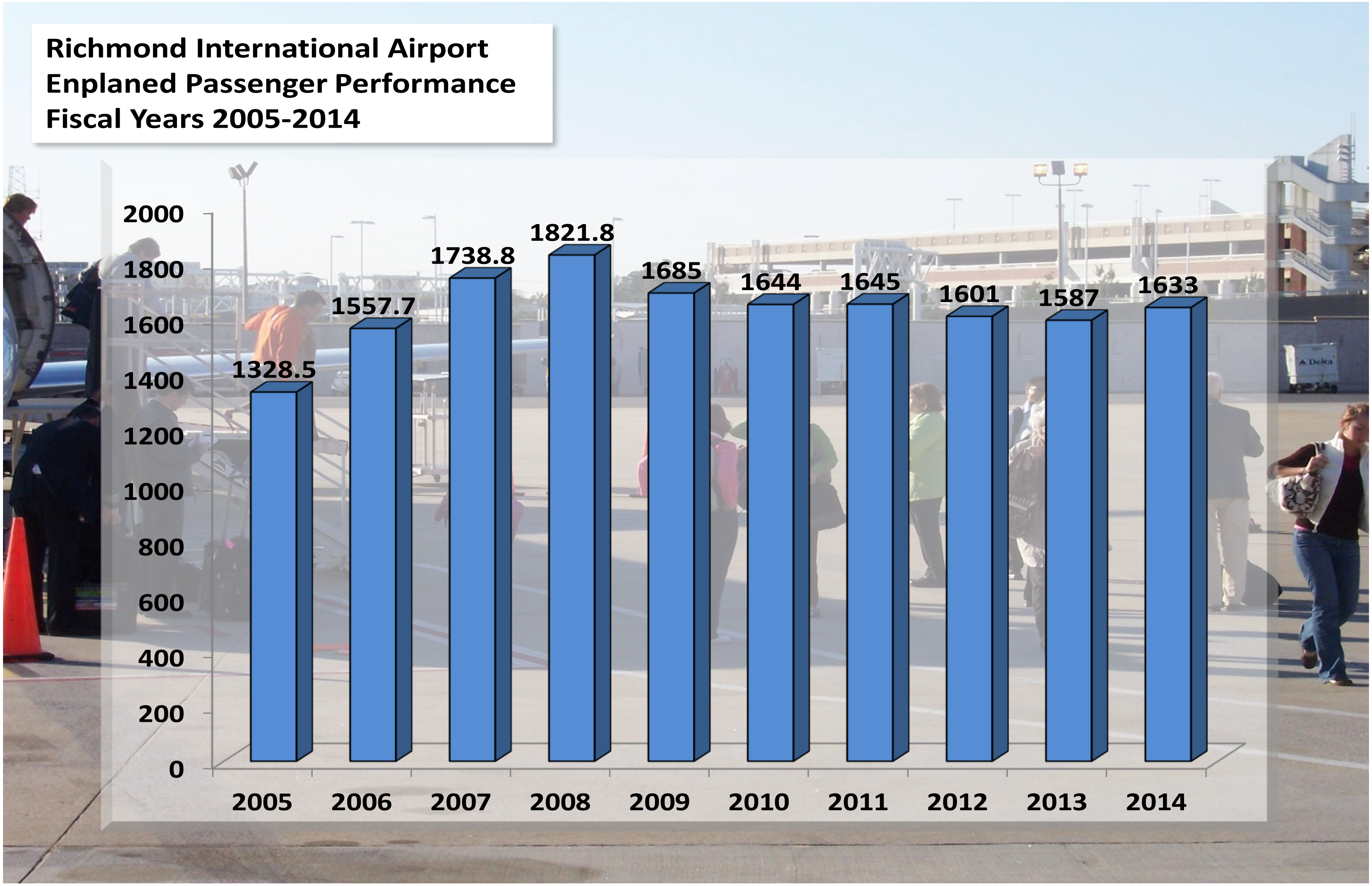
2014


Richmond International Airport
Enplaned Passenger Performance
Fiscal Years 2005-2014
2000
1800
1600
1400
1200
1000
800
600
400
200
0
1328.5
1557.7
1738.8
1821.8
1685
1644
1645
1601
1587
1633
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Capital Region Airport Commission

Virginia

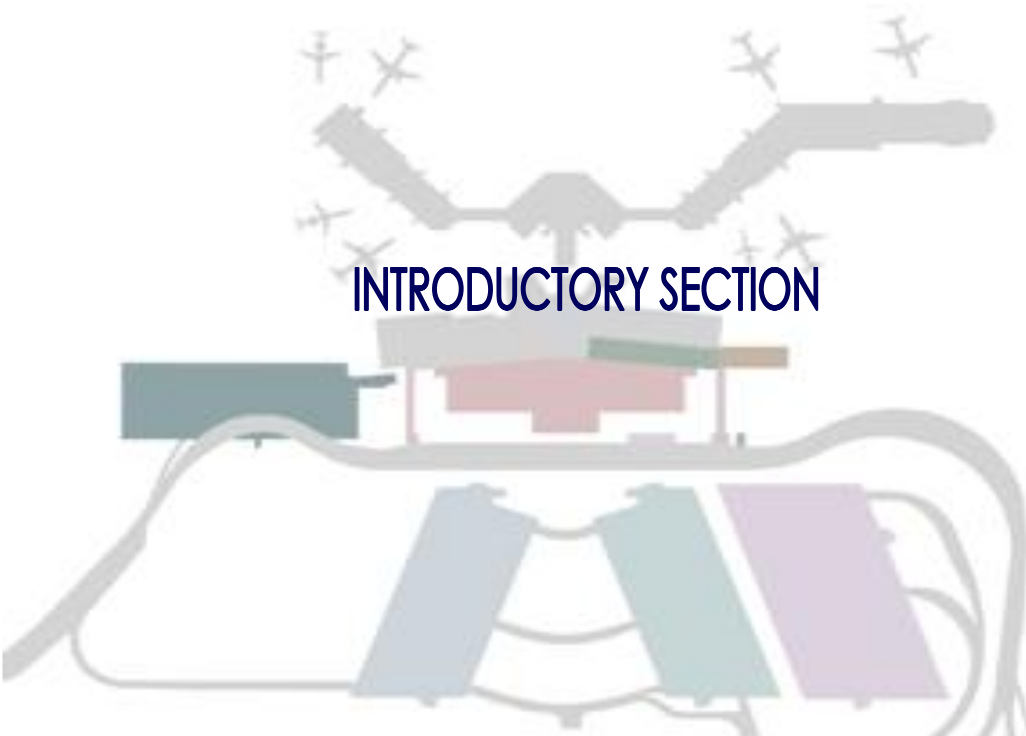
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Jeffrey R. Emer

Executive Director/CEO

INTRODUCTORY SECTION



INTRODUCTORY SECTION

October 31, 2014

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, 2014 prepared by the Commission's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is reported in a manner designed to fairly set forth the financial position and results of the operations of the Commission and that all disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

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

ORGANIZATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

THE COMMISSION

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

According to the Act, the City and the Counties of Chesterfield and Henrico may appoint four Commissioners to the Commission and the County of Hanover may appoint two commissioners. The governing body of each jurisdiction appoints Commissioners to four-year terms; however, the governing bodies retain the right to remove a Commissioner at any time and appoint a successor. The Commissioners' responsibilities include approving capital and operating budgets, issuing bonds as needed, and administering, managing and directing the activities of the Commission.

THE REPORTING ENTITY

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

The Commission manages all the business activities of the Airport and produces 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, sixteen regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with over 160 daily flights. The Airport's cargo needs are met by three all-cargo carriers; three fixed base operators on the grounds offer fuel and maintenance services for corporate aircraft and the Airport has a Foreign Trade Zone. The total enplaned passengers in the fiscal year 2014 of 1.63 million increased slightly from the 2013 level of 1.59 million enplaned passengers. 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 3.2 million passengers, and with over 100 million pounds of cargo passing through the Airport this year. The Airport is geographically located within seven hundred and fifty miles of approximately 60% of the nation's population.

The revenues of the Commission are affected substantially by the economic health of the airline industry and the airlines serving the airport. The airlines' continued strategy of adding ancillary passenger fees netted the industry over $6.1 billion in 2013, up 3.0% from the previous year. As a result of these and other factors, the major U.S. passenger airlines had their fourth consecutive year with a combined operating profit, at $9.6 billion for 2013, compared to a $6.0 billion operating profit for 2012. Carrier consolidations continued into early 2013 with the announcement of an agreement between US Airways and American Airlines to merge. In calendar year 2013, demand for air travel only grew by 0.4%, as the airlines showed continued constraint in expanding capacity, allowing load factors to increase by 0.5% to 83.2%, nationally. U.S. commercial air carriers removed 187 aircraft from their fleet in calendar year 2013, a 2.7% reduction. The Commission has positioned itself to continue to rely upon existing or even less airline seat capacity by holding down costs it can control. These measures include controlling operating costs and advancing capital expenditures that do not require new sources of capital funding and are generally limited to aviation related projects only. (Federal Aviation Administration. Review of 2013.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

The Commission anticipates that the national economy and subsequently airline passenger traffic will remain relatively flat with only slight growth when compared to fiscal year 2014. The Commission took a conservative approach to the fiscal year 2015 budget which reflects a (2.8%) decrease in total revenue when compared to fiscal year 2014 actual revenue. The Commission continues to monitor national and local economic conditions and will make the necessary changes to ensure the financial stability of the airport.

National Accolades about the Richmond International Airport**:**

Richmond International Airport (RIC) once again performed well in the annual Air Transport Research Society (ATRS) Global Airport Performance Benchmarking Project, earning a #4 ranking among all small (less than 15 million passengers) airports in North America and second-best among U.S. small hubs. The ATRS Global Airport Benchmarking Report, which first launched in 2000, is the most comprehensive independent evaluation of global airport performance. The rankings are used by airport and airlines executives, governments, consultants, institutional investors and researchers. Benchmarking factors include aircraft operations, passenger counts, cargo tonnage, non-aeronautical revenue, labor, non-capital expenses, and facilities such as runways, terminal size, and number of gates. Per the report, RIC scores high in overall operating and management efficiency, with factors such as low landing fees, low overall costs per enplaned passenger, and a high percentage of operating revenue derived from non-airline sources such as parking, non-airline leases, concessions, ground transportation, and in-terminal advertising.

Richmond Virginia made the list of Frommer's Top Destinations for 2014.

Twenty-three companies from the Richmond region made Inc. magazine’s list of the nation’s 5,000 fastest-growing companies.

Virginia has reclaimed the top spot in Forbes magazine’s ranking for the best state in which to do business. The state returned to No. 1 in Forbes’ eighth annual Best States for Business List, where it had been for four consecutive years before losing it in 2010.

DEMOGRAPHICS AND EMPLOYMENT

Fifty-five percent of Richmond's population falls within the prime working ages of 25-64. The Richmond Metro area's unemployment rate fell to 5.7% in June 2014 compared to 5.9% in June 2013, higher than the state unemployment rate of 5.4% and below the national rate of 6.5%.

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 2012 was $58,577, which is higher than the national average of $53,046. (www.grpva.com/doing-business/labor-workforce/labor-data)

The region is ranked 15th in the nation when looking at the number of companies per 100,000 people. Of regions with populations of 1.5 million or less, Richmond ranked number two for the total number of *Fortune* 1000 companies. (Source: http://www.fortune.com, May 2014)

Six Richmond Metropolitan area businesses are listed Fortune 500 companies:

Dominion Resources	*MeadWestvaco*
Genworth Financial	*CarMax*
Altria Group	*Owens & Minor*

Four Richmond Metropolitan area businesses are listed Fortune 1000 companies:

Brink's	*Markel*
Universal	*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 anticipated that passenger traffic would slightly increase in fiscal year 2014 as compared to fiscal year 2013 actual passenger traffic. The actual total passengers enplaned for fiscal year 2014 was 1.63 million, which was slightly higher than fiscal year 2013.

The fiscal year 2014 budget included a decrease in operating revenue (1.4%) compared to fiscal year 2013 actual revenue. The Commission ended fiscal year 2014 with a 4.3% increase in revenues when compared to the 2014 budgeted revenues and a 2.9% increase over fiscal year 2013 revenues.

The Commission recently was awarded a $750,000 federal grant to help it gain better airline access to the western United States. The Commission is targeting new air service to locations such as Denver and Salt Lake City, both hubs for airlines serving RIC now.

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, 2013. This was the twenty fourth consecutive year that the Commission has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

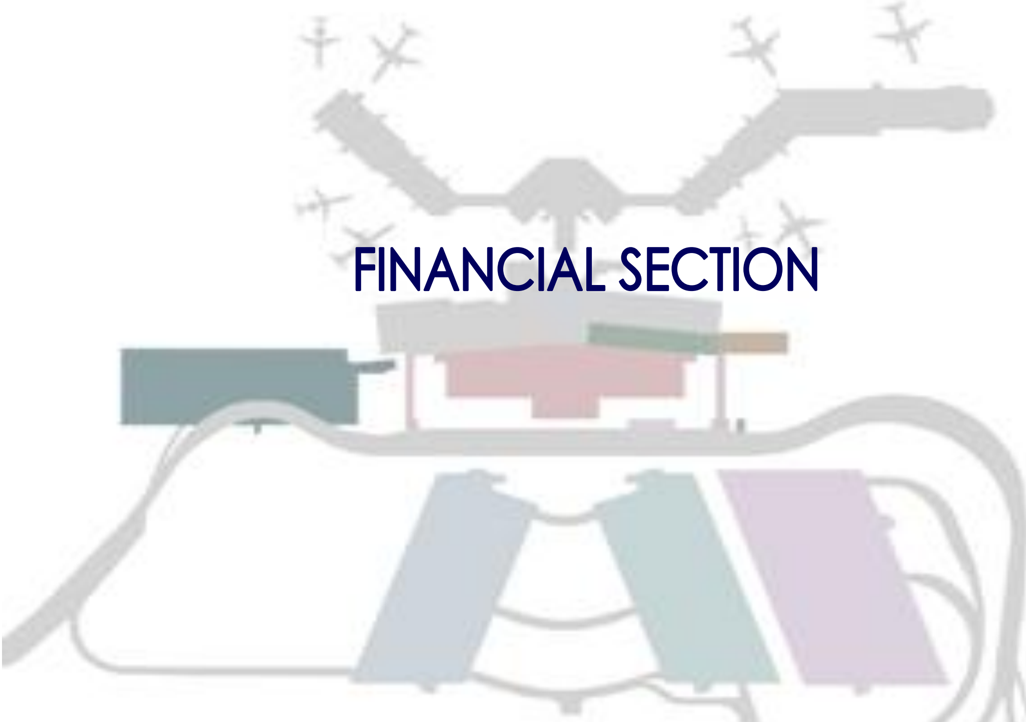
The preparation of the comprehensive annual financial report on a timely and efficient basis is achieved by the efficient and dedicated services contributed by the entire Finance department staff. We wish to express our appreciation for their continuing efforts in maintaining the highest standards for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

Respectfully submitted,

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

Douglas E. Blum
Douglas E. Blum
Chief Financial Officer

FINANCIAL SECTION



FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Capital Region Airport Commission (the "Commission") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 Audit of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Region Airport Commission, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 and Note 11 to the financial statements, in 2014 the Commission adopted new accounting guidance, Government Accounting Standards Board Statement No. 65 *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16 and the pension trend information on page 38 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The Introductory, Supplemental Information, and Statistical Sections are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014, on our consideration of the 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 the Commission's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
October 31, 2014

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

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

The Commission's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("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, 2014 and 2013. Information for the preceding fiscal year ended June 30, 2012 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 2014 compared to fiscal year 2013. The total passengers enplaned for fiscal year 2014 were 1.63 million, which was higher than fiscal year 2013 enplanements of 1.59 million and 1.7% higher than the fiscal year 2014 budgeted enplaned passengers. Fiscal year 2013 enplanements were slightly lower than fiscal year 2012 enplanements of 1.60 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. After sputtering in the early part of fiscal year 2014, both the U.S. and global economies began to show improvement in the second half of fiscal year 2014. 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 calls for U.S. carrier passenger growth over the next 20 years to average 2.9 percent per year, compared to last year's forecast growth of 2.2 percent per year.
(www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts)

The Commission ended fiscal year 2014 with a 4.3% increase in revenues when compared to the 2014 budgeted revenues and a 2.9% increase over fiscal year 2013 revenues. This was primarily due to a 6.0% increase in parking revenue when compared to the 2014 budgeted parking revenue and a 3.5% increase over fiscal year 2013 parking revenue. The increase in parking revenue is primarily attributed to a 1.7% increase in enplanements when compared to the 2014 budgeted enplanements and a 0.6% increase in 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 decreased from 133,443 in fiscal year 2012 to 132,267 in fiscal year 2013 and then increased to 136,086 in fiscal year 2014. The increase in passengers, when compared to 2013, had positive effects on the Commission's main revenue stream, parking revenue, in fiscal year 2014.

Aircraft operations decreased to 96 thousand a (1.0%) decrease when compared to fiscal year 2013 operations of 97 thousand which was a (3.0%) decrease when compared to FY 2012. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation. The decrease in aircraft operations is attributed to the air carriers switching to larger aircrafts.

Cargo landed weight in 1,000 pound units increased by 5.9% in fiscal year 2014 to 403 million pounds compared to fiscal year 2013 and increased 5.7% in fiscal year 2013 to 381 million pounds compared to fiscal year 2012 landed weight of 360 million pounds.

The Airport's parking revenue increased 3.5% in fiscal year 2014 when compared to fiscal year 2013 and decreased (0.9%) in fiscal year 2013 when compared to fiscal year 2012. 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 2013). The parking revenue accounts for 45.5% of the airports revenue in fiscal year 2014 compared to 45.2% in fiscal year 2013 and 45.9% in fiscal year 2012.

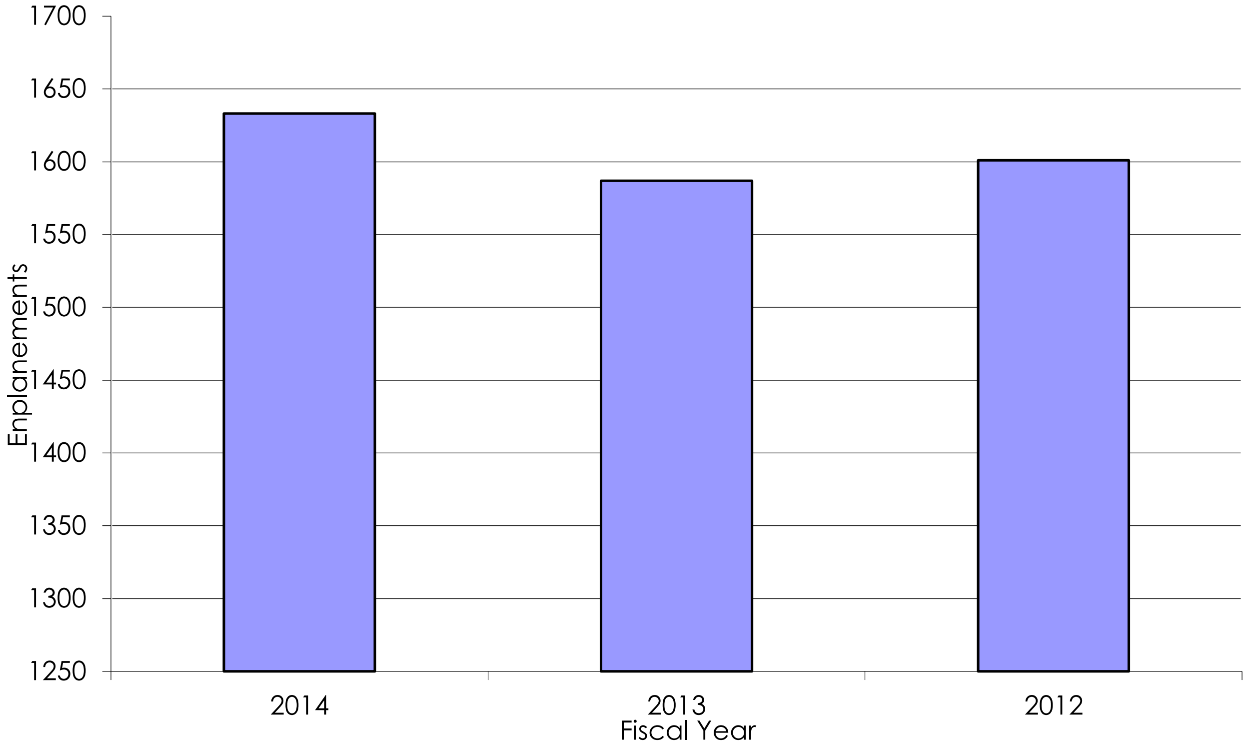
	2014	2013	2012
Parking Revenue per Enplanement	11.28	$11.21	$11.20
Percent Increase (Decrease)	0.6%	0.1%	0.5%

As of June 30, 2014, 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.

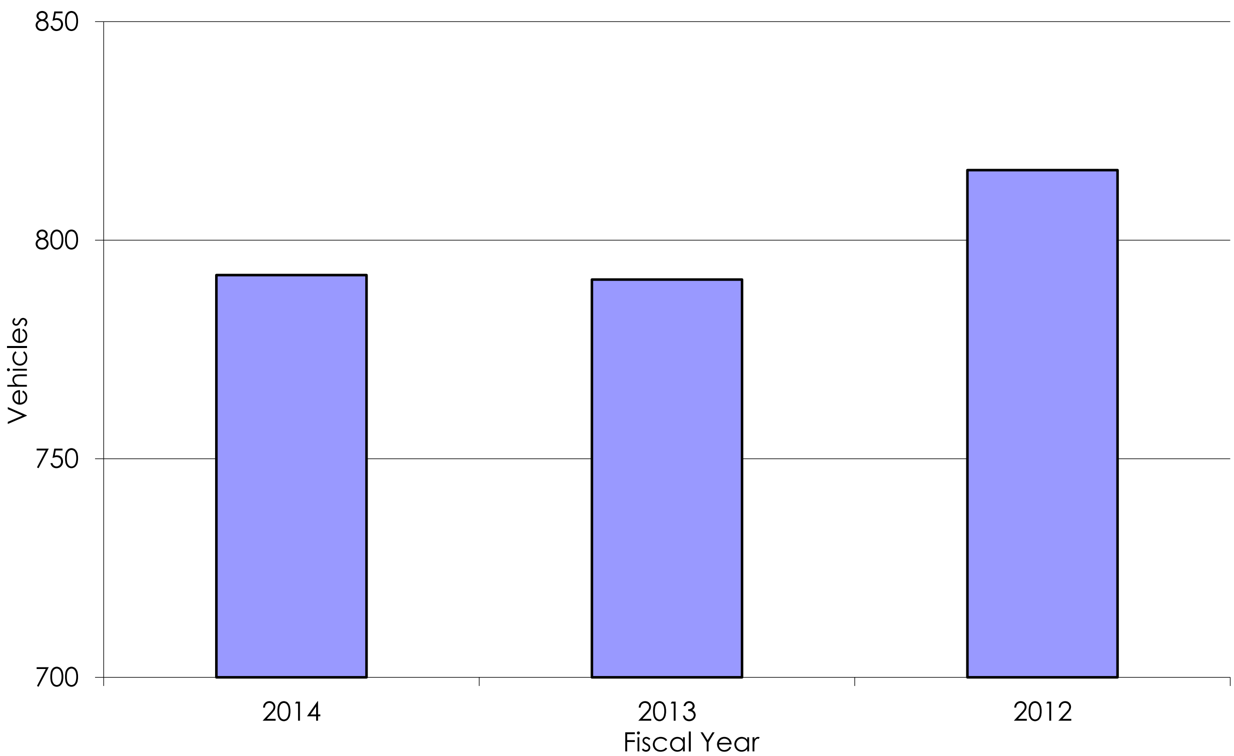
	FY 2014	FY 2013	FY 2012
Enplanements	1,633	1,587	1,601
% increase / (decrease)	2.9%	(0.1%)	(2.6%)
Aircraft Operations (total take-offs and landings)	96	97	100
% increase / (decrease)	(1.0%)	(3.0%)	(5.6%)
Airline's Landed Weight (1,000 pound units)	1,972	1,902	1,996
% increase / (decrease)	3.7%	(5.0%)	(1.5%)
Air Cargo Carrier Activity (pounds)	112,535	113,946	100,400
% increase / (decrease)	(1.2)%	13.5%	18.8%
Parked Vehicles	792	791	816
% increase / (decrease)	0.1%	(3.1%)	(4.5%)

Note: The numbers presented above are in thousands.

Enplaned Passengers (in Thousands)



Parked Vehicles (in Thousands)



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, 2014, 2013, and 2012.

SELECTED FINANCIAL DATA
(in thousands)

	2014	2013 As Restated	2012 As Restated
Assets			
Unrestricted current	$ 18,138	$ 15,747	$ 16,397
Restricted current	89,817	79,198	77,243
Capital assets, net	412,851	418,231	415,251
Total assets	520,806	513,176	508,891
Deferred outflows of resources	3,129	3,491	1,130
Liabilities			
Current unrestricted	3,709	3,897	3,797
Current restricted	12,734	10,837	10,808
Long-term debt, net of current maturities	131,888	140,635	146,478
Total liabilities	148,331	155,369	161,083
Net position			
Net investment in capital assets	284,350	282,629	272,217
Restricted	74,244	66,011	60,776
Unrestricted	17,010	12,658	15,945
Total net position	$ 375,604	$ 361,298	$ 348,938

Fiscal year 2013 and 2012 balances have been restated to reflect the requirements of a change in GAAP.

The Commission experienced an increase in total assets of approximately $7.6 million or 1.5% during fiscal year 2014 when compared to fiscal year 2013 and $4.3 million or 0.9% during fiscal year 2013 when compared to fiscal year 2012. This increase in fiscal year 2014 can be attributed to a number of changes in the balance sheet including the increase of $9.1 million in restricted cash and cash equivalents and a $3.1 million increase in unrestricted cash and cash equivalents offset by the ($5.4) million decrease in total noncurrent assets.

Total liabilities decreased ($6.3) million or (4.0%) in fiscal year 2014 when compared to fiscal year 2013 and decreased ($5.7) million or (3.5%) in fiscal year 2013 when compared to fiscal year 2012. This change is primarily attributable to a decrease in long term debt.

The increase in net financial position for fiscal year 2014 was $14.3 million when compared to fiscal year 2013. Net Financial position increased $12.4 million in fiscal year 2013 and increased $8.7 million in fiscal year 2012. Fiscal year 2014 resulted in a loss from operations of ($2.4) million, which was a ($54) thousand decrease in the loss from operations when compared to fiscal year 2013. The decrease in the loss from operations is primarily attributed to the increase in operating income before depreciation offset by an increase depreciation expense. In fiscal year 2013, the loss from operations was ($2.5) million, which was a $1.2 million increase in the loss from operations when compared to the fiscal year 2012 loss from operations of ($1.2) million. Net nonoperating income for fiscal year 2014 reflected an increase in net revenues of $1.1 million when compared to fiscal year 2013. This is attributed to the ($1.0) million decrease in interest expense and a ($310) thousand decrease in other net. Net nonoperating income for fiscal year 2013 reflected an increase in net revenues of $2.9 million when compared to fiscal year 2012.

Capital contributions increased to $13.4 million in fiscal year, a $778 thousand or 6.2% increase when compared to fiscal year 2013. Capital contributions increased to $12.7 million in fiscal year 2013, a $2.8 million or 28.9% increase when compared to fiscal year 2012. We have received more capital funded projects over the fiscal year.

The below chart shows operating revenues and expenses for the three years ended June 30, 2014, 2013, and 2012.

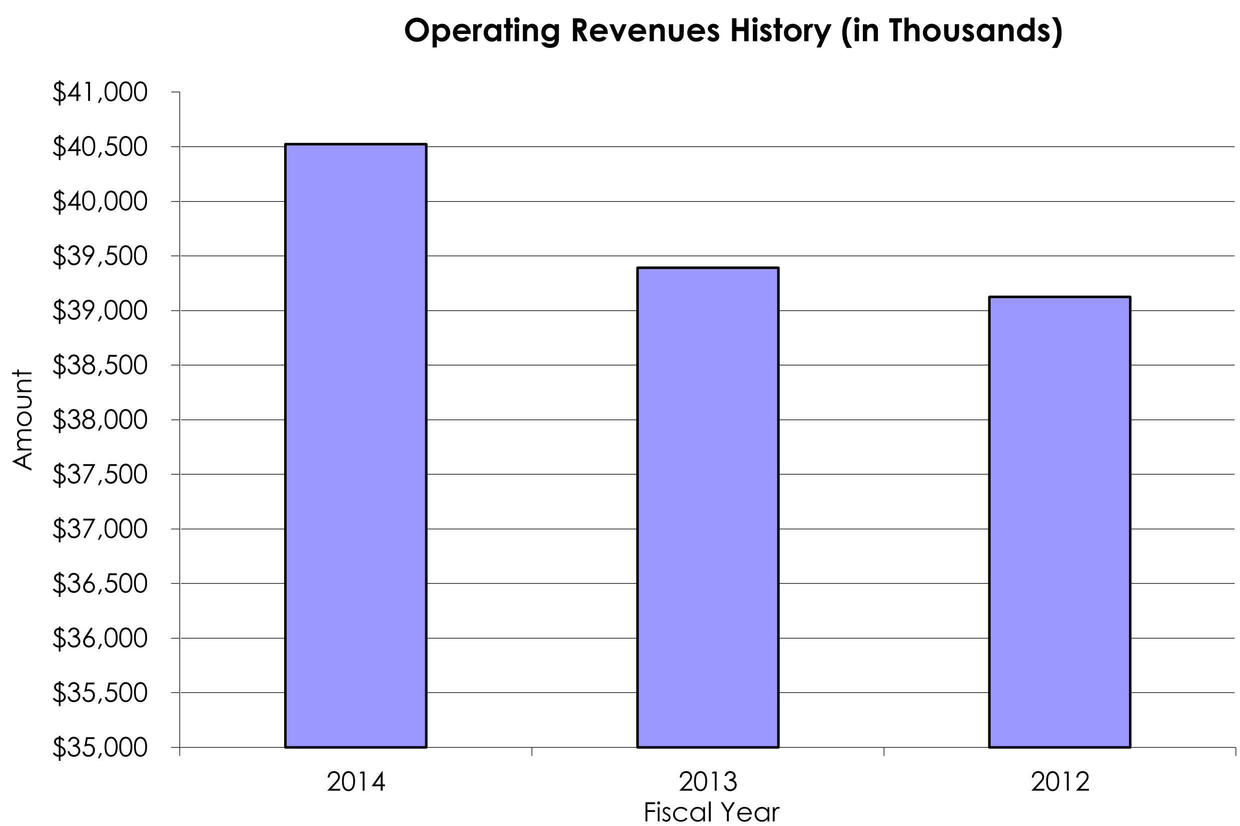
	2014	2013 As Restated	2012 As Restated
Operating revenues	$ 40,523	$ 39,392	$ 39,124
Operating expenses	20,724	20,621	19,737
Operating income before depreciation	19,799	18,771	19,387
Depreciation	22,195	21,222	20,609
Operating loss	(2,396)	(2,451)	(1,222)
Nonoperating income, net	3,263	2,150	122
Income (loss) before capital contributions	867	(301)	(1,100)
Capital contributions	13,439	12,661	9,825
Change in net position	14,306	12,360	8,725
Beginning net position	361,298	348,938	340,213
Ending net position	$ 375,604	$ 361,298	$ 348,938

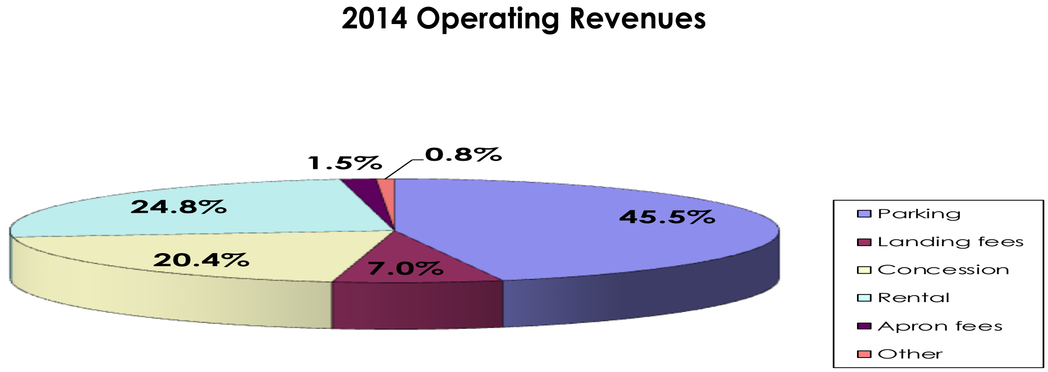
Fiscal year 2013 and 2012 balances have been restated to reflect the requirements of a change in GAAP.

Operating income before depreciation for fiscal year 2014 increased by $1 million or 5.5% compared to fiscal year 2013, fiscal year 2013 operating income before depreciation decreased by ($616) thousand or (3.2%) compared to fiscal year 2012. Depreciation expense increased by 4.6% between fiscal year 2014 and 2013 and increased by 3.0% between fiscal year 2013 and 2012. This is a result primarily of the first full year of depreciation from the major projects completed in the previous fiscal year. Nonoperating income increased $1.1 million in fiscal year 2014 compared with fiscal year 2013 and increased by $2.0 million in fiscal year 2013 compared with fiscal year 2012. The increase in nonoperating income was attributed to a decrease in interest expense and a decrease in other net expense. The weighted average yield on investments was approximately .30% for fiscal year 2014, .21% for fiscal year 2013 and .28% for fiscal year 2012.

REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2014, 2013, and 2012 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2014.





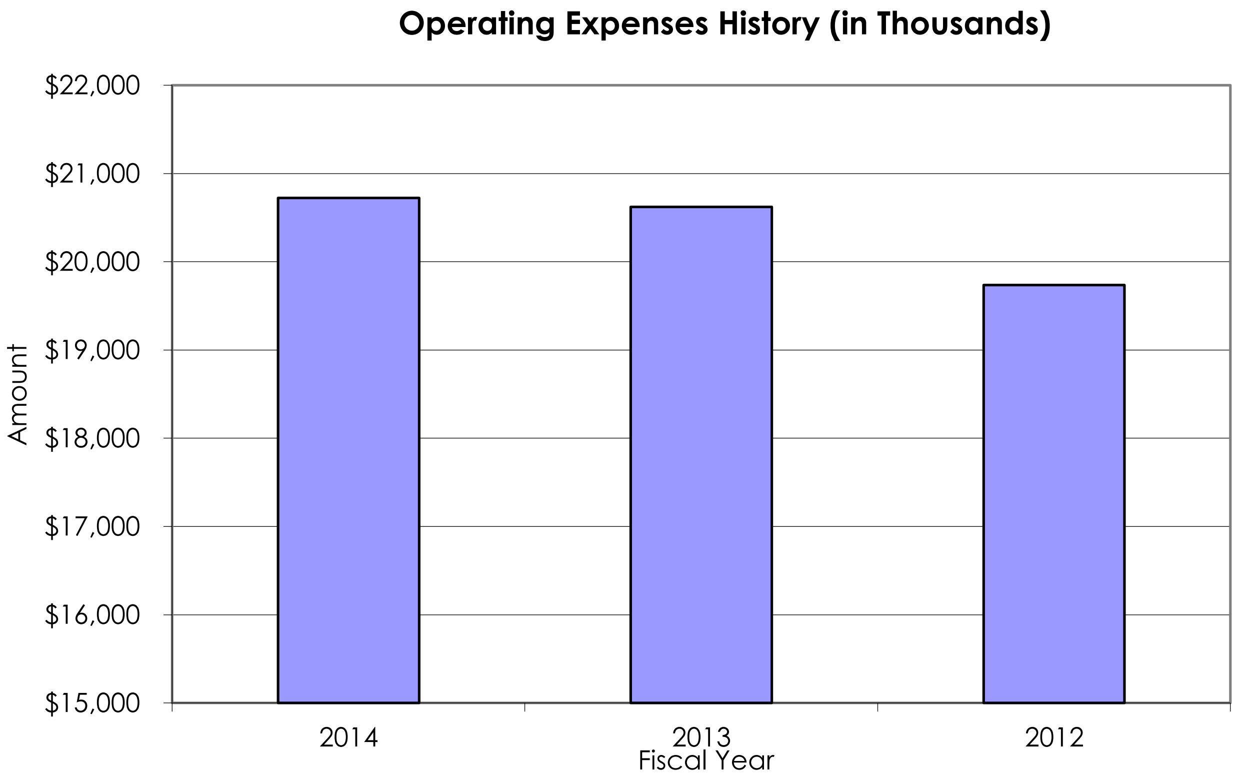
Parking revenues at the Airport for fiscal year 2014 were $18,424, which represented a 3.5% increase compared to fiscal year 2013; parking revenues for fiscal year 2013 were $17,799, which represented a (0.9%) decrease compared to fiscal year 2012. The increase in parking revenue in fiscal year 2014 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, 2014, 2013, and 2012:

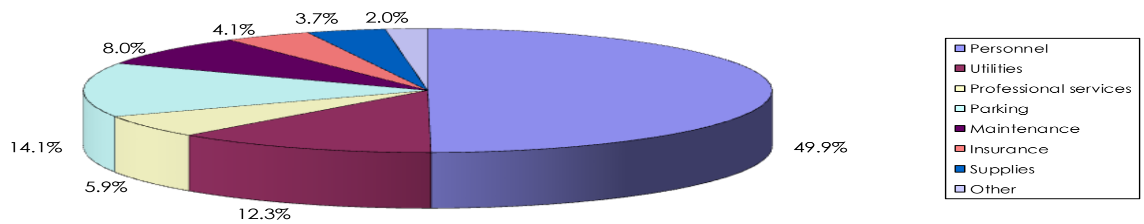
	2014	2013	2012
Operating Revenues			
Parking	$ 18,424	$ 17,799	$ 17,959
Landing fees	2,885	2,855	3,007
Concession	8,264	7,956	7,863
Rental	10,034	9,936	9,476
Apron fees	601	588	638
Other	315	258	181
Total Operating	40,523	39,392	39,124
Nonoperating Income			
Interest income	187	136	198
Passenger Facility Charges	6,790	6,589	6,571
Customer Facility Charges	525	975	1,716
Total nonoperating	7,502	7,700	8,485
TOTAL	$ 48,025	$ 47,092	$ 47,609

EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2014, 2013, and 2012 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2014.



2014 Operating Expenses



Operating expenses, exclusive of depreciation, totaled $20,724 for fiscal year 2014, $20,621 for fiscal year 2013 and $19,737 for fiscal year 2012. The increase in operating expense when compared to FY 2013 is primarily attributed to an increase in snow removal costs attributed to the increased number of snow events at the airport compared to the previous year. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2014, 2013, and 2012:

	2014	2013 As Restated	2012 As Restated
Operating Expenses			
Personnel	$ 10,224	$ 10,279	$ 9,484
Utilities	2,524	2,537	2,509
Professional services	1,450	1,223	1,384
Parking	2,876	2,912	3,052
Maintenance	1,541	1,651	1,464
Insurance	844	848	669
Supplies	692	763	806
Other	573	408	369
Total Operating	20,724	20,621	19,737
Depreciation	22,195	21,222	20,609
Nonoperating Expense			
Interest expense	3,556	4,557	5,193
Other, net	682	992	3,170
Total nonoperating	4,238	5,549	8,363
TOTAL	$ 47,157	$ 47,392	$ 48,709

CASH FLOW ACTIVITIES

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

	2014	2013	2012
Cash flows provided by operating activities	$ 20,324	$ 19,465	$ 18,593
Cash flows provided by investing activities	170	874	148
Cash flows used in capital and related financing activities	(8,277)	(14,961)	(16,448)
Net increase in cash and cash equivalents	12,217	5,378	2,293
Cash and cash equivalents			
Beginning of year	79,939	74,561	72,268
End of year	$ 92,156	$ 79,939	$ 74,561

Cash flow from operating activities for 2014 increased by $859 thousand or 4.4% compared to fiscal year 2013. Cash flow from operating activities for 2013 increased by $872 thousand or 4.7% compared to fiscal year 2012. The change is primarily due to 3.5% increase in parking revenue.

Cash and cash equivalents for fiscal 2014 amounted to $92 million representing a $12 million increase over fiscal year 2013. Cash and cash equivalents for fiscal 2013 amounted to $80 million representing a $5.4 million increase over fiscal year 2012. The increase in cash and cash equivalents fiscal year 2014 resulted primarily from a $6.7 million decrease in cash used in capital and related financing activities and a $1.4 million increase in cash received from operations.

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 is currently in the second one year renewal period, which will expire on February 28, 2015. 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 2013 to 2014 in the amount of $98 thousand and increased from fiscal year 2012 to 2013 in the amount of $459 thousand. The increase in fiscal year 2014 is attributed to an increase in warehouse rental income. The apron fees increased $12 thousand from fiscal year 2013 to 2014 and decreased ($49) thousand from fiscal year 2012 to 2013. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2014	Rate Effective for 2013	Rate Effective for 2012
Apron fees (square foot)	$ 1.23	$ 1.23	$ 1.21
Landing fees (1,000 lb. unit)	1.26	1.23	1.24
Terminal rental (square foot)	35.84	35.12	34.19

Note: The rates and charges for 2014 are estimates.

PASSENGER FACILITY CHARGES

The Commission collects $4.50 per qualifying enplaned passenger, which totaled $6.8 million for fiscal year 2014 which was an increase of 3.0% compared to fiscal year 2012. PFC revenue for fiscal year 2013 increased 0.3% compared to fiscal year 2012.

CUSTOMER FACILITY CHARGES

The Commission reduced Customer Facility Charges (CFC's) to $.40 on May 1, 2014. It was collecting $.55 per each rental vehicle transaction day from July 1 to April 30, 2014, which was reduced from $.95 per each rental vehicle transaction day in fiscal year 2013. Collections for the year ended June 30, 2014 were $525 thousand compared to the year ended June 30, 2013 collections of $975 thousand, a decrease of (46.2%). Total rental vehicle transaction days for fiscal year 2014 were 1.2 million compared to 929 thousand in fiscal year 2013.

Account Name		FY 2014 Balances		FY 2013 Balances
Trust Funds				
CFC Bond Interest Fund	$	101,907	$	101,904
CFC Bond Operating Fund	$	28,201	$	29,448
CFC Repair and Replacement Fund	$	74,216	$	52,220
CFC General Purpose Fund	$	2,278,678	$	2,164,572
CFC Debt Service Reserve	$	1,130,500	$	1,130,499
Commission Accounts				
CFC Account	$	63,964	$	83,818
Total	$	3,677,466	$	3,562,461
Estimated Debt Service Coverage		2.70		2.86

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 $16.8 for fiscal year 2014 when compared to fiscal year 2012 and increased $24.2 million for fiscal year 2013 from 2012. The increase for fiscal year 2014 was primarily the result of new construction mainly represented by the runway 16-34 rehabilitation project of $10.1 million. Depreciation expense for fiscal year 2014 was $22.2 million, $21.2 million in fiscal year 2013, and $20.6 million in fiscal year 2012.

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

- Construction of a new 34,689 sf 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

Long-Term Debt

As of June 30, 2014, the Commission had principal debt outstanding of $137,586 as follows (in thousands):

Airport Revenue Bonds	$ 102,576
PFC Revenue Bonds	32,630
CFC Revenue Bonds	2,380
Total	$ 137,586

See Note 5 of notes to financial statements.

ECONOMIC FACTORS AND FISCAL 2015 BUDGET

Shaping today's commercial air carrier industry are three distinct trends: (1) continuing industry consolidation and restructuring; (2) continued capacity discipline in response to external shocks, and (3) the proliferation of ancillary revenues. In calendar year 2013, demand for air travel only grew by 0.4%, as the airlines showed continued constraint in expanding capacity, allowing load factors to increase by 0.5% to 83.2%, nationally. U.S. commercial air carriers removed 187 aircraft from their fleet in 2013, a 2.7% reduction from 2012. Data for calendar 2013 show that the reporting passenger carriers had a combined operating profit of $9.6 billion (compared to a $6.0 billion operating profit for fiscal year 2012). The main contributing factor is the most recent trend that has taken hold, ancillary revenues. Carriers generate ancillary revenues by selling products and services beyond that of an airplane ticket to customers.

This includes the un-bundling of services previously included in the ticket price such as checked bags and on-board meals, and by adding new services such as boarding priority. (Federal Aviation Administration. Review of 2013.,http://www.faa.gov/about/office_org/)

The Commission anticipated that the airlines constraint on increasing capacity would continue and took a conservative approach for the fiscal year 2015 budget. The Commission adopted the fiscal year 2015 budget which includes a $39.4 million in operating revenue a (2.8%) decrease compared to the FY 2014 actual revenues of $40.5 million. Parking, concession and rental revenues were expected to provide the main source of income for fiscal year 2015. Operating expenses of $21.5 million are budgeted for 2015; an increase of 3.8% compared to fiscal year 2014 actual expenses of $20.7 million. The Commission's fiscal year 2015 approved capital budget allotted $5.5 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 web-site at www.FlyRichmond.com.

Capital Region Airport Commission
STATEMENTS OF NET POSITION
Years Ended June 30, 2014 and 2013

		2014	2013 As Restated
ASSETS	CURRENT ASSETS		
	Unrestricted Assets:		
	Cash and cash equivalents	$ 15,752,710	$ 12,649,304
	Accounts receivable, less allowance for doubtful accounts (2014 $162,487; 2013-$211,129)	1,906,176	2,621,099
	Other	478,981	477,049
	Total Unrestricted Current Assets	18,137,867	15,747,452
	Restricted Current Assets:		
	Cash and cash equivalents	76,402,937	67,289,796
	Investments	7,860,506	7,788,692
	Customer and Passenger Facility Charges receivable	1,250,438	1,250,944
	Due from federal and state governments	4,303,376	2,868,317
	Total Restricted Current Assets	89,817,257	79,197,749
	Total Current Assets	107,955,124	94,945,201
	NONCURRENT ASSETS		
	Depreciable assets, net	332,594,817	326,897,984
	Non-depreciable assets	80,256,106	91,332,944
	Total Noncurrent Assets	412,850,923	418,230,928
	Total Assets	520,806,047	513,176,129
	DEFERRED OUTFLOWS OF RESOURCES	3,128,835	3,491,856
LIABILITIES AND NET POSITION	CURRENT LIABILITIES		
	Liabilities From Unrestricted Assets:		
	Accounts payable	2,089,136	2,276,680
	Accrued expenses	1,619,895	1,620,479
	Total Liabilities From Unrestricted Assets	3,709,031	3,897,159
	Liabilities From Restricted Assets:		
	Accounts payable	2,602,975	1,835,185
	Accrued interest payable	1,722,134	2,060,681
	Current maturities of long-term debt	8,409,312	6,941,697
	Total Liabilities From Restricted Assets	12,734,421	10,837,563
	Total Current Liabilities	16,443,452	14,734,722
	Noncurrent Liabilities:		
	Noncurrent portion of long-term obligations (Note 5)	131,887,711	140,635,526
	Total Liabilities	148,331,163	155,370,248
	DEFERRED INFLOWS OF RESOURCES	-	-
	NET POSITION		
	Net invested in capital assets	284,349,083	282,628,119
	Restricted		
	Debt service	72,313,155	64,249,446
	Customer and Passenger Facility Charges	1,931,405	1,762,241
	Unrestricted	17,010,076	12,657,928
	Total Net Position	$ 375,603,719	$ 361,297,734

See Notes to Financial Statements especially Note 11 for restatement.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2014 and 2013

	2014	2013 As Restated
OPERATING REVENUES		
Parking	$ 18,423,919	$ 17,798,387
Landing fees	2,885,179	2,855,240
Concession	8,263,894	7,955,556
Rental	10,034,282	9,935,975
Apron fees	600,555	588,368
Other	315,147	258,140
Total Operating Revenues	40,522,976	39,391,666
OPERATING EXPENSES		
Personnel	10,224,255	10,279,335
Utilities	2,524,049	2,537,480
Professional services	1,449,500	1,223,052
Parking	2,875,817	2,911,755
Maintenance	1,541,404	1,650,498
Insurance	843,952	847,576
Supplies	691,960	762,651
Other	573,354	408,176
Total Operating Expenses	20,724,291	20,620,523
Operating Income Before Depreciation	19,798,685	18,771,143
DEPRECIATION	22,194,825	21,222,048
Operating Loss	(2,396,140)	(2,450,905)
NONOPERATING INCOME (EXPENSES)		
Interest income	186,678	136,230
Interest expense	(3,556,452)	(4,557,196)
Passenger Facility Charges	6,790,459	6,588,574
Customer Facility Charges	524,800	974,879
Other, net	(682,282)	(992,354)
Total Nonoperating Income (Expenses), Net	3,263,203	2,150,133
Increase/(Decrease) in Net Position Before Capital Grants and Contributions	867,063	(300,772)
CAPITAL GRANTS AND CONTRIBUTIONS	13,438,922	12,660,535
CHANGE IN NET POSITION	14,305,985	12,359,763
NET POSITION, BEGINNING	-	351,439,537
EFFECT OF ACCOUNTING CHANGE	-	(2,501,566)
NET POSITION, BEGINNING AS RESTATED	361,297,734	348,937,971
TOTAL NET POSITION, ENDING	$ 375,603,719	$ 361,297,734

See Notes to Financial Statements especially Note 11 for restatement.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	$ 41,237,899	$ 39,853,669
Cash paid to employees	(7,689,566)	(7,668,509)
Cash paid to suppliers	(13,224,786)	(12,720,089)
Cash used in operating activities	(20,914,352)	(20,388,598)
Net cash provided by operating activities	20,323,547	19,465,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	(35,291)	6,982,389
Purchase of investments	-	(6,212,317)
Interest income received	205,417	103,562
Net cash provided by investing activities	170,126	873,634
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt, net of issuance cost	-	21,821,277
Payment of long-term debt	(6,941,697)	(29,636,201)
Payment of interest on long-term debt	(4,341,641)	(5,101,630)
Capital contributions received	12,003,863	15,276,265
Passenger Facility Charges collected	6,756,282	6,444,061
Customer Facility Charges collected	559,483	1,000,379
Additions to capital assets	(15,938,893)	(24,354,535)
Payments related to investments and bonds	(374,524)	(410,579)
Net cash used in capital and related financing activities	(8,277,127)	(14,960,963)
Net increase in cash and cash equivalents	12,216,546	5,377,742
CASH AND CASH EQUIVALENTS		
Balances - beginning of year	79,939,099	74,561,357
Balances - end of year	$ 92,155,645	$ 79,939,099
Current Assets	$ 15,752,710	$ 12,649,304
Restricted Assets	76,402,937	67,289,796
	$ 92,155,647	$ 79,939,100
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (2,396,140)	$ (2,450,905)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	22,194,824	21,222,048
Changes in assets and liabilities		
Decrease in accounts receivable	714,923	462,003
Decrease (increase) in other current assets	(1,932)	132,116
Decrease in trade accounts payable	(187,544)	(159,141)
Increase (decrease) in accrued expenses	(584)	258,950
Net cash provided by operating activities	$ 20,323,547	$ 19,465,071
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	$ 55,716	$ (243,923)
Non-cash capital contributions	$ 4,303,376	$ 2,868,317
Capital assets included in accounts payable	$ 1,298,602	$ 508,018

See Notes to Financial Statements.

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 sixteen regional airlines.

The financial statements presented for the Commission are prepared in accordance with accounting principles generally accepted 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 certificate of deposit, are carried at fair value, which approximates amortized cost. Fair values of investments are based on quoted market prices at year end. All investment income, including changes in the fair value of investments, is reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Debt Issuance Costs and Original Issuance Premium

Debt issuance costs are expensed when they are incurred. Original issuance premiums are amortized using the effective interest method and included on the Statements of Net Position as a reduction or addition to long-term debt.

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 one item that qualifies for reporting in this category: accounting loss on debt refunding. These amounts are recognized as a component of interest expense over the shorter of the life of the old debt or new debt.

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

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

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

The cost of maintenance and repairs is charged to expense as incurred. Expenses, that significantly increase property lives, are capitalized. Capital assets having a cost in excess of $7,500 and a useful life greater than one year are capitalized.

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Customer Facility Charges

As of December 1, 2000, the Commission entered into a Rental Car Customer Facility Charge Agreement with the on-site airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge ("CFC") for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at $2 per day, changed to $2.10 effective September 1, 2002; reduced to $1.80 effective July 1, 2006; reduced to $1.70 effective July 1, 2007 and reduced to $.95 effective May 1, 2012. The rate was $.55 during fiscal year 2014 and reduced to $.40 effective May 1, 2014. Collections during fiscal year 2014 were $525 thousand (2013 - $975 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 $135 million. Collections during fiscal year 2014 were $6.8 million (2013 - $6.6 million) and aggregate collections and interest thereon from inception through June 30, 2014 were $107 million. Net positions related to PFC are restricted for projects that are approved by the FAA.

Federal and State Grants

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

Restricted Net Position

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

Salaries and Wages

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of $2,500 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to $804 thousand at June 30, 2014 and $877 thousand at June 30, 2013. The net increase for fiscal year 2014 amounted to $73 thousand, represented by payments of $540 thousand to vested employees and additional accrued vacation and sick leave of $467 thousand. For fiscal year 2013, the net decrease amounted to $179 thousand.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets

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

Risk Management

The Commission carries commercial insurance for risks of loss including property, workers' compensation, theft, auto liability, general liability and construction insurance. The Commission also carries coverage for public officials and employer's liability under the Virginia State Police Officials' Self-Insurance Pool. 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. (See Note 11)

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:

	2014	2013
Balance, beginning of period	$ 211,129	$ 153,573
Charged to costs and other	(1,513)	61,816
Write - offs	(47,129)	(4,260)
Balance, end of period	$ 162,487	$ 211,129

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.

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:

	2014	2013
Petty cash	$ 690	$ 1,320
Deposits at financial institutions	21,375,196	17,357,162
Cash equivalents and investments	78,640,266	70,369,310
	$ 100,016,152	$ 87,727,792
Summary:		
Unrestricted assets	$ 15,752,710	$ 12,649,304
Restricted assets	84,263,442	75,078,488
	$ 100,016,152	$ 87,727,792

Deposits

At June 30, 2014, the carrying value of the Commission's deposits with banks was $21,375,196 with corresponding bank balances of $8,341,234. At June 30, 2013, the carrying value of the Commission's deposits with banks was $17,357,162 with corresponding bank balances of $19,450,650. 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 $70,814,347.

Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Deposits are considered insured as the State Treasury Board has the ability to assess additional collateral of the participating banks, if necessary. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations.

Credit Risks

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

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

The Commission has invested a portion of the proceeds from the Airport Revenue Refunding Bonds Series 2005A in the SNAP Fund (the "Fund"), which is a component of the Commonwealth Cash Reserve Fund, Inc. ("CCRF"). CCRF was organized as a Virginia corporation on December 8, 1986 and 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, 2014, 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 2014

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

Investment Maturities and Ratings for 2013

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

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, 2014, 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.

Note 4. CAPITAL ASSETS

	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
	91,332,944	16,029,216	-	(27,106,054)	80,256,106
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	616,035,406	785,604	-	27,106,054	643,927,064
Total Capital Assets	707,368,350	16,814,819	-	-	724,183,170
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	(289,137,422)	(22,194,825)	-	-	(311,332,246)
Capital Assets, Net	$ 418,230,928	$ (5,380,005)	$ -	$ -	$ 412,850,923

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

Note 5. LONG-TERM DEBT

Long-term debt at June 30, 2014 and 2013 consists of:

	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)	$ -

	As Restated 6/30/2012	Increase	Decrease	As Restated 6/30/2013	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	$ 33,044,007	$ -	$ (2,026,201)	$ 31,017,806	$ 2,091,697
Series 2004A (b)	6,085,000	-	(1,930,000)	4,155,000	2,025,000
Series 2005A Airport Refunding (c)	26,130,000	-	(23,435,000)	2,695,000	500,000
Series 2008A (d)	49,450,000	-	(980,000)	48,470,000	1,015,000
Series 2013A Airport Refunding (e)	-	21,870,000	-	21,870,000	-
PFC Revenue Bonds:					
Series 2005A (f)	15,625,000	-	(690,000)	14,935,000	715,000
Series 2005B (g)	19,580,000	-	(575,000)	19,005,000	595,000
Car Rental Garage Revenue					
Bonds, Series 2000 (h)	2,380,000	-	-	2,380,000	-
	152,294,007	21,870,000	(29,636,201)	144,527,806	6,941,697
Add: Bond premium paid, net	865,827	3,026,138	(842,545)	3,049,420	-
Total Long-Term Debt	$ 153,159,834	$ 24,896,138	$ (30,478,746)	$ 147,577,226	$ 6,941,697
Loss deferred outflows	$ (1,130,058)	$ (3,026,138)	$ 664,340	(3,491,856)	$ -

Note 5. LONG-TERM DEBT (continued)

The aggregate amount of debt service on long-term debt following June 30, 2014 is as follows:

Long-Term Debt

Year	Revenue		PFC		CFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 5,899,312	$ 3,998,632	$ 1,360,000	$ 65,609	$ 1,150,000	$ 126,350	$ 8,409,312	$ 4,190,591
2016	5,059,114	4,058,066	1,400,000	62,782	1,230,000	43,050	7,689,114	4,163,898
2017	4,996,174	3,795,344	1,455,000	59,870	-	-	6,451,174	3,855,214
2018	3,865,565	3,635,841	1,500,000	56,845	-	-	5,365,565	3,692,686
2019	24,431,144	14,285,862	1,555,000	53,726	-	-	25,986,144	14,339,588
2020-2024	28,831,332	9,846,792	8,590,000	117,584	-	-	37,421,332	9,964,376
2025-2029	12,553,468	5,667,340	10,140,000	167,483	-	-	22,693,468	5,834,823
2030-2034	13,760,000	2,582,000	5,430,000	39,956	-	-	19,190,000	2,621,956
2035-2039	3,180,000	79,500	1,200,000	1,980	-	-	4,380,000	81,480
	$ 102,576,109	$ 47,949,377	$ 32,630,000	$ 625,835	$ 2,380,000	$ 169,400	$ 137,586,109	$ 48,744,612

Note 5. LONG-TERM DEBT (continued)

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

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

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

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

(b) Revenue Refunding Bonds – Series 2004A

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

(c) Airport Revenue Refunding Bonds Series 2005A

On May 19, 2005, the Commission issued Airport Revenue Refunding Bonds Series 2005A in the amount of $28,725,000, secured by an Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984, as amended and supplemented, including an Eight Supplemental Bond Resolution adopted by the Commission on March 29, 2005. The bonds were issued along with other funds of the Commission for the purpose of refunding on a current basis Airport Revenue Bond

Note 5. LONG-TERM DEBT (continued)

Series 1995A in the amount of $28,725,000, leaving outstanding the scheduled maturity payment on July 1, 2005 of $305,000. Principal payments are due each year through July 1, 2025. Interest on the bonds is payable semi-annually each January 1 and July 1.

The Commission issued $21,870,000 of Series 2013A revenue bonds that were combined with the premium received of $3,026,138 and other available resources to establish an irrevocable trust for certain future debt service payments of $25,738,421. As a result, $22,955,000 of the Series 2005A Revenue Bonds is considered to be defease, and the liability has been removed from the Commission's 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 cost of their issuance. Starting July 1, 2010 principal payments are due each year and continue through July 1, 2038. Interest on the bonds is payable semi-annually each January 1 and July 1, starting July 1, 2008 at fixed rates ranging from 3.5% to 5% depending on maturity dates.

(e) Revenue Refunding Bonds, Series 2013A

On April 24, 2013, the Commission issued Airport Revenue Refunding Bonds Series 2013A in the amount of $21,870,000, secured by an Airport Revenue Bond Resolution adopted by the Commission November 21, 1984, as amended and supplemented, including a Twelfth Supplemental Bond Resolution adopted by the Commission on February 26, 2013. The net proceeds of the bonds were combined with other available resources to establish an irrevocable trust to effectively defease the outstanding principal amount of the 2005A Revenue Bonds maturing on July 1 in the years 2016 through 2025 totaling $22,955,000. Principal payments are due each year on July 1 starting in 2014 through 2025. Interest on the bonds is payable semi- annually each January 1 and July1.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

Note 5. LONG-TERM DEBT (continued)

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

The bonds bear interest payable monthly at a weekly variable rate. The bonds are secured by and payable from PFC revenues, which have been assigned to the Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit was amended on March 1, 2013 and will expire on March 31, 2016, and can be extended or terminated by certain events. The bonds are subject to optional redemption prior to maturity. Principal payments are due each year on June 1.

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

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

The bonds bear interest payable monthly at a weekly variable rate. The bonds are secured by and payable from PFC revenues which have been assigned to the Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit was amended on March 1, 2013 and will expire on March 31, 2016, and can be extended or terminated by certain events. The bonds are subject to optional redemption prior to maturity. Principal payments are due each year on June 1.

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

On December 1, 2000, the Commission issued Taxable Car Rental Garage Facilities Revenue Bonds Series 2000 pursuant to an Indenture of Trust dated December 1, 2000 in the amount of $11,305,000. The bonds are limited special revenue obligations of the Commission payable solely from and secured by a pledge of customer facility charges established by the Commission to be charged, collected and remitted by the on-airport rental car companies and other funds pledged under the indenture in

Note 5. LONG-TERM DEBT (continued)

September 2011, the Commission approved a resolution for the early redemption of $2.0 million of the 2000 Series CFC Bonds. As of July 1, 2011, the outstanding bonds were $4.5 million. The Commission utilized available funds for this early redemption.

(i) Line of Credit

The Commission entered into the second one year amendment of an Exempt Facility Credit Agreement with a bank as of December 15, 2013, whereby the Commission may borrow the aggregate maximum principal amount not to exceed $10,000,000. Interest on the note is payable monthly at a rate per annum equal to the sum of one month LIBOR, plus 2.25% per annum. There were no outstanding borrowings under the agreement for the years ended June 30, 2014 and June 30, 2013.

(j) Restricted Assets

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

	2014	2013
Cost of issuance	$ 343	$ 207,718
Debt service	49,097,049	43,281,075
Equipment and capital outlay	25,390,270	22,948,058
Operation and maintenance	4,388,034	4,223,606
	$ 78,875,696	$ 70,660,457

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, 2014 and June 30, 2013.

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 $2,059,430 (5.1%) and $1,466,390 (3.6%) for the year ended June 30, 2014 and $2,100,487 (5.3%) and $1,433,604 (3.6%) for the year ended June 30, 2013.

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, 2014:

Fiscal Year	Amount
2015	$ 9,727,357
2016	2,411,762
2017	2,146,767
2018	1,483,416
2019	1,307,563
2020-2024	2,245,788
2025-2029	919,453
2030	48,239
	$ 20,290,345

The Commission had rental and concession income of $18,298,176 and $17,891,531 in 2014 and 2013, respectively, which is included in operating revenues. Rental income is derived from various lease space within the terminal building, other buildings, and the rental of Airport land property.

Note 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission participates in the Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer defined pension plan administered by the VRS. All full-time employees of the Commission participate in the Plan. Benefits vest after five years of service. Members can earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers three different benefit plans; Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures.

Plan 1: Members hired before July 1, 2010 and were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit or age 50 with at least 10 years of service credit. The benefit is payable monthly for life in an amount equal to 1.7% of their average final compensation (AFC) for each creditable year of service. AFC is the average of 36 consecutive months of highest compensation as a covered employee.

Note 8. DEFINED BENEFIT PENSION PLAN (continued)

Plan 2: Members hired or rehired on or after July 1, 2010 and Plan 1 members, who were not vested on January 1, 2013, are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit. The benefit is payable monthly based on 1.65% of their AFC for each creditable year of service earned, purchased or granted on or after January 1, 2013, and 1.7% of their AFC for each creditable year of service earned, purchased or granted on or before January 1, 2013. AFC is the average of 60 consecutive months of highest compensation as a covered employee.

Hybrid 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, 2104 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 period held January 1 through April 30, 2014. If a new hire has prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must remain with the prior service plan. Under the defined benefit component of the plan, members are eligible for an unreduced retirement benefit at the same time as Plan 2. For the defined contribution component, a member is eligible to receive distributions upon leaving employment, subject to restrictions. The benefit is payable monthly using a 1.0% retirement multiplier. If a member opted into the Hybrid Plan from Plan 1 or Plan 2, the member will have multiple retirement multipliers applied to the benefit based on when service was credited to the member's record.

Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Retirement is based on age at retirement, years of service, and AFC. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. COLA is limited to a maximum of 5% per year for Plan 1 and limited to a maximum of 3% for Plan 2 and Hybrid Plan for the defined benefit component. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. VRS also provides death and disability benefits. As a political subdivision The Commission opted to participate in the Virginia Local Disability program (VLDP) for the Hybrid members. Title 51.1 of the Code of Virginia (1950), as amended (the "Code"), assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

Funding Policy

In accordance with the Code, plan members are required to contribute 5% of their annual reported compensation to the VRS. In addition, the Commission is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code and approved by the VRS Board of Trustees. For the year ended June 30, 2014, the Commission contributed 16.35% of the annual covered payroll. The contribution rate for the year ended June 30, 2014 includes the Commission's share of 11.35% and the plan members' share of 5%. For the year ended June 30, 2013, the Commission contributed the 16.35% of the annual covered payroll. The contribution rate for the year ended June 30, 2013 included the Commission's share of 11.35% and the plan members' share of 5%.

Note 8. DEFINED BENEFIT PENSION PLAN (continued)

Annual Pension Cost
For the year ended June 30, 2014, the Commission's annual pension cost of $1,285,774 (2013 - $1,146,013), including the plan members' share, was equal to its required and actual contribution. The required contribution rates for the years ended June 30, 2014 and 2013 were determined using the entry age normal actuarial cost method as part of the actuarial valuations for June 30, 2013.

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)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	$1,285,774	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, 2013	$ 22,702,114	$ 28,825,185	$ 6,123,071	78.76%	$ 7,155,224	85.57%

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.

Note 9. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2014 and 2013, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

Note 10. DEFERRED COMPENSATION PLAN

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of $17,500 for the year 2014; with participants age 50 and older allowed to defer a maximum of $23,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. All plan assets are held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. Accordingly the related assets and liabilities associated with the plan are not reported as part of the Commission's financial information.

Note 11. RESTATEMENT OF BEGINNING NET POSITION

The Commission has restated beginning net assets for the fund due to a change in accounting principal from the implementation of GASB 65*, Items Previously Reported as Assets and Liabilities*. This standard clarifies the reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. Under GASB 65, gain on bond refunding is reclassified to deferred outflows of resources where previously netted into long-term liabilities. 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, the restatement below reduces beginning net position by eliminating previously unamortized deferred financing cost.

	Statement of Net Position		
	Net Position	**Deferred Outflow**	**Long-term Debt**
June 30, 2012 Balance as Previously Reported	351,439,537	-	149,528,209
Restatement:			
Change in accounting principle	(2,501,566)	-	2,501,566
Reclass deferred losses to deferred outflows	-	1,130,058	1,130,058
June 30, 2012 Balance, Restated	348,937,971	1,130,058	153,159,833

	Statement of Net Position		
	Net Position	**Long-term Debt**	**Deferred Outflow**
June 30, 2013 Balance as Previously Reported	363,474,771	141,908,332	-
Restatement:			
Change in accounting principle	(2,177,037)	2,177,037	-
Reclass deferred losses to deferred outflows	-	3,491,856	(3,491,856)
June 30, 2013 Balance, Restated	361,297,734	147,577,225	(3,491,856)

June 30, 2013 Interest Expense as Previously Reported	(4,881,726)
Restatement due to change in accounting principle	324,530
June 30, 2013 Interest Expense as Restated	(4,557,196)

Note 12. 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, 2014, the Commission had construction commitments of approximately $20.5 million, of which approximately $19.4 million will be paid from federal and state grants.

Note 13. SUBSEQUENT EVENTS

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

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Capital Region Airport Commission
VIRGINIA RETIREMENT SYSTEM FUNDING PROGRESS
June 30, 2014 and 2013

Cavanaugh MacDonald Consulting, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2013. 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, 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
June 30, 2011	21,564,780	26,549,741	4,984,961	81.22	6,739,248	73.97

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

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2014 and 2013

	2014	2013
Parking		
Terminal	$ 14,258,990	$ 13,785,664
Economy and shuttle	3,610,241	3,481,463
Valet	549,864	525,664
Parking meter and violations	4,824	5,596
	18,423,919	17,798,387
Landing Fees		
Major	1,262,994	1,931,224
Regional	1,154,695	422,594
Scheduled freighter	489,732	465,971
Other	(22,242)	35,451
	2,885,179	2,855,240
Concession		
Rental car	5,052,906	4,749,098
Food and beverage	880,025	855,988
Ground transportation fees	362,524	319,583
In-flight catering, etc.	6,411	6,903
Retail sales	897,153	1,100,468
Off-airport concession fees	122,508	103,654
Terminal advertising	769,074	661,579
Fuel flowage fees	148,026	154,028
Other	25,267	4,255
	8,263,894	7,955,556
Rental		
Airline terminal	6,645,149	6,602,339
Land	1,152,975	1,471,916
Other buildings	2,236,158	1,861,720
	10,034,282	9,935,975
Apron Fees	600,555	588,368
Other		
Utilities	189,896	135,635
Other	125,251	122,505
	315,147	258,140
Total	$ 40,522,976	$ 39,391,666

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2014 and 2013

	2014	2013
Personnel		
Salaries		
Regular	$ 7,592,921	$ 7,611,768
Overtime	171,098	315,691
Fringe benefits		
Payroll taxes	581,433	576,560
Group insurance, life and health	1,012,907	864,812
Retirement	827,797	804,546
Other	38,099	105,958
	10,224,255	10,279,335
Utilities		
Electricity	2,034,783	2,061,433
Heating fuel	141,546	107,250
Telephone	66,617	81,267
Water and sewer	281,103	287,530
	2,524,049	2,537,480
Professional Services		
Legal and accounting	489,627	345,516
Consulting services	370,001	314,822
Marketing and promotion	589,872	562,714
	1,449,500	1,223,052
Parking		
Terminal	1,582,151	1,625,362
Economy and shuttle	1,293,666	1,286,393
	2,875,817	2,911,755
Maintenance		
Building	463,265	520,366
Equipment	368,380	395,302
Other	709,759	734,830
	1,541,404	1,650,498
Insurance	843,952	847,576
Supplies	691,960	762,651
Other		
Conference and travel	71,471	35,615
Snow removal	276,502	83,554
Other	225,381	289,007
	573,354	408,176
Total	$ 20,724,291	$ 20,620,523

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2014

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	$ 13,425,000	$ 14,258,990	$ 833,990
Economy and shuttle	3,452,999	3,610,241	157,242
Valet	505,000	549,864	44,864
Parking meter and violations	6,000	4,824	(1,176)
	17,388,999	18,423,919	1,034,920
Landing Fees			
Major	1,440,557	1,262,994	(177,563)
Regional	920,305	1,154,695	234,390
Scheduled freighter	449,587	489,732	40,145
Other	32,694	(22,242)	(54,936)
	2,843,143	2,885,179	42,036
Concession			
Rental car	4,684,099	5,052,906	368,807
Food and beverage	814,600	880,025	65,425
Ground transportation fees	281,700	362,524	80,824
In-flight catering, etc.	7,300	6,411	(889)
Retail sales	856,099	897,153	41,054
Off airport concession fees	95,400	122,508	27,108
Terminal advertising	675,000	769,074	94,074
Fuel flowage fees	152,800	148,026	(4,774)
Other	4,000	25,267	21,267
	7,570,998	8,263,894	692,896
Rental			
Airline terminal	6,771,769	6,645,149	(126,620)
Land	1,162,354	1,152,975	(9,379)
Other buildings	2,333,856	2,236,158	(97,698)
	10,267,979	10,034,282	(233,697)
Apron Fees	631,877	600,555	(31,322)
Other			
Utilities	54,600	189,896	135,296
Other	98,400	125,251	26,851
	153,000	315,147	162,147
Total	$ 38,855,996	$ 40,522,976	$ 1,666,980

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2014

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	$ 7,756,106	$ 7,592,921	$ 163,185
Overtime	198,000	171,098	26,902
Fringe benefits			
Payroll taxes	594,489	581,433	13,056
Group insurance, life and health	1,022,067	1,012,907	9,160
Retirement	866,654	827,797	38,857
Other personnel expense	35,500	38,099	(2,599)
	10,472,816	10,224,255	248,561
Utilities			
Electricity	2,122,000	2,034,783	87,217
Heating fuel	111,502	141,546	(30,044)
Telephone	78,110	66,617	11,493
Water and sewer	304,999	281,103	23,896
	2,616,611	2,524,049	92,562
Professional Services			
Legal and accounting	363,000	489,627	(126,627)
Consulting services	240,000	370,001	(130,001)
Marketing and promotion	604,800	589,872	14,928
	1,207,800	1,449,500	(241,700)
Parking			
Terminal	1,675,000	1,582,151	92,849
Economy and shuttle	1,340,001	1,293,666	46,335
	3,015,001	2,875,817	139,184
Maintenance			
Building	516,250	463,265	52,985
Equipment	354,200	368,380	(14,180)
Other	734,950	709,759	25,191
	1,605,400	1,541,404	63,996
Insurance	850,000	843,952	6,048
Supplies	772,400	691,960	80,440
Other			
Conference and travel	52,000	71,471	(19,471)
Snow removal	100,000	276,502	(176,502)
Other	247,150	225,381	21,769
	399,150	573,354	(174,204)
Total	$ 20,939,178	$ 20,724,291	$ 214,887

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2014

	2004 Bonds						
	Revenue Account	Debt Service	Equipment and Capital Outlay Account	Operation and Maintenance Account	Operation and Maintenance Reserve Account	Subordinated Indebtedness Fund	Surplus Account
BEGINNING BALANCE	$ -	$ 5,955,141	$ 22,948,058	$ 4,869,558	$ 1,977,366	$ 67,029	$ 4,717,115
RECEIPTS							
Deposits from Commission	39,657,007	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Interest earned	-	-	-	11,024	30,000	-	8,763
	39,657,007	-	-	11,024	30,000	-	8,763
DISBURSEMENTS							
Disbursements to Commission	-	-	6,021,239	12,028,679	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	9,777,358	-	-	-	-	-
	-	9,777,358	6,021,239	12,028,679	-	-	-
TRANSFERS							
Transfer of interest earned to revenue account	14,082	-	-	(11,024)	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(39,671,089)	10,176,084	8,463,452	12,404,420	-	-	92,381
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(39,657,007)	10,176,084	8,463,452	12,393,396	(426)	-	92,381
ENDING BALANCE	$ -	$ 6,353,867	$ 25,390,270	$ 5,245,299	$ 2,006,940	$ 67,029	$ 4,818,259

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)
Year Ended June 30, 2014

	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	$ 269,716	$ 3,535,437	$ -	$ 343	$ 2,489,722	$ -	$ 28,674,439
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-	6,566,757
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-
Interest earned	-	807	44,719	-	-	37,028	-	6,437
	-	807	44,719	-	-	37,028	-	6,573,194
DISBURSEMENTS								
Disbursements to Commission	-	-	-	-	-	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-	1,310,000
Interest payments on long-term debt	-	-	-	-	-	-	-	29,379
Disbursements to others	-	-	-	-	-	-	-	350
	-	-	-	-	-	-	-	1,339,729
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	-	(494)	(18,534)	-	-	217	-	-
	-	(494)	(18,534)	-	-	217	-	-
ENDING BALANCE	$ 4,634	$ 270,029	$ 3,561,622	$ -	$ 343	$ 2,526,967	$ -	$ 33,907,904

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (continued)
Year Ended June 30, 2014

	CFC Bonds							
	Revenue Account	Debt Service Reserve	Interest Fund	Operating Fund	Principal Fund	Repair Fund	General Purpose Fund	Total
BEGINNING BALANCE	$ -	$ 1,130,500	$ 101,904	$ 29,448	$ 1,052,553	$ 52,219	$ 2,164,572	$ 80,039,756
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	39,657,007
Deposits from Commission-collections	466,316	-	-	-	-	-	-	7,033,073
Gain (loss) on sale of investments	-	-	-	-	-	-	-	-
Interest earned	-	44,861	2	-	40	72	207	183,960
	466,316	44,861	2	-	40	72	207	46,874,040
DISBURSEMENTS								
Disbursements to Commission	-	-	-	163,130	-	202,943	-	18,415,991
Principal curtailment on long-term debt	-	-	-	-	-	-	-	1,310,000
Interest payments on long-term debt	-	-	166,600	-	-	-	-	195,979
Disbursements to others	-	-	-	-	-	-	-	9,777,708
	-	-	166,600	163,130	-	202,943	-	29,699,678
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	3,058
Transfer of deposited revenue to designated accounts per resolution	(466,316)	(44,861)	166,600	161,883	120,000	224,868	113,899	(8,258,679)
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	(19,237)
	(466,316)	(44,861)	166,600	161,883	120,000	224,868	113,899	(8,274,859)
ENDING BALANCE	$ -	$ 1,130,500	$ 101,906	$ 28,201	$ 1,172,593	$ 74,216	$ 2,278,678	$ 88,939,260

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 $78,875,696 is reflected as restricted assets.

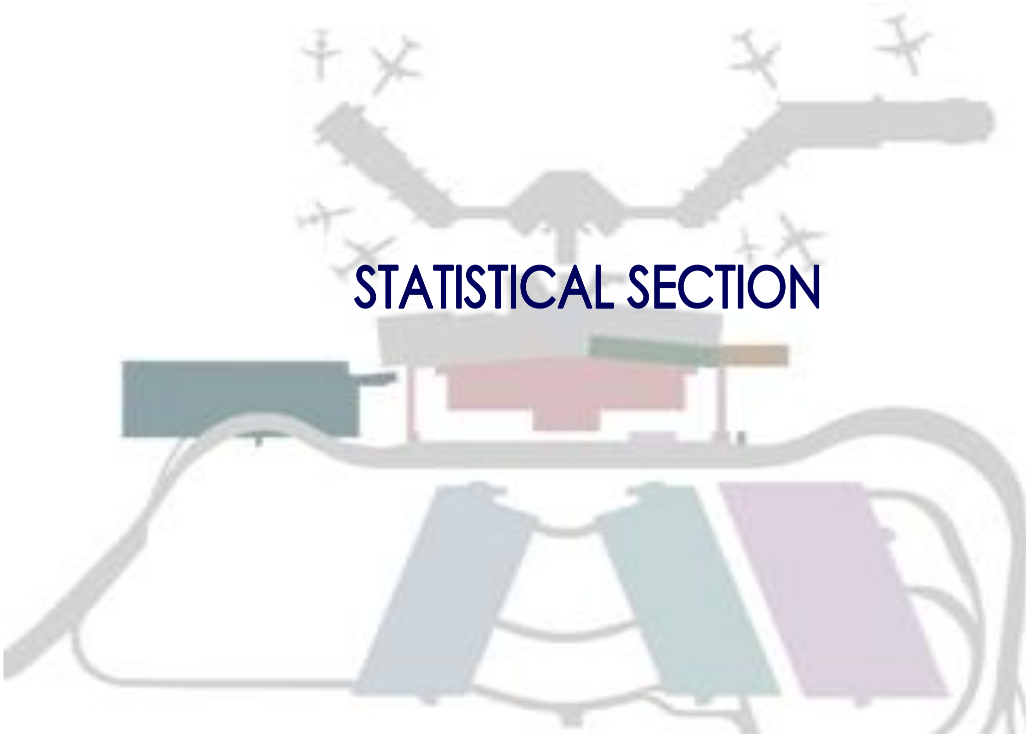
Capital Region Airport Commission
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2014

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
2004 Bonds			
Bond account - debt service	Money market fund	0.0%	$ 6,353,867
Equipment and capital outlay	Money market fund	0.0	25,390,270
Operation and maintenance account	Cash deposits	0.6	5,245,300
Operation and maintenance reserve	Money market fund	0.0	1,253,747
Operation and maintenance reserve	Municipal obligation	4.0	750,978
Subordinated indebtedness	Money market fund	0.0	67,029
Surplus, issuer discretionary	Cash deposits	0.6	4,818,260
			43,879,451
1995 Bonds			
Debt service reserve	Money market fund	0.0	4,634
2005 Bonds			
Debt service reserve	Money market fund	0.0	209
Debt service reserve	Federal obligations	2.1	268,894
			269,103
2008 Bonds			
Debt service reserve	Money market fund	0.0	71,764
Debt service reserve	Federal obligations	1.9	3,352,615
Cost of issue	Money market fund	0.0	343
			3,424,722
2013 Bonds			
Debt service reserve	Federal obligations	1.5	2,323,550
Debt service reserve	Money Market Fund	0.0	108,372
Cost of Issue	Money Market Fund	0.0	-
			2,431,922
PFC Bonds			
General purpose fund	Money market fund	0.1	33,907,900
			33,907,900
CFC Bonds			
Debt service reserve	Money market fund	0.0	-
Debt service reserve	Certificate of deposit	4.0	1,130,500
Interest fund	Money market fund	0.0	101,906
Operating fund	Money market fund	0.0	28,201
Principal fund	Money market fund	0.0	1,172,593
Repair fund	Money market fund	0.0	74,216
General purpose fund	Money market fund	0.0	2,278,679
			4,786,095
			$ 88,703,827

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	$ 10,063,561
Restricted assets:	
Cash and cash equivalents	70,814,551
Investments	7,825,715
	$ 88,703,827

Note: Includes fair market value adjustment of $235,433



STATISTICAL SECTION

STATISTICAL SECTION

RICHMOND
INTERNATIONAL AIRPORT

Now you're going places.

Capital Region Airport Commission
Statistical Section

Contents **Page**

✈ **Financial Trends**

These schedules include information for an understanding of the Airport's financial position.

✈ **Revenue Capacity**

These schedules contain information to help the reader understand the significant revenue trends for the Airport. If the source is not referenced, the data comes directly from the Airport.

✈ **Debt Capacity**

These schedules present information to help the reader understand the Airport's current level of debt. If the source is not referenced, the data comes directly from the Airport.

✈ **Demographic and Economic Information**

These schedules offer indicators to help the reader understand the environment in which financial activities take place. If the source is not referenced, the data comes directly from the Airport.

Capital Region Airport Commission
NET POSITION AND CHANGES IN NET POSITION
Ten Years Ended June 30, 2014
(dollars in thousands)

	Fiscal Year									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Operating revenues										
Apron fees	$ 601	$ 588	$ 638	$ 624	$ 509	$ 755	$ 674	$ 585	$ 609	$ 679
Concession	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053
Landing fees	2,885	2,855	3,007	2,976	2,837	3,332	3,496	3,333	3,400	3,212
Other	315	258	181	166	177	211	253	250	173	157
Parking	18,424	17,799	17,959	18,320	17,993	17,989	19,892	16,956	15,034	12,760
Rental	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377
Total operating revenues	40,523	39,392	39,124	38,868	37,999	39,444	42,142	37,734	34,513	32,238
Nonoperating income										
Customer Facility Charges	525	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094
Interest income	187	136	198	250	338	1,152	2,608	3,330	3,052	1,538
Passenger Facility Charges	6,790	6,589	6,571	6,829	6,949	6,929	7,328	7,549	6,546	4,247
Total nonoperating revenues	7,502	7,700	8,485	8,590	8,667	9,573	11,680	12,725	11,659	7,879
Total Revenues	48,025	47,092	47,609	47,458	46,666	49,017	53,822	50,459	46,172	40,117
Operating expenses										
Depreciation	22,195	21,222	20,609	19,644	18,492	17,151	16,364	15,802	14,344	13,706
Insurance	844	848	669	798	810	664	625	738	678	604
Maintenance	1,541	1,651	1,464	1,539	1,864	1,424	1,928	1,672	1,400	1,373
Other	573	408	369	558	545	394	516	468	638	615
Parking	2,876	2,912	3,052	3,019	2,834	3,070	2,896	2,366	2,344	2,149
Personnel	10,224	10,279	9,484	9,173	9,380	10,121	10,343	9,419	8,490	7,681
Professional services	1,450	1,223	1,384	1,658	1,001	1,207	1,544	1,407	1,381	1,583
Supplies	692	763	806	686	597	685	800	730	678	618
Utilities	2,524	2,537	2,509	2,348	2,081	2,555	2,361	2,191	1,974	1,719
Total operating expenses	42,919	41,843	40,346	39,423	37,604	37,271	37,377	34,793	31,927	30,048
Nonoperating expenses										
Interest expense	3,556	4,557	5,193	5,580	3,793	5,555	5,666	6,177	6,022	5,743
Other, net	682	992	3,170	861	786	1,075	666	810	794	519
Total nonoperating expenses	4,238	5,549	8,363	6,441	4,579	6,630	6,332	6,987	6,816	6,262
Total Expenses	47,157	47,392	48,709	45,864	42,183	43,901	43,709	41,780	38,743	36,310
Capital grants and contributions	13,439	12,660	9,825	5,594	5,879	12,481	23,860	8,895	15,471	6,658
Increase (decrease) in Net Position	14,307	12,360	8,725	7,188	10,362	17,597	33,973	17,574	22,900	10,465
Net Position at Year-End										
Net Investment in capital assets	$ 284,350	$ 282,629	$ 272,217	$ 268,968	$ 274,025	$ 271,544	$ 241,895	$ 222,570	$ 209,638	$ 172,289
Restricted	74,244	66,011	60,776	56,480	41,370	31,247	39,742	34,568	27,394	42,511
Unrestricted	17,010	12,658	15,945	14,765	17,630	19,871	23,428	13,954	16,486	15,818
Total Net Position	$ 375,604	$ 361,298	$ 348,938	$ 340,213	$ 333,025	$ 322,662	$ 305,065	$ 271,092	$ 253,518	$ 230,618

Fiscal year 2013 and 2012 balances have been restated to reflect the requirements of a change in GAAP.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES
Ten Years Ended June 30, 2014
(dollars in thousands)

	Fiscal Year									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Airline revenues										
Landing fees	$ 2,885	$ 2,855	$ 3,007	$ 2,976	$ 2,837	$ 3,332	$ 3,496	$ 3,333	$ 3,400	$ 3,212
Apron fees	601	588	638	624	509	755	674	585	609	679
Total airline revenues	3,486	3,443	3,645	3,600	3,346	4,087	4,172	3,918	4,009	3,891
Percentage of total revenues	7.3%	7.3%	7.7%	7.6%	7.1%	8.4%	7.8%	7.8%	8.7%	9.7%
Nonairline revenues										
Parking	18,424	17,799	17,959	18,320	17,993	17,989	19,891	16,956	15,034	12,760
Rental	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798	8,260	8,377
Concession	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812	7,037	7,053
Other	315	258	181	166	178	211	253	250	172	157
Total nonairline revenues	37,037	35,949	35,479	35,268	34,654	35,357	37,971	33,816	30,503	28,347
Percentage of total revenues	77.1%	76.3%	74.5%	74.3%	74.3%	72.1%	70.5%	67.0%	66.1%	70.7%
Nonoperating revenues										
Passenger Facility Charges	6,790	6,589	6,571	6,829	6,949	6,929	7,327	7,549	6,546	4,247
Customer Facility Charges	525	975	1,716	1,511	1,380	1,492	1,744	1,846	2,061	2,094
Interest Income	187	136	198	250	338	1,152	2,608	3,330	3,052	1,538
Total nonoperating revenues	7,502	7,700	8,485	8,590	8,667	9,573	11,679	12,725	11,659	7,879
Percentage of total revenues	15.6%	16.4%	17.8%	18.1%	18.6%	19.5%	21.7%	25.2%	25.3%	19.6%
Total revenues	$ 48,025	$ 47,092	$ 47,609	$ 47,458	$ 46,667	$ 49,017	$ 53,822	$ 50,459	$ 46,171	$ 40,117
Enplaned passengers (excluding charters)	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	1,321,863
Total revenue per enplaned passengers	$ 29.51	$ 29.78	$ 29.85	$ 28.93	$ 28.45	$ 29.26	$ 29.69	$ 29.02	$ 29.71	$ 30.35

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2014

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Parking:										
Terminal	$ 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	$ 10,094,309
Economy and shuttle	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	2,092,189
Valet	549,864	525,664	546,265	562,929	572,419	611,691	688,525	776,112	691,069	563,733
Parking meter and violations	4,824	5,596	6,311	7,888	4,425	1,358	8,408	8,114	7,537	9,547
	$ 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	$ 12,759,778

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2014

	2014		2013		2012		2011		2010		2009		2008		2007		2006		2005	
	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	$ 10	$ 3	$ 10	$ 3	$ 10
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Economy A	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6	1	7
Economy B	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6	1	6	1	7
Economy C	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	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	6	15	6	15	6	15

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

Capital Region Airport Commission
REVENUE RATES
Ten Years Ended June 30, 2014

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Apron fees	$1.23	$1.23	$1.21	$1.21	$1.21	$1.34	$1.31	$1.34	$1.34	$1.49
Landing Fees (per 1,000 lbs unit)	1.26	1.23	1.24	1.19	1.22	1.25	1.24	1.20	1.16	1.21
Terminal Rental (square foot)	35.84	35.12	34.19	34.17	33.50	34.93	43.01	40.95	40.66	41.52

REVENUE BOND COVERAGE
Ten Years Ended June 30, 2014

						Coverage	
Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Debt Service on Bonds	Debt Service
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
2005	32,585,580	16,516,915	16,068,665	7,366,097	13,183,282	2.18	1.22

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, 2014
(dollars in thousands)

	Fiscal Year									
	2014	2013 As Restated	2012 As Restated	2011	2010	2009	2008	2007	2006	2005
Airport Revenue Bonds:										
Series 1995 A,B&C	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,880	$ 15,880	$ 15,880	$ 16,405
Series 2001 A&B	28,926	31,018	33,044	34,962	36,673	38,308	39,874	41,373	42,806	44,180
Series 2004 A	2,130	4,155	6,085	7,920	9,670	11,335	12,935	14,475	15,955	17,380
Series 2005A	2,195	2,695	26,130	26,595	27,045	27,485	27,910	28,325	28,725	28,725
Series 2008A	47,455	48,470	49,450	50,395	51,310	51,310	51,310	-	-	-
Series 2013A	21,870	21,870	-	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	14,220	14,935	15,625	16,295	16,940	21,570	26,175	26,765	27,335	27,885
Series 2005 B	18,410	19,005	19,580	20,135	20,675	21,200	21,705	22,190	22,660	23,115
Car Rental Garage Revenue Bond	2,380	2,380	2,380	5,400	6,280	7,100	7,870	8,595	9,275	9,910
The Warehouse Company Note	-	-	-	-	-	-	1,493	1,691	1,874	2,043
Line of Credit	-	-	-	-	-	1,185	-	1,450	-	-
	137,586	144,528	152,294	161,702	168,593	179,493	205,152	160,744	164,510	169,643
Add: Bond premium, net	(2,711)	(3,049)	866	1,031	1,218	1,424	1,650	1,891	2,147	2,393
Less: Debt issuance costs, net	-	-	-	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)	(4,433)	(4,666)
Total Long Term Debt	$ 134,875	$ 141,479	$ 153,160	$ 158,711	$ 165,378	$ 176,054	$ 201,237	$ 158,603	$ 162,224	$ 167,370
Enplaned passengers (excluding charters)	1,627	1,581	1,595	1,641	1,640	1,675	1,813	1,735	1,555	1,322

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.

Capital Region Airport Commission
MAJOR CUSTOMERS
Year Ended June 30, 2014

	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	$ 2,059,430	5.1%
Hertz Corporation, Inc.	1,466,390	3.6
US Airways, Inc.	1,420,136	3.5
National / Alamo Rent A Car, Inc.	1,127,816	2.8
Federal Bureau of Investigations (FBI)	1,097,470	2.7

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2014

	Annual Percent Change in Enplanements		
Year	Richmond	Small Hubs	United States
2014	2.9%	N/A	N/A
2013	(0.9)	N/A	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
2005	16.2	5.2	1.2

Note: Calendar year data except for 2014, which is fiscal year data.
As defined by the FAA, a small hub enplanes .05 to .24 percent of the total U.S. passengers.

Sources: United States Department of Transportation, Bureau of Transportation Statistics, Research and Innovative Technology Administration (RITA),
Tables 6 and 1-37. Airport records.

N/A: Not available

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2014

	2014	Share of Total 2014	2013	Share of Total 2013	2012	2011	2010	2009	2008	2007	2006	2005
Majors:												
AirTran Airways/Southwest Airlines	155,199	9.5%	155,937	9.8%	151,031	147,825	152,852	170,372	172,770	147,658	137,411	2,960
American Eagle Airlines/Envoy Air	58,949	3.6	72,417	4.6	79,021	84,255	64,187	45,026	61,952	63,103	70,709	82,715
Continental Airlines	-	-	-	-	79,032	124,349	123,513	119,820	129,014	132,724	113,434	100,856
Delta Airlines	344,697	21.1	337,549	21.3	324,690	310,789	270,066	232,326	240,723	227,925	221,489	243,800
JetBlue Airways	136,659	8.4	124,539	7.8	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	39,425
SkyBus Airlines	-	-	-	-	-	-	-	-	29,793	4,473	-	-
United Airlines	38,153	2.3	33,371	2.1	32,079	38,844	47,922	52,430	56,980	59,898	60,870	55,035
US Airways	130,968	8.0	103,197	6.5	95,599	88,912	103,443	122,451	137,069	122,747	145,018	180,443
Total Major	864,625	52.9	827,010	52.1	877,997	924,540	922,874	964,750	986,841	916,061	800,065	705,234
Regionals:												
Air Canada	-	-	4,927	0.3	6,157	6,731	6,564	6,903	1,821	-	-	-
Air Wisconsin	105,583	6.5	81,501	5.1	144,638	152,087	113,190	76,002	86,360	64,525	43,229	18,091
American	117,787	7.2	111,183	7.0	118,303	121,523	113,082	104,165	116,805	115,244	106,789	87,196
Atlantic Coast	-	-	-	-	-	-	-	-	-	-	-	3,509
Atlantic Southeast	-	-	-	-	934	863	21,211	33,967	41,706	31,358	36,185	11,607
Chautauqua	57,868	3.5	62,224	3.9	35,495	35,387	71,793	71,237	70,858	134,892	106,948	84,362
ComAir/Delta Connection	-	-	3,771	0.2	24,032	52,216	53,106	58,263	85,373	102,462	99,709	72,469
Compass	-	-	-	-	7,215	22,176	7,229	-	-	-	-	-
Express Jet	262,836	16.1	208,385	13.1	121,025	20,233	-	-	-	-	-	-
GoJet	26,971	1.7	39,594	2.5	29,123	27,863	23,957	13,599	12,391	2,229	-	-
Mesa	82,056	5.0	74,682	4.7	54,432	45,278	27,893	54,807	76,854	78,014	56,606	38,820
Mesaba	-	-	-	-	7,514	6,374	20,397	-	-	-	-	-
Piedmont	17,502	1.1	33,126	2.1	6,652	9,994	18,063	21,057	21,695	12,930	5,603	5,851
Pinnacle/Endeavor Airlines	42,411	2.6	83,652	5.3	81,623	47,595	30,123	12,364	72,249	54,659	71,560	67,382
PSA	7,571	0.5	23,800	1.5	23,556	34,118	31,725	30,449	41,579	57,499	34,578	25,707
Republic	1,556	0.1	2,926	0.2	26,983	53,192	84,493	84,651	47,366	2,516	347	-
Shuttle America	2,063	0.1	2,981	0.2	62	2,418	19	14,666	-	-	521	4,803
SkyWest	62	-	88	-	653	-	-	-	-	-	1,070	-
Trans States	38,578	2.4	21,498	1.4	28,786	78,054	94,595	128,306	151,260	162,134	191,465	193,070
USA 3000	-	-	-	-	-	-	-	-	-	-	-	3,762
Total Regionals	762,844	46.7	754,338	47.5	717,183	716,102	717,440	710,436	826,317	818,462	754,610	616,629
Charters	5,567	0.4	5,861	0.4	6,136	3,820	3,466	9,820	8,529	4,310	3,035	6,705
Totals	1,633,036	100.0%	1,587,209	100.0%	1,601,316	1,644,462	1,643,780	1,685,006	1,821,687	1,738,833	1,557,710	1,328,568

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2014
Landed Weight (1,000 Pound Units)

	2014	Share of Total 2014	2013	Share of Total 2013	2012	2011	2010	2009	2008	2007	2006	2005
Major Airlines												
AirTran Airways	148,664	7.5	181,656	9.6%	184,792	172,888	183,712	240,928	212,656	196,632	220,792	4,992
American Eagle Airlines/Envoy Air	69,609	3.5	76,148	4.0	83,748	91,333	67,051	52,730	68,586	72,455	88,973	115,106
Continental Airlines	-	-	-	-	1,667	1,447	89,000	146,750	152,133	156,277	154,396	153,118
Delta Airlines	392,582	20.0	398,489	21.0	405,770	380,426	319,496	286,572	287,074	274,715	296,066	339,027
JetBlue Airways	163,062	8.3	145,116	7.6	136,127	158,826	208,769	224,064	203,415	204,773	51,606	-
Northwest Airlines*	-	-	-	-	-	-	961	374	13,896	33,601	27,917	69,772
SkyBus Airlines	-	-	-	-	-	-	-	-	41,749	7,027	-	-
Southwest Airlines	29,702	1.5	-	-	-	-	-	-	-	-	-	-
United Airlines	53,118	2.7	47,791	2.5	48,130	68,335	76,006	78,635	82,037	81,216	84,523	86,915
US Airways	170,405	8.6	137,273	7.2	143,046	134,919	155,556	182,515	211,407	206,784	310,410	379,899
Total Major Airlines	1,027,142	52.1	986,473	51.9	1,003,280	1,008,174	1,100,551	1,212,568	1,272,953	1,233,480	1,234,683	1,148,829
Regional Airlines												
Aero Mexico	968	-	-	-	-	-	-	-	-	-	-	-
Air Canada	-	-	8,516	0.4	9,562	9,982	17,687	18,417	3,390	-	-	-
Air Wisconsin	128,968	6.5	97,854	5.1	197,400	196,413	135,266	96,068	103,447	83,284	60,160	20,949
Allegiant Airlines	279	0.0	1,850	0.1	2,503	4,082	3,835	4,408	1,477	837	837	-
American	130,534	6.6	128,100	6.7	135,298	137,264	134,180	134,590	135,370	132,614	133,808	128,589
Atlantic Coast	-	-	-	-	-	-	-	-	-	-	-	4,227
Atlantic Southeast	-	-	-	-	1,513	1,798	25,145	36,206	48,942	36,961	39,331	12,126
Bahamair	1,488	0.1	2,736	0.1	1,872	-	-	-	-	-	-	-
Chautauqua	71,845	3.6	76,163	4.0	43,783	43,104	81,915	88,856	88,531	171,207	140,818	115,227
Colgan Air	-	-	-	-	-	-	-	12,214	1,178	-	-	-
ComAir/Delta Connection	-	-	4,376	0.2	29,061	65,644	69,560	89,059	113,686	149,103	143	119,709
Compass Airlines	-	-	-	-	-	33,412	8,539	17,465	2,024	-	-	-
Express Jet	332,115	16.8	240,983	12.7	235,324	166,404	58,114	-	-	-	-	-
Freedom Airlines	-	-	-	-	-	3,783	15,045	51,085	52,530	39,653	34	-
GoJet Airlines	45,359	2.3	60,300	3.2	39,463	35,376	37,185	25,058	24,522	9,246	-	-
Mesa Airlines	90,807	4.6	82,489	4.3	60,772	43,112	12,856	17,736	39,291	43,071	37,777	54,708
Mesaba Airlines	-	-	-	-	9,008	9,750	21,853	32,636	-	-	-	-
Piedmont	21,545	1.1	39,585	2.1	9,144	12,551	23,402	26,689	26,074	15,505	6,806	8,308
Pinnacle Airlines/Endeavor Airlines	58,568	3.0	108,779	5.7	111,078	63,867	36,720	45,043	79,375	65,471	94,047	108,429
PSA	9,461	0.5	26,661	1.4	26,119	37,372	34,304	35,857	48,724	64,926	48,097	41,372
Republic Airlines	3,326	0.2	3,292	0.2	33,453	63,270	104,077	111,722	64,787	3,543	1,229	-
Shuttle America	4,906	0.2	5,998	0.3	220	3,962	217	17,944	-	-	898	28,179
SkyWest Airlines	134	0.0	94	0.0	913	-	-	1,717	-	-	1,316	-
Trans States	44,934	2.3	27,375	1.4	45,259	86,794	99,905	151,075	187,356	210,528	297,240	291,520
USA 3000	-	-	-	-	-	-	-	-	-	-	-	6,683
Vision Airlines	-	-	-	-	932	-	-	-	-	-	-	-
Total Regional Airlines	945,237	47.9	915,151	48.1	992,677	1,017,940	919,805	1,013,845	1,020,704	1,025,949	862,541	940,026
Total Airline Weight	1,972,379	100.0%	1,901,624	100.0%	1,995,957	2,026,114	2,020,356	2,226,413	2,293,657	2,259,429	2,097,224	2,088,855

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2014
Landed Weight (1,000 Pound Units)

	2014	Share of Total 2014	2013	Share of Total 2013	2012	2011	2010	2009	2008	2007	2006	2005
Cargo Carriers												
Airborne Express	-	-	-	-	-	-	-	6,745,200	25,806,200	25,763,000	25,891,700	48,669,200
AirNet Systems	3,303,100	0.8%	3,131,300	0.9%	2,995,000	4,589,800	4,675,800	5,388,000	7,299,100	8,868,800	10,105,604	11,227,336
Ameriflight	4,091,288	1.0	876,794	0.2	806,000	803,600	756,600	653,870	67,088	82,588	-	4,004,000
DHL Express	-	-	-	-	-	-	-	10,498,000	-	-	-	-
Federal Express	217,493,600	54.2	200,056,200	52.8	175,671,800	174,001,400	144,392,100	172,706,450	182,858,050	183,266,200	185,593,950	183,839,450
Mountain Air Cargo	47,068	0.1	8,500	-	17,000	125,480	187,140	53,160	59,500	8,500	8,500	42,500
UPS	176,286,160	43.9	174,765,520	46.1	178,608,000	177,643,760	160,848,720	166,685,040	173,015,360	175,649,920	171,104,680	165,935,000
Total Cargo Weight	401,221,216	100.0%	378,838,314	100.0%	358,097,800	357,164,040	310,860,360	362,729,720	389,105,298	393,639,008	392,704,434	413,717,486
Total Landed Weight	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	415,806,341

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2013 and 2012

2013				2012			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Atlanta	SH	247,110	1	Atlanta	SH	255,780
2	Boston	SH	198,350	2	Boston	SH	187,490
3	Orlando	MH	178,700	3	New York/Newark	SH	174,370
4	New York/Newark	SH	155,150	4	Orlando	MH	164,410
5	Chicago	MH	135,730	5	Chicago	MH	130,950
6	Dallas/Fort Worth	MH	104,160	6	Dallas/Fort Worth	MH	108,400
7	Fort Lauderdale	MH	98,140	7	Fort Lauderdale	MH	95,040
8	Los Angeles	LH	70,220	8	Los Angeles	LH	76,910
9	Las Vegas	LH	64,220	9	Las Vegas	LH	67,400
10	Houston	MH	60,310	10	San Francisco	LH	57,800
11	San Francisco	LH	54,750	11	Denver	MH	57,310
12	Denver	MH	52,680	12	Houston	MH	54,590
13	Phoenix	LH	50,650	13	Phoenix	LH	48,600
14	Charlotte	SH	46,870	14	Minneapolis/St Paul	MH	48,270
15	Minneapolis/St Paul	MH	46,630	15	Tampa	MH	48,220
16	Seattle/Tacoma	LH	43,550	16	San Diego	LH	42,510
17	Tampa	MH	42,920	17	Charlotte	SH	41,590
18	San Diego	LH	41,650	18	New Orleans	MH	39,900
19	Austin	MH	40,810	19	San Antonio	MH	39,480
20	San Antonio	MH	37,830	20	Seattle/Tacoma	LH	39,340
21	Nashville	SH	36,480	21	Detroit	SH	39,320
22	New Orleans	MH	35,880	22	St Louis	MH	37,190
23	Miami	MH	35,740	23	Miami	MH	36,300
24	Detroit	SH	35,700	24	Philadelphia/Camden	SH	33,750
25	St Louis	MH	33,830	25	Kansas City	MH	28,600
	Total		1,948,060		Total		1,953,520

Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2010-2013

Primary Trade Area	CALENDAR YEAR 2013	2012	2011	2010	Percentage Change 2012-2013	2011-2012	2010-2011
United States	316,128,839	313,914,040	311,591,917	308,745,538	0.7	0.7	0.9
Virginia total	8,260,405	8,185,867	8,096,604	8,001,024	0.9	1.1	1.2
Richmond MSA*	1,245,764	1,231,980	1,271,101	1,258,251	1.1	(3.1)	1.0
Richmond-Petersburg MSA	1,175,814	1,162,296	1,150,614	1,138,844	1.2	1.0	1.0
Richmond City	214,114	210,309	206,238	204,214	1.8	2.0	1.0
Henrico County	318,611	314,932	310,742	306,935	1.2	1.3	1.2
Chesterfield County	327,745	323,856	319,641	316,236	1.2	1.3	1.1
Hanover County	101,330	100,668	100,704	99,863	0.7	0.0	0.8
Petersburg City	32,538	31,973	32,948	32,420	1.8	(3.0)	1.6
Hopewell City	22,163	22,348	22,779	22,591	(0.8)	(1.9)	0.8
Colonial Heights City	17,634	17,479	17,556	17,411	0.9	(0.4)	0.8
Charles City County	7,130	7,157	7,290	7,256	(0.4)	(1.8)	0.5
Dinwiddie County	27,904	27,994	28,018	28,001	(0.3)	(0.1)	0.1
Goochland County	21,626	21,347	21,753	21,717	1.3	(1.9)	0.2
New Kent County	19,507	19,169	18,827	18,429	1.8	(1.8)	2.2
Powhatan County	28,259	28,123	28,290	28,046	0.5	(0.6)	0.9
Prince George County	37,253	36,941	35,828	35,725	0.8	(3.1)	0.3
Amelia County	12,745	12,759	12,841	12,690	(0.1)	(0.6)	1.2
Caroline County	29,298	28,972	28,826	28,545	1.1	(0.5)	1.0
King William County	16,097	15,981	16,159	15,935	0.7	(1.1)	1.4
Sussex County	11,810	11,972	12,056	12,087	(1.4)	(0.7)	(0.3)

Source: Estimates by Census Bureau, April 2014
*February 2013 Office of Management and Budget (OMB) metropolitan definition

PERSONAL INCOME
Calendar Years 2008-2012

Millions of Dollars	2012	2011	2010	2009	2008
United States	$13,729,063	$12,949,905	$12,353,577	$12,168,161	$12,225,589
Virginia	396,005	373,312	355,193	347,284	343,580
Richmond-Petersburg MSA	55,678	54,641	52,004	50,966	51,918
Annual growth rate	4.1%	5.8%	3.0%	(2.0%)	2.3%

Note: 2012 is the most recent year available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2014

Capital Region Airport Commission
PER CAPITA INCOME
Calendar Years 2008-2012

	2012	2011	2010	2009	2008
United States	$43,735	$41,560	$39,937	$39,635	$40,166
Virginia	48,377	46,107	44,267	44,057	44,075
Richmond-Petersburg MSA*	45,194	43,046	41,260	41,161	42,309
Percent of national average	103.3%	103.6%	103.3%	103.9%	105.3%

Note: 2012 is the most recent year available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2014

PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA
Calendar Year 2014

Major Private Employers	City/County	Full-Time Employees	Percentage of 50 Total Employers	Product or Service
Capital One Financial Corp.	Goochland	11,309	10.7%	Credit Cards
Virginia Commonwealth University Health System	Richmond	8,491	8.0	Hospitals
HCA Virginia Health System	Richmond	7,051	6.6	Hospitals
Bon Secours Richmond Health System	Richmond	6,646	6.3	Hospitals
Walmart	Richmond	5,351	5.0	Retail
Dominion Resources Inc.	Richmond	5,220	4.9	Energy
SunTrust Banks Inc.	Richmond	4,432	4.2	Banking
Food Lion	Richmond	3,986	3.8	Grocer
Altria Group Inc.	Henrico	3,900	3.7	Tobacco
Amazon. Com	Chesterfield	3,127	2.9	Distribution Center
WellPoint, Inc.	Richmond	2,822	2.7	Health Insurance
Wells Fargo and Co.	Richmond	2,766	2.6	Banking

Note: This table lists the top twelve private employers in the Richmond region. (As of January 1, 2014)
Source: Richmond Times-Dispatch, May 2014

Capital Region Airport Commission
EMPLOYMENT DATA WITHIN VIRGINIA

Major Public Employers	Average Number of Employees
Local Governments	55,800
Commonwealth of Virginia	39,800
Federal Government	16,800

Source: Virginia Employment Commission, Current Employment Statistics Program, 2013 Annual Averages

EMPLOYMENT BY INDUSTRY
(Non-Agricultural)

	Annual Average		Percent Change	Percent Total	
	2013	2003	2003	2013	2003
Total Employment	632,900	587,900	7.7%	100.0%	100.0%
By Industry:					
Government	112,400	111,500	0.8	17.8	19.0
Wholesale and retail trade	97,500	92,200	14.1	15.4	15.6
Manufacturing	32,200	48,500	(33.6)	5.1	8.2
Financial activities	47,800	46,400	3.0	7.6	7.9
Construction and mining	34,400	40,500	(15.1)	5.4	6.9
Transportation and utilities	20,900	20,100	4.0	3.3	3.4
Information	7,900	11,800	(33.1)	1.2	2.0
Professional and business services	98,900	83,900	17.9	15.6	14.3
Educational and health services	92,300	60,600	52.3	14.6	10.3
Leisure and hospitality services	57,900	46,100	25.6	9.1	7.8
Other services	30,800	26,400	16.7	4.9	4.5

Source: Virginia Employment Commission, Current Employment Statistics Program

UNEMPLOYMENT RATES
Calendar Years 2009-2013

	2013	2012	2011	2010	2009
United States	7.4%	8.1%	8.9%	9.8%	9.3%
Virginia	5.5	5.9	6.2	6.9	6.7
Richmond-Petersburg MSA*	5.9	6.4	6.9	7.7	7.5

Sources: Virginia Employment Commission, Local Area Unemployment Statistics Program

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2014

	Full Time Equivalent Employees									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Police	25	27	23	29	24	23	29	30	30	30
Communications/ Operations	12	12	12	8	12	12	13	15	12	13
Aircraft Rescues & Fire Fighting	16	18	18	18	19	19	21	19	19	19
Custodial Services	45	47	45	47	46	45	45	46	31	31
Utilities/Ground Maintenance	15	15	16	15	14	12	12	12	12	12
Equipment/Automotive Maintenance	6	5	5	5	5	6	6	6	5	5
Building Maintenance	2	2	2	2	2	1	6	8	8	9
Electronic Systems	4	4	4	4	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	4	4	4	20
Electrical Maintenance	2	2	2	2	2	3	4	4	5	15
Finance and Administrative Services	7	8	8	8	11	11	12	11	12	10
Ground Transportation	1	1	1	1	1	2	2	2	1	1
Information Systems	3	3	3	3	3	3	3	3	2	2
Executive/Marketing	9	9	9	9	5	5	5	4	4	4
Human Resources	-	-	-	-	-	3	4	4	4	4
Baggage System	11	11	11	10	10	10	10	7	4	N/A
Total Employees	161	167	162	164	161	162	180	179	157	179

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, 2014

	Pounds of Cargo									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cargo Carrier:										
Airborne	-	-	-	-	-	3,660,614	7,275,287	7,227,257	6,035,741	4,501,947
Air Net Systems	613,886	552,764	656,162	761,196	795,955	816,348	1,038,124	1,178,060	1,394,396	1,093,160
AmeriFlight	1,386,840	226,225	212,165	223,434	219,970	174,964	5,199	11,473	253	1,040,716
Federal Express	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	65,749,853
Mountain Air Cargo	-	-	-	-	-	-	-	-	-	5,912
UPS	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	34,082,119
Total	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	106,473,707
Percentage change	(1.2%)	13.5%	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%	4.5%	(1.3%)

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2014

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
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
2005	24,760	67,273	31,354	12,377	135,764
Average Annual Change	3.4%	(3.3%)	0.9%	(7.2%)	(3.1%)

Capital Region Airport Commission
INSURANCE COVERAGE
Period Ended June 30, 2014

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/Wausau Business Insurance	Worker's compensation	Statutory and $1,000,000 employer's liability
	Excess employees liability (excluding disease)	$50,000,000
Public officials and employer's liability/Virginia State Public Officials self-insurance pool	Civil claims for wrongful acts	$1,000,000 each loss $2,150,000 each loss, unlimited aggregate for medical malpractice $3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	$479,429,000 blanket real and personal property including EDP, mobile radios and valuable papers $35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	$4,795,494 scheduled equipment $300,000 miscellaneous equipment $10,000 unscheduled equipment $100,000 leased/rental equipment $100,000 newly acquired equipment
Blanket crime/Federal Insurance Company	Employee dishonesty	$1,000,000 limit $2,500 deductible

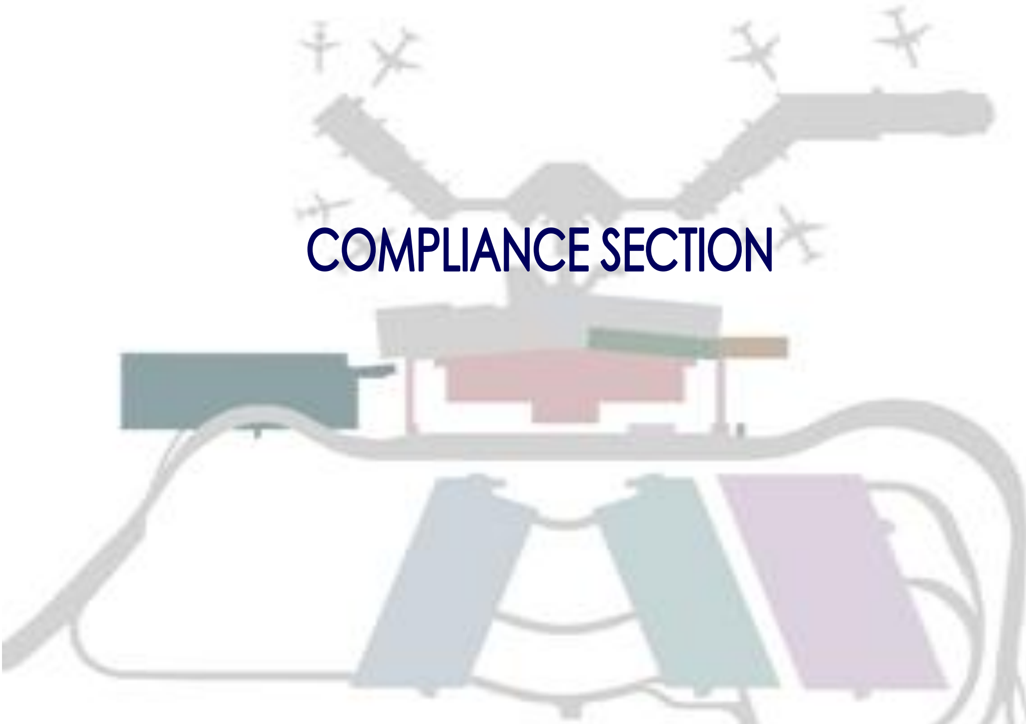
Note: The insurance coverage was provided by USI Insurance Services, with exception of Public Officials policy.

Capital Region Airport Commission
CAPITAL ASSET INFORMATION
As of June 30, 2014

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



COMPLIANCE SECTION

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number		Expenditures
Major Federal Assistance Program:				
FAA Direct Payments:				
Airport Improvement	20.106	3-51-0043-51		671,584
Airport Improvement	20.106	3-51-0043-58		316,975
Airport Improvement	20.106	3-51-0043-59		47,045
Airport Improvement	20.106	3-51-0043-60		6,610,668
Total Federal Assistance Expended			$	7,646,272

Basis of Accounting

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

Contingent Liabilities-Grants

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

Cherry Bekaert LLP
CPAs & Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Capital Region Airport Commission (the "Commission"), as of and for the year ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated October 31, 2014. That report recognizes that the Commission implemented a new accounting standard effective July 1, 2012.

Internal Control over Financial Reporting

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

Purpose of this Report

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

Cherry Bekaert LLP

Richmond, Virginia
October 31, 2014

Cherry Bekaert LLP
CPAs & Advisors

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

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

Report on Compliance for Each Major Federal Program

We have audited the Capital Region Airport Commission's (the "Commission") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2014. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

Cherry Bekaert LLP

Richmond, Virginia
October 31, 2014

CAPITAL REGION AIRPORT COMMISSION

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

A. Summary of Auditor's Results

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

Name of Program	CFDA #
Airport Improvement Program	20.106

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

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

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

D. Resolution of Prior Year Audit Findings

There were no findings resulting from the prior year audit.