COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended
June 30, 2016 and 2015

CAPITAL REGION AIRPORT COMMISSION
Richmond International Airport
Virginia

Prepared by:

Finance Department

Douglas E. Blum
Chief Financial Officer

Steven C. Owen
Director Finance

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RICHMOND
INTERNATIONAL AIRPORT

Now you're going places.

Capital Region Airport Commission
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INTRODUCTORY SECTION

Capital Region Airport Commission

MEMBERS OF THE COMMISSION

June 30, 2016

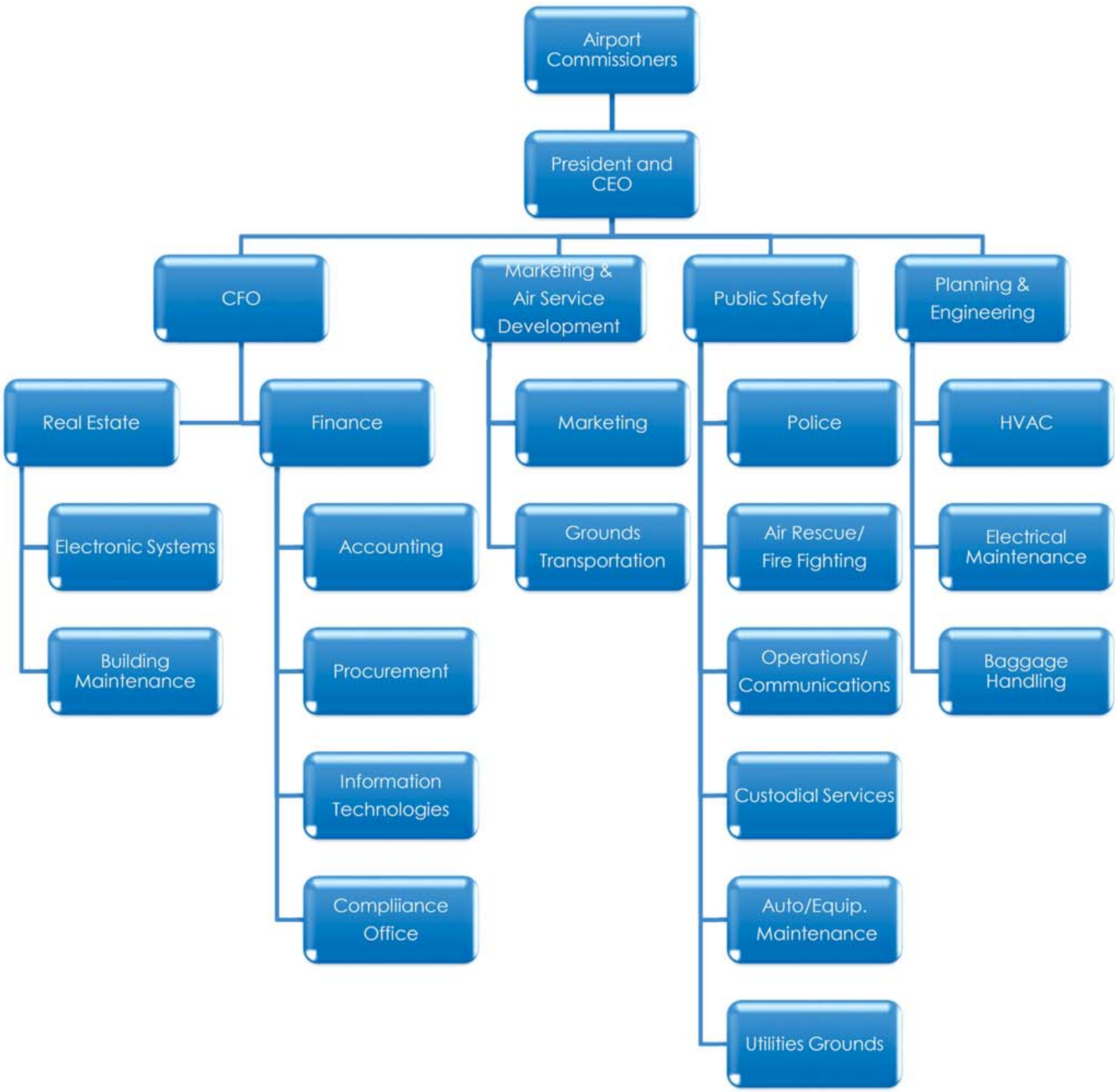
OFFICERS

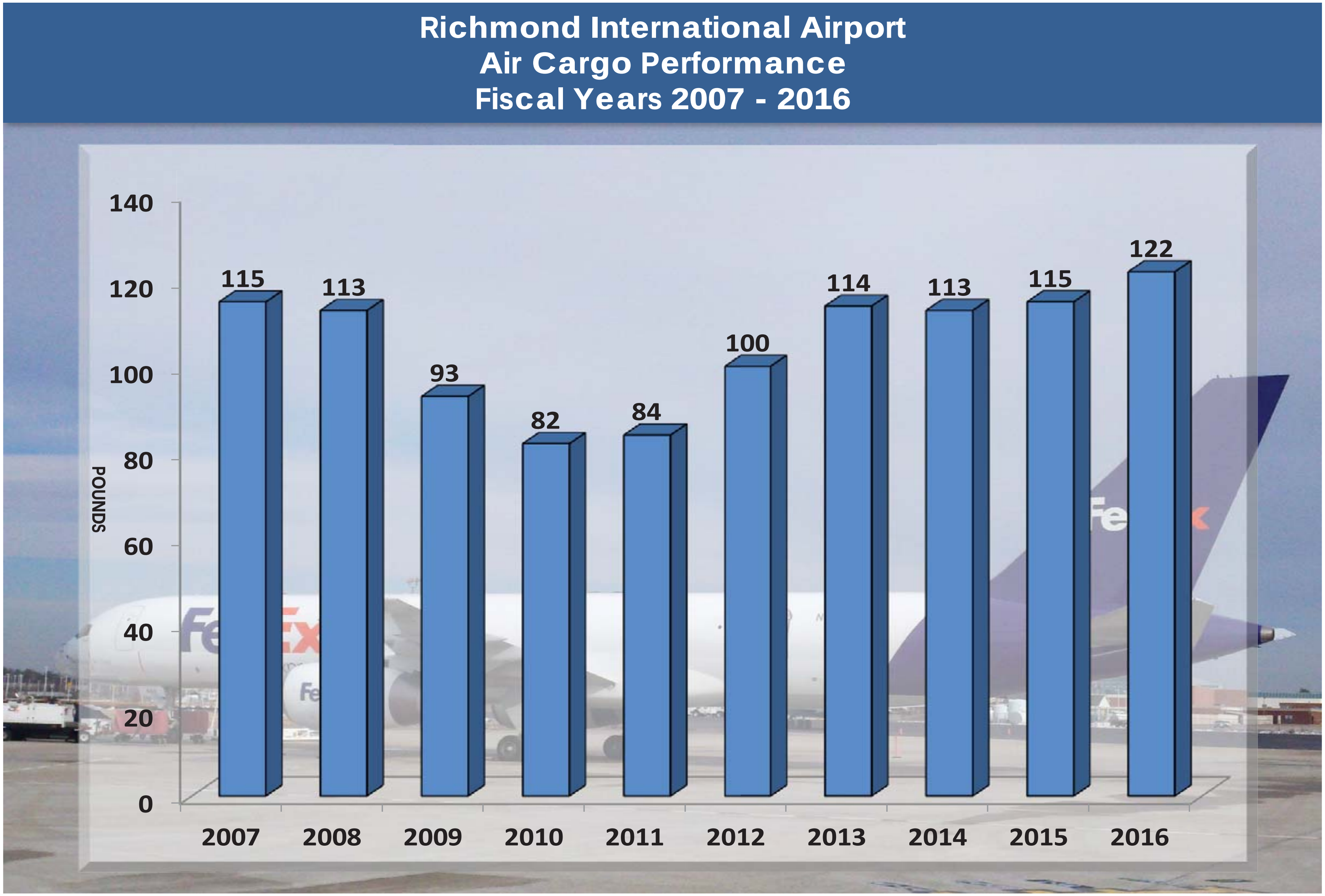
John V. Mazza, Jr.	Chairman
Aubrey M. Stanley	Vice Chairman
Patricia S. O'Bannon	Secretary
Charles S. Macfarlane	Treasurer

COMMISSIONERS

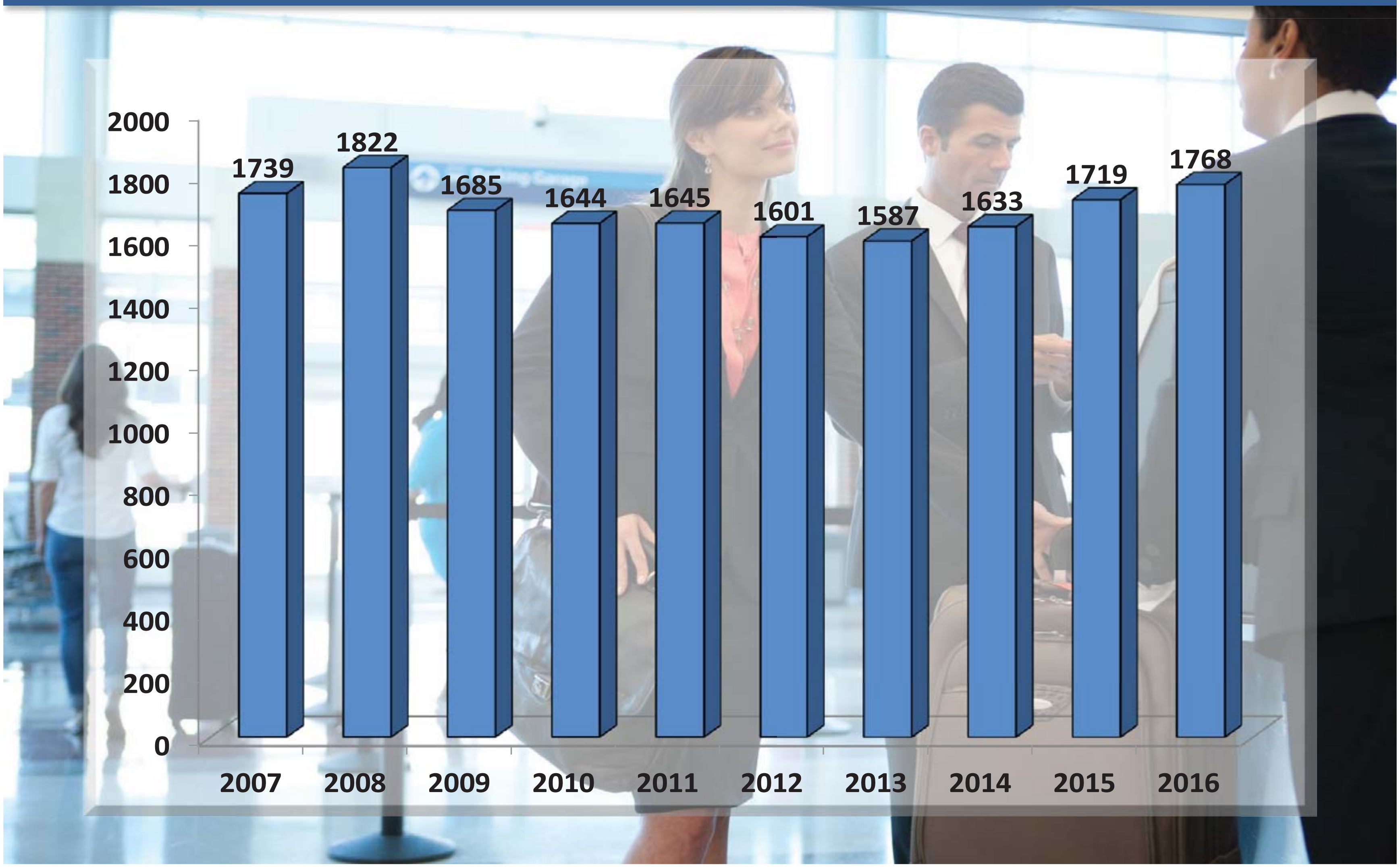
Algenon L Brown	City of Richmond
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Charles R. Samuels	City of Richmond
Steve A. Elswick	County of Chesterfield
Leslie Haley	County of Chesterfield
John V. Mazza, Jr.	County of Chesterfield
James M. Holland	County of Chesterfield
Aubrey M. Stanley	County of Hanover
Wayne T. Hazzard	County of Hanover
Bryan E. Kornblau	County of Henrico
Patricia S. O'Bannon	County of Henrico
Daniel J. Schmitt	County of Henrico
Frank J. Thornton	County of Henrico

Capital Region Airport Commission
ORGANIZATIONAL CHART




Richmond International Airport
Air Cargo Performance
Fiscal Years 2007 - 2016
POUNDS
140
120
100
80
60
40
20
0
115
113
93
82
84
100
114
113
115
122
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016

Richmond International Airport
Enplaned Passenger Performance
Fiscal Years 2007-2016



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, 2015

Executive Director/CEO

RICHMOND INTERNATIONAL AIRPORT

Capital Region Airport Commission | 1 Richard E. Byrd Terminal Drive | Richmond International Airport, Virginia 23250-2400
phone: 804.226.3000 | fax: 804.652.2610 | flyrichmond.com | Now you're going places.

October 31, 2016

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, 2016 prepared by the Commission's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is reported in a manner designed to fairly set forth the financial position and results of the operations of the Commission and that all disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

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

ORGANIZATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

THE COMMISSION

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

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

THE REPORTING ENTITY

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

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

AIRPORT OPERATIONS

On October 15, 1927, Richard E. Byrd Airport, named after the Virginia explorer-aviator, Admiral Richard Evelyn Byrd, was dedicated. Present at the opening ceremony was Col. Charles Lindbergh and his famous aircraft, The Spirit of St. Louis. The Airport's construction was initiated earlier as the City purchased 100 acres of land for $30,000 and leased 300 more. Presently the Airport owns 3,078 acres.

Today the Airport is called Richmond International Airport. The Airport has evolved into one of the most modern and well-equipped airports in the eastern United States. The Airport is currently served by six major airlines, fifteen regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with over 160 daily flights. The Airport's cargo needs are met by three all-cargo carriers; two fixed base operators on the grounds offer fuel and maintenance services for corporate aircraft and the Airport has a Foreign Trade Zone. The total enplaned passengers in fiscal year 2016 of 1.77 million increased from the 2015 level of 1.72 million enplaned passengers by 2.9%. The Airport is an economic engine for the Richmond region, generating an estimated $1.1 billion annually. The Airport also provides jobs for 3,000 plus local residents.

ECONOMIC CONDITIONS

The Airport is conveniently located approximately six miles from the City's business district, providing air service to over 3 million passengers, with over 100 million pounds of cargo passing through the Airport this year. The Airport is geographically located within 750 miles of approximately 60% of the nation's population.

The U.S. airline industry remained strong through calendar year 2015. Airline operating costs were down due to lower fuel prices, translating to higher operating margins. As the economy continued to strengthen, so did business travel. This improvement in the economy led to increased leisure travel. This combination of lower fuel prices and increased leisure travel has provided a strong position for "low-cost" carriers such as Southwest, Allegiant, Frontier, and Spirit to succeed. In calendar year 2015, commercial air carrier domestic enplanements were up by 5.1%. Domestic enplanement market share continued to rise for "low-cost" carriers due to improvements in the economy and the lower cost of tickets. The calendar year 2016 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 2.1% per year, slightly faster than last year's forecast. The sharp decline in the price of oil in 2015 is one of the catalysts for a short lived higher estimated increase in passenger growth in calendar year 2016. The FAA forecast assumes that oil prices will increase over the long run.

There is still a great deal of uncertainty in the airline industry even with the recent favorable results. As a result of this, the Commission has positioned itself to increase revenues by controlling costs. These measures include controlling operating costs and advancing capital expenditures that do not require new sources of capital funding and are generally limited to aviation related projects only. (Federal Aviation Administration. Review of 2015. http://www.faa.gov)

Future passenger traffic may be impacted by the following:

- Load factors by carrier
- Average daily departures
- Scheduled seat capacity
- Average nonstop fares
- Average fares by market
- Airline communication
- Aircraft orders/retirements

Due to the uncertainty in the continued growth in passenger traffic along with other factors, the Commission took a conservative approach to the fiscal year 2017 budget which reflects a (1.6%) decrease in total revenue when compared to fiscal year 2016 actual revenue. The Commission continues to monitor national and local economic conditions and will make the necessary changes to ensure the financial stability of the Airport.

National Accolades about the Richmond International Airport and the Richmond Metropolitan Statistical Area (MSA):

- According to CNBC.com's list of America's best places to start a business Richmond is ranked 11 out of 20 American cities.

- Twenty nine Richmond-area companies have made Inc. magazine's annual list of the 500 fastest-growing companies in the nation by revenue.

- Richmond increases Fortune 500 count to eight with two local companies among the newest members of the Fortune 500 list.

- Job growth in the Richmond Metro Statistical Area (MSA) picked up significantly during calendar year 2015, outpacing the state's growth by nearly 50% and growing at over twice the national rate. Employment in Richmond increased by 4.1%, compared to 2.7% in Virginia and 2.0% across the nation.

- In September 2015 Richmond International Airport (RIC) gained certification as a Virginia Green Travel Partner.

New non-stop services announcements in fiscal year 2016:

- January 12, 2016 Allegiant announces new nonstop service to Jacksonville.
- April 5, 2016 United Airlines launches new Richmond-Denver service.
- April 14, 2016 Allegiant launches new nonstop service to Orlando/Sanford.

DEMOGRAPHICS AND EMPLOYMENT

The population of the Richmond MSA is estimated to be 1.3 million and is projected to reach 1.4 million by 2020. The median household income for 2014 was $59,677 which is higher than the national average of $53,657. (www.grpva.com/doing-business/labor-workforce/labor-data)

Richmond's population of 55% falls within the prime working ages of 25-64. The Richmond Metro area's unemployment rate was 4.6% in 2015 compared to 5.5% in 2014, higher than the state unemployment rate of 4.4% and below the national rate of 5.3%.

The region is ranked 19th in the nation when looking at the number of companies per 100,000 people. Of regions with populations of 1.5 million or less, Richmond ranked number three for the total number of *Fortune* 1000 companies. (Source: http://www.fortune.com, June 2016)

Eight Richmond Metropolitan area businesses are listed Fortune 500 companies:

Dominion Resources	*WestRock*
Genworth Financial	*CarMax*
Altria Group	*Owens & Minor*
Performance Food Group	*Markel*

Three Richmond Metropolitan area businesses are listed Fortune 1000 companies:

Brink's	*Universal*	*NewMarket*

COMMISSION WEBSITE

The Commission has a website that offers 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 along with information about ground transportation, parking and maps. The Commission's Comprehensive Annual Financial Report (CAFR) is posted on the web site. The web address is www.flyrichmond.com.

FINANCIAL INFORMATION

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

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

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

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

FINANCIAL HIGHLIGHTS

The Commission took a conservative approach and anticipated that passenger traffic would only slightly increase in fiscal year 2016 as compared to fiscal year 2015 actual passenger traffic. The actual total passengers exceeded our expectations and increased to 1.77 million enplaned passengers for fiscal year 2016 compared to 1.72 million in fiscal year 2015.

The fiscal year 2016 budget included a decrease in operating revenue of (3.9%) compared to fiscal year 2015 actual revenue. The Commission ended fiscal year 2016 with a 6.0% increase in revenues when compared to the 2016 budgeted revenues and a 1.8% increase over fiscal year 2015 actual revenues.

During fiscal year 2016 the Commission issued Airport Revenue Refunding Bonds Series 2016A in the amount of $39.3 million. The net proceeds were used to refund a large portion of the Series 2008A Bonds. The Commission made an additional payment of $12.2 million for the early retirement of a portion of the Passenger Facility Charge Revenue Bonds, 2005 Series A&B (the "PFC Bonds"). Additionally, the Commission issued new PFC Bonds Series 2016 A&B in the amount of $13.1 million to refund the remaining Series 2005 A&B PFC Bonds. The Commission continuously reviews all of the debt service requirements in order to take advantage of opportunities to make additional payments whenever it is allowable and feasible.

INDEPENDENT AUDIT

The Commission's enabling legislation requires an annual audit of its financial statements by independent certified public accountants that are selected by the Commission. This requirement has been met and the auditors' opinion is 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 Uniform Guidance 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, 2015. This was the twenty-sixth consecutive year that the Commission has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

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

Douglas E. Blum
Chief Financial Officer

RICHMOND INTERNATIONAL AIRPORT

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FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Region Airport Commission as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Region Airport Commission, as of June 30, 2016 and 2015, and the 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, Capital Region Airport Commission adopted new accounting guidance, GASB Statement Nos. 72 *Fair Value Measurement and Application,* 79 *Certain External Investment Pools and Pool Participants, and* 82 *Pension Issues – and amendment of GASB Statements No. 67, No. 68, and No. 73*. 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 and schedules related to pension funding on pages 3-15 and 57-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Capital Region Airport Commission's basic financial statements. The introductory section, supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of Capital Region Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Region Airport Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
October 31, 2016

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

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

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

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

The Commission's fiscal year is from July 1 to June 30. The following MD&A of the Commission's financial performance is for the years ended June 30, 2016 and 2015. Information for the preceding fiscal year ended June 30, 2014 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 2016 compared to fiscal year 2015. Ten of twelve months in 2016 saw positive enplanement growth over 2015. The total passengers enplaned for fiscal year 2016 were 1.77 million, which was 2.9% higher than fiscal year 2015 enplanements of 1.72 million and 2.1% higher than the fiscal year 2016 budgeted enplaned passengers. Fiscal year 2015 enplanements were higher than fiscal year 2014 enplanements of 1.63 million. The financial condition of the Commission is primarily dependent upon the number of passengers using the Airport. Passenger levels, in turn, are dependent upon several factors, including: the economic conditions of the airline industry, which influences willingness and ability of the airlines to provide service, the local economy, which influences the willingness and ability of travelers to purchase tickets, and the cost of that ticket. The increase from 2016 is primarily attributed to a local economy that continues to improve, including an improving job market and competitive airfares driven by increased air travel in both the business and leisure passenger markets.

The airline industry experienced an unprecedented period of consolidation with four major mergers in five years. These changes along with capacity discipline exhibited by carriers have resulted in a fifth consecutive year of profitability for the industry in calendar year 2015. Looking ahead there is optimism that the industry has been transformed from that of a boom-to-bust cycle to one of sustainable profits.

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. The 2016 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 2.1% per year, slightly faster than last year's forecast. The sharp decline in the price of oil in 2015 is a catalyst for a short lived uptick in passenger growth in 2016. (www.faa.gov/about/office_org/headquarters_offices/apl/aviation_forecasts)

The Commission ended fiscal year 2016 with a 6.0% increase in revenues when compared to the 2016 budgeted revenues and a 1.8% increase over fiscal year 2015 revenues. This was primarily due to a 5.3% increase in parking revenue when compared to the 2016 budgeted parking revenue and a 2.0% increase over fiscal year 2015 parking revenue. The increase in parking revenue is primarily attributed to a 2.1% increase in enplanements when compared to the 2016 budgeted enplanements.

The Commission's revenues are derived primarily from airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rents and apron fees received from airlines using the airport; concession fees from the vendors serving the passengers including food, retail and rental cars; public parking fees including surface and garage parking; and fixed based operator activities from general aviation activities. The average monthly enplaned passengers increased from 136,086 in fiscal year 2014 to 143,226 in fiscal year 2015 and then increased to 147,294 in fiscal year 2016. The increase in passengers, when compared to 2015, had positive effects on the Commission's main revenue stream, parking, in fiscal year 2016.

Aircraft operations decreased to 97 thousand a (4.9%) decrease when compared to fiscal year 2015 operations of 102 thousand which was a 6.3% increase when compared to FY 2014. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000 pound units increased by 2.6% in fiscal year 2016 to 421 million pounds compared to fiscal year 2015 and increased 1.7% in fiscal year 2015 to 410 million pounds compared to fiscal year 2014 landed weight of 403 million pounds.

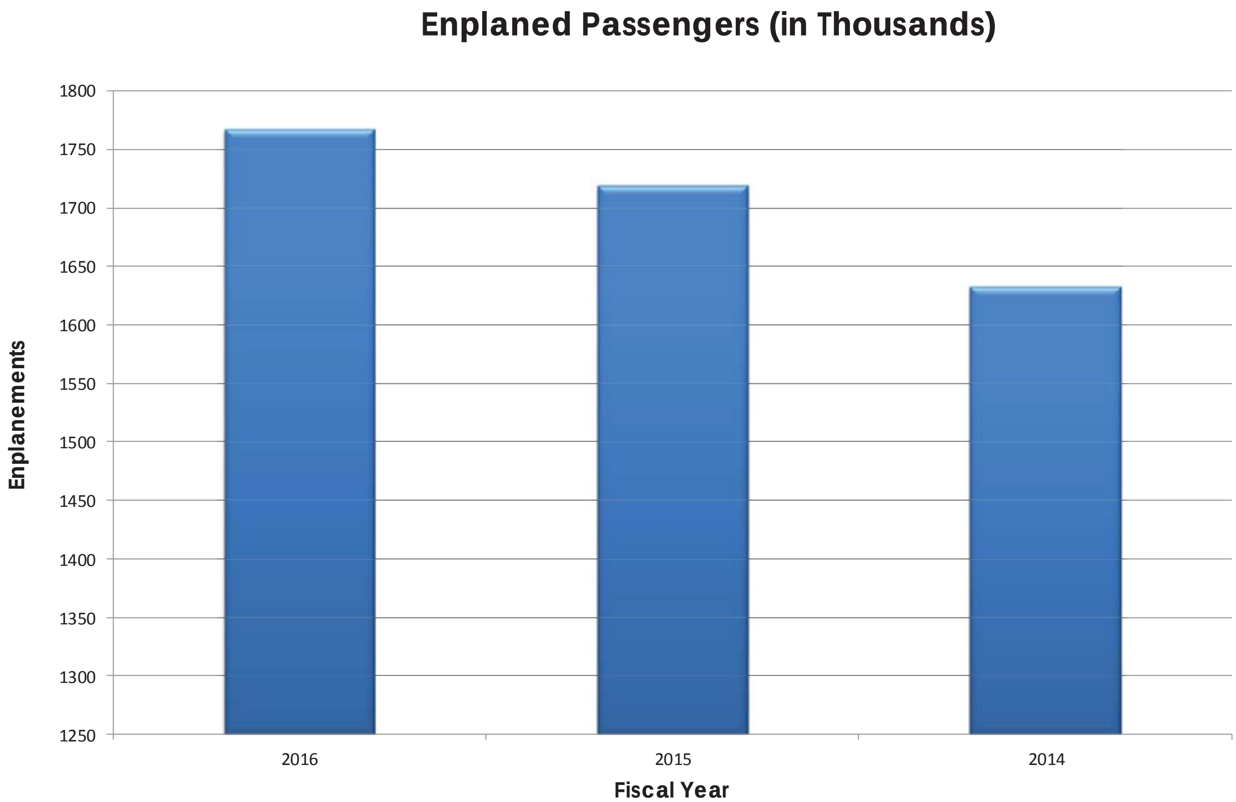
The Airport's parking revenue increased 2.0% in fiscal year 2016 when compared to fiscal year 2015 and increased 6.5% in fiscal year 2015 when compared to fiscal year 2014. Parking revenue increased due to the effect of higher than budgeted enplanements. The increase was offset by a slight decrease in parking revenue per enplaned passenger. Parking rates were essentially the same as fiscal year 2015, however, the Commission started issuing discount parking coupons during the peak holiday periods. The parking revenue accounts for 45.6% of the Airport's revenue in fiscal year 2016 compared to 45.5% in fiscal year 2015 and 45.5% in fiscal year 2014.

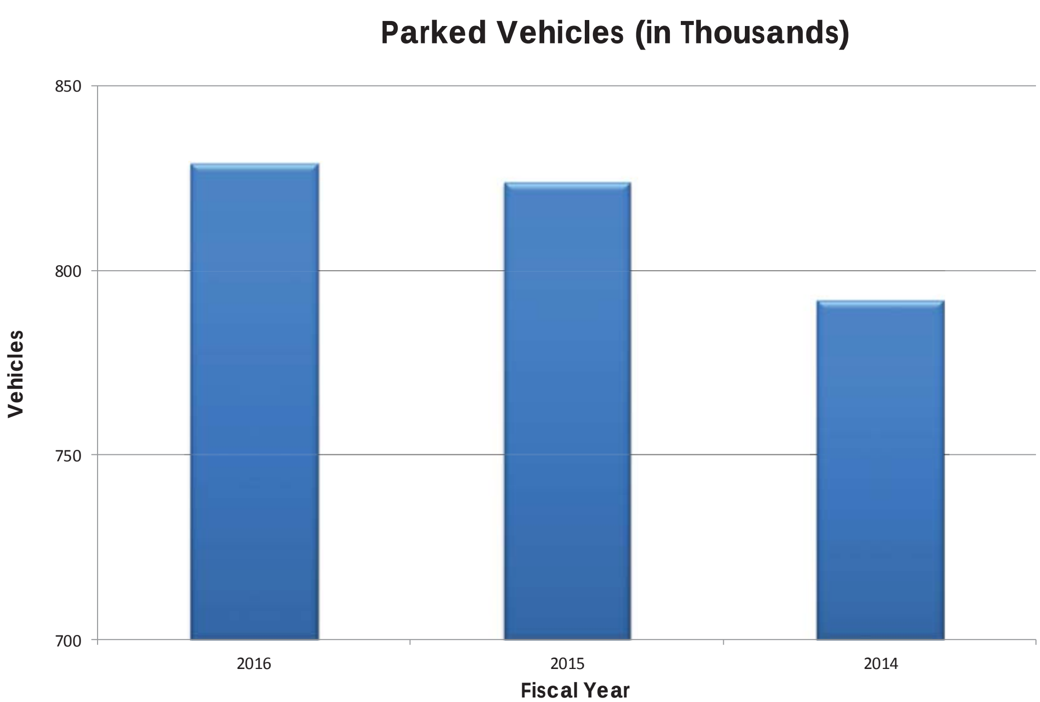
	2016	2015	2014
Parking Revenue per Enplanement	$11.32	$11.41	$11.28
Percent Increase (Decrease)	(0.8%)	1.2%	0.6%

As of June 30, 2016, the Airport is currently served by six major airlines, with more than 160 daily flights to 20 non-stop destinations and more than 3.5 million travelers per year.

	FY 2016	FY 2015	FY 2014
Enplanements	1,768	1,719	1,633
% increase / (decrease)	2.9%	5.2%	2.9%
Aircraft Operations (total take-offs and landings)	97	102	96
% increase / (decrease)	(4.9%)	6.3%	(1.0%)
Airline's Landed Weight (1,000 pound units)	2,281	2,031	1,972
% increase / (decrease)	12.3%	2.9%	3.7%
Air Cargo Carrier Activity (pounds)	121,502	114,820	112,535
% increase / (decrease)	5.8%	2.0%	(1.2%)
Parked Vehicles	829	824	792
% increase / (decrease)	0.6%	4.0%	0.1%

Note: The numbers presented above are in thousands.


Enplaned Passengers (in Thousands)
1800
1750
1700
1650
1600
1550
1500
1450
1400
1350
1300
1250
Enplanements
2016
2015
2014
Fiscal Year


Parked Vehicles (in Thousands)
850
800
750
700
Vehicles
2016
2015
2014
Fiscal Year

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, 2016, 2015, and 2014.

SELECTED FINANCIAL DATA
(in thousands)

	2016	2015	2014
Assets			
Unrestricted current	$ 17,609	$ 14,989	$ 18,138
Restricted current	85,338	101,446	89,817
Capital assets, net	426,325	416,359	412,851
Total assets	529,272	532,794	520,806
Deferred outflows of resources	7,766	3,720	3,129
Liabilities			
Current unrestricted	4,906	6,823	3,709
Current restricted	12,134	14,709	12,734
Long-term debt, net of current maturities	102,143	119,508	131,888
Net Pension Liability	2,597	2,823	-
Total liabilities	121,780	143,863	148,331
Deferred inflows of resources	1,236	1,698	-
Net position			
Net investment in capital assets	328,487	297,177	284,350
Restricted	72,742	83,867	74,244
Unrestricted	12,794	9,908	17,010
Total net position	$ 414,023	$ 390,952	$ 375,604

The Commission experienced a decrease in total assets of approximately ($3.5) million or (0.7%) during fiscal year 2016 when compared to fiscal year 2015 and a $12.0 million or 2.3% increase during fiscal year 2015 when compared to fiscal year 2014. This decrease in fiscal year 2016 can be attributed to a number of changes in the statement of net position including the decrease of ($12.7) million in restricted cash and cash equivalents and investments and a $10.0 million increase in property and equipment. The decrease in restricted cash and cash equivalents is primarily attributed to a $12.2 million early redemption of the Commissions PFC Bonds using excess PFC funds.

Total liabilities decreased ($22.1) million or (15.4%) in fiscal year 2016 when compared to fiscal year 2015 and decreased ($4.5) million or (3.0%) in fiscal year 2015 when compared to fiscal year 2014. In fiscal year 2016 this change is primarily attributable to a ($17.4) million decrease in long term debt, net of current maturities.

The increase in net financial position for fiscal year 2016 was $23.1 million when compared to fiscal year 2015. Net financial position increased $15.3 million in fiscal year 2015 and increased $14.3 million in fiscal year 2014. Fiscal year 2016 resulted in a loss from operations of ($1.1) million, which was a $177 thousand decrease in the loss from operations when compared to fiscal year 2015. The decrease in the loss from operations is primarily attributed to the increase in operating income before depreciation offset by an increase in depreciation expense. In fiscal year 2015, the loss from operations was ($1.3) million, which was a ($1.1) million decrease in the loss from operations when compared to the fiscal year 2014 loss from operations of ($2.4) million. Net nonoperating income for fiscal year 2016 reflected an increase in net revenues of $2.0 million when compared to fiscal year 2015. This is attributed to a ($1.4) million decrease in interest expense. Net nonoperating income for fiscal year 2015 reflected an increase in net revenues of $2.7 million when compared to fiscal year 2014.

Capital contributions increased to $16.3 million in fiscal year 2016, a $1.5 million or 9.9% increase when compared to fiscal year 2015. This is primarily due to the Taxiway M rehabilitation project which is almost 100% grant funded. Capital contributions increased to $14.8 million in fiscal year 2015, a $1.4 million or 10.4% increase when compared to fiscal year 2014.

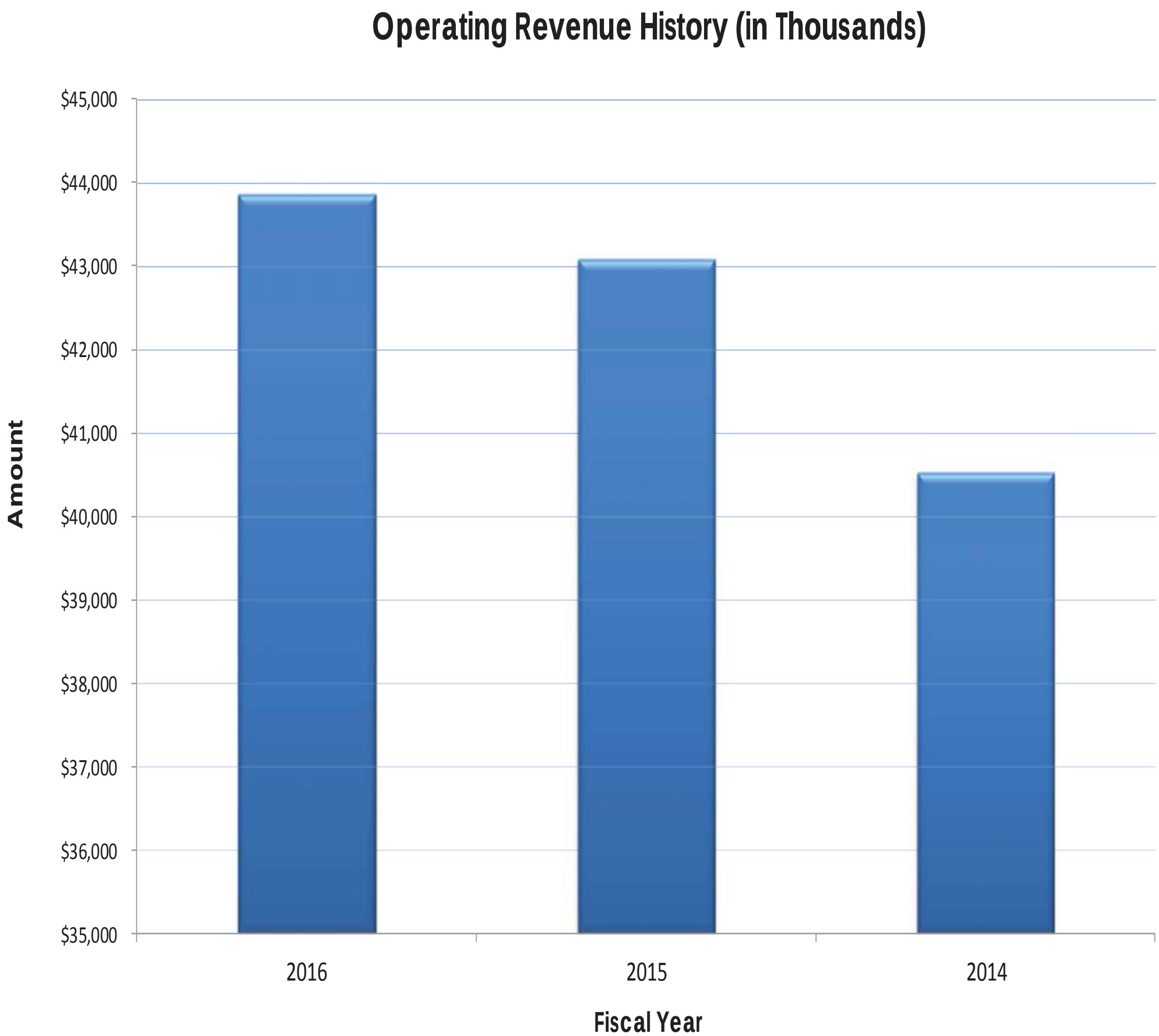
The below chart shows operating revenues and expenses for the three years ended June 30, 2016, 2015, and 2014.

	2016	2015	2014
Operating revenues	$ 43,863	$ 43,082	$ 40,523
Operating expenses	20,940	21,574	20,724
Operating income before depreciation	22,923	21,508	19,799
Depreciation	24,064	22,825	22,195
Operating loss	(1,141)	(1,317)	(2,396)
Nonoperating income, net	7,916	5,952	3,263
Income (loss) before capital contributions	6,775	4,635	867
Capital contributions	16,295	14,830	13,439
Change in net position	23,070	19,465	14,306
Beginning net position	390,953	375,604	361,298
Effect of accounting change	-	(4,116)	-
Ending net position	$ 414,023	$ 390,953	$ 375,604

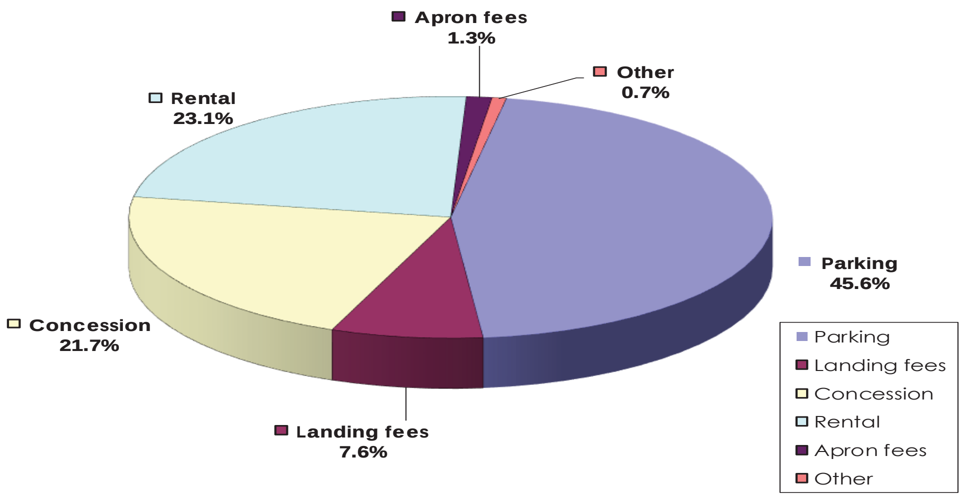
Operating income before depreciation for fiscal year 2016 increased by $1.4 million or 6.6% compared to fiscal year 2015, fiscal year 2015 operating income before depreciation increased by $1.7 million or 8.6% compared to fiscal year 2014. Depreciation expense increased by 5.4% between fiscal year 2016 and 2015 and increased by 2.8% between fiscal year 2015 and 2014. This is a result of depreciation from the major projects completed in the fiscal year. The weighted average yield on investments was approximately 0.23% for fiscal year 2016, 0.15% for fiscal year 2015 and 0.30% for fiscal year 2014.

REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2016, 2015, and 2014 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2016.



2016 Operating Revenues



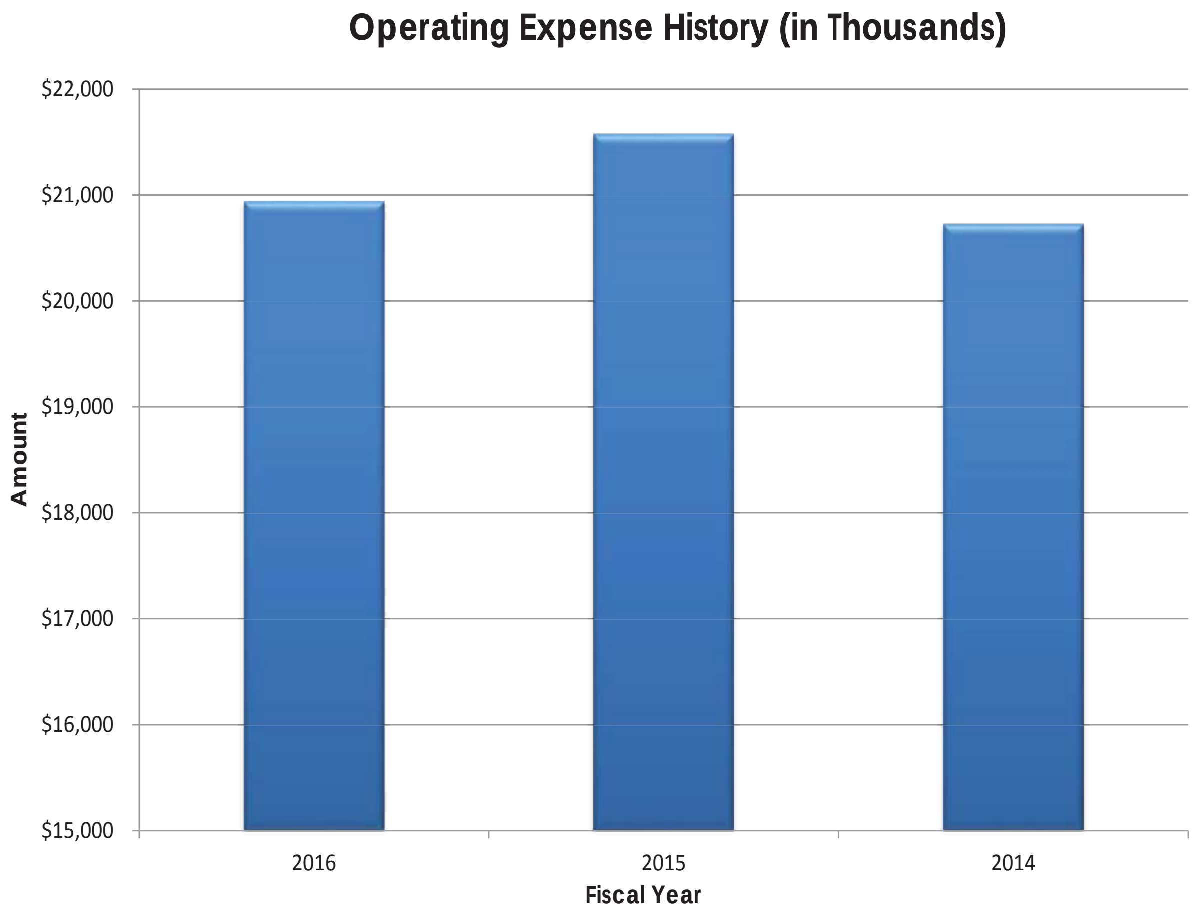
Parking revenues at the Airport for fiscal year 2016 were $20.0 million, which represented a 2.0% increase compared to fiscal year 2015; parking revenues for fiscal year 2015 were $19.6 million, which represented a 6.5% increase compared to fiscal year 2014. The increase in parking revenue in fiscal year 2016 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, 2016, 2015, and 2014:

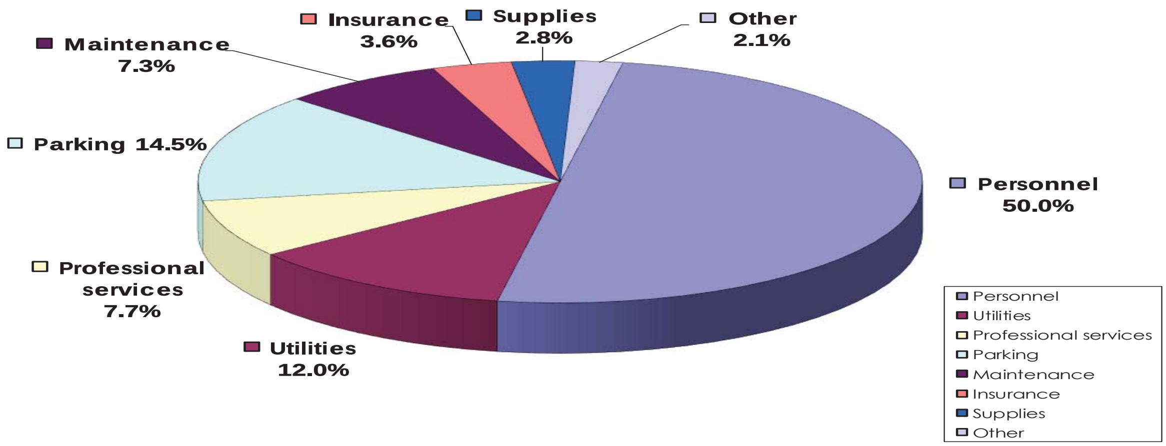
	2016	2015	2014
Operating Revenues			
Parking	$ 20,009	$ 19,617	$ 18,424
Landing fees	3,338	3,218	2,885
Concession	9,518	9,254	8,264
Rental	10,119	10,151	10,034
Apron fees	562	574	601
Other	317	268	315
Total Operating	43,863	43,082	40,523
Nonoperating Income			
Interest income	143	128	187
Passenger Facility Charges	7,022	7,063	6,790
Customer Facility Charges	3,975	3,314	525
Total nonoperating	11,140	10,505	7,502
Total	$ 55,003	$ 53,587	$ 48,025

EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2016, 2015, and 2014 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2016.



2016 Operating Expenses



Operating expenses, exclusive of depreciation, totaled $20.9 million for fiscal year 2016, $21.6 million for fiscal year 2015 and $20.7 million for fiscal year 2014. Personnel, professional service, insurance and supplies expense decreased by ($65) thousand, ($133) thousand, ($104) thousand and ($134) thousand respectively when compared to fiscal year 2015. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2016, 2015, and 2014:

	2016	2015	2014
Operating Expenses			
Personnel	$ 10,470	$ 10,534	$ 10,224
Utilities	2,503	2,586	2,524
Professional services	1,615	1,748	1,450
Parking	3,044	3,034	2,876
Maintenance	1,527	1,556	1,541
Insurance	746	849	844
Supplies	590	724	692
Other	445	543	573
Total Operating	20,940	21,574	20,724
Depreciation	24,064	22,825	22,195
Nonoperating Expense			
Interest expense	2,625	4,065	3,556
Other, net	599	488	682
Total nonoperating	3,224	4,553	4,238
Total	$ 48,228	$ 48,952	$ 47,157

CASH FLOW ACTIVITIES

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

	2016	2015	2014
Cash flows provided by operating activities	$ 24,676	$ 20,348	$ 20,324
Cash flows provided by investing activities	1,756	45	170
Cash flows used in capital and related financing activities	(33,621)	(16,256)	(8,277)
Net increase in cash and cash equivalents	(7,189)	4,137	12,217
Cash and cash equivalents			
Beginning of year	96,293	92,156	79,939
End of year	$ 89,104	$ 96,293	$ 92,156

Cash flow from operating activities for 2016 increased by $4.3 million or 21.3% compared to fiscal year 2015. Cash flow from operating activities for 2015 increased by $24 thousand or less than 1.0% compared to fiscal year 2014. In fiscal year 2016 the change is primarily due to a 6.8% increase in cash received from operations and an increase in parking revenue.

Cash and cash equivalents for fiscal year 2016 amounted to $89.1 million representing a ($7.2) million decrease from fiscal year 2015. Cash and cash equivalents for fiscal year 2015 amounted to $96.3 million representing a $4.1 million increase over fiscal year 2014. The fiscal year 2016 increase in cash and cash equivalents resulted primarily from a ($1.4) decrease in interest expense along with a $661 thousand increase in CFC collections.

AIRLINE RATES AND CHARGES

The new five year airline operating and terminal building agreement between the Commission and certain airlines became effective July 1, 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.

Rental fees decreased slightly from fiscal year 2015 to 2016 in the amount of ($31) thousand and increased from fiscal year 2014 to 2015 in the amount of $117 thousand. The decrease is attributed to a decrease in terminal building rental income. The apron fees decreased ($12) thousand from fiscal year 2015 to 2016 and decreased ($27) thousand from fiscal year 2014 to 2015. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2016	Rate Effective for 2015	Rate Effective for 2014
Apron fees (square foot)	$ 1.11	$ 1.16	$ 1.23
Landing fees (1,000 lb. unit)	1.32	1.26	1.26
Terminal rental (square foot)	32.48	36.11	35.84

Note: The rates and charges for 2016 are estimates.

PASSENGER FACILITY CHARGES

The Commission collects $4.50 per qualifying enplaned passenger. Passenger Facility Charges ("PFC") totaled $7.0 million for fiscal year 2016 which was a slight decrease of (0.6%) compared to fiscal year 2015. PFC revenue for fiscal year 2015 increased 4.0% compared to fiscal year 2014.

CUSTOMER FACILITY CHARGES

The Commission increased Customer Facility Charges ("CFC") to $3.00 on July 1, 2014 and reduced it to $2.00 on June 1, 2016. Collections for the year ended June 30, 2016 were $4.0 million compared to the year ended June 30, 2015 collections of $3.3 million, an increase of 19.9%. The CFC rate was increased to fund the expansion of the existing rental car parking deck or the construction of a new rental car parking deck. Total rental vehicle transaction days for fiscal year 2016 were 1.3 million compared to 1.1 million in fiscal year 2015. The Commission made the final payment on the 2000 Series CFC revenue bonds on July 1, 2015.

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 $34.0 million for fiscal year 2016 when compared to fiscal year 2015 and increased $26.3 million for fiscal year 2015 from 2014. The increase for fiscal year 2016 was primarily the result of the taxiway "M" project of $10.6 million and the east side roadway project of $7.3 million. Depreciation expense for fiscal year 2016 was $24.1 million, $22.8 million in fiscal year 2015, and $22.2 million in fiscal year 2014.

See Note 4 of Notes to Financial Statements.

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

- Relocation and reconstruction of taxiway "M", including connector taxiways
- Rehabilitation of taxiway "E" and "L"
- Construction of east side access roadway
- Expansion of Concourse A, Phase I
- Parking and AVI revenue control system upgrade

Long-Term Debt

As of June 30, 2016, the Commission had principal debt outstanding of $102,313 as follows (in thousands):

Airport Revenue Bonds	$ 89,213
PFC Revenue Bonds	13,100
Total	$ 102,313

The PFC revenue bonds decreased due to the refunding of the 2005 Series.

See Note 5 of notes to financial statements.

ECONOMIC FACTORS AND FISCAL 2016 BUDGET

The Airport experienced a 2.9% increase in the number of passenger enplanements over last year, resulting in total 2016 enplanements of 1.8 million. Increased airline competition and dropped fuel prices along with a steadily improving local economy continued to stimulate RIC passenger traffic. The Airport remains significantly an Origination and Destination (O&D) airport, with most of its traffic being generated by the population and economy of the region.

As mentioned, fuel costs and economic conditions have a significant effect on air travel and the transportation industry as a whole. The Commission cannot predict how future air travel and enplanements may be impacted by these market factors.

Future passenger traffic may be impacted by the following:

- Load factors by carrier
- Average daily departures
- Scheduled seat capacity
- Average nonstop fares
- Average fares by market
- Airline communication
- Aircraft orders/retirements

The Commission continued to take a conservative approach for the fiscal year 2017 budget. The Commission adopted the fiscal year 2017 budget which includes $43.2 million in operating revenue a (1.6%) decrease compared to the FY 2016 actual revenues of $43.9 million. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2017. Operating expenses of $23.4 million are budgeted for 2017; an increase of 12.0% compared to fiscal year 2016 actual expenses of $20.9 million. The Commission's fiscal year 2017 approved capital budget allotted $7.6 million for new projects, equipment, and studies.

REQUEST FOR INFORMATION

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

Capital Region Airport Commission
STATEMENTS OF NET POSITION
Years Ended June 30, 2016 and 2015

		2016	2015
ASSETS AND DEFFERED OUTFLOWS OF RESOURCES	CURRENT ASSETS		
	Unrestricted Current Assets:		
	Cash and cash equivalents	$ 15,485,484	$ 11,358,984
	Accounts receivable, less allowance for doubtful accounts (2016-$183,407; 2015-$183,257)	1,699,190	2,829,890
	Other	424,679	800,015
	Total Unrestricted Current Assets	17,609,353	14,988,889
	Restricted Current Assets:		
	Cash and cash equivalents	73,617,936	84,933,212
	Investments	6,643,435	8,073,814
	Customer and Passenger Facility Charges receivable	1,345,980	1,296,494
	Due from federal and state governments	3,730,848	7,142,084
	Total Restricted Current Assets	85,338,199	101,445,604
	Total Current Assets	102,947,552	116,434,493
	NONCURRENT ASSETS		
	Depreciable assets, net	297,333,519	311,842,685
	Non-depreciable assets	128,991,717	104,516,440
	Total Noncurrent Assets	426,325,236	416,359,125
	Total Assets	529,272,788	532,793,618
	DEFERRED OUTFLOWS OF RESOURCES		
	Deferred loss on refunding	6,955,744	2,863,007
	Deferred outflows related to pension	810,132	856,739
	Total Deferred Outflows of Resources	7,765,876	3,719,746
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	CURRENT LIABILITIES		
	Liabilities From Unrestricted Assets:		
	Accounts payable	3,484,386	5,052,261
	Accrued expenses	1,421,596	1,770,531
	Total Liabilities From Unrestricted Assets	4,905,982	6,822,792
	Liabilities From Restricted Assets:		
	Accounts payable	3,018,439	2,740,450
	Accrued interest payable	617,042	1,735,962
	Current maturities of long-term debt	8,498,112	10,233,239
	Total Liabilities From Restricted Assets	12,133,593	14,709,651
	Total Current Liabilities	17,039,575	21,532,443
	NONCURRENT LIABILITIES		
	Net Pension Liability	2,596,658	2,822,666
	Noncurrent portion of long-term obligations (Note 5)	102,143,054	119,507,508
	Total Noncurrent Liabilities	104,739,712	122,330,174
	Total Liabilities	121,779,287	143,862,617
	DEFERRED INFLOWS OF RESOURCES	1,236,300	1,698,345
	NET POSITION		
	Net investment in capital assets	328,486,797	297,177,349
	Restricted		
	Debt service	70,192,182	81,699,530
	Customer and Passenger Facility Charges	2,549,748	2,167,576
	Unrestricted	12,794,351	9,907,948
	Total Net Position	$ 414,023,078	$ 390,952,403

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Parking	$ 20,008,601	$ 19,617,302
Landing fees	3,338,030	3,218,322
Concession	9,517,908	9,253,573
Rental	10,119,353	10,150,620
Apron fees	561,670	573,997
Other	317,344	268,464
Total Operating Revenues	43,862,906	43,082,278
OPERATING EXPENSES		
Personnel	10,469,684	10,534,353
Utilities	2,502,728	2,586,403
Professional services	1,615,415	1,748,069
Parking	3,044,386	3,033,489
Maintenance	1,527,352	1,555,635
Insurance	745,448	849,124
Supplies	589,817	723,840
Other	445,296	543,434
Total Operating Expenses	20,940,126	21,574,347
Operating Income Before Depreciation	22,922,780	21,507,931
DEPRECIATION	24,063,592	22,825,400
Operating Loss	(1,140,812)	(1,317,469)
NONOPERATING INCOME (EXPENSES)		
Interest income	142,515	128,263
Interest expense	(2,624,678)	(4,064,693)
Passenger Facility Charges	7,022,332	7,062,875
Customer Facility Charges	3,975,053	3,314,309
Other, net	(598,923)	(488,357)
Total Nonoperating Income (Expenses), Net	7,916,299	5,952,397
Increase/(Decrease) in Net Position Before Capital Grants and Contributions	6,775,486	4,634,925
CAPITAL GRANTS AND CONTRIBUTIONS	16,295,189	14,830,087
CHANGE IN NET POSITION	23,070,675	19,465,012
NET POSITION, BEGINNING	390,952,404	375,603,719
EFFECT OF ACCOUNTING CHANGE	-	(4,116,327)
NET POSITION, BEGINNING AS RESTATED	390,952,404	371,487,392
TOTAL NET POSITION, ENDING	$ 414,023,079	$ 390,952,404

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	$ 44,993,606	$ 42,158,562
Cash paid to employees	(8,851,784)	(8,219,469)
Cash paid to suppliers	(11,465,235)	(13,591,308)
Cash used in operating activities	(20,317,019)	(21,810,777)
Net cash provided by operating activities	24,676,587	20,347,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	5,479,487	2,722,329
Purchase of investments	(3,814,300)	(2,823,453)
Interest income received	90,623	145,784
Net cash provided by investing activities	1,755,810	44,660
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	52,405,000	-
Payment of long-term debt	(75,931,039)	(10,430,187)
Payment of interest on long-term debt	(4,473,236)	(4,332,303)
Capital contributions received	19,706,425	11,991,379
Passenger Facility Charges collected	7,209,398	7,080,916
Customer Facility Charges collected	3,738,502	3,250,211
Additions to capital assets	(36,080,701)	(23,463,678)
Payments related to investments and bonds	(195,521)	(352,232)
Net cash used in capital and related financing activities	(33,621,172)	(16,255,894)
Net increase in cash and cash equivalents	(7,188,775)	4,136,551
CASH AND CASH EQUIVALENTS		
Balances - beginning of year	96,292,196	92,155,645
Balances - end of year	$ 89,103,421	$ 96,292,196
Current Assets	$ 15,485,484	$ 11,358,984
Restricted Assets	73,617,937	84,933,212
	$ 89,103,421	$ 96,292,196
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (1,140,812)	$ (1,317,472)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	24,063,592	22,825,400
Pension expense adjusted for GASB68	(189,390)	(452,056)
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	1,130,700	(923,714)
Decrease (increase) in other current assets	375,336	(321,034)
Increase (decrease) in trade accounts payable	786,096	386,024
Increase (decrease) in accrued expenses	(348,935)	150,636
Net cash provided by operating activities	$ 24,676,587	$ 20,347,784
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	$ 182,497	$ 129,703
Non-cash capital contributions	$ 3,730,848	$ 7,142,084
Capital assets included in accounts payable	$ 948,295	$ 4,139,828

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 fifteen regional airlines.

The financial statements presented for the Commission are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosures of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

Investments, principally money market funds, and certificates of deposit, are carried at amortized cost. Federal and municipal obligations are reported at fair value. 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 Premiums

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 two items that qualify for reporting in this category: accounting loss on debt refunding and contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on this item, reference the pension note. The accounting loss on debt refunding is recognized as a component of interest expense over the shorter of the life of the old debt or new debt.

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

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

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

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

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

Capitalized Interest
The Commission capitalizes interest costs that relate to the construction of Airport projects. Interest costs of projects acquired with tax exempt borrowings are reduced by interest earned on invested debt proceeds over the same construction period. Interest costs on Commission funded projects are calculated using the average interest rate on all borrowings over the same construction period. The capitalized interest cost for fiscal year 2016 was $248,112 and was $155,348 for fiscal year 2015.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Customer Facility Charges
As of December 1, 2000, the Commission entered into a Rental Car Customer Facility Charge Agreement with the on-site airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge ("CFC") for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at $2 per day. The rate fluctuated downward over the years to a low of $.40 on May 1, 2014, but increased to $3.00 during fiscal year 2015. On June 1, 2016 the rate was changed to $2.00. Collections during fiscal year 2016 were $4.0 million (2015 - $3.3 million).

Passenger Facility Charges
The Federal Aviation Administration (the "FAA") authorized the Commission Passenger Facility Charges ("PFC") rate of $4.50 per qualifying enplaned passenger, effective January 1, 2005, with the net receipts restricted to use on FAA approved projects. The Commission has been authorized to collect PFC plus interest thereon in the aggregate amount of $170 million. Collections during fiscal year 2016 were $7.0 million (2015 - $7.1 million) and aggregate collections and interest thereon from inception through June 30, 2016 were $121 million. Net position related to PFC is restricted for projects that are approved by the FAA.

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salaries and Wages

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of $5,000 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to $752 thousand at June 30, 2016, and $836 thousand at June 30, 2015. The net decrease for fiscal year 2016 amounted to ($84) thousand; represented by payments of $753 thousand to vested employees and additional accrued vacation and sick leave of $669 thousand. For fiscal year 2015, the net increase amounted to $32 thousand.

Pensions

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

Budgets

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

Risk Management

The Commission carries commercial insurance for risks of loss including property, workers' compensation, theft, auto liability, general liability and construction insurance. The Commission also carries coverage for public officials and employer's liability under the Virginia State Police Officials' Self-Insurance Pool. There have been no significant reductions in insurance coverage in comparison to coverage in prior years and settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the three past fiscal years.

Change in Accounting Principles

The Commission implemented the financial reporting provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68 for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principles (continued)

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

The Commission implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the Commission to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the Commission's financial statement as a result of the implementation of Statement No. 72. All required disclosures are located in Note 3.

The Commission implemented the provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the Commission's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 3.

The Commission early implemented provisions of the GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	2016	2015
Balance, beginning of period	$ 183,257	$ 162,487
Charged to costs and other	150	46,329
Write - offs	-	(25,558)
Balance, end of period	$ 183,407	$ 183,257

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:

	2016	2015
Petty cash	$ 618	$ 618
Deposits at financial institutions	23,354,707	17,853,659
Cash equivalents and investments	72,391,531	86,511,733
	$ 95,746,857	$104,366,010
Summary:		
Unrestricted assets	$ 15,485,484	$ 11,358,984
Restricted assets	80,261,372	93,007,026
	$ 95,746,857	$104,366,010

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

Deposits

At June 30, 2016, the carrying value of the Commission's deposits with banks was $23,354,707 with corresponding bank balances of $24,372,511. At June 30, 2015, the carrying value of the Commission's deposits with banks was $17,853,659 with corresponding bank balances of $24,319,381. 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 $65,748,097.

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").

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, 2016, 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 2016

Investment Type	Fair Value	Less Than 12 months	Over 12 months	Moody's Quality Ratings
Atlanta GA Development Authority Revenue	$ 750,510	$ -	$ 750,510	WR
Federal National Mortgage Association	265,061	265,061	-	Aaa
Federal Home Loan Banks	3,864,379	-	3,864,379	Aaa
Federal Home Loan Mortgage Group	1,763,485	-	1,763,485	Aaa
	$ 6,643,435	$ 265,061	$ 6,378,374	

Investment Maturities and Ratings for 2015

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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

Fair Value Measurements:
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Commission maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Commission has the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurement Using		
Investment	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Atlanta GA Development Authority Revenue		$ 750,510		
Federal National Mortgage Association		265,061		
Federal Home Loan Banks		3,864,379		
Federal Home Loan Mortgage Group		1,763,485		
		$ 6,643,435		

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, 2016, 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, 2015	Additions	Reductions	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 52,864,182	$ -	$ -	$ -	$ 52,864,182
Construction in progress	51,652,258	33,066,959	-	(8,591,682)	76,127,535
Total Non Depreciable Capital Assets	104,516,440	33,066,959	-	(8,591,682)	128,991,717
Other capital assets:					
Land improvements	23,817,982	40,886	-	2,794,653	26,653,521
Buildings	317,107,705	250,277	-	986,484	318,344,466
Paved Facilities	237,481,626	639,000	-	387,493	238,508,119
Furniture and fixtures	5,061,041	19,695	-	654,378	5,735,114
Machinery and Equipment	62,531,978	12,886	-	3,768,674	66,313,538
Total Other Capital Assets	646,000,332	962,744	-	8,591,682	655,554,758
Total Capital Assets	750,516,772	34,029,703	-	-	784,546,475
Accumulated depreciation:					
Land improvements	(11,475,935)	(1,702,917)	-	-	(13,178,852)
Buildings	(124,684,677)	(9,845,180)	-	-	(134,529,857)
Paved Facilities	(150,116,003)	(9,301,150)	-	-	(159,417,153)
Furniture and fixtures	(3,811,682)	(282,375)	-	-	(4,094,057)
Machinery and Equipment	(44,069,350)	(2,931,970)	-	-	(47,001,320)
Total Accumulated Depreciation	(334,157,647)	(24,063,592)	-	-	(358,221,239)
Capital Assets, Net	$ 416,359,125	$ 9,966,111	$ -	$ -	$ 426,325,237

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

Note 5. LONG-TERM DEBT

Long-term debt at June 30, 2016 and 2015 consists of:

	Balance 6/30/2015	Increase	Decrease	Balance 6/30/2016	Current Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	$ 26,766,797	$ -	$ (2,229,114)	$ 24,537,683	$ 2,301,174
Series 2005A Airport Refunding (c)	1,680,000	-	(1,680,000)	-	
Series 2008A (d)	46,405,000	-	(42,815,000)	3,590,000	1,145,000
Series 2013A Airport Refunding (e)	21,825,000	-	(45,000)	21,780,000	1,840,000
Series 2016A Airport Refunding (f)		39,305,000	-	39,305,000	-
PFC Revenue Bonds:					
Series 2005A (g)	13,475,000	-	(13,475,000)	-	-
Series 2005B (h)	15,435,000	-	(15,435,000)	-	-
Series 2016A (i)		7,165,000	-	7,165,000	1,756,758
Series 2016B (i)		5,935,000	-	5,935,000	1,455,179
Car Rental Garage Revenue					
Bonds, Series 2000 (j)	1,230,000	-	(1,230,000)	-	-
Line of Credit (k)	339,125	-	(339,125)	-	-
	127,155,922	52,405,000	(77,248,239)	102,312,683	8,498,112
Add: Bond premium paid, net	2,584,826	5,995,835	(252,178)	8,328,483	-
Total Long-Term Debt	$ 129,740,748	$ 58,400,835	$ (77,500,417)	$ 110,641,166	$ 8,498,112
Loss deferred outflows	$ (2,863,007)	$ -	$ 324,844	$ (2,538,163)	$ -

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

Note 5. LONG-TERM DEBT (continued)

The aggregate amount of debt service on long-term debt following June 30, 2016, is as follows:

Long-Term Debt

Year	Revenue		PFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 5,286,174	$ 1,718,269	$ 3,211,938	$ 150,044	$ 8,498,112	$ 1,868,313
2018	5,560,565	1,528,990	3,253,617	108,364	8,814,182	1,637,354
2019	5,717,363	1,333,117	3,295,838	66,143	9,013,201	1,399,260
2020	5,896,646	2,701,844	3,338,607	23,374	9,235,253	2,725,218
2021	6,088,494	2,512,366	-	-	6,088,494	2,512,366
2022-2026	31,473,440	8,987,190	-	-	31,473,440	8,987,190
2027-2031	9,215,000	5,032,000	-	-	9,215,000	5,032,000
2032-2036	11,685,000	2,365,800	-	-	11,685,000	2,365,800
2037-2041	8,290,000	450,800	-	-	8,290,000	450,800
	$ 89,212,682	$ 26,630,376	$ 13,100,000	$ 347,925	$ 102,312,682	$ 26,978,301

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.

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. The monthly principal and interest payments on the Series 2001A and Series 2001B are respectively $138,908 and $115,275.

(b) Revenue Refunding Bonds - Series 2004A

On April 7, 2004, Series 2004A Bonds were issued in the amount of $17,380,000 to refund the Airport Revenue Refunding Bonds Series 1994. The bonds are term bonds requiring redemption at various dates through 2015, at par, and bear interest of 4%. Principal payments are due July 1 with interest payable January 1 and July 1. The final principal payment has been made as of June 30, 2015.

(c) Airport Revenue Refunding Bonds Series 2005A

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

Note 5. LONG-TERM DEBT (continued)

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

The Commission issued $21,870,000 of Series 2013A revenue bonds that were combined with the premium received of $3,026,138 and other available resources to establish an irrevocable trust for certain future debt service payments of $25,738,421. As a result, $22,955,000 of the Series 2005A Revenue Bonds is considered to be defeased, and the liability has been removed from the Commission's statement of net position. The final principal payment has been made on July 1, 2015.

(d) Airport Revenue Bonds, Series 2008A

The Commission issued Airport Revenue Bonds, Series 2008A on March 27, 2008, in the amount of $51,310,000. The Series 2008A Bonds are served by an Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984, as amended and supplemented, including a Ninth Supplemental Bond Resolution adopted by the Commission on January 29, 2008. The bonds were issued together with other funds of the Commission to finance in part the costs of construction and equipping a new structured public parking facility of approximately 2,600 spaces and related improvements, to fund a debt service reserve subaccount for the Series 2008A Bonds and to pay certain costs of their issuance.

The Commission adopted on April 26, 2016, to holders of IRS $51,310,000 Airport Revenue Bonds, Series 2008A (the "2008A Bonds"), that the 2008A Bonds maturing on July 1 in the years 2019 through 2025 and 2031and 2038 (the "Refunded Bonds"), have been defeased. The fixed rates range from 4% to 5%. For the payment of the principal of and interest on the Refunded Bonds, the Commission has irrevocably deposited in an escrow fund with The Bank of New York Mellon, Woodland Park, New Jersey, certain United States Treasury Obligations, calculated by a firm of certified public accountants to be sufficient to pay accrued interest on the Refunded Bonds from January 1, 2016, to their redemption date, July 1, 2018, and pay on such date the principal amount of such Refunded Bonds. The Refunded Bonds will cease to bear interest on July 1, 2018.

(e) Revenue Refunding Bonds, Series 2013A

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

Note 5. LONG-TERM DEBT (continued)

(f) Airport Revenue Bonds Series 2016A

The Commission issued Airport Revenue Refunding Bond Series 2016A on June 1, 2016, in the amount of $39,305,000. The bonds were issued under and secured by the Airport Revenue Bond Resolution adopted by the Commission on November 2l, l984 (the "Master Resolution"), as amended and supplemented from time to time, including a Thirteenth Supplemental Bond Resolution adopted by the Commission on April 26, 2016 (the "Thirteenth Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution"). The Commission will use the net proceeds of the Series 2016A Bonds, together with other funds of the Commission, to refund a portion of its Airport Revenue Bonds, Series 2008A, to fund a debt service reserve subaccount for the Series 2016A Bonds, and to pay certain costs of their issuance. The Series 2016A Bonds bear a variable interest rate from 3% to 5%. Interest will initially be payable on July 1, 2016, and on each January 1 and July 1 thereafter until maturity or earlier redemption. Principal payments begin on July 1, 2019. The Series 2016A Bonds will be issued in fully registered form and in denominations of $5,000 or integral multiples thereof. As a result of the refunding there is an economic gain of $5,358,514.

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

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

The bonds bear interest payable monthly at a weekly variable rate. The bonds are secured by and payable from PFC revenues, which have been assigned to the Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. There was an early redemption of $5,545,000 on April 1, 2016. The final principal payment of $765,000 was processed June 1, 2016. The AMT was paid off with the issuance of the PFC Series 2016 Bonds.

(h) Passenger Facility Charge Revenue Bonds, Series 2005B (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

Note 5. LONG-TERM DEBT (continued)

bonds were issued for the purpose of refinancing the Passenger Facility Charge Revenue Bonds, 1999 Series B, in the amount of $17,000,000. The remaining proceeds were used to finance certain costs of the terminal project. The proceeds of the bonds were invested in U.S. Treasury obligations held by a trustee.

The bonds bear interest payable monthly at a weekly variable rate. The bonds are secured by and payable from PFC revenues which have been assigned to the Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wells Fargo Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. On September 1, 2014, the Commission approved the prepayment and redemption of $2,360,000 of the Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT). On July 1, 2015, the Commission approved the prepayment and early redemption of $2,205,000. There was an early redemption of $6,660,000 on April 1, 2016. The final principal payment of $635,000 was processed on June 1, 2016. The Non-AMT was paid off with the issuance of the PFC Series 2016 Bonds.

(i) Passenger Facility Charge Revenue Bonds Series 2016A&B (AMT & Non-AMT)

On June 1, 2016, the Commission issued Passenger Facility Charge Revenue Bonds, 2016 Series A (AMT) and 2016 Series B (Non-AMT) in the amounts of $7,165,000 and $5,935,000, respectively. The Bonds are issued pursuant to Chapter 537 of the Virginia Acts of Assembly of 1975, as continued by Chapter 380 of the Virginia Acts of Assembly of 1980. The Bonds are issued under and are equally and ratably secured by a Master Indenture of Trust dated as of March 1, 2005, as previously supplemented and amended, and as further supplemented by a Second Supplemental Indenture of Trust dated as of May 16, 2016. The Commission has refunded in whole and redeemed in full its Passenger Facility Charge Revenue Bonds, 2005 Series. The purposes of the refunding is to finance or refinance the costs of certain facilities at the Airport. Monthly principal and interest payments on the Series 2016A in the amount of $153,235 and Series 2016B in the amount of $126,930 will begin July 1, 2016 to June 1, 2020, when the bond matures. The interest on the bonds is at a fixed rate of 1.29%.

(j) 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 September 2011, the Commission approved a resolution for the early redemption of $2.0 million of the 2000 Series CFC Bonds. The Commission utilized available funds for this early redemption. The final principal payment was made as of June 30, 2016.

Note 5. LONG-TERM DEBT (continued)

(k) Line of Credit

The Commission entered into the second two years amendment of an Exempt Facility Credit Agreement with a bank as of December 15, 2014, whereby the Commission may borrow the aggregate maximum principal amount not to exceed $5,000,000. Interest on the note is payable monthly at a rate per annum equal to the sum of one month LIBOR, plus 2.50% per annum.

(l) Restricted Assets

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

	2016	2015
Cost of issuance	$ 267,949	$ 343
Debt service	23,420,172	48,118,275
Equipment and capital outlay	38,473,828	31,816,914
Operation and maintenance	10,152,812	6,681,997
	$ 72,314,761	$ 86,617,529

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, 2016 and June 30, 2015.

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 $2,344,528 (5.3%) and $1,549,681 (3.5%) for the year ended June 30, 2016, and $2,159,178 (5.0%) and $1,403,613 (3.3%) for the year ended June 30, 2015.

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, 2016:

Fiscal Year	Amount
2017	9,953,998
2018	1,262,612
2019	1,173,645
2020	1,147,520
2021	1,069,145
2022-2026	5,678,969
2027-2031	192,804
	$ 20,478,693

The Commission had rental and concession income of $19,637,261 and $19,404,193 in 2016 and 2015, 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. Concession income is derived from various concession agreements from food and beverage, retail sales and rental car companies.

Note 8. PENSION PLAN

Plan Description

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr>
<td>About Plan 1
Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</td>
<td>About Plan 2
Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</td>
<td>About the Hybrid Retirement Plan
The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")
The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</td>
</tr>
</table>

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **<u>Defined Contributions Component:</u> (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan1. **Political subdivision hazardous duty employees:** Same as Plan1.	**Service Retirement Multiplier** **<u>Defined Benefit Component:</u>** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

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

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **<u>Exceptions to COLA Effective Dates:</u>** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates:</u>** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **<u>Exceptions to COLA Effective Dates:</u>** Same as Plan 1 and Plan 2.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 8. PENSION PLAN (continued)

Plan Description (continued)

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 and June 30, 2013 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	2014 Valuation	2013 Valuation
Inactive members or their beneficiaries currently receiving benefits	73	69
Inactive members:		
Vested inactive members	34	38
Non-vested inactive members	112	113
Inactive members active elsewhere in VRS	60	61
Total inactive members	206	212
Active members	163	166
Total covered employees	442	447

Contributions

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

The Commission's contractually required contribution rate for the years ended June 30, 2016 and June 30, 2015, was 11.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $810,132 and $856,739 for the years ended June 30, 2016 and June 30, 2015, respectively.

Note 8. PENSION PLAN (continued)

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2015 and June 30, 2014. The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2014 and June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2015 and June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on actuarial valuations as of June 30, 2014 and June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2015 and June 30, 2014.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees (continued)

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

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

The actuarial assumptions used in the June 30, 2014 and June 30, 2013 valuations were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Commission's Retirement Plan was based on actuarial valuations as of June 30, 2014 and June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2015 and June 30, 2014.

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

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

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 and June 30, 2013 valuations were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

Note 8. PENSION PLAN (continued)

Long-Term Expected Rate of Return

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

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

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

Note 8. PENSION PLAN (continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 30,617,402	$ 27,794,736	$ 2,822,666
Changes for the year:			
Service cost	$ 867,611	$ -	$ 867,611
Interest	2,103,636	-	2,103,636
Differences between expected and actual experience	(733,014)	-	(733,014)
Contributions - employer	-	818,481	(818,481)
Contributions - employee	-	378,639	(378,639)
Net investment income	-	1,284,659	(1,284,659)
Benefit payments, including refunds of employee contributions	(1,130,913)	(1,130,913)	-
Administrative expenses	-	(17,267)	17,267
Other changes	-	(271)	271
Net changes	$ 1,107,320	$ 1,333,328	$ (226,008)
Balances at June 30, 2015	$ 31,724,722	$ 29,128,064	$ 2,596,658

Note 8. PENSION PLAN (continued)

Changes in Net Pension Liability (continued)

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

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

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

		Rate		
		(6.00%)	(7.00%)	(8.00%)
Capital Region Airport Commission Net Pension Liability(Asset)				
	2015	$ 6,714,584	$ 2,596,658	$ (834,282)
	2014	6,849,646	2,822,666	(525,593)

Note 8. PENSION PLAN (continued)

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

For the year ended June 30, 2016, the Commission recognized pension expense of $130,428. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 492,682
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	743,618
Employer contributions subsequent to the measurement date	810,132	-
Total	$ 810,132	$ 1,236,300

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

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

Note 8. PENSION PLAN (continued)

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

$810,132 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		
2017	$	(532,383)
2018	$	(532,383)
2019	$	(304,070)
2020	$	132,536
Thereafter	$	-

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

Year ended June 30		
2016	$	(424,586)
2017	$	(424,586)
2018	$	(424,586)
2019	$	(424,587)
Thereafter	$	-

Note 9. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2016 and 2015, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

Note 10. DEFERRED COMPENSATION PLAN

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of $18,000 for the year 2016; with participants age 50 and older allowed to defer a maximum of $24,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. All plan assets are held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. Accordingly the related assets and liabilities associated with the plan are not reported as part of the Commission's financial information.

Note 11. COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Commission management does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the financial position of the Commission. As of June 30, 2016, the Commission had construction commitments of approximately $60.7 million, of which approximately $38.1 million will be paid from federal and state grants.

Note 12. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through the date the consolidated financial statements were available to be issued in connection with the preparation of these financial statements. There was no subsequent events to be noted.

REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND
INTERNATIONAL AIRPORT

Now you're going places.

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

	2015	2014
Total pension liability		
Service cost	$ 867,611	$ 870,607
Interest	2,103,636	1,980,695
Changes of benefit terms	-	-
Differences between expected and actual experience	(733,014)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(1,130,913)	(1,059,085)
Net change in total pension liability	$ 1,107,320	$ 1,792,217
Total pension liability - beginning	30,617,402	28,825,185
Total pension liability - ending (a)	$ 31,724,722	$ 30,617,402
Plan fiduciary net position		
Contributions - employer	$ 818,481	$ 831,532
Contributions - employee	378,639	366,404
Net investment income	1,284,659	3,798,506
Benefit payments, including refunds of employee contributions	(1,130,913)	(1,059,085)
Administrative expense	(17,267)	(20,146)
Other	(271)	200
Net change in plan fiduciary net position	$ 1,333,328	$ 3,917,411
Plan fiduciary net position - beginning	27,794,736	23,877,325
Plan fiduciary net position - ending (b)	$ 29,128,064	$ 27,794,736
Commission's net pension liability - ending (a) - (b)	$ 2,596,658	$ 2,822,666
Plan fiduciary net position as a percentage of the total pension liability	91.82%	90.78%
Covered payroll	$ 7,447,831	$ 7,327,589
Commission's net pension liability as a percentage of covered payroll	34.86%	38.52%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Years Ended June 30, 2016 and 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	$ 810,132	$ 810,132	$ 0.00	$ 7,318,266	11.07%
2015	856,739	856,739	0.00	7,739,286	11.07%
2014	831,381	831,681	0.00	7,327,589	11.35%
2013	805,152	805,152	0.00	7,093,850	11.35%
2012	533,974	533,974	0.00	6,759,167	7.90%
2011	522,388	522,388	0.00	6,612,509	7.90%
2010	431,421	431,421	0.00	6,536,675	6.60%
2009	465,197	465,197	0.00	7,048,435	6.60%
2008	510,274	510,274	0.00	7,106,881	7.18%
2007	454,489	454,789	0.00	6,329,936	7.18%

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms
There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

RICHMOND INTERNATIONAL AIRPORT

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SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2016 and 2015

	2016	2015
Parking		
Terminal	$ 15,559,847	$ 15,194,814
Economy and shuttle	3,862,348	3,845,567
Valet	576,964	572,467
Parking meter and violations	9,442	4,454
	20,008,601	19,617,302
Landing Fees		
Major	1,337,703	1,375,500
Regional	1,392,352	1,199,821
Scheduled freighter	552,383	514,212
Other	55,593	128,789
	3,338,031	3,218,322
Concession		
Rental car	5,420,622	5,281,214
Food and beverage	1,096,927	1,047,965
Ground transportation fees	547,273	395,362
In-flight catering, etc.	6,336	6,696
Retail sales	982,098	1,290,036
Off-airport concession fees	119,387	130,691
Terminal advertising	1,142,803	905,555
Fuel flowage fees	164,454	169,522
Other	38,007	26,532
	9,517,907	9,253,573
Rental		
Airline terminal	6,432,135	6,598,852
Land	1,449,356	1,275,142
Other buildings	2,237,861	2,276,626
	10,119,352	10,150,620
Apron Fees	561,670	573,997
Other		
Utilities	128,001	132,974
Other	189,343	135,490
	317,344	268,464
Total	$ 43,862,906	$ 43,082,278

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2016 and 2015

	2016	2015
Personnel		
Salaries		
Regular	$ 8,118,053	$ 8,114,672
Overtime	436,947	335,199
Fringe benefits		
Payroll taxes	625,822	610,049
Group insurance, life and health	1,062,260	1,026,150
Retirement & Disability	168,686	404,683
Other	57,917	43,600
	10,469,684	10,534,353
Utilities		
Electricity	1,973,457	2,035,097
Heating fuel	100,744	133,834
Telephone	119,338	75,643
Water and sewer	309,190	341,830
	2,502,728	2,586,403
Professional Services		
Legal and accounting	529,622	576,285
Consulting services	482,285	481,162
Marketing and promotion	603,509	690,622
	1,615,415	1,748,069
Parking		
Terminal	1,685,954	1,631,094
Economy and shuttle	1,358,432	1,402,395
	3,044,386	3,033,489
Maintenance		
Building	431,379	463,571
Equipment	375,500	355,694
Other	720,474	736,370
	1,527,353	1,555,635
Insurance	745,448	849,124
Supplies	589,817	723,840
Other		
Conference and travel	76,498	65,703
Snow removal	123,685	175,496
Other	245,113	302,235
	445,296	543,434
Total	$ 20,940,126	$ 21,574,347

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	$ 14,918,002	$15,559,847	$ 641,845
Economy and shuttle	3,514,000	3,862,348	348,348
Valet	570,000	576,964	6,964
Parking meter and violations	4,000	9,442	5,442
	19,006,002	20,008,601	1,002,599
Landing Fees			
Major	1,435,200	1,337,703	(97,497)
Regional	1,133,166	1,392,352	259,186
Scheduled freighter	558,141	552,383	(5,758)
Other	90,740	55,593	(35,147)
	3,217,247	3,338,031	120,784
Concession			
Rental car	5,077,300	5,420,622	343,322
Food and beverage	982,700	1,096,927	114,227
Ground transportation fees	360,500	547,273	186,773
In-flight catering, etc.	6,200	6,336	136
Retail sales	1,168,300	982,098	(186,202)
Off airport concession fees	120,000	119,387	(613)
Terminal advertising	900,000	1,142,803	242,803
Fuel flowage fees	160,300	164,454	4,154
Other	26,800	38,007	11,207
	8,802,100	9,517,907	715,807
Rental			
Airline terminal	6,067,174	6,432,135	364,961
Land	1,210,195	1,449,356	239,161
Other buildings	2,314,075	2,237,861	(76,214)
	9,591,444	10,119,352	527,908
Apron Fees	529,289	561,670	32,381
Other			
Utilities	137,400	128,001	(9,399)
Other	99,300	189,343	90,043
	236,700	317,344	80,644
Total	$ 41,382,782	$43,862,906	$ 2,480,123

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2016

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	$ 8,301,381	$ 8,118,053	$ 183,328
Overtime	363,000	436,947	(73,947)
Fringe benefits			
Payroll taxes	642,011	625,822	16,189
Group insurance, life and health	1,074,036	1,062,260	11,776
Retirement & disability	900,335	168,686	731,649
Other personnel expense	67,000	57,917	9,083
	11,347,763	10,469,684	878,078
Utilities			
Electricity	2,089,000	1,973,457	115,543
Heating fuel	145,600	100,744	44,856
Telephone	109,000	119,338	(10,338)
Water and sewer	310,000	309,190	810
	2,653,600	2,502,728	150,871
Professional Services			
Legal and accounting	442,000	529,622	(87,622)
Consulting services	412,000	482,285	(70,285)
Marketing and promotion	656,650	603,509	53,141
Annual Report	53,100	2,338	50,762
	1,563,750	1,617,753	(54,004)
Parking			
Terminal	1,150,000	1,685,954	(535,954)
Economy and shuttle	2,030,000	1,358,432	671,568
	3,180,000	3,044,386	135,614
Maintenance			
Building	610,750	431,379	179,371
Equipment	404,400	375,500	28,900
Other	796,800	720,474	76,326
	1,811,950	1,527,353	284,597
Insurance	830,000	745,448	84,552
Supplies	736,720	589,817	146,903
Other			
Conference and travel	85,600	76,498	9,102
Snow removal	120,000	123,685	(3,685)
Other	288,050	242,775	45,275
	493,650	442,958	50,692
Total	$ 22,617,433	$ 20,940,127	$ 1,677,303

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2016

	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	$ (69)	$ 5,353,622	$ 31,816,914	$ 4,914,720	$ 2,036,514	$ 67,029	$ 4,926,528
RECEIPTS							
Deposits from Commission	43,673,721	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Interest earned	11,333	-	-	10,661	30,000	-	8,870
	43,685,054	-	-	10,661	30,000	-	8,870
DISBURSEMENTS							
Disbursements to Commission	-	-	-	-	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	(69)	9,871,914	5,174,543	21,460,421	-	-	-
	(69)	9,871,914	5,174,543	21,460,421	-	-	-
TRANSFERS							
Transfer of interest earned to revenue account	10,705	-	-	(10,661)	-	-	140,225
Transfer of deposited revenue to designated accounts per resolution	(43,695,759)	9,380,489	11,831,458	22,617,432	-	-	-
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(366)	-	-
	(43,685,054)	9,380,489	11,831,458	22,606,771	(366)	-	140,225
ENDING BALANCE	$ -	$ 4,862,197	$ 38,473,828	$ 6,071,731	$ 2,066,148	$ 67,029	$ 5,075,623

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2016

	1995 Bonds	2005 Rev Bonds	2008 Rev Bonds		2013 Rev Bonds	2016 Rev Bonds		PFC Bonds
	Debt Service Reserve	Debt Service Reserve	Debt Service Reserve	Cost of Issuance	Debt Service Reserve	Debt Service Reserve	Cost of Issuance	General Purpose Fund
BEGINNING BALANCE	$ 4,634	$ 270,095	$ 3,586,101	$ 343	$ 2,562,907	$ -	$ -	$ 34,949,079
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-	6,891,800
Gain (loss) on sale of investments	-	-	-	-	(14,097)	-	-	-
Interest earned	-	1,656	-	-	40,297	-	-	7,476
	-	1,656	-	-	26,200	-	-	6,899,276
DISBURSEMENTS								
Disbursements to Commission	-	-	-	-	-	-	-	13,371,240
Principal curtailment on long-term debt	-	-	-	-	-	-	-	15,008,342
Interest payments on long-term debt	-	-	-	-	-	-	-	2,481
Disbursements to others	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	28,382,063
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	-	(273,046)	(3,348,355)	-	-	3,006,299	267,606	(822,328)
Discount (premium) amortized on bonds held as an investment	-	1,295	6,761	-	2,434	-	-	-
	-	(271,751)	(3,341,594)	-	2,434	3,006,299	267,606	(822,328)
ENDING BALANCE	$ 4,634	$ -	$ 244,507	$ 343	$ 2,591,541	$ 3,006,299	$ 267,606	$ 12,643,964

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2016

	CFC Bonds							
	Revenue Account	Debt Service Reserve	Interest Fund	Operating Fund	Principal Fund	Repair Fund	General Purpose Fund	Total
BEGINNING BALANCE	$ -	$ 1,130,500	$ 52,581	$ 27,511	$ 141,727	$ 100,006	$ 4,517,966	$ 96,458,708
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	-	43,673,721
Deposits from Commission-collections	3,066,261	-	-	-	-	-	-	9,958,061
Gain (loss) on sale of investments	-	-	-	-	-	-	-	(14,097)
Interest earned	-	-	-	-	-	-	366	110,661
	3,066,261	-	-	-	-	-	366	53,728,346
DISBURSEMENTS								
Disbursements to Commission	-	-	-	-	-	-	-	13,371,171
Principal curtailment on long-term debt	-	1,130,500	-	-	1,273,050	-	-	17,411,892
Interest payments on long-term debt	-	-	-	-	-	-	-	2,481
Disbursements to others	-	-	-	-	-	-	-	36,506,879
	-	1,130,500	-	-	1,273,050	-	-	67,292,423
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	140,269
Transfer of deposited revenue to designated accounts per resolution	(3,066,261)	-	(52,581)	(27,511)	1,131,323	(100,006)	3,568,331	417,092
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-	10,125
	(3,066,261)	-	(52,581)	(27,511)	1,131,323	(100,006)	3,568,331	567,486
ENDING BALANCE	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,086,663	$ 83,462,117

Note: The Operation and Maintenance Account for the 2016 Bonds is available to support operations and is included in unrestricted assets. The Surplus Account may be used for any legal purpose of the Commission and is also included in unrestricted assets. The remaining $72,314,762 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, 2016

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
1995 Bonds			
Debt service reserve	Money market fund	0.0	$ 4,634
			4,634
2004 Bonds			
Bond account-debt service	Money market fund	0.0%	4,597,088
Debt Service	Federal Obligiation	1.0	265,061
Equipment and capital outlay	Money market fund	0.0	38,473,828
Operation and maintenance account	Cash deposits	1.0	6,071,731
Operation and maintenance reserve	Money market fund	0.0	1,313,807
Operation and maintenance reserve	Municipal obligation	4.0	750,510
Subordinated indebtedness	Money market fund	0.0	67,029
Surplus, issuer discretionary	Cash deposits	1.0	5,075,623
			56,614,677
2008 Bonds			
Debt service reserve	Money market fund	0.0	244,507
Cost of issue	Money market fund	0.0	343
			244,850
2013 Bonds			
Debt service reserve	Federal obligations	1.5	2,616,508
Debt service reserve	Money Market Fund	2.0	39,802
			2,656,310
2016 Bonds			
Debt service reserve	Federal obligations	1.0	3,017,013
Debt service reserve	Money Market Fund	2.0	3,166
Cost of Issuance	Money Market Fund	0.0	267,606
			3,287,785
PFC Bonds			
General purpose fund	Money market fund	1.0	12,643,964
			12,643,964
CFC Bonds			
General purpose fund	Money market fund	0.0	8,086,663
			8,086,663
			$ 83,538,885

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	$ 11,147,354
Restricted assets:	
Cash and cash equivalents	65,748,097
Investments	6,643,435
	$ 83,538,885

Note: Includes fair market value adjustment of $76,770

RICHMOND INTERNATIONAL AIRPORT

Now you're going places.

STATISTICAL SECTION

RICHMOND
INTERNATIONAL AIRPORT

Now you're going places.

Capital Region Airport Commission
Statistical Section

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RICHMOND INTERNATIONAL AIRPORT

Now you're going places.

Capital Region Airport Commission
NET POSITION AND CHANGES IN NET POSITION
Ten Years Ended June 30, 2016
(dollars in thousands)

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Operating revenues										
Apron fees	$ 562	$ 574	$ 601	$ 588	$ 638	$ 624	$ 509	$ 755	$ 674	$ 585
Concession	9,518	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812
Landing fees	3,338	3,218	2,885	2,855	3,007	2,976	2,837	3,332	3,496	3,333
Other	317	268	315	258	181	166	177	211	253	250
Parking	20,009	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,892	16,956
Rental	10,119	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798
Total operating revenues	43,863	43,082	40,523	39,392	39,124	38,868	37,999	39,444	42,142	37,734
Nonoperating revenues										
Customer Facility Charges	3,975	3,314	525	975	1,716	1,511	1,380	1,492	1,744	1,846
Interest income	143	128	187	136	198	250	338	1,152	2,608	3,330
Passenger Facility Charges	7,022	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,328	7,549
Total nonoperating revenues	11,140	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,680	12,725
Total Revenues	55,003	53,587	48,025	47,092	47,609	47,458	46,666	49,017	53,822	50,459
Operating expenses										
Depreciation	24,063	22,825	22,195	21,222	20,609	19,644	18,492	17,151	16,364	15,802
Insurance	745	849	844	848	669	798	810	664	625	738
Maintenance	1,527	1,556	1,541	1,651	1,464	1,539	1,864	1,424	1,928	1,672
Other	445	543	573	408	369	558	545	394	516	468
Parking	3,044	3,034	2,876	2,912	3,052	3,019	2,834	3,070	2,896	2,366
Personnel	10,470	10,534	10,224	10,279	9,484	9,173	9,380	10,121	10,343	9,419
Professional services	1,615	1,748	1,450	1,223	1,384	1,658	1,001	1,207	1,544	1,407
Supplies	590	724	692	763	806	686	597	685	800	730
Utilities	2,503	2,586	2,524	2,537	2,509	2,348	2,081	2,555	2,361	2,191
Total operating expenses	45,002	44,399	42,919	41,843	40,346	39,423	37,604	37,271	37,377	34,793
Nonoperating expenses										
Interest expense	2,625	4,065	3,556	4,557	5,193	5,580	3,793	5,555	5,666	6,177
Other, net	599	488	682	992	3,170	861	786	1,075	666	810
Total nonoperating expenses	3,224	4,553	4,238	5,549	8,363	6,441	4,579	6,630	6,332	6,987
Total Expenses	48,226	48,952	47,157	47,392	48,709	45,864	42,183	43,901	43,709	41,780
Capital grants and contributions	16,295	14,830	13,439	12,660	9,825	5,594	5,879	12,481	23,860	8,895
Increase (decrease) in Net Position	23,072	19,465	14,307	12,360	8,725	7,188	10,362	17,597	33,973	17,574
Net Position at Year-End										
Net Investment in capital assets	$ 328,487	$ 297,177	$ 284,350	$ 282,629	$ 272,217	$ 268,968	$ 274,025	$ 271,544	$ 241,895	$ 222,570
Restricted	72,742	83,867	74,244	66,011	60,776	56,480	41,370	31,247	39,742	34,568
Unrestricted	12,794	9,908	17,010	12,658	15,945	14,765	17,630	19,871	23,428	13,954
Total Net Position	$ 414,023	$ 390,952	$ 375,604	$ 361,298	$ 348,938	$ 340,213	$ 333,025	$ 322,662	$ 305,065	$ 271,092

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.
Fiscal year 2014 balances were not restated to reflect GASB 68 implementation in FY2015.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2016
(dollars in thousands)

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Airline revenues										
Landing fees	$ 3,338	$ 3,218	$ 2,885	$ 2,855	$ 3,007	$ 2,976	$ 2,837	$ 3,332	$ 3,496	$ 3,333
Apron fees	562	574	601	588	638	624	509	755	674	585
Total airline revenues	3,900	3,792	3,486	3,443	3,645	3,600	3,346	4,087	4,172	3,918
Percentage of total revenues	7.1%	7.1%	7.3%	7.3%	7.7%	7.6%	7.1%	8.4%	7.8%	7.8%
Nonairline revenues										
Parking	20,009	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,891	16,956
Rental	10,119	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779	8,798
Concession	9,518	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048	7,812
Other	317	268	315	258	181	166	178	211	253	250
Total nonairline revenues	39,963	39,290	37,037	35,949	35,479	35,268	34,654	35,357	37,971	33,816
Percentage of total revenues	72.7%	73.3%	77.1%	76.3%	74.5%	74.3%	74.3%	72.1%	70.5%	67.0%
Nonoperating revenues										
Passenger Facility Charges	7,022	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,327	7,549
Customer Facility Charges	3,975	3,314	525	975	1,716	1,511	1,380	1,492	1,744	1,846
Interest Income	143	128	187	136	198	250	338	1,152	2,608	3,330
Total nonoperating revenues	11,140	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,679	12,725
Percentage of total revenues	20.3%	19.6%	15.6%	16.4%	17.8%	18.1%	18.6%	19.5%	21.7%	25.2%
Total revenues	$ 55,003	$ 53,587	$ 48,025	$ 47,092	$ 47,609	$ 47,458	$ 46,667	$ 49,017	$ 53,822	$ 50,459
Enplaned passengers (excluding charters)	1,744,438	1,706,272	1,627,469	1,581,348	1,595,180	1,640,642	1,640,314	1,675,186	1,813,158	1,734,523
Total revenue per enplaned passengers	$ 31.53	$ 31.41	$ 29.51	$ 29.78	$ 29.85	$ 28.93	$ 28.45	$ 29.26	$ 29.69	$ 29.02

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2016

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Parking:										
Terminal	$ 15,559,847	$ 15,194,814	$ 14,258,972	$ 13,785,664	$ 13,931,741	$ 14,256,654	$ 13,808,197	$ 13,490,156	$ 15,536,039	$ 13,054,241
Economy and shuttle	3,862,348	3,845,567	3,610,259	3,481,463	3,474,623	3,493,000	3,607,957	3,885,764	3,658,456	3,118,025
Valet	576,964	572,467	549,864	525,664	546,265	562,929	572,419	611,691	688,525	776,112
Parking meter and violations	9,443	4,454	4,824	5,596	6,311	7,888	4,425	1,358	8,408	8,114
	$ 20,008,602	$ 19,617,302	$ 18,423,919	$ 17,798,387	$ 17,958,940	$ 18,320,471	$ 17,992,998	$ 17,988,969	$ 19,891,428	$ 16,956,492

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2016

	2016		2015		2014		2013		2012		2011		2010		2009		2008		2007	
	Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum	
	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day
Lot																				
Garage/long-term	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 10
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Economy A	2	7	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6
Economy B	2	7	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6
Economy C	2	7	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6	1	6
Valet	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	6	15

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

Capital Region Airport Commission
REVENUE RATES
Ten Years Ended June 30, 2016

	Fiscal Year									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Apron fees (per square foot)	$1.11	$1.16	$1.23	$1.23	$1.21	$1.21	$1.21	$1.34	$1.31	$1.34
Landing Fees (per 1,000 lbs unit)	1.32	1.26	1.26	1.23	1.24	1.19	1.22	1.25	1.24	1.20
Terminal Rental (square foot)	32.48	36.11	35.84	35.12	34.19	34.17	33.50	34.93	43.01	40.95

REVENUE BOND COVERAGE
Ten Years Ended June 30, 2016

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage Debt Service on Bonds	Coverage Debt Service
2016	$44,388,482	$19,387,414	$25,001,068	$ 9,107,280	$15,159,280	2.75	1.65
2015	41,520,397	21,164,337	20,356,060	8,997,379	13,489,704	2.26	1.51
2014	40,671,411	20,203,214	20,468,197	10,176,079	14,165,679	2.01	1.44
2013	37,911,029	20,871,776	17,039,253	10,036,138	13,831,834	1.70	1.23
2012	38,501,617	18,978,548	19,523,070	10,393,706	14,400,706	1.88	1.36
2011	38,252,195	19,373,169	18,879,026	10,611,131	14,687,131	1.78	1.29
2010	37,757,074	21,008,694	16,748,379	10,615,280	14,728,529	1.58	1.14
2009	39,352,774	18,505,734	20,847,040	9,951,531	12,839,714	2.09	1.62
2008	43,227,749	18,696,653	24,531,096	8,436,487	16,950,357	2.91	1.45
2007	39,163,871	19,890,028	19,273,843	7,793,118	16,489,821	2.47	1.17

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, 2016
(dollar in thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Airport Revenue Bonds:										
Series 1995 A,B&C	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,880	$ 15,880
Series 2001 A&B	24,537	26,767	28,926	31,018	33,044	34,962	36,673	38,308	39,874	41,373
Series 2004 A	-	-	2,130	4,155	6,085	7,920	9,670	11,335	12,935	14,475
Series 2005 A	-	1,680	2,195	2,695	26,130	26,595	27,045	27,485	27,910	28,325
Series 2008 A	3,590	46,405	47,455	48,470	49,450	50,395	51,310	51,310	51,310	-
Series 2013 A	21,780	21,825	21,870	21,870	-	-	-	-	-	-
Series 2016 A	39,305	-	-	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	-	13,475	14,220	14,935	15,625	16,295	16,940	21,570	26,175	26,765
Series 2005 B	-	15,435	18,410	19,005	19,580	20,135	20,675	21,200	21,705	22,190
Series 2016 A	7,165	-	-	-	-	-	-	-	-	-
Series 2016 B	5,935	-	-	-	-	-	-	-	-	-
Car Rental Garage Revenue Bond	-	1,230	2,380	2,380	2,380	5,400	6,280	7,100	7,870	8,595
The Warehouse Company Note	-	-	-	-	-	-	-	-	1,493	1,691
Line of Credit	-	339	-	-	-	-	-	1,185	-	1,450
	102,312	127,156	137,586	144,528	152,294	161,702	168,593	179,493	205,152	160,744
Add: Bond premium, net	8,328	2,585	2,711	3,049	866	1,031	1,218	1,424	1,650	1,891
Less: Debt issuance costs, net	-	-	-	-	-	(4,022)	(4,433)	(4,863)	(5,565)	(4,032)
Total Long-Term Debt	$ 110,640	$ 129,741	$ 140,297	$ 147,577	$ 153,160	$ 158,711	$ 165,378	$ 176,054	$ 201,237	$ 158,603
Enplaned passengers (excluding charters)	1,744	1,706	1,627	1,581	1,595	1,641	1,640	1,675	1,813	1,735
Total Long-Term Debt per enplaned passenger	$63.44	$76.05	$86.23	$93.34	$96.03	$96.72	$100.84	$105.11	$111.00	$91.41

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

Accordingly this table has been restated for 2013 and 2012.

Capital Region Airport Commission
MAJOR CUSTOMERS

Year Ended June 30, 2016			Year Ended June 30, 2007		
Company	Revenue	Percent of Operating Revenue	Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	$ 2,344,528	5.3%	USAir, Inc.	$ 1,845,948	4.9%
National / Alamo Rent A Car, Inc.	1,549,681	3.5	Hertz Rent A Car Company, Inc.	1,668,710	4.4
American Airlines, Inc.	1,464,206	3.3	Delta Airlines, Inc.	1,359,098	3.6
Hertz Corporation, Inc.	1,358,782	3.1	Avis Rent A Car Company	1,049,019	2.8
Delaware North Company	1,162,278	2.6	Delaware North Company	928,567	2.5

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2016

	Annual Percent Change in Enplanements		
Year	Richmond	Small Hubs	United States
2016	2.8%	N/A	5.3%
2015	5.2	N/A	3.7
2014	2.9	5.8%	2.7
2013	(0.9)	0.9	0.5
2012	(2.6)	6.3	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

Notes: Calendar year data except for 2016, which is fiscal year data.
As defined by the FAA, a small hub enplanes .05 to .249 percent of the total U.S. passengers.

Sources: Bureau of Transportation Statistics, Research and Innovative Technology Administration (RITA), TranStats, Airport Records, Table 1-37

N/A: Not available.

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2016

	2016	Share of Total 2016	2015	Share of Total 2015	2014	2013	2012	2011	2010	2009	2008	2007
Major Airlines												
AirTran Airways	-	-	-	-	155,199	155,937	151,031	147,825	152,852	170,372	172,770	147,658
American Eagle Airlines	-	-	-	-	58,949	72,417	79,021	84,255	64,187	45,026	61,952	63,103
Continental Airlines	-	-	-	-	-	-	79,032	124,349	123,513	119,820	129,014	132,724
Delta Airlines	401,455	22.7	370,744	21.6	344,697	337,549	324,690	310,789	270,066	232,326	240,723	227,925
Envoy Air	71,254	4.0	60,180	3.5	-	-	-	-	-	-	-	-
JetBlue Airways	187,185	10.6	171,310	10.0	136,659	124,539	116,545	129,566	160,784	152,318	148,052	137,536
Northwest Airlines	-	-	-	-	-	-	-	-	107	70,007	10,488	19,997
SkyBus Airlines	-	-	-	-	-	-	-	-	-	-	29,793	4,473
Southwest Airlines	151,463	8.6	167,187	9.7	-	-	-	-	-	-	-	-
United Airlines	39,778	2.3	38,130	2.2	38,153	33,371	32,079	38,844	47,922	52,430	56,980	59,898
US Airways	57,687	3.3	139,603	8.1	130,968	103,197	95,599	88,912	103,443	122,451	137,069	122,747
Total Major Airlines	908,822	51.4	947,154	55.1	864,625	827,010	877,997	924,540	922,874	964,750	986,841	916,061
Regional Airlines												
Air Canada	-	-	-	-	-	4,927	6,157	6,731	6,564	6,903	1,821	-
Air Wisconsin	66,503	3.8	121,014	7.0	105,583	81,501	144,638	152,087	113,190	76,002	86,360	64,525
American	219,704	12.4	108,253	6.3	117,787	111,183	118,303	121,523	113,082	104,165	116,805	115,244
Atlantic Southeast	-	-	-	-	-	-	934	863	21,211	33,967	41,706	31,358
Chautauqua	-	-	26,477	1.5	57,868	62,224	35,495	35,387	71,793	71,237	70,858	134,892
ComAir/Delta Connection	-	-	-	-	-	3,771	24,032	52,216	53,106	58,263	85,373	102,462
CommutAir	35,082	2.0	13,726	0.8	-	-	-	-	-	-	-	-
Compass	-	-	-	-	-	-	7,215	22,176	7,229	-	-	-
Endeavor Airlines	5,098	0.3	16,833	1.0	42,411	83,652	81,623	47,595	30,123	12,364	72,249	54,659
Express Jet	262,672	14.9	256,926	15.0	262,836	208,385	121,025	20,233	-	-	-	-
GoJet	8,453	0.5	30,595	1.8	26,971	39,594	29,123	27,863	23,957	13,599	12,391	2,229
Mesa	743	-	56,278	3.3	82,056	74,682	54,432	45,278	27,893	54,807	76,854	78,014
Mesaba	-	-	-	-	-	-	7,514	6,374	20,397	-	-	-
Piedmont	31,007	1.8	13,512	0.8	17,502	33,126	6,652	9,994	18,063	21,057	21,695	12,930
PSA	71,017	4.0	44,100	2.6	7,571	23,800	23,556	34,118	31,725	30,449	41,579	57,499
Republic	36,604	2.0	15,183	0.9	1,556	2,926	26,983	53,192	84,493	84,651	47,366	2,516
Shuttle America	39,822	2.3	16,023	0.9	2,063	2,981	62	2,418	19	14,666	-	-
SkyWest	17,723	1.0	-	-	62	88	653	-	-	-	-	-
Trans States	41,188	2.3	40,198	2.3	38,578	21,498	28,786	78,054	94,595	128,306	151,260	162,134
Total Regional Airlines	835,616	47.3	759,118	44.2	762,844	754,338	717,183	716,102	717,440	710,436	826,317	818,462
Charters	23,086	1.3	12,439	0.7	5,567	5,861	6,136	3,820	3,466	9,820	8,529	4,310
Totals	1,767,524	100.0%	1,718,711	100.0%	1,633,036	1,587,209	1,601,316	1,644,462	1,643,780	1,685,006	1,821,687	1,738,833

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2016
Landed Weight (1,000 Pound Units)

	2016	Share of Total 2016	2015	Share of Total 2015	2014	2013	2012	2011	2010	2009	2008	2007
Major Airlines												
AirTran Airways	-	-	15,704	0.8	148,664	181,656	184,792	172,888	183,712	240,928	212,656	196,632
American Eagle Airlines	-	-	-	-	69,609	76,148	83,748	91,333	67,051	52,730	68,586	72,455
Continental Airlines	-	-	-	-	-	-	1,667	1,447	89,000	146,750	152,133	156,277
Delta Airlines	430,890	18.9	409,299	20.1	392,582	398,489	405,770	380,426	319,496	286,572	287,074	274,715
Envoy Air	71,730	3.1	66,104	3.3	-	-	-	-	-	-	-	-
JetBlue Airways	216,026	9.5	194,685	9.6	163,062	145,116	136,127	158,826	208,769	224,064	203,415	204,773
Northwest Airlines*	-	-	-	-	-	-	-	-	961	374	13,896	33,601
SkyBus Airlines	-	-	-	-	-	-	-	-	-	-	41,749	7,027
Southwest Airlines	166,260	7.3	165,408	8.1	29,702	-	-	-	-	-	-	-
United Airlines	47,261	2.1	51,035	2.5	53,118	47,791	48,130	68,335	76,006	78,635	82,037	81,216
US Airways	77,352	3.4	180,410	8.9	170,405	137,273	143,046	134,919	155,556	182,515	211,407	206,784
Total Major Airlines	1,009,519	44.3	1,082,645	53.3	1,027,142	986,473	1,003,280	1,008,174	1,100,551	1,212,568	1,272,953	1,233,480
Regional Airlines												
Aero Mexico	-	-	864	-	968	-	-	-	-	-	-	-
Air Canada	-	-	-	-	-	8,516	9,562	9,982	17,687	18,417	3,390	-
Air Wisconsin	109,745	4.8	152,092	7.5	128,968	97,854	197,400	196,413	135,266	96,068	103,447	83,284
Allegiant Airlines	20,955	0.9	6,559	0.3	279	1,850	2,503	4,082	3,835	4,408	1,477	837
American Airlines	259,580	11.4	114,970	5.7	130,534	128,100	135,298	137,264	134,180	134,590	135,370	132,614
Atlantic Southeast	-	-	-	-	-	-	1,513	1,798	25,145	36,206	48,942	36,961
Bahamair	-	-	992	0.1	1,488	2,736	1,872	-	-	-	-	-
Chautauqua	-	-	30,167	1.5	71,845	76,163	43,783	43,104	81,915	88,856	88,531	171,207
Colgan Air	-	-	-	-	-	-	-	-	-	12,214	1,178	-
ComAir/Delta Connection	-	-	-	-	-	4,376	29,061	65,644	69,560	89,059	113,686	149,103
CommutAir	39,652	1.7	16,113	0.8	-	-	-	-	-	-	-	-
Compass Airlines	-	-	-	-	-	-	-	33,412	8,539	17,465	2,024	-
Endeavor Air	7,128	0.3	27,736	1.4	-	-	-	-	-	-	-	-
Express Jet	345,343	15.1	333,068	16.4	332,115	240,983	235,324	166,404	58,114	-	-	-
Freedom Airlines	-	-	-	-	-	-	-	3,783	15,045	51,085	52,530	39,653
GoJet Airlines	10,275	0.5	50,920	2.5	45,359	60,300	39,463	35,376	37,185	25,058	24,522	9,246
Interjet Vacation Express	852	-	1,846	0.1	-	-	-	-	-	-	-	-
Mesa Airlines	7,217	0.3	61,380	3.0	90,807	82,489	60,772	43,112	12,856	17,736	39,291	43,071
Mesaba Airlines	-	-	-	-	-	-	9,008	9,750	21,853	32,636	-	-
Piedmont Airlines	43,986	1.9	16,524	0.8	21,545	39,585	9,144	12,551	23,402	26,689	26,074	15,505
Pinnacle Airlines	-	-	-	-	58,568	108,779	111,078	63,867	36,720	45,043	79,375	65,471
PSA Airlines	102,572	4.5	51,981	2.6	9,461	26,661	26,119	37,372	34,304	35,857	48,724	64,926
Republic Airlines	65,928	2.9	19,207	0.9	3,326	3,292	33,453	63,270	104,077	111,722	64,787	3,543
Shuttle America	49,746	2.2	20,697	1.0	4,906	5,998	220	3,962	217	17,944	-	-
SkyWest Airlines	19,953	0.9	181	-	134	94	913	-	-	1,717	-	-
Trans States Airlines	188,926	8.3	43,545	2.1	44,934	27,375	45,259	86,794	99,905	151,075	187,356	210,528
Vision Airlines	-	-	-	-	-	-	932	-	-	-	-	-
Total Regional Airlines	1,271,858	55.7	948,842	46.7	945,237	915,151	992,677	1,017,940	919,805	1,013,845	1,020,704	1,025,949
Total Airline Weight	2,281,377	100.0%	2,031,487	100.0%	1,972,379	1,901,624	1,995,957	2,026,114	2,020,356	2,226,413	2,293,657	2,259,429

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2016
Landed Weight (1,000 Pound Units)

	2016	Share of Total 2016	2015	Share of Total 2015	2014	2013	2012	2011	2010	2009	2008	2007
Cargo Carriers												
Airborne Express	-	-	-	-	-	-	-	-	-	6,745,200	25,806,200	25,763,000
AirNet Systems	-	-	662,300	0.2%	3,303,100	3,131,300	2,995,000	4,589,800	4,675,800	5,388,000	7,299,100	8,868,800
Ameriflight	2,913,276	0.6%	4,019,194	1.0	4,091,288	876,794	806,000	803,600	756,600	653,870	67,088	82,588
DHL Express	-	-	-	-	-	-	-	-	-	10,498,000	-	-
Federal Express	231,232,500	55.3	224,045,300	54.9	217,493,600	200,056,200	175,671,800	174,001,400	144,392,100	172,706,450	182,858,050	183,266,200
Mountain Air Cargo	47,068	0.1	-	-	47,068	8,500	17,000	125,480	187,140	53,160	59,500	8,500
UPS	184,282,160	44.0	179,381,040	43.9	176,286,160	174,765,520	178,608,000	177,643,760	160,848,720	166,685,040	173,015,360	175,649,920
Total Cargo Weight	418,475,004	100.0%	408,107,834	100.0%	401,221,216	378,838,314	358,097,800	357,164,040	310,860,360	362,729,720	389,105,298	393,639,008
Total Landed Weight	420,756,381		410,139,321		403,193,595	380,739,938	360,093,757	359,190,153	312,880,716	365,330,240	391,398,955	395,898,437

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2015 and 2014

2015				2014			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	304,190	1	Boston	SH	240,650
2	Atlanta	SH	247,080	2	Atlanta	SH	239,410
3	Orlando	MH	196,950	3	Orlando	MH	184,710
4	New York/Newark	SH	167,430	4	New York/Newark	SH	158,550
5	Chicago	MH	127,500	5	Chicago	MH	125,680
6	Dallas/Fort Worth	MH	110,380	6	Dallas/Fort Worth	MH	104,300
7	Fort Lauderdale	MH	92,870	7	Fort Lauderdale	MH	97,690
8	Los Angeles	LH	70,300	8	Las Vegas	LH	74,910
9	Houston	MH	66,670	9	Los Angeles	LH	71,990
10	Las Vegas	LH	66,070	10	San Francisco	LH	64,480
11	Tampa	MH	64,270	11	Houston	MH	64,120
12	Denver	MH	61,860	12	Denver	MH	60,630
13	San Francisco	LH	58,140	13	Phoenix	LH	51,650
14	Minneapolis/St Paul	MH	46,400	14	San Diego	LH	47,700
15	Phoenix	LH	46,340	15	Minneapolis/St Paul	MH	46,960
16	Miami	MH	45,880	16	Seattle/Tacoma	LH	46,230
17	San Diego	LH	42,710	17	Tampa	MH	43,870
18	Seattle/Tacoma	LH	41,920	18	Austin	MH	41,330
19	Philadelphia	SH	41,080	19	Miami	MH	40,810
20	Charlotte	SH	38,790	20	Charlotte	SH	39,670
21	Detroit	MH	37,890	21	Nashville	SH	38,210
22	Austin	MH	37,470	22	San Antonio	MH	36,610
23	Nashville	SH	35,420	23	St Louis	MH	36,610
24	St Louis	MH	33,880	24	New Orleans	MH	35,680
25	San Antonio	MH	33,550	25	Philadelphia	SH	35,570
	Total		2,115,040		Total		2,028,020

Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2012-2015

	CALENDAR YEAR				Percentage Change		
Primary Trade Area	**2015**	**2014**	**2013**	**2012**	**2014 2015**	**2013 2014**	**2012-2013**
United States	321,418,820	318,857,056	316,128,839	313,914,040	0.8	0.9	0.7
Virginia total	8,382,993	8,326,289	8,260,405	8,185,867	0.7	0.8	0.9
Richmond MSA*	1,322,813	1,311,379	1,245,764	1,231,980	0.9	5.3	1.1
Richmond-Petersburg MSA	1,200,463	1,189,443	1,175,814	1,162,296	0.9	1.2	1.2
Richmond City	220,289	217,853	214,114	210,309	1.1	1.7	1.8
Henrico County	325,155	321,924	318,611	314,932	1.0	1.0	1.2
Chesterfield County	335,687	332,499	327,745	323,856	1.0	1.5	1.2
Hanover County	103,227	101,918	101,330	100,668	1.3	0.6	0.7
Petersburg City	32,477	32,701	32,538	31,973	(0.7)	0.5	1.8
Hopewell City	22,378	22,196	22,163	22,348	0.8	0.1	(0.8)
Colonial Heights City	17,820	17,731	17,634	17,479	0.5	0.6	0.9
Charles City County	7,040	7,023	7,130	7,157	0.2	(1.5)	(0.4)
Dinwiddie County	27,852	27,859	27,904	27,994	0.0	(0.2)	(0.3)
Goochland County	22,253	21,936	21,626	21,347	1.4	1.4	1.3
New Kent County	20,392	20,021	19,507	19,169	1.9	2.6	1.8
Powhatan County	28,031	28,449	28,259	28,123	(1.5)	0.7	0.5
Prince George County	37,862	37,333	37,253	36,941	1.4	0.2	0.8
Amelia County	12,903	12,855	12,745	12,759	0.4	0.9	(0.1)
Caroline County	29,984	29,778	29,298	28,972	0.7	1.6	1.1
Cumberland County	9,719	9,827	9,841	9,849	(1.1)	(0.1)	0.0
King and Queen County	7,158	7,175	7,130	7,046	(0.2)	0.6	0.1
King William County	16,269	16,186	16,097	15,981	0.5	0.6	0.7
Louisa County	34,602	34,348	33,945	33,430	0.7	1.2	1.0
Sussex County	11,715	11,767	11,810	11,972	(0.4)	(0.4)	(1.4)

Sources: Estimates by Census Bureau, May 2016
*February 2013 Office of Management and Budget (OMB) metropolitan definition

Capital Region Airport Commission
PERSONAL INCOME
Calendar Years 2005-2014

Millions of Dollars	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
United States	$14,683,147	$14,151,427	$13,729,063	$12,949,905	$12,353,577	$12,168,161	$12,225,589	$11,634,322	$10,978,053	$10,252,973
Virginia	419,185	403,425	396,005	373,312	355,193	347,284	343,580	321,245	306,918	286,685
Richmond-Petersburg MSA	59,326	57,452	55,678	54,641	52,004	50,966	51,918	48,790	46,457	43,399
Annual growth rate	3.6%	1.9%	4.1%	5.8%	3.0%	(2.0%)	2.3%	5.0%	7.0%	6.9%

Note: 2014 is the most recent year available.
Source: Virginia Employment Commission, Current Employment Statistics Program

PER CAPITA INCOME
Calendar Years 2005-2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
United States	$46,049	$44,765	$43,735	$41,560	$39,937	$ 39,635	$40,166	$38,615	$36,794	$34,690
Virginia	50,345	48,838	48,377	46,107	44,267	44,057	44,075	41,727	40,234	37,988
Richmond-Petersburg MSA	47,083	46,118	45,194	43,046	41,260	41,161	42,309	40,286	38,913	36,995
Percent of national average	102.2%	103.0%	103.3%	103.6%	103.3%	103.9%	105.3%	104.3%	105.8%	106.6%

Note: 2014 is the most recent year available.
Source: Virginia Employment Commission, Current Employment Statistics Program

Capital Region Airport Commission
EMPLOYMENT DATA WITHIN VIRGINIA

Major Public Employers	Average Number of Employees
Local Governments	53,600
Commonwealth of Virginia	39,000
Federal Government	16,900

Source: Virginia Employment Commission, current Employment Statistics Program, 2015 Annual Averages

EMPLOYMENT BY INDUSTRY
(Non-Agricultrural)

	Annual Average		Percent Change	Percent Total	
	2015	2005	2005	2015	2005
Total Employment	651,500	606,100	7.5%	100.0%	100.0%
By Industry:					
Government	109,500	111,500	(1.8)	16.8	18.4
Wholesale and retail trade	97,000	91,900	14.2	14.9	15.2
Manufacturing	30,800	43,500	(29.2)	4.7	7.2
Financial activities	50,400	46,500	8.4	7.7	7.7
Construction and mining	36,300	43,100	(15.8)	5.6	7.1
Transportation and utilities	25,100	18,500	35.7	3.9	3.1
Information	7,500	11,100	(32.4)	1.2	1.8
Professional and business services	107,100	92,500	15.8	16.4	15.3
Educational and health services	95,500	68,500	39.4	14.7	11.3
Leisure and hospitality services	60,800	49,000	24.1	9.3	8.1
Other services	31,600	30,000	5.3	4.9	4.9

Source: Virginia Employment Commission, Current Employment Statistics Program

UNEMPLOYMENT RATES
Calendar Years 2006-2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
United States	5.3%	6.2%	7.4%	8.1%	8.9%	9.8%	9.3%	5.8%	4.6%	4.6%
Virginia	4.4	5.2	5.5	5.9	6.2	6.9	6.7	4.0	3.0	3.0
Richmond-Petersburg MSA	4.6	5.5	5.9	6.4	6.9	7.7	7.5	4.3	3.1	3.2

Source: Virginia Employment Commission, Current Employment Statistics Program, 2015 Annual Averages

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2016

	Full Time Equivalent Employees									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Police	27	27	25	27	23	29	24	23	29	30
Communications/ Operations	15	12	12	12	12	8	12	12	13	15
Aircraft Rescues & Fire Fighting	15	17	16	18	18	18	19	19	21	19
Custodial Services	45	46	45	47	45	47	46	45	45	46
Utilities/Ground Maintenance	15	14	15	15	16	15	14	12	12	12
Equipment/Automotive Maintenance	6	6	6	5	5	5	5	6	6	6
Building Maintenance	2	2	2	2	2	2	2	1	6	8
Electronic Systems	4	4	4	4	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	3	3	4	4
Electrical Maintenance	2	2	2	2	2	2	2	3	4	4
Finance and Administrative Services	9	9	7	8	8	8	11	11	12	11
Ground Transportation	1	1	1	1	1	1	1	2	2	2
Information Systems	3	3	3	3	3	3	3	3	3	3
Executive/Marketing	9	9	9	9	9	9	5	5	5	4
Human Resources	-	-	-	-	-	-	-	3	4	4
Baggage System	11	11	11	11	11	10	10	10	10	7
Total Employees	167	166	161	167	162	164	161	162	180	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 2,080.
Several departments have been reclassified which resulted in variances.

Capital Region Airport Commission
CARGO CARRIER
Period Ended June 30, 2016

	Pounds of Cargo									
	2016	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Cargo Carrier:										
Airborne	-	-	-	-	-	-	-	3,660,614	7,275,287	7,227,257
Air Net Systems	-	129,870	613,886	552,764	656,162	761,196	795,955	816,348	1,038,124	1,178,060
AmeriFlight	149,181	750,667	1,386,840	226,225	212,165	223,434	219,970	174,964	5,199	11,473
Federal Express	74,625,547	68,943,364	67,509,310	71,588,803	59,848,214	59,712,374	56,575,502	60,794,140	67,546,025	71,357,645
UPS	46,726,830	44,995,819	43,024,627	41,578,577	39,683,396	23,780,038	24,211,667	27,341,043	37,016,959	35,101,104
Total	121,501,558	114,819,720	112,534,663	113,946,369	100,399,937	84,477,042	81,803,094	92,787,109	112,881,594	114,875,539
Percentage change	5.8%	2.0%	(1.2%)	13.5%	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)	3.2%

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2016

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2016	34,998	27,478	28,418	6,433	97,327
2015	34,671	30,013	30,298	7,351	102,333
2014	31,530	34,078	24,586	5,579	95,773
2013	27,551	38,219	24,976	6,747	97,493
2012	24,557	43,032	26,092	6,276	99,957
2011	26,474	42,894	28,577	8,405	106,350
2010	27,491	26,498	41,102	6,921	102,012
2009	30,696	45,267	28,457	6,127	110,547
2008	29,977	51,450	37,426	6,451	125,304
2007	26,474	58,646	22,892	8,042	116,054
Average Annual Change	3.2%	(4.6%)	5.6%	(0.6%)	(1.6%)

Capital Region Airport Commission
INSURANCE COVERAGE
Period Ended June 30, 2016

Type/Carrier	Coverage	Limit
Airport liability/ACE/ Lloyd's	Public liability including aircraft products/completed operations	$200,000,000
Automobile liability/Great Northern Insurance Co.	Bodily injury or property damage resulting from ownership maintenance or use of any automobile	$1,000,000 combined single limit bodily injury and property damage
	Excess auto liability(off premises)	$50,000,000
Workers' compensation and employer's liability/Technology Insurance Company	Worker's compensation	Statutory and $1,000,000 employer's liability
	Excess employees liability (excluding disease)	$50,000,000
Public officials and employer's liability/Virginia State Public Officials self-insurance pool	Civil claims for wrongful acts	$1,000,000 each loss unlimited aggregate $3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	$480,679,000 blanket real and personal property including EDP, mobile radios and valuable papers $35,000,000 business income
Equipment/Federal Insurance Company	Scheduled equipment	$4,110,494 scheduled equipment $300,000 miscellaneous equipment $10,000 unscheduled equipment $100,000 leased/rental equipment $100,000 newly acquired equipment
Blanket crime/Federal Insurance Company	Employee dishonesty	$1,000,000 limit $2,500 deductible

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

Richmond International Airport

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

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COMPLIANCE SECTION

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2016

Federal Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Total Federal Expenditures
Department of Transportation:			
FAA Direct Payments:			
Airport Improvement Program	20.106	3-51-0043-57	734,900
Airport Improvement Program	20.106	3-51-0043-58	417,711
Airport Improvement Program	20.106	3-51-0043-59	531,523
Airport Improvement Program	20.106	3-51-0043-60	600,611
Airport Improvement Program	20.106	3-51-0043-62	9,676,599
Total Expenditures of Federal Awards			$ 11,961,345

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting not the accrual basis as the Commission's financial statements. The Commission uses the cash basis of accounting, wherein revenues are recognized when cash is received and expenses are recognized when paid. The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Commission's portion, may be more than shown.

Contingent Liabilities-Grants

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

Subrecipients

No awards were passed through to subrecipients.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Capital Region Airport Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Capital Region Airport Commission's basic financial statements and have issued our report thereon dated October 31, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 31, 2016

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Capital Region Airport Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capital Region Airport Commission's major federal programs for the year ended June 30, 2016. Capital Region Airport Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Capital Region Airport Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Capital Region Airport Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Capital Region Airport Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Capital Region Airport Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Capital Region Airport Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 31, 2016

CAPITAL REGION AIRPORT COMMISSION

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings and Questioned Costs

There were no federal award findings reported.

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Our Values At Work

Be Safe

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

Be Respectful

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

Be Hard Working

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

Be Courteous

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

Be Positive

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

VALUES AT WORK

Richmond International Airport

Created by the employees of the Capital Region Airport Commission

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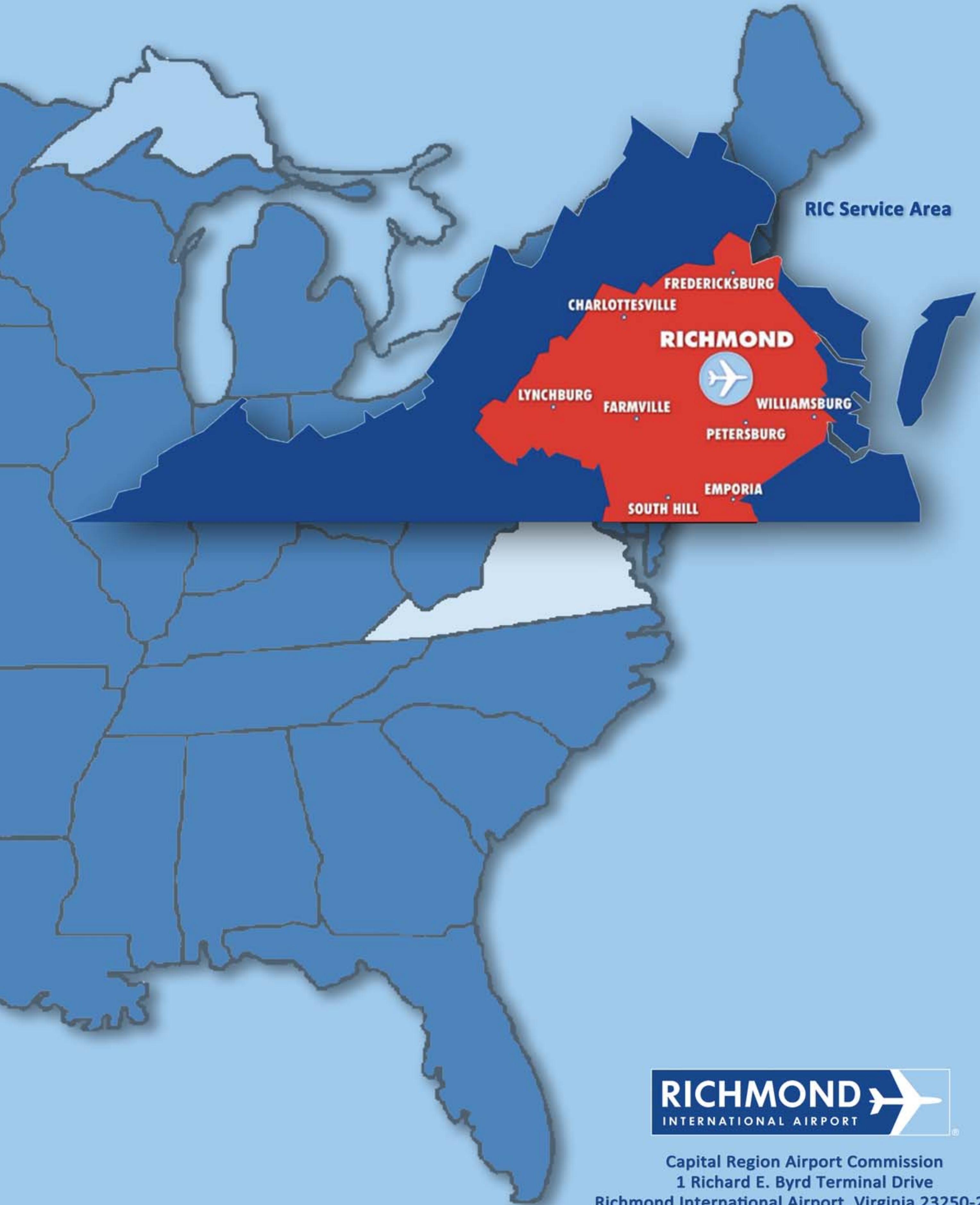

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