

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended
June 30, 2017 and 2016



CAPITAL REGION AIRPORT COMMISSION Richmond International Airport Virginia

Prepared by:

Finance Department

Douglas E. Blum
COO/CFO

Steven C. Owen
Director Finance



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Capital Region Airport Commission
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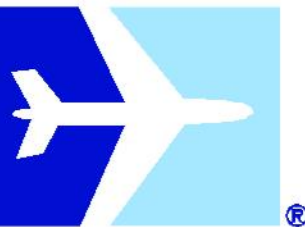
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RICHMOND
INTERNATIONAL AIRPORT



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INTRODUCTORY SECTION

Capital Region Airport Commission
MEMBERS OF THE COMMISSION
June 30, 2017

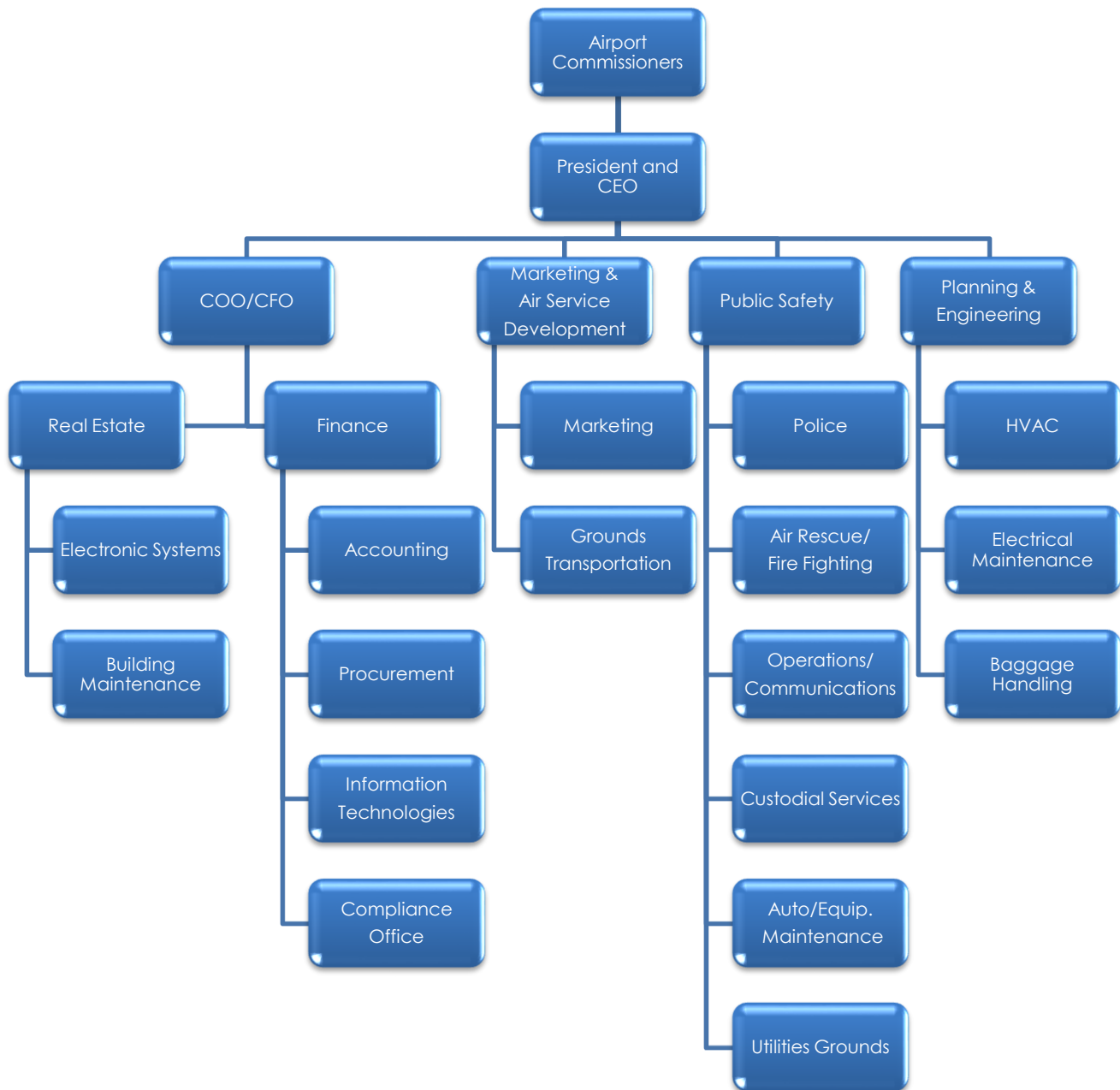
OFFICERS

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

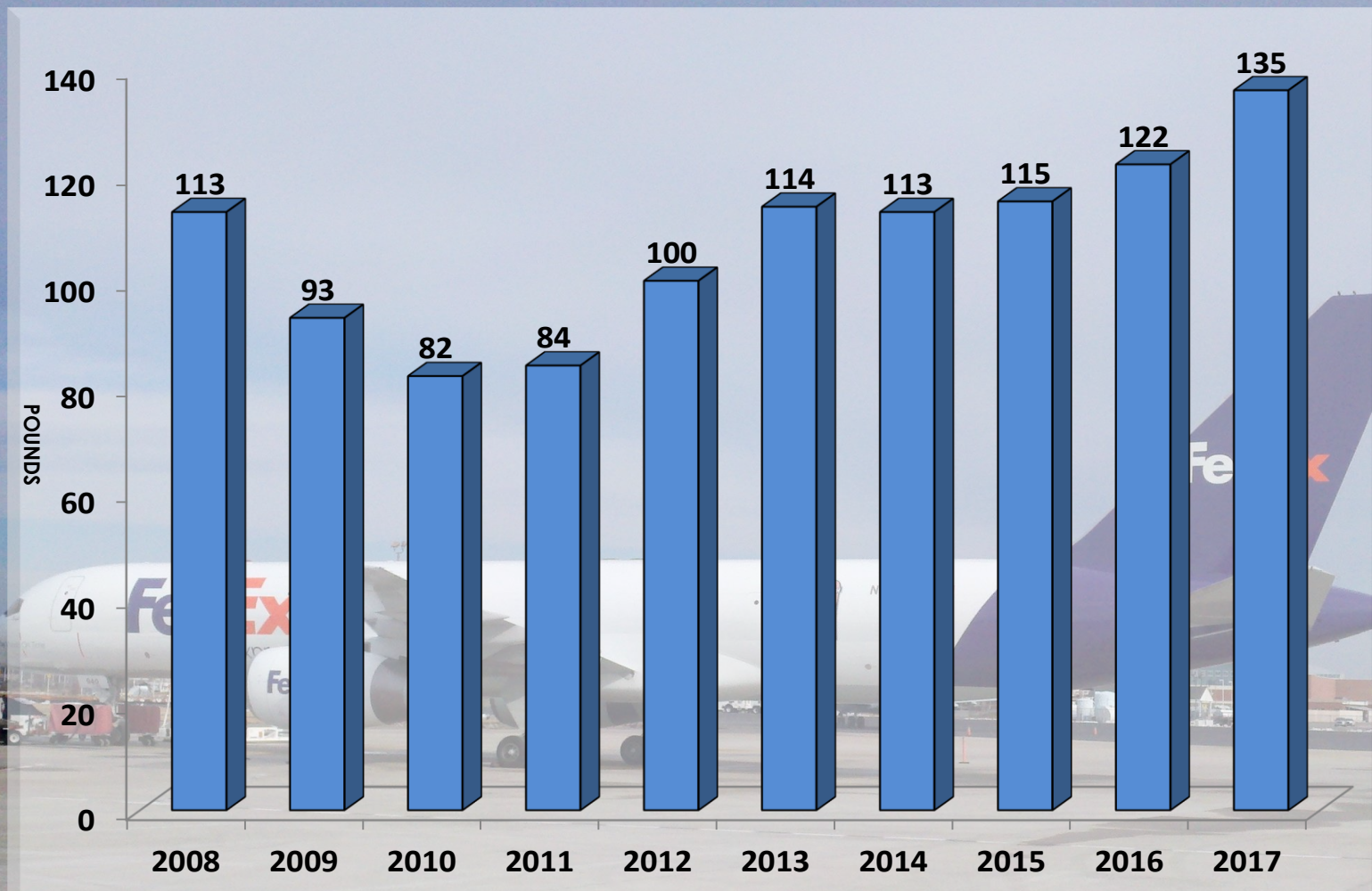
COMMISSIONERS

Algenon L. Brown	City of Richmond
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Reva M. Trammell	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

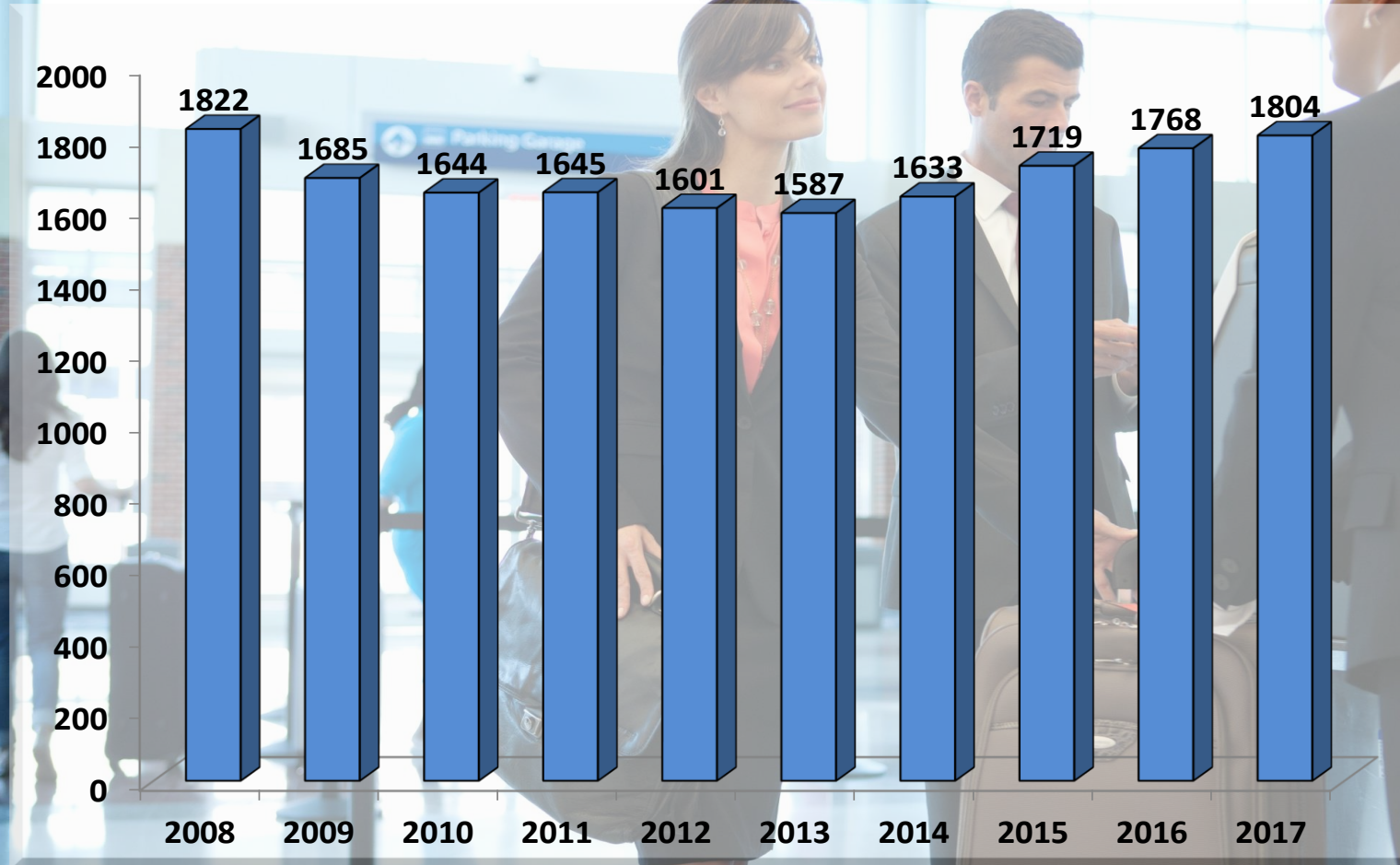
Capital Region Airport Commission ORGANIZATIONAL CHART



Richmond International Airport Air Cargo Performance Fiscal Years 2008 - 2017



Richmond International Airport Enplaned Passenger Performance Fiscal Years 2008-2017





Government Finance Officers Association

**Certificate of
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Presented to

**Capital Region Airport Commission
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Capital Region Airport Commission | 1 Richard E. Byrd Terminal Drive | Richmond International Airport, Virginia 23250-2400
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October 31, 2017

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, 2017 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 political subdivision 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 five 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 2017 of 1.80 million increased from the 2016 level of 1.77 million enplaned passengers by 2.0%. The Airport is an economic engine for the Richmond region, generating an estimated \$2.0 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 130 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 2016. Calendar year 2016 was the seventh consecutive year of profitability for the industry. 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 also led to increased leisure travel. In calendar year 2016, commercial air carrier domestic enplanements were up by 4.3%. 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 2017 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.9% per year, slightly slower than last year's forecast. The FAA forecast assumes that oil prices will increase over the long run. (Federal Aviation Administration. Review of 2016. <http://www.faa.gov>)

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 2016. <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 2018 budget which reflects a 0.2% increase in total revenue when compared to fiscal year 2017 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):

- U.S. News analyzed 100 metro areas in the United States to find the best places to live based on quality of life and the job market in each metro area, as well as the value of living there and people's desire to live there. Richmond was ranked in the top 25. <https://realestate.usnews.com/places/virginia/richmond>
- Thirty Richmond-area companies have made Inc. magazine's annual list of the 500 fastest-growing companies in the nation by revenue.
- The Richmond region maintained its cadre of eight Fortune 500 companies in 2017.
- Richmond was named as a Top 10 City for Global Trade in the United States by Global Trade Magazine, September 2016.
- Richmond was ranked as the 11th best places in America to start a business by CNBC.com, August 2016.
- Richmond International Airport was rated #2 for Cost Competitiveness. (North America, Airports under 10 million passengers) in the 2017 Air Transport Research Society (ATRS) Benchmarking Report.

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 2015 was \$59,919 which is higher than the national average of \$53,889. (<http://www.grpva.com/data-reports/regional-demographics/>)

55% of Richmond's population falls within the prime working ages of 25-64. The Richmond Metro area's unemployment rate was 3.9% in 2016 compared to 4.1% in 2015, higher than the state unemployment rate of 4.0% and below the national rate of 4.1%.

Eight Richmond Metropolitan area businesses are listed Fortune 500 companies:

Dominion Energy
Genworth Financial
Altria Group
Performance Food Group

WestRock
CarMax
Owens & Minor
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

In June 2017 Fitch Ratings announced its upgrade of Capital Region Airport Commission Airport Revs to 'A'; Overlook Revised to Stable. Fitch noted that the upgrade to 'A' from 'A-' reflects RIC's demonstrated trend of robust financial metrics evidenced by rising debt service coverage ratios (DSCRs) above 2x and declining leverage in the 2-3x range. The continuation of strong coverage and stable to positive traffic performance coupled with a stable airline cost profile further support the rating. Fitch also noted that the rating reflects the airport's small, predominantly origination/destination (O&D) market within a growing metropolitan capital area. The airport's financial profile remains strong but is significantly supported by non-aviation revenues. Balance sheet strength is supported by moderate debt levels and rising liquidity which provides the ability

to sustain some weakness in operational performance. Additionally, the airport's low cost per enplanement (CPE) at under \$6 with limited risk for increases serves as a credit strength within the rating category.

The Commission took a conservative approach and anticipated that passenger traffic would only slightly increase in fiscal year 2017 as compared to fiscal year 2016 actual passenger traffic. The actual total passengers increased to 1.80 million enplaned passengers for fiscal year 2017 compared to 1.77 million in fiscal year 2016.

The fiscal year 2018 budget included a slight increase in operating revenue of 0.2% compared to fiscal year 2017 actual revenue. The Commission ended fiscal year 2017 with a 5.0% increase in revenues when compared to the 2017 budgeted revenues and a 3.3% increase over fiscal year 2016 actual revenues.

INDEPENDENT AUDIT

The Commission's enabling legislation requires an annual audit of its financial statements by independent certified public accountants that are selected by the Commission. This requirement has been 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

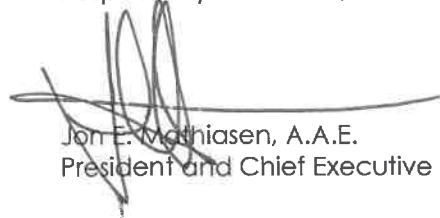
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capital Region Airport Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the twenty-seventh 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





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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Region Airport Commission as of and for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, 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 and OPEB funding on pages 3-15 and 59-61 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

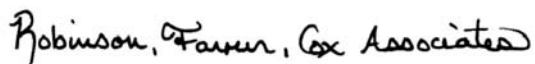
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Capital Region Airport Commission's basic financial statements. The introductory section, supplemental information, and statistical section, are presented for purposes of additional analysis 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 30, 2017, 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.


Charlottesville, Virginia
October 30, 2017

**Capital Region Airport Commission
Management's Discussion and Analysis
June 30, 2017 and 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, 2017 and 2016. Information for the preceding fiscal year ended June 30, 2015 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 2017 compared to fiscal year 2016. Fiscal year 2017 saw positive enplanement growth over 2016. The total passengers enplaned for fiscal year 2017 were 1.80 million, which was 2.0% higher than fiscal year 2016 enplanements of 1.77 million and 0.3% higher than the fiscal year 2017 budgeted enplaned passengers. Fiscal year 2016 enplanements were higher than fiscal year 2015 enplanements of 1.72 million. As in 2016, the improving job market and competitive airfares continued to increase air travel demand in both the business and leisure markets. Meanwhile, fuel prices remained lower allowing carriers to sustain lower fares.

Since the recession, U.S. airlines have fine-tuned their business models to minimize losses by lowering operating costs, eliminating unprofitable routes, and grounding older, less fuel efficient aircraft. To increase operating revenues, carriers initiated new services that customers were willing to purchase and started charging separately for services that were historically bundled in the price of a ticket. The industry experienced an unprecedented period of consolidation with three major mergers in five years. These changes along with capacity discipline exhibited by carriers have resulted in a seventh consecutive year of profitability for the industry in calendar year 2016. Looking ahead there is confidence that the industry has been transformed from that of a boom-to-bust cycle to one of sustainable profits.

Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

Over the long term, the Federal Aviation Administration ("FAA") forecasts that over the medium and long term, demand for aviation is driven by economic activity, and a growing U.S. and world economy provides the basis for aviation to grow over the long run. The 2017 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.9 percent per year, slightly slower than last year's forecast. <http://www.faa.gov>

The Commission ended fiscal year 2017 with a 5.0% increase in revenues when compared to the 2017 budgeted revenues and a 3.3% increase over fiscal year 2016 revenues. This was primarily due to a 14.4% increase in concession revenue when compared to the 2017 budgeted concession revenue and a 10.1% increase over fiscal year 2016 concession revenue. The increase in concession revenue is primarily attributed to a 10.4% increase in rental car revenue and a 36.0% increase in retail sales revenue when compared to the 2017 budget.

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 143,226 in fiscal year 2015 to 147,294 in fiscal year 2016 and then increased to 150,333 in fiscal year 2017. The increase in passengers, when compared to fiscal year 2016, had positive effects on the Commission's main revenue stream, parking, in fiscal year 2017.

Aircraft operations decreased to 94 thousand a (3.1%) decrease when compared to fiscal year 2016 operations of 97 thousand which was a (4.9%) decrease when compared to FY 2015. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000 pound units increased by 12.9% in fiscal year 2017 to 475 million pounds compared to fiscal year 2016 and increased 2.6% in fiscal year 2016 to 421 million pounds compared to fiscal year 2015 landed weight of 410 million pounds.

The Airport's parking revenue increased 1.4% in fiscal year 2017 when compared to fiscal year 2016 and increased 2.0% in fiscal year 2016 when compared to fiscal year 2015. 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 2016, however, the Commission started issuing discount parking coupons during the peak holiday periods. The parking revenue accounts for 44.8% of the Airport's operating revenue in fiscal year 2017 compared to 45.6% in fiscal year 2016 and 45.5% in fiscal year 2015.

	2017	2016	2015
Parking Revenue per Enplanement	\$11.25	\$11.32	\$11.41
Percent Increase (Decrease)	(0.6%)	(0.8%)	1.2%

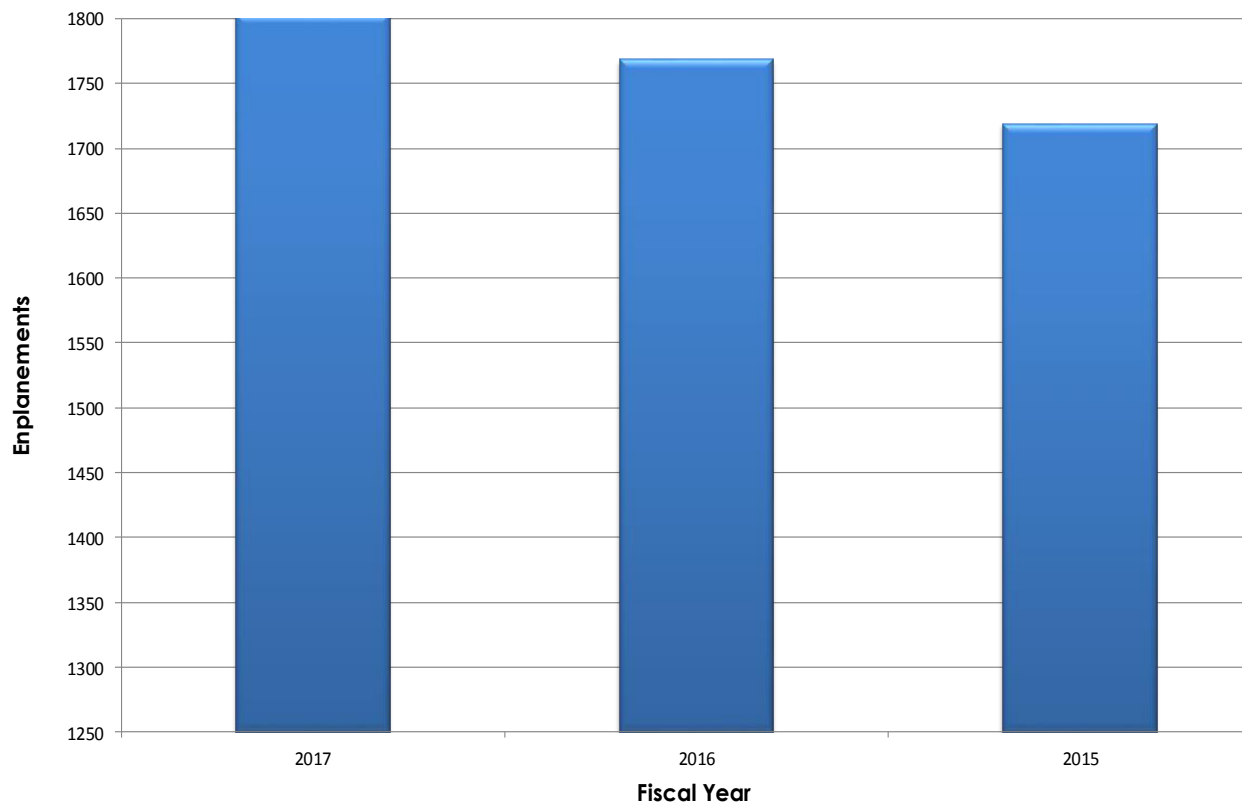
Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

As of June 30, 2017, the Airport is currently served by seven major airlines, with more than 160 daily flights to 19 non-stop destinations and more than 3.5 million travelers per year.

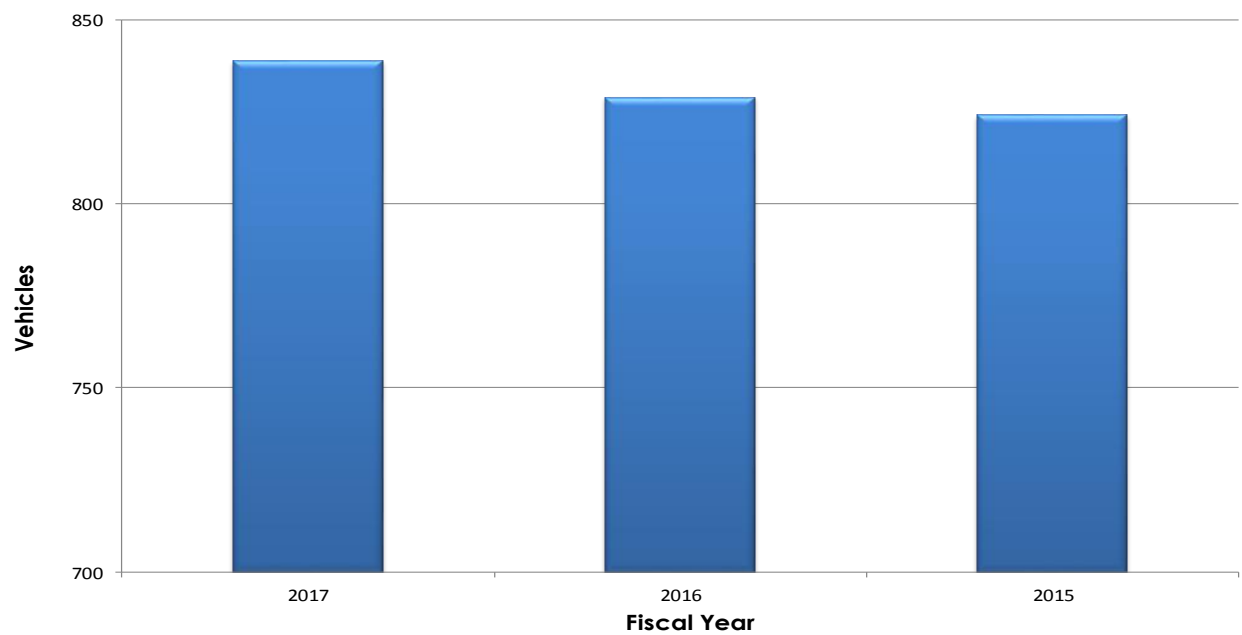
	FY 2017	FY 2016	FY 2015
Enplanements	1,804	1,768	1,719
<i>% increase / (decrease)</i>	2.0%	2.9%	5.2%
Aircraft Operations (total take-offs and landings)	94	97	102
<i>% increase / (decrease)</i>	(3.1%)	(4.9%)	6.3%
Airline's Landed Weight (1,000 pound units)	2,114	2,281	2,031
<i>% increase / (decrease)</i>	(7.3%)	12.3%	2.9%
Air Cargo Carrier Activity (pounds)	135,465	121,502	114,820
<i>% increase / (decrease)</i>	11.5%	5.8%	2.0%
Parked Vehicles	839	829	824
<i>% increase / (decrease)</i>	1.2%	0.6%	4.0%

Note: The numbers presented above are in thousands.

Enplaned Passengers (in thousands)



Parked Vehicles (in thousands)



Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

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, 2017, 2016, and 2015.

SELECTED FINANCIAL DATA
(in thousands)

	2017	2016	2015
Assets			
Unrestricted current	\$ 19,012	\$ 17,609	\$ 14,989
Restricted current	82,512	85,338	101,446
Capital assets, net	435,087	426,325	416,359
Total assets	536,611	529,272	532,794
Deferred outflows of resources	8,121	7,766	3,720
Liabilities			
Current unrestricted	3,422	4,906	6,823
Current restricted	12,672	12,134	14,709
Long-term debt, net of current maturities	92,928	102,143	119,508
Net Pension Liability	4,148	2,597	2,823
Total liabilities	113,170	121,780	143,863
Deferred inflows of resources	252	1,236	1,698
Net position			
Net investment in capital assets	345,759	328,487	297,177
Restricted	73,773	72,742	83,867
Unrestricted	11,777	12,794	9,908
Total net position	\$ 431,309	\$ 414,023	\$ 390,952

The Commission experienced an increase in total assets of approximately \$7.3 million or 1.4% during fiscal year 2017 when compared to fiscal year 2016 and a (\$3.5) million or (0.7%) decrease during fiscal year 2016 when compared to fiscal year 2015. This increase in fiscal year 2017 can be attributed primarily to an \$8.8 million increase in capital assets when compared to fiscal year 2016. The increase in capital assets is attributed to the increase in CIP for the taxiway "M" and the taxiway "E" and "L" projects.

Total liabilities decreased (\$8.6) million or (7.1%) in fiscal year 2017 when compared to fiscal year 2016 and decreased (\$22.1) million or (15.4%) in fiscal year 2016 when compared to fiscal year 2015. In fiscal year 2017 this change is primarily attributable to a (\$9.2) million decrease in long term debt, net of current maturities.

Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

The increase in net financial position for fiscal year 2017 was \$17.3 million when compared to fiscal year 2016. Net financial position increased \$23.1 million in fiscal year 2016 and increased \$15.3 million in fiscal year 2015. Fiscal year 2017 resulted in a loss from operations of (\$663) thousand, which was a (\$478) thousand decrease in the loss from operations when compared to fiscal year 2016. The decrease in the loss from operations is primarily attributed to a (\$664) thousand decrease in depreciation expense. In fiscal year 2016, the loss from operations was (\$1.1) million, which was a (\$177) thousand decrease in the loss from operations when compared to the fiscal year 2015 loss from operations of (\$1.3) million. Net nonoperating income for fiscal year 2017 reflected a decrease in net revenues of (\$1.1) million when compared to fiscal year 2016. This is attributed to a (\$1.6) million decrease in CFC revenue. The decrease in CFC revenue was due to a decrease in the CFC rate in June 2016. This was offset by a \$496 thousand increase in PFC revenue. Net nonoperating income for fiscal year 2016 reflected an increase in net revenues of \$2.0 million when compared to fiscal year 2015.

Capital contributions decreased to (\$11.1) million in fiscal year 2017, a (\$5.2) million or (31.7%) decrease when compared to fiscal year 2016. This is primarily due to the taxiway "M" rehabilitation project nearing completion, which was 100% grant funded. 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.

The below chart shows operating revenues and expenses for the three years ended June 30, 2017, 2016, and 2015.

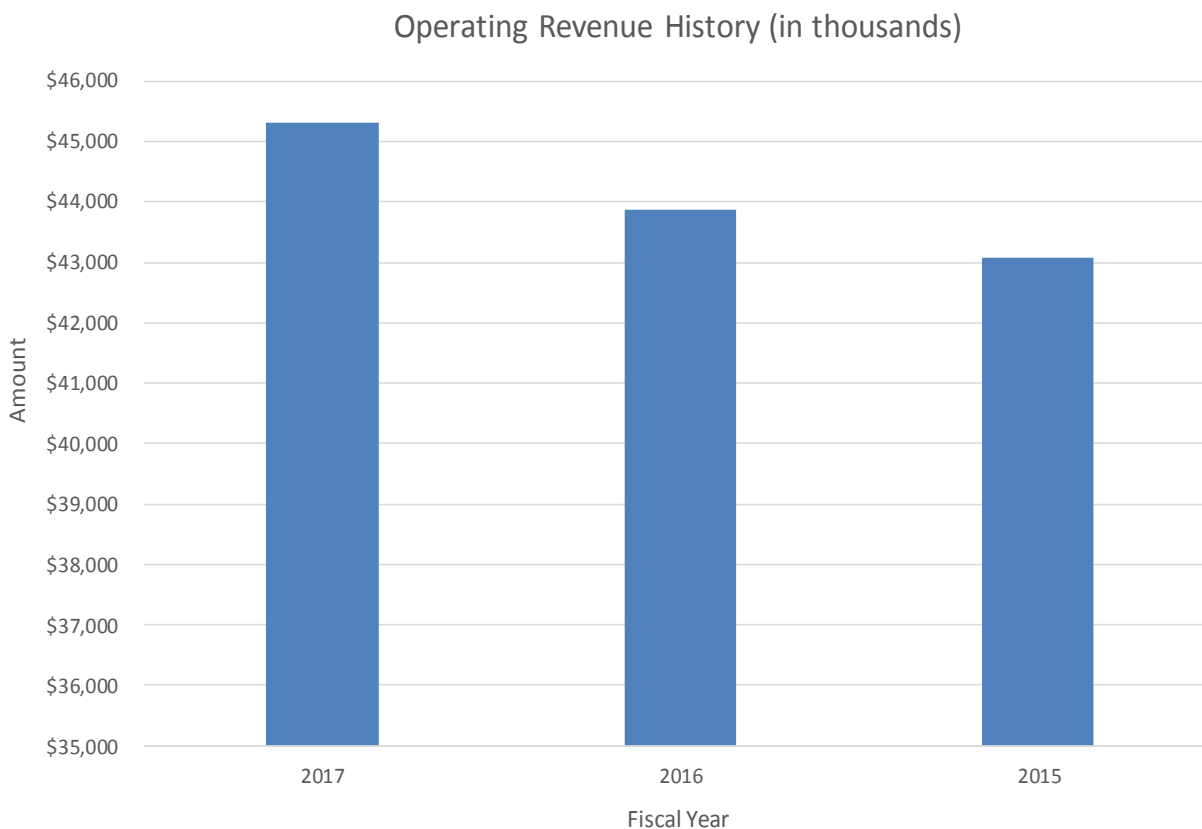
	2017	2016	2015
Operating revenues	\$ 45,318	\$ 43,863	\$ 43,082
Operating expenses	22,581	20,940	21,574
Operating income before depreciation	22,737	22,923	21,508
Depreciation	23,400	24,064	22,825
Operating loss	(663)	(1,141)	(1,317)
Nonoperating income, net	6,814	7,916	5,952
Income (loss) before capital contributions	6,151	6,775	4,635
Capital contributions	11,135	16,295	14,830
Change in net position	17,286	23,070	19,465
Beginning net position	414,023	390,953	375,604
Effect of accounting change	-	-	(4,116)
Ending net position	\$ 431,309	\$ 414,023	\$ 390,953

Operating income before depreciation for fiscal year 2017 decreased by (\$186) thousand or (0.8%) compared to fiscal year 2016, fiscal year 2016 operating income before depreciation increased by \$1.4 million or 6.6% compared to fiscal year 2015. Depreciation expense decreased by (2.8%) between fiscal year 2017 and 2016 and increased by 5.4% between fiscal year 2016 and 2015. The weighted average yield on investments was approximately 0.35% for fiscal year 2017, 0.23% for fiscal year 2016 and 0.15% for fiscal year 2015.

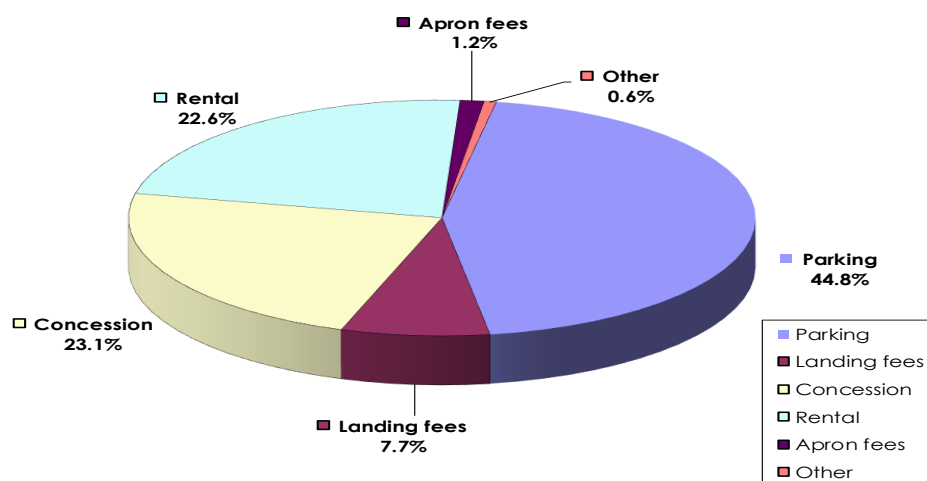
Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2017, 2016, and 2015 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2017.



2017 Operating Revenues



Parking revenues at the Airport for fiscal year 2017 were \$20.3 million, which represented a 1.4% increase compared to fiscal year 2016; parking revenues for fiscal year 2016 were \$20.0 million, which represented a 2.0% increase compared to fiscal year 2015. The increase in parking revenue in fiscal year 2017 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, 2017, 2016, and 2015:

	2017	2016	2015
Operating Revenues			
Parking	\$ 20,292	\$ 20,009	\$ 19,617
Landing fees	3,462	3,338	3,218
Concession	10,478	9,518	9,254
Rental	10,244	10,119	10,151
Apron fees	558	562	574
Other	284	317	268
Total Operating	<u>45,318</u>	<u>43,863</u>	<u>43,082</u>
Nonoperating Income			
Interest income	206	143	128
Passenger Facility Charges	7,518	7,022	7,063
Customer Facility Charges	2,325	3,975	3,314
Total nonoperating	<u>10,049</u>	<u>11,140</u>	<u>10,505</u>
Total	<u>\$ 55,367</u>	<u>\$ 55,003</u>	<u>\$ 53,587</u>

Note: SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

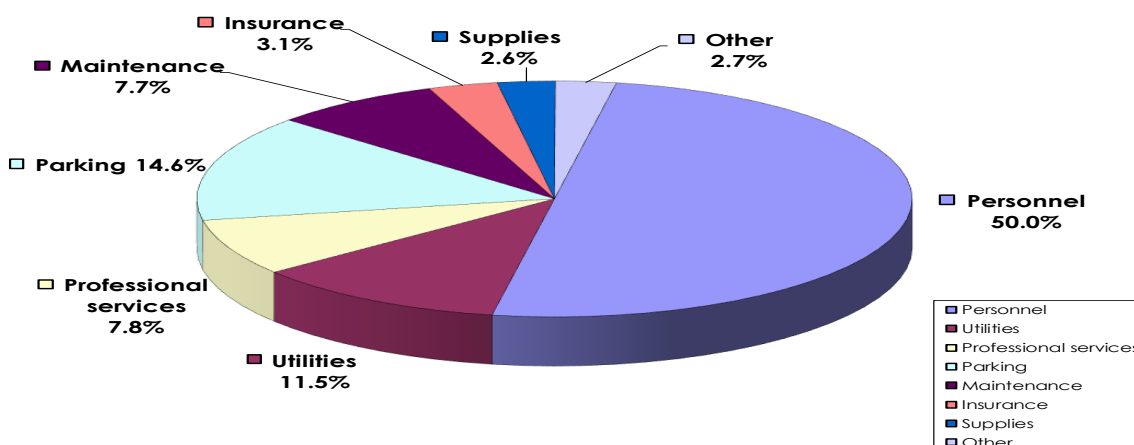
Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016

EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2017, 2016, and 2015 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2017.



2017 Operating Expenses



Operating expenses, exclusive of depreciation, totaled \$22.6 million for fiscal year 2017, \$20.9 million for fiscal year 2016 and \$21.6 million for fiscal year 2015. Personnel, parking and maintenance expense increased by \$823 thousand, \$247 thousand and \$199 thousand respectively when compared to fiscal year 2016. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2017, 2016, and 2015:

	2017	2016	2015
Operating Expenses			
Personnel	\$ 11,293	\$ 10,470	\$ 10,534
Utilities	2,602	2,503	2,586
Professional services	1,752	1,615	1,748
Parking	3,291	3,044	3,034
Maintenance	1,726	1,527	1,556
Insurance	710	746	849
Supplies	588	590	724
Other	619	445	543
Total Operating	<u>22,581</u>	<u>20,940</u>	<u>21,574</u>
Depreciation	<u>23,400</u>	<u>24,064</u>	<u>22,825</u>
Nonoperating Expense			
Interest expense	2,758	2,625	4,065
Other, net	478	599	488
Total nonoperating	<u>3,236</u>	<u>3,224</u>	<u>4,553</u>
Total	<u>\$ 49,217</u>	<u>\$ 48,228</u>	<u>\$ 48,952</u>

Note: SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

CASH FLOW ACTIVITIES

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

	2017	2016	2015
Cash flows provided by operating activities	\$ 21,105	\$ 24,676	\$ 20,348
Cash flows provided by investing activities	514	1,756	45
Cash flows used in capital and related financing activities	(19,579)	(33,621)	(16,256)
Net increase in cash and cash equivalents	2,040	(7,189)	4,137
Cash and cash equivalents			
Beginning of year	89,104	96,293	92,156
End of year	\$ 91,144	\$ 89,104	\$ 96,293

Cash flow from operating activities for 2017 decreased by (\$3.6) million or (14.5%) compared to fiscal year 2016. Cash flow from operating activities for 2016 increased by \$4.3 million or 21.3% compared to fiscal year 2015. In fiscal year 2017 the change is primarily due to a 31.6% increase in cash paid to suppliers.

Cash and cash equivalents for fiscal year 2017 amounted to \$91.1 million representing a \$2.0 million increase from fiscal year 2016. Cash and cash equivalents for fiscal year 2016 amounted to \$89.1 million representing a (\$7.2) million decrease when compared to fiscal year 2015. The fiscal year 2017 increase in cash and cash equivalents resulted primarily from a (\$1.7) million decrease in interest payments.

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 increased from fiscal year 2016 to 2017 in the amount of \$125 thousand and decreased slightly from fiscal year 2015 to 2016 in the amount of (\$31) thousand. The increase in fiscal year 2017 is attributed to a \$397 thousand increase in cargo building rental income offset by a (\$175) thousand decrease in ground rental. The apron fees decreased (\$4) thousand from fiscal year 2016 to 2017 and decreased (\$12) thousand from fiscal year 2015 to 2016. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2017	Rate Effective for 2016	Rate Effective for 2015
Apron fees (square foot)	\$ 1.10	\$ 1.11	\$ 1.16
Landing fees (1,000 lb. unit)	1.32	1.32	1.26
Terminal rental (square foot)	32.81	32.48	36.11

Note: The rates and charges for 2017 are estimates.

PASSENGER FACILITY CHARGES

The Commission collects \$4.50 per qualifying enplaned passenger. Passenger Facility Charges ("PFC") totaled \$7.5 million for fiscal year 2017 which was an increase of 7.1% when compared to fiscal year 2016. PFC revenue for fiscal year 2016 decreased slightly (0.6%) when compared to fiscal year 2015.

CUSTOMER FACILITY CHARGES

The Commission increased Customer Facility Charges ("CFC") to \$3.00 on July 1, 2014 and then reduced it to \$2.00 on June 1, 2016. The CFC charges remained at \$2.00 for fiscal year 2017. Collections for the year ended June 30, 2017 were \$2.3 million compared to the year ended June 30, 2016 collections of \$4.0 million, a decrease of (41.5%). The CFC rate was initially increased to fund the expansion of the existing rental car parking deck or the construction of a new rental car parking deck. The rate was decreased when the project was put on hold in fiscal year 2016. Total rental vehicle transaction days for fiscal year 2017 were 1.3 million compared to 1.3 million in fiscal year 2016.

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 and retirements, increased \$31.7 million for fiscal year 2017 when compared to fiscal year 2016 and increased \$34.0 million for fiscal year 2016 from 2015. The increase for fiscal year 2017 was primarily the result of the taxiway "M" project of \$11.8 million and the taxiway "E" and "L" project of \$9.2 million. Depreciation expense for fiscal year 2017 was \$23.4 million, \$24.1 million in fiscal year 2016, and \$22.8 million in fiscal year 2015.

Both taxiway "M" and taxiway "E" and "L" projects were substantially completed in fiscal year 2017. There will be costs related to both projects that carry over to fiscal year 2018.

See Note 4 of Notes to Financial Statements.

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

- Expansion of Concourse A, Phase I
- Parking and AVI revenue control system upgrade
- North Parking Garage Expansion
- Rental Car Counter Relocation
- Rental Car Garage Connector

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2017 and 2016**

Long-Term Debt

As of June 30, 2017, the Commission had principal debt outstanding of \$93,815 as follows (in thousands):

Airport Revenue Bonds	\$ 83,927
PFC Revenue Bonds	9,888
Total	<u>\$ 93,815</u>

See Note 5 of notes to financial statements.

ECONOMIC FACTORS AND FISCAL 2017 BUDGET

The Airport experienced a 2.0% increase in the number of passenger enplanements over last year, resulting in total 2017 enplanements of 1.8 million. Increased airline competition and lower 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 earlier, fuel costs and economic conditions have a significant effect on air travel and the transportation industry as a whole. The Commission cannot predict how air travel, enplanements, or other variables relating to airport revenues may be impacted in the future by various 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 2018 budget. The Commission adopted the fiscal year 2018 budget which includes \$45.4 million in operating revenue a 0.2% increase compared to the FY 2017 actual revenues of \$45.3 million. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2018. Operating expenses of \$25.1 million are budgeted for 2018; an increase of 10.0% compared to fiscal year 2017 actual expenses of \$22.6 million. The Commission's fiscal year 2018 approved capital budget allotted \$7.5 million for new projects, equipment, and studies.

REQUEST FOR INFORMATION

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

Capital Region Airport Commission
STATEMENTS OF NET POSITION
June 30, 2017 and 2016

		2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	CURRENT ASSETS		
	Unrestricted Current Assets:		
	Cash and cash equivalents	\$ 16,738,694	\$ 15,485,484
	Accounts receivable, less allowance for doubtful accounts (2017-\$202,119; 2016-\$183,407)	2,030,657	1,699,190
	Other	242,652	424,679
	Total Unrestricted Current Assets	19,012,003	17,609,353
	Restricted Current Assets:		
	Cash and cash equivalents	74,404,660	73,617,936
	Investments	6,217,183	6,643,435
	Customer and Passenger Facility Charges receivable	1,536,218	1,345,980
	Due from federal and state governments	353,687	3,730,848
	Total Restricted Current Assets	82,511,748	85,338,199
	Total Current Assets	101,523,751	102,947,552
	NONCURRENT ASSETS		
	Depreciable assets, net	275,194,212	297,333,519
	Non-depreciable assets	159,892,966	128,991,717
	Total Noncurrent Assets	435,087,178	426,325,236
	Total Assets	536,610,929	529,272,788
	DEFERRED OUTFLOWS OF RESOURCES		
	Deferred loss on refunding	6,521,753	6,955,744
	Deferred outflows related to pension	1,599,044	810,132
	Total Deferred Outflows of Resources	8,120,797	7,765,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	CURRENT LIABILITIES		
	Liabilities From Unrestricted Assets:		
	Accounts payable	1,850,841	3,484,386
	Accrued expenses	1,570,765	1,421,596
	Total Liabilities From Unrestricted Assets	3,421,606	4,905,982
	Liabilities From Restricted Assets:		
	Accounts payable	2,492,289	3,018,439
	Accrued interest payable	1,365,496	617,042
	Current maturities of long-term debt	8,814,183	8,498,112
	Total Liabilities From Restricted Assets	12,671,968	12,133,593
	Total Current Liabilities	16,093,574	17,039,575
	NONCURRENT LIABILITIES		
	Net Pension Liability	4,148,372	2,596,658
	Noncurrent portion of long-term obligations (Note 5)	92,928,036	102,143,054
	Total Noncurrent Liabilities	97,076,408	104,739,712
	Total Liabilities	113,169,982	121,779,287
	DEFERRED INFLOWS OF RESOURCES	252,350	1,236,300
	NET POSITION		
	Net investment in capital assets	345,759,188	328,486,797
	Restricted		
	Debt service	71,362,089	70,192,182
	Customer and Passenger Facility Charges	2,411,208	2,549,748
	Unrestricted	11,776,910	12,794,351
	Total Net Position	\$ 431,309,395	\$ 414,023,078

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Parking	\$ 20,291,772	\$ 20,008,601
Landing fees	3,461,506	3,338,030
Concession	10,478,588	9,517,908
Rental	10,244,151	10,119,353
Apron fees	558,042	561,670
Other	283,601	317,344
Total Operating Revenues	45,317,660	43,862,906
OPERATING EXPENSES		
Personnel	11,293,456	10,469,684
Utilities	2,601,827	2,502,728
Professional services	1,752,412	1,615,415
Parking	3,290,652	3,044,386
Maintenance	1,725,658	1,527,352
Insurance	709,626	745,448
Supplies	588,419	589,817
Other	618,881	445,296
Total Operating Expenses	22,580,931	20,940,126
Operating Income Before Depreciation	22,736,729	22,922,780
DEPRECIATION	23,399,568	24,063,592
Operating Loss	(662,839)	(1,140,812)
NONOPERATING INCOME (EXPENSES)		
SCASDP Receipts	750,000	-
SCASDP Expenses	(750,000)	-
Interest income	205,759	142,515
Interest expense	(2,758,194)	(2,624,678)
Passenger Facility Charges	7,518,223	7,022,332
Customer Facility Charges	2,325,559	3,975,053
Other, net	(477,747)	(598,923)
Total Nonoperating Income (Expenses), Net	6,813,600	7,916,299
Increase/(Decrease) in Net Position Before		
Capital Grants and Contributions	6,150,761	6,775,486
CAPITAL GRANTS AND CONTRIBUTIONS	11,135,555	16,295,189
CHANGE IN NET POSITION	17,286,316	23,070,675
NET POSITION, BEGINNING	414,023,079	390,952,404
TOTAL NET POSITION, ENDING	\$ 431,309,395	\$ 414,023,079

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 44,986,193	\$ 44,993,606
Cash paid to employees	(8,796,959)	(8,851,784)
Cash paid to suppliers	(15,084,340)	(11,465,235)
Cash used in operating activities	(23,881,299)	(20,317,019)
Net cash provided by operating activities	\$ 21,104,894	\$ 24,676,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	3,738,060	5,479,487
Purchase of investments	(3,429,165)	(3,814,300)
Interest income received	204,801	90,623
Net cash provided by investing activities	513,696	1,755,810
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	52,405,000
Payment of long-term debt	(8,498,112)	(77,248,239)
Payment of interest on long-term debt	(2,793,596)	(4,473,236)
Capital contributions received	14,512,716	19,706,425
Passenger Facility Charges collected	7,219,884	7,209,398
Customer Facility Charges collected	2,433,661	3,738,502
Additions to capital assets	(32,155,982)	(36,080,701)
Payments related to investments and bonds	(297,228)	1,121,679
Net cash used in capital and related financing activities	(19,578,657)	(33,621,172)
Net increase in cash and cash equivalents	2,039,933	(7,188,775)
CASH AND CASH EQUIVALENTS		
Balances - beginning of year	89,103,421	96,292,196
Balances - end of year	\$ 91,143,354	\$ 89,103,421
Current Assets		
	\$ 16,738,694	\$ 15,485,484
Restricted Assets		
	74,404,660	73,617,937
	\$ 91,143,354	\$ 89,103,421
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (662,839)	\$ (1,140,812)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	23,399,568	24,063,592
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(331,467)	1,130,700
Decrease (increase) in other current assets	182,027	375,336
Decrease (increase) in deferred outflows related to pension	(788,912)	46,647
Increase (decrease) in trade accounts payable	(1,410,416)	786,096
Increase (decrease) in accrued expenses	149,169	(348,935)
Increase (decrease) in net pension liability	1,551,714	226,008
Decrease (increase) in deferred inflows of resources	(983,950)	(462,045)
Net cash provided by operating activities	\$ 21,104,894	\$ 24,676,587
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (118,315)	\$ 182,497
Non-cash capital contributions	\$ 1,392,835	\$ 3,730,848
Capital assets included in accounts payable	\$ 82,710	\$ 948,295

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 Executive, Finance, Marketing & Air Service Development, Planning & Engineering, Public Safety and Real Estate. The Airport is currently served by five 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 pension related items. These items include 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. Certain items related to the measurement of the net pension liability are reported as deferred outflows 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 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2017 was \$531,678 and was \$248,112 for fiscal year 2016.

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 2017 were \$2.3 million (2016 - \$4.0 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 2017 were \$7.5 million (2016 - \$7.0 million) and aggregate collections and interest thereon from inception through June 30, 2017 were \$129 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Net Position

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

Salaries and Wages

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of \$5,000 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to \$809 thousand at June 30, 2017, and \$752 thousand at June 30, 2016. The net increase for fiscal year 2017 amounted to \$57 thousand; represented by payments of \$810 thousand to vested employees and additional accrued vacation and sick leave of \$867 thousand. For fiscal year 2016, the net decrease amounted to (\$84) 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principles

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.

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:

	2017	2016
Balance, beginning of period	\$ 183,407	\$ 183,257
Charged to costs and other write-offs	(26,240)	150
Bad debt expense	44,952	-
Balance, end of period	<u>\$ 202,119</u>	<u>\$ 183,407</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

	2017	2016
Petty cash	\$ 618	\$ 618
Deposits at financial institutions	22,856,402	23,354,707
Cash equivalents and investments	74,503,518	72,391,531
	\$ 97,360,539	\$ 95,746,857
Summary:		
Unrestricted assets	\$ 16,738,695	\$ 15,485,484
Restricted assets	80,621,844	80,261,372
	\$ 97,360,539	\$ 95,746,857

Deposits

At June 30, 2017, the carrying value of the Commission's deposits with banks was \$22,856,402 with corresponding bank balances of \$23,536,456. 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. Bank balances are covered by Federal Depository Insurance Corporation ("FDIC") in accordance with the Virginia Security for Public Deposits Act.

The remainder of money markets and cash deposits maintained by trustees is \$68,286,336.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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

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

Credit Risks

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

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, 2017, 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 2017

Investment Type	Fair Value	Less Than 12 months	Over 12 months	Moody's Quality Ratings
Atlanta GA Development Authority Revenue	\$ 750,383	\$ -	\$ 750,383	WR
Federal National Mortgage Association	1,047,455	-	1,047,455	Aaa
Federal Home Loan Banks	3,794,532	2,049,449	1,745,083	Aaa
Federal Farm Credit Banks	624,813	-	624,813	Aaa
	<u>\$ 6,217,183</u>	<u>\$ 2,049,449</u>	<u>\$ 4,167,734</u>	

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
	<u>\$ 6,643,435</u>	<u>\$ 265,061</u>	<u>\$ 6,378,374</u>	

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date.
- Level 2 are directly or indirectly observable inputs for the asset or liability other than quoted prices.
- Level 3 are 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, 2017 and 2016:

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment	6/30/2017			
Atlanta GA Development Authority Revenue		\$ 750,383		
Federal National Mortgage Association		1,047,455		
Federal Home Loan Banks		3,794,532		
Federal Farm Credit Banks		624,813		
		<u>\$ 6,217,183</u>		

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment	6/30/2016			
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		
		<u>\$ 6,643,435</u>		

Custodial credit risk: The risk that in the event of the failure of the counter party, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy requires the use of a third party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the name of the Commission. As of June 30, 2017, all of the Commission's investment securities held by third parties are in the name of the Commission.

Concentration of credit risk: The Commission places no limit on the amount that may be invested in any one issuer.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 4. CAPITAL ASSETS

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ -	\$ 52,864,182
Construction in progress	76,127,535	31,339,669	-	(438,421)	107,028,783
Total Non Depreciable Capital Assets	128,991,717	31,339,669	-	(438,421)	159,892,965
Other capital assets:					
Land improvements	26,653,521	70,922	(2,703,366)	-	24,021,077
Buildings	318,344,466	588,966	(10,443,893)	438,421	308,927,960
Paved Facilities	238,508,119	-	(47,970,166)	-	190,537,953
Furniture and fixtures	5,735,114	(18,187)	(1,371,513)	-	4,345,414
Machinery and Equipment	66,313,538	207,376	(9,437,436)	-	57,083,478
Total Other Capital Assets	655,554,758	849,077	(71,926,374)	438,421	584,915,882
Total Capital Assets	784,546,475	32,188,746	(71,926,374)	-	744,808,847
Accumulated depreciation:					
Land improvements	(13,178,852)	(1,346,657)	2,703,366	-	(11,822,143)
Buildings	(134,529,857)	(9,837,031)	9,911,413	-	(134,455,475)
Paved Facilities	(159,417,153)	(8,723,896)	47,970,166	-	(120,170,883)
Furniture and fixtures	(4,094,057)	(262,409)	1,371,513	-	(2,984,953)
Machinery and Equipment	(47,001,320)	(3,229,575)	9,942,681	-	(40,288,214)
Total Accumulated Depreciation	(358,221,239)	(23,399,568)	71,899,139	-	(309,721,668)
Capital Assets, Net	\$ 426,325,237	\$ 8,789,178	\$ (27,235)	\$ -	\$ 435,087,180

	Balance June 30, 2015	Additions	Retirements	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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 5. LONG-TERM DEBT

Long-term debt at June 30, 2017 and 2016 consists of:

	Balance			Balance	Current
	6/30/2016	Increase	Decrease	6/30/2017	Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 24,537,683	\$ -	\$ (2,301,174)	\$ 22,236,509	\$ 2,375,565
Series 2008A (c)	3,590,000	-	(1,145,000)	2,445,000	1,200,000
Series 2013A Airport Refunding (d)	21,780,000	-	(1,840,000)	19,940,000	-
Series 2016A Airport Refunding (e)	39,305,000	-	-	39,305,000	1,985,000
PFC Revenue Bonds:					
Series 2016A (h)	7,165,000	-	(1,756,758)	5,408,242	1,779,555
Series 2016B (h)	5,935,000	-	(1,455,179)	4,479,821	1,474,063
	102,312,683	-	(8,498,112)	93,814,571	8,814,183
Add: Bond premium paid, net	8,328,483	-	(400,835)	7,927,648	-
Total Long-Term Debt	<u>\$ 110,641,166</u>	<u>\$ -</u>	<u>\$ (8,898,947)</u>	<u>\$ 101,742,219</u>	<u>\$ 8,814,183</u>
Loss deferred outflows	\$ (6,955,744)	\$ -	\$ 433,991	\$ (6,521,753)	\$ -

	Balance			Balance	Current
	6/30/2015	Increase	Decrease	6/30/2016	Maturities
Airport Revenue Bonds:					
Series 2001A&B (a)	\$ 26,766,797	\$ -	\$ (2,229,114)	\$ 24,537,683	\$ 2,301,174
Series 2005A Airport Refunding (b)	1,680,000	-	(1,680,000)	-	-
Series 2008A (c)	46,405,000	-	(42,815,000)	3,590,000	1,145,000
Series 2013A Airport Refunding (d)	21,825,000	-	(45,000)	21,780,000	1,840,000
Series 2016A Airport Refunding (e)	-	39,305,000	-	39,305,000	-
PFC Revenue Bonds:					
Series 2005A (f)	13,475,000	-	(13,475,000)	-	-
Series 2005B (g)	15,435,000	-	(15,435,000)	-	-
Series 2016A (h)	-	7,165,000	-	7,165,000	1,756,758
Series 2016B (h)	-	5,935,000	-	5,935,000	1,455,179
Car Rental Garage Revenue					
Bonds, Series 2000 (i)	1,230,000	-	(1,230,000)	-	-
Line of Credit (j)	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	<u>\$ 129,740,748</u>	<u>\$ 58,400,835</u>	<u>\$ (77,500,417)</u>	<u>\$ 110,641,166</u>	<u>\$ 8,498,112</u>
Loss deferred outflows	\$ (2,863,007)	\$ (4,417,581)	\$ 324,844	\$ (6,955,744)	\$ -

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 5. LONG-TERM DEBT (continued)

The aggregate amount of debt service on long-term debt following June 30, 2017, is as follows:

Long-Term Debt

Year	Revenue		PFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	5,560,565	3,228,490	3,253,617	108,364	8,814,182	3,336,854
2019	5,717,363	3,032,617	3,295,838	66,143	9,013,201	3,098,760
2020	5,896,646	2,827,159	3,338,607	23,374	9,235,253	2,850,533
2021	6,088,494	2,621,586	-	-	6,088,494	2,621,586
2022	6,297,989	2,399,453	-	-	6,297,989	2,399,453
2023-2027	26,870,451	8,212,972	-	-	26,870,451	8,212,972
2028-2032	9,640,000	5,051,000	-	-	9,640,000	5,051,000
2033-2037	12,220,000	2,438,150	-	-	12,220,000	2,438,150
2038-2042	5,635,000	227,700	-	-	5,635,000	227,700
	<u>\$ 83,926,508</u>	<u>\$ 30,039,127</u>	<u>\$ 9,888,062</u>	<u>\$ 197,881</u>	<u>\$ 93,814,570</u>	<u>\$ 30,237,008</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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) 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 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
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Note 5. LONG-TERM DEBT (continued)

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.

(c) 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 2031 and 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.

(d) 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 5. LONG-TERM DEBT (continued)

(e) 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 21, 1984 (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. The reacquisition price exceeded the net carrying amount of the old debt by \$4,329,914. This amount is reported as the deferred charge on refunding and amortized over the remaining life of the refunded debt. The refunding will reduce total debt service payments over 22 years by \$7,192,885, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,358,514.

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

On March 31, 2005, the Commission issued Passenger Facility Charge Revenue Bonds, 2005 Series A (AMT) in the amount of \$27,885,000, under the Master Indenture of Trust dated March 1, 2005, as amended and pursuant to provisions of Chapter 380 of the Acts of Assembly of Commonwealth of Virginia of 1980, as amended. The bonds 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.

(g) 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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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.

(h) 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%.

(i) 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 5. LONG-TERM DEBT (continued)

(j) 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. The line of credit expired December 15, 2016 and was not renewed.

(k) Restricted Assets

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

	2017	2016
Cost of issuance	\$ 134,511	\$ 267,949
Debt service	19,990,892	23,420,172
Equipment and capital outlay	42,154,080	38,473,828
Operation and maintenance	12,265,580	10,152,812
	<u>\$ 74,545,063</u>	<u>\$ 72,314,761</u>

The bond resolutions contain restrictive covenants with respect to incurring additional indebtedness, sale, lease, or encumbrance of property, maintenance of facility, agreements with airlines and other matters common to such bond issues.

The Commission is subject to arbitrage rebate liability in accordance with Section 148(f) of the Internal Revenue Code of 1986, as amended, and the Final U.S. Treasury Regulations 1.148-1 through 1.148-11 issued on June 19, 1993, and amended on May 9, 1997. There was no accrued arbitrage liability for the years ended June 30, 2017 and June 30, 2016.

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 \$2,421,600 (5.3%) and \$1,830,282 (4.0%) for the year ended June 30, 2017, and \$2,344,528 (5.3%) and \$1,549,681 (3.5%) for the year ended June 30, 2016.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017:

Fiscal Year	Amount
2018	10,522,808
2019	2,347,103
2020	1,368,998
2021	1,096,713
2022	1,069,592
2023-2027	5,439,907
2028-2032	517,804
	<u>\$ 22,362,925</u>

The Commission had rental and concession income of \$20,722,739 and \$19,637,261 in 2017 and 2016, 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 a VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	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.	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.

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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 are paying the full 5% as of 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 are paying the full 5% as of 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	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. <u>Defined Contribution Component:</u> 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 <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> 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 <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> 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 <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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. <u>Defined Contribution Component:</u> 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%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. 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%. <u>Eligibility:</u> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 <u>Defined Benefit Component:</u> 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. <u>Defined Contribution Component:</u> Not applicable.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 8. PENSION PLAN (continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2015 and June 30, 2014 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	<u>2015 Valuation</u>	<u>2014 Valuation</u>
Inactive members or their beneficiaries currently receiving benefits	82	73
Inactive members:		
Vested inactive members	35	34
Non-vested inactive members	92	112
Inactive members active elsewhere in VRS	<u>63</u>	<u>60</u>
Total inactive members	190	206
Active members	<u>170</u>	<u>163</u>
Total covered employees	<u>442</u>	<u>442</u>

Contributions

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

The Commission's contractually required contribution rate for the year ended June 30, 2017 was 9.94% of covered employee compensation. It was 9.27% starting in July 2016, but changed due to the adoption of enhanced benefits for hazardous duty positions in March 2017. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. For the year ended in June 30, 2016 the rate was 11.07% of covered employee compensation which 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 \$740,837 and \$810,132 for the years ended June 30, 2017 and June 30, 2016, respectively.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 8. PENSION PLAN (continued)

Net Pension Liability

The Commission's net pension liability was measured as of June 30, 2016 and June 30, 2015. The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2015 and June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2016 and June 30, 2015.

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, 2015 and June 30, 2014, 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, 2016 and June 30, 2015.

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2015 and June 30, 2014 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, 2015 and June 30, 2014, 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, 2016 and June 30, 2015.

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

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2015 and June 30, 2014 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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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%.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2015	\$ 31,724,722	\$ 29,128,064	\$ 2,596,658
Changes for the year:			
Service cost	\$ 947,517	\$ -	\$ 947,517
Interest	2,166,414	-	2,166,414
Differences between expected and actual experience	139,420	-	139,420
Contributions - employer	-	823,513	(823,513)
Contributions - employee	-	387,582	(387,582)
Net investment income	-	508,986	(508,986)
Benefit payments, including refunds of employee contributions	(1,551,901)	(1,551,901)	-
Administrative expenses	-	(18,229)	18,229
Other changes	-	(215)	215
Net changes	\$ 1,701,450	\$ 149,736	\$ 1,551,714
Balances at June 30, 2016	\$ 33,426,172	\$ 29,277,800	\$ 4,148,372

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 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

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		
		1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Capital Region Airport Commission				
Net Pension Liability(Asset)				
2016	\$	8,455,335	\$ 4,148,372	\$ 554,311
2015	\$	6,714,584	\$ 2,596,658	\$ (834,282)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017, the Commission recognized pension expense of \$519,689. At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	95,851	\$ 252,350
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	762,356	-
Employer contributions subsequent to the measurement date	<u>740,837</u>	<u>-</u>
Total	\$ <u>1,599,044</u>	\$ <u>252,350</u>

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>810,132</u>	<u>-</u>
Total	\$ <u>810,132</u>	\$ <u>1,236,300</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 8. PENSION PLAN (continued)

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

\$740,837 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, 2018. 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:

<u>Year ended June 30</u>	
2018	\$ (185,333)
2019	\$ 42,980
2020	\$ 444,730
2021	\$ 303,480
2022	\$ -
Thereafter	\$ -

\$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, 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:

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

Note 9. VRS HEALTH INSURANCE CREDIT- OTHER POST EMPLOYMENT BENEFITS

Plan Description

Effective August 1, 2016, the Commission participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the Commission, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 9. VRS HEALTH INSURANCE CREDIT- OTHER POST EMPLOYMENT BENEFITS (continued)

Plan Description (continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 8.

Funding Policy

As a participating local political subdivision, the Commission is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The Commission's contribution rate for the fiscal year ended 2017 was .21% of annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The Commission is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2017, the Commission's contribution of \$15,147 was equal to the ARC and OPEB cost. There was no OPEB obligation at June 30, 2017, since 100% of the OPEB cost was contributed.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
June 30, 2016	\$ -	\$ 136,397	\$ 136,397	0.00%	\$ 7,614,970	46.73%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 9. VRS HEALTH INSURANCE CREDIT- OTHER POST EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress (continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by the member's years of service and the maximum benefit is assumed, no assumption relating to health care cost trend rates is needed or applied.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on a closed basis. The remaining open amortization period at June 30, 2015 was 19 to 28 years.

Note 10. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2017 and 2016, 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 11. 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 2017; 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.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 12. COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Commission management does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the financial position of the Commission. As of June 30, 2017, the Commission had construction commitments of approximately \$51.7 million, of which approximately \$35.1 million will be paid from federal and state grants.

Note 13. 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.



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Capital Region Airport Commission
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 947,517	\$ 867,611	\$ 870,607
Interest	2,166,414	2,103,636	1,980,695
Changes of benefit terms	-	-	-
Differences between expected and actual experience	139,420	(733,014)	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,551,901)	(1,130,913)	(1,059,085)
Net change in total pension liability	\$ 1,701,450	\$ 1,107,320	\$ 1,792,217
Total pension liability - beginning	31,724,722	30,617,402	28,825,185
Total pension liability - ending (a)	\$ 33,426,172	\$ 31,724,722	\$ 30,617,402
Plan fiduciary net position			
Contributions - employer	\$ 823,513	\$ 818,481	\$ 831,532
Contributions - employee	387,582	378,639	366,404
Net investment income	508,986	1,284,659	3,798,506
Benefit payments, including refunds of employee contributions	(1,551,901)	(1,130,913)	(1,059,085)
Administrative expense	(18,229)	(17,267)	(20,146)
Other	(215)	(271)	200
Net change in plan fiduciary net position	\$ 149,736	\$ 1,333,328	\$ 3,917,411
Plan fiduciary net position - beginning	29,128,064	27,794,736	23,877,325
Plan fiduciary net position - ending (b)	\$ 29,277,800	\$ 29,128,064	\$ 27,794,736
Commission's net pension liability (asset) - ending (a) - (b)	\$ 4,148,372	\$ 2,596,658	\$ 2,822,666
Plan fiduciary net position as a percentage of the total pension liability	87.59%	91.82%	90.78%
Covered payroll	\$ 7,318,266	\$ 7,739,286	\$ 7,327,589
Commission's net pension liability (asset) as a percentage of covered payroll	56.69%	33.55%	38.52%

The years in the schedule represent the measurement date which is a year behind actual.

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
For the Years Ended June 30, 2008 through June 30, 2017

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)
2017	\$ 740,837	\$ 740,837	\$ 0.00	\$ 7,819,559	9.47%
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%

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 is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 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

Capital Region Airport Commission
SCHEDULE OF OPEB FUNDING PROGRESS-VRS-HEALTH INSURANCE CREDIT
For the Years Ended June 30, 2008 through June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
June 30, 2016	-	136,397	136,397	0.00%	7,614,970	1.79%

Only one year of information is available.



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SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2017 and 2016

	2017	2016
Parking		
Terminal	\$ 15,781,372	\$ 15,559,847
Economy and shuttle	3,899,428	3,862,348
Valet	581,778	576,964
Parking meter and violations	29,194	9,442
	20,291,772	20,008,601
Landing Fees		
Major	1,314,507	1,337,703
Regional	1,573,502	1,392,352
Scheduled freighter	566,864	552,383
Other	6,634	55,593
	3,461,507	3,338,031
Concession		
Rental car	5,655,078	5,420,622
Food and beverage	1,325,133	1,096,927
Ground transportation fees	765,261	547,273
In-flight catering, etc.	10,441	6,336
Retail sales	1,330,557	982,098
Off-airport concession fees	53,414	119,387
Terminal advertising	1,133,391	1,142,803
Fuel flowage fees	169,995	164,454
Other	35,318	38,007
	10,478,588	9,517,907
Rental		
Airline terminal	6,247,663	6,432,135
Land	1,274,608	1,449,356
Other buildings	2,721,879	2,237,861
	10,244,150	10,119,352
Apron Fees	558,042	561,670
Other		
Utilities	131,650	128,001
Other	151,951	189,343
	283,601	317,344
Total	\$ 45,317,660	\$ 43,862,906

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2017 and 2016

	2017	2016
Personnel		
Salaries		
Regular	\$ 8,491,940	\$ 8,118,053
Overtime	504,240	436,947
Fringe benefits		
Payroll taxes	642,533	625,822
Group insurance, life and health	1,039,687	1,062,260
Retirement & Disability	542,906	168,686
Other	72,150	57,917
	11,293,456	10,469,684
Utilities		
Electricity	2,078,829	1,973,457
Heating fuel	110,222	100,744
Telephone	110,938	119,338
Water and sewer	301,838	309,190
	2,601,827	2,502,728
Professional Services		
Legal and accounting	539,055	529,622
Consulting services	721,168	482,285
Marketing and promotion	492,189	603,509
	1,752,412	1,615,415
Parking		
Terminal	1,798,540	1,685,954
Economy and shuttle	1,492,112	1,358,432
	3,290,652	3,044,386
Maintenance		
Building	530,259	431,379
Equipment	412,483	375,500
Other	782,916	720,474
	1,725,658	1,527,353
Insurance	709,626	745,448
Supplies	588,419	589,817
Other		
Conference and travel	74,615	76,498
Snow removal	148,783	123,685
Other	395,483	245,113
	618,881	445,296
Total	\$ 22,580,931	\$ 20,940,126

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$ 15,347,000	\$15,781,372	\$ 434,372
Economy and shuttle	4,033,000	3,899,428	(133,572)
Valet	574,000	581,778	7,778
Parking meter and violations	4,000	29,194	25,194
	19,958,000	20,291,772	333,772
Landing Fees			
Major	1,393,920	1,314,507	(79,413)
Regional	1,210,414	1,573,502	363,088
Scheduled freighter	544,434	566,864	22,430
Other	89,360	6,634	(82,726)
	3,238,128	3,461,507	223,379
Concession			
Rental car	5,124,500	5,655,078	530,578
Food and beverage	1,059,100	1,325,133	266,033
Ground transportation fees	527,700	765,261	237,561
In-flight catering, etc.	6,200	10,441	4,241
Retail sales	978,700	1,330,557	351,857
Off airport concession fees	126,600	53,414	(73,186)
Terminal advertising	1,150,000	1,133,391	(16,609)
Fuel flowage fees	159,900	169,995	10,095
Other	26,800	35,318	8,518
	9,159,500	10,478,588	1,319,088
Rental			
Airline terminal	6,214,308	6,247,663	33,355
Land	1,210,069	1,274,608	64,539
Other buildings	2,524,620	2,721,879	197,259
	9,948,997	10,244,150	295,153
Apron Fees	587,192	558,042	(29,150)
Other			
Utilities	132,600	131,650	(950)
Other	154,400	151,951	(2,449)
	287,000	283,601	(3,399)
Total	\$ 43,178,817	\$45,317,660	\$ 2,138,843

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	\$ 8,577,066	\$ 8,491,940	\$ 85,126
Overtime	417,000	504,240	(87,240)
Fringe benefits			
Payroll taxes	662,200	642,533	19,667
Group insurance, life and health	1,081,083	1,039,687	41,396
Retirement & disability	777,161	542,906	234,255
Other personnel expense	67,000	72,150	(5,150)
	11,581,510	11,293,456	288,054
Utilities			
Electricity	2,016,000	2,078,829	(62,829)
Heating fuel	132,000	110,222	21,778
Telephone	131,550	110,938	20,612
Water and sewer	350,000	301,838	48,162
	2,629,550	2,601,827	27,723
Professional Services			
Legal and accounting	554,000	539,055	14,945
Consulting services	420,000	721,168	(301,168)
Marketing and promotion	691,650	492,189	199,461
Annual Report	3,000		3,000
	1,668,650	1,752,412	(83,762)
Parking			
Terminal	1,830,000	1,798,540	31,460
Economy and shuttle	1,723,000	1,492,112	230,888
	3,553,000	3,290,652	262,348
Maintenance			
Building	645,550	530,259	115,291
Equipment	399,500	412,483	(12,983)
Other	809,900	782,916	26,984
	1,854,950	1,725,658	129,292
Insurance	824,200	709,626	114,574
Supplies	672,147	588,419	83,728
Other			
Conference and travel	106,250	74,615	31,635
Snow removal	200,000	148,783	51,217
Other	300,450	395,483	(95,033)
	606,700	618,881	(12,181)
Total	\$ 23,390,708	\$ 22,580,931	\$ 809,776

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2017

	2016 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	\$ 0	\$ 4,862,197	\$ 38,473,828	\$ 6,071,731	\$ 2,066,148	\$ 67,029	\$ 5,075,623
RECEIPTS							
Deposits from Commission	44,397,295	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Interest earned	16,905	-	-	11,309	30,257	28	230
	44,414,200	-	-	11,309	30,257	28	230
DISBURSEMENTS							
Disbursements to Commission	-	-	8,362,038	23,092,207	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	7,933,320	-	-	-	-	275
	-	7,933,320	8,362,038	23,092,207	-	-	275
TRANSFERS							
Transfer of interest earned to revenue account	-	-	-	(11,309)	-	-	179,196
Transfer of deposited revenue to designated accounts per resolution	(44,414,200)	8,846,971	12,042,289	23,391,821	-	-	-
Discount (premium) amortized on bonds held as an investment	-	(109)	-	-	(426)	-	-
	(44,414,200)	8,846,862	12,042,289	23,380,512	(426)	-	179,196
ENDING BALANCE	\$ -	\$ 5,775,739	\$ 42,154,080	\$ 6,371,345	\$ 2,095,979	\$ 67,057	\$ 5,254,774

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2017

	1995 Bonds	2008 Rev Bonds		2013 Rev Bonds	2016 Rev Bonds	
	Debt Service Reserve	Debt Service Reserve	Cost of Issuance	Debt Service Reserve	Debt Service Reserve	Cost of Issuance
BEGINNING BALANCE	\$ 4,634	\$ 244,507	\$ 343	\$ 2,591,541	\$ 3,006,299	\$ 267,606
RECEIPTS						
Deposits from Commission	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-
Interest earned	5	262	-	42,002	10,088	-
	5	262	-	42,002	10,088	-
DISBURSEMENTS						
Disbursements to Commission	-	-	-	-	-	-
Principal curtailment on long-term debt	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-
Disbursements to others	-	-	-	-	-	-
	-	-	-	-	-	-
TRANSFERS						
Transfer of interest earned to revenue account	-	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	-	-	-	-	-	(133,438)
Discount (premium) amortized on bonds held as an investment	-	-	-	(1,343)	(5,520)	-
	-	-	-	(1,343)	(5,520)	(133,438)
ENDING BALANCE	\$ 4,639	\$ 244,769	\$ 343	\$ 2,632,200	\$ 3,010,867	\$ 134,168

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2017

	<u>PFC Bonds</u>		<u>CFC Bonds</u>		
	General		General		
	Purpose Fund		Purpose		Total
			Fund		
BEGINNING BALANCE	\$	12,643,964	\$	8,086,663	\$ 83,462,117
RECEIPTS					
Deposits from Commission		-		-	44,397,295
Deposits from Commission-collections		7,408,400		2,742,300	10,150,700
Interest earned		12,776		12,411	135,421
		7,421,176		2,754,711	54,683,416
DISBURSEMENTS					
Disbursements to Commission		8,447,539		503,244	40,405,027
Principal curtailment on long-term debt		3,217,668		-	3,217,668
Interest payments on long-term debt		144,313		-	144,313
Disbursements to others		-		-	7,933,594
		11,809,520		503,244	51,700,603
TRANSFERS					
Transfer of interest earned to revenue account		-		-	167,888
Transfer of deposited revenue to designated accounts per resolution		-		(168,529)	(435,085)
Discount (premium) amortized on bonds held as an investment		-		-	(6,547)
		-		(168,529)	(273,744)
ENDING BALANCE	\$	8,255,621	\$	10,169,601	\$ 86,171,186

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 \$74,545,064 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, 2017

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
1995 Bonds			
Debt service reserve	Money market fund	0.0%	\$ 4,639
			<u>4,639</u>
2016 Bonds			
Bond account-debt service	Money market fund	0.0	5,775,739
Equipment and capital outlay	Money market fund	0.0	42,154,080
Operation and maintenance account	Cash deposits	1.0	6,371,345
Operation and maintenance reserve	Money market fund	0.0	1,344,063
Operation and maintenance reserve	Municipal obligation	4.0	750,383
Subordinated indebtedness	Money market fund	0.0	67,057
Surplus, issuer discretionary	Cash deposits	1.0	5,254,774
			<u>61,717,441</u>
2008 Bonds			
Debt service reserve	Money market fund	0.0	244,769
Cost of issue	Money market fund	0.0	343
			<u>245,112</u>
2013 Bonds			
Debt service reserve	Federal obligations	1.0	2,549,905
Debt service reserve	Money Market Fund	2.0	81,803
			<u>2,631,708</u>
2016 Bonds			
Debt service reserve	Federal obligations	1.0	2,916,895
Debt service reserve	Money Market Fund	2.0	54,452
Cost of Issuance	Money Market Fund	0.0	134,168
			<u>3,105,515</u>
PFC Bonds			
General purpose fund	Money market fund	1.0	8,255,621
			<u>8,255,621</u>
CFC Bonds			
General purpose fund	Money market fund	0.0	10,169,601
			<u>10,169,601</u>
			<u>\$ 86,129,638</u>

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

Current assets:	
Cash and cash equivalents	\$ 11,626,119
Restricted assets:	
Cash and cash equivalents	68,286,336
Investments	6,217,183
	<u>\$ 86,129,638</u>

Note: Includes fair market value adjustment of \$ 41,545





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STATISTICAL SECTION

**Capital Region Airport Commission
Statistical Section**

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Capital Region Airport Commission
NET POSITION AND CHANGES IN NET POSITION
Ten Years Ended June 30, 2017
(dollars in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues										
Apron fees	\$ 558	\$ 562	\$ 574	\$ 601	\$ 588	\$ 638	\$ 624	\$ 509	\$ 755	\$ 674
Concession	10,478	9,518	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048
Landing fees	3,462	3,338	3,218	2,885	2,855	3,007	2,976	2,837	3,332	3,496
Other	284	317	268	315	258	181	166	177	211	253
Parking	20,292	20,009	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,892
Rental	10,244	10,119	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779
Total operating revenues	45,318	43,863	43,082	40,523	39,392	39,124	38,868	37,999	39,444	42,142
Nonoperating revenues										
Customer Facility Charges	2,326	3,975	3,314	525	975	1,716	1,511	1,380	1,492	1,744
Interest income	206	143	128	187	136	198	250	338	1,152	2,608
Passenger Facility Charges	7,518	7,022	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,328
Total nonoperating revenues	10,050	11,140	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,680
Total Revenues	55,368	55,003	53,587	48,025	47,092	47,609	47,458	46,666	49,017	53,822
Operating expenses										
Depreciation	23,400	24,063	22,825	22,195	21,222	20,609	19,644	18,492	17,151	16,364
Insurance	710	745	849	844	848	669	798	810	664	625
Maintenance	1,726	1,527	1,556	1,541	1,651	1,464	1,539	1,864	1,424	1,928
Other	619	445	543	573	408	369	558	545	394	516
Parking	3,291	3,044	3,034	2,876	2,912	3,052	3,019	2,834	3,070	2,896
Personnel	11,293	10,470	10,534	10,224	10,279	9,484	9,173	9,380	10,121	10,343
Professional services	1,752	1,615	1,748	1,450	1,223	1,384	1,658	1,001	1,207	1,544
Supplies	588	590	724	692	763	806	686	597	685	800
Utilities	2,602	2,503	2,586	2,524	2,537	2,509	2,348	2,081	2,555	2,361
Total operating expenses	45,981	45,002	44,399	42,919	41,843	40,346	39,423	37,604	37,271	37,377
Nonoperating expenses										
Interest expense	2,758	2,625	4,065	3,556	4,557	5,193	5,580	3,793	5,555	5,666
Other, net	478	599	488	682	992	3,170	861	786	1,075	666
Total nonoperating expenses	3,236	3,224	4,553	4,238	5,549	8,363	6,441	4,579	6,630	6,332
Total Expenses	49,217	48,226	48,952	47,157	47,392	48,709	45,864	42,183	43,901	43,709
Capital grants and contributions	11,136	16,295	14,830	13,439	12,660	9,825	5,594	5,879	12,481	23,860
Increase (decrease) in Net Position	17,287	23,072	19,465	14,307	12,360	8,725	7,188	10,362	17,597	33,973
Net Position at Year-End										
Net Investment in capital assets	\$ 345,759	\$ 328,487	\$ 297,177	\$ 284,350	\$ 282,629	\$ 272,217	\$ 268,968	\$ 274,025	\$ 271,544	\$ 241,895
Restricted	73,773	72,742	83,867	74,244	66,011	60,776	56,480	41,370	31,247	39,742
Unrestricted	11,777	12,794	9,908	17,010	12,658	15,945	14,765	17,630	19,871	23,428
Total Net Position	\$ 431,309	\$ 414,023	\$ 390,952	\$ 375,604	\$ 361,298	\$ 348,938	\$ 340,213	\$ 333,025	\$ 322,662	\$ 305,065

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.

Fiscal year 2017 SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2017
(dollars in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Airline revenues										
Landing fees	\$ 3,462	\$ 3,338	\$ 3,218	\$ 2,885	\$ 2,855	\$ 3,007	\$ 2,976	\$ 2,837	\$ 3,332	\$ 3,496
Apron fees	558	562	574	601	588	638	624	509	755	674
Total airline revenues	4,020	3,900	3,792	3,486	3,443	3,645	3,600	3,346	4,087	4,172
Percentage of total revenues	7.3%	7.1%	7.1%	7.3%	7.3%	7.7%	7.6%	7.1%	8.4%	7.8%
Nonairline revenues										
Parking	20,292	20,009	19,617	18,424	17,799	17,959	18,320	17,993	17,989	19,891
Rental	10,244	10,119	10,151	10,034	9,936	9,476	9,630	9,428	9,588	9,779
Concession	10,478	9,518	9,254	8,264	7,956	7,863	7,152	7,055	7,569	8,048
Other	284	317	268	315	258	181	166	178	211	253
Total nonairline revenues	41,298	39,963	39,290	37,037	35,949	35,479	35,268	34,654	35,357	37,971
Percentage of total revenues	74.6%	72.7%	73.3%	77.1%	76.3%	74.5%	74.3%	74.3%	72.1%	70.5%
Nonoperating revenues										
Passenger Facility Charges	7,518	7,022	7,063	6,790	6,589	6,571	6,829	6,949	6,929	7,327
Customer Facility Charges	2,325	3,975	3,314	525	975	1,716	1,511	1,380	1,492	1,744
Interest Income	206	143	128	187	136	198	250	338	1,152	2,608
Total nonoperating revenues	10,049	11,140	10,505	7,502	7,700	8,485	8,590	8,667	9,573	11,679
Percentage of total revenues	18.1%	20.3%	19.6%	15.6%	16.4%	17.8%	18.1%	18.6%	19.5%	21.7%
Total revenues	\$ 55,367	\$ 55,003	\$ 53,587	\$ 48,025	\$ 47,092	\$ 47,609	\$ 47,458	\$ 46,667	\$ 49,017	\$ 53,822
Enplaned passengers (excluding charters)	1,763,939	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
Total revenue per enplaned passengers	\$ 31.39	\$ 31.53	\$ 31.41	\$ 29.51	\$ 29.78	\$ 29.85	\$ 28.93	\$ 28.45	\$ 29.26	\$ 29.69

Note: Fiscal year 2017 SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2017

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Parking:										
Terminal	\$ 15,781,372	\$ 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
Economy and shuttle	3,899,428	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
Valet	581,778	576,964	572,467	549,864	525,664	546,265	562,929	572,419	611,691	688,525
Parking meter and violations	29,194	9,443	4,454	4,824	5,596	6,311	7,888	4,425	1,358	8,408
	<u>\$ 20,291,772</u>	<u>\$ 20,008,602</u>	<u>\$ 19,617,302</u>	<u>\$ 18,423,919</u>	<u>\$ 17,798,387</u>	<u>\$ 17,958,940</u>	<u>\$ 18,320,471</u>	<u>\$ 17,992,998</u>	<u>\$ 17,988,969</u>	<u>\$ 19,891,428</u>

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2017

	2017		2016		2015		2014		2013		2012		2011		2010		2009		2008	
	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	\$ 12
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	2	7	1	7	2	7	2	6	2	6	2	6	2	6
Economy B	2	7	2	7	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	6
Economy C	2	7	2	7	2	7	2	7	1	7	2	7	2	6	2	6	2	6	2	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	N/A	20

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, 2017

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Apron fees (per square foot)	\$1.10	\$1.11	\$1.16	\$1.23	\$1.23	\$1.21	\$1.21	\$1.21	\$1.34	\$1.31
Landing Fees (per 1,000 lbs unit)	1.32	1.32	1.26	1.26	1.23	1.24	1.19	1.22	1.25	1.24
Terminal Rental (square foot)	32.81	32.48	36.11	35.84	35.12	34.19	34.17	33.50	34.93	43.01

REVENUE BOND COVERAGE
Ten Years Ended June 30, 2017

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service		Coverage	
				on Bonds	Debt Service	on Bonds	Debt Service
2017	\$44,393,303	\$23,725,872	\$20,667,431	\$ 8,842,830	\$16,429,330	2.34	1.26
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

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, 2017
(dollar in thousands)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Airport Revenue Bonds:										
Series 1995 A,B&C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,880
Series 2001 A&B	22,236	24,537	26,767	28,926	31,018	33,044	34,962	36,673	38,308	39,874
Series 2004 A	-	-	-	2,130	4,155	6,085	7,920	9,670	11,335	12,935
Series 2005 A	-	-	1,680	2,195	2,695	26,130	26,595	27,045	27,485	27,910
Series 2008 A	2,445	3,590	46,405	47,455	48,470	49,450	50,395	51,310	51,310	51,310
Series 2013 A	19,940	21,780	21,825	21,870	21,870	-	-	-	-	-
Series 2016 A	39,305	39,305	-	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	-	-	13,475	14,220	14,935	15,625	16,295	16,940	21,570	26,175
Series 2005 B	-	-	15,435	18,410	19,005	19,580	20,135	20,675	21,200	21,705
Series 2016 A	5,408	7,165	-	-	-	-	-	-	-	-
Series 2016 B	4,480	5,935	-	-	-	-	-	-	-	-
Car Rental Garage Revenue Bond	-	-	1,230	2,380	2,380	2,380	5,400	6,280	7,100	7,870
The Warehouse Company Note	-	-	-	-	-	-	-	-	-	1,493
Line of Credit	-	-	339	-	-	-	-	-	1,185	-
	93,814	102,312	127,156	137,586	144,528	152,294	161,702	168,593	179,493	205,152
Add: Bond premium, net	7,928	8,328	2,585	2,711	3,049	866	1,031	1,218	1,424	1,650
Less: Debt issuance costs, net	-	-	-	-	-	-	(4,022)	(4,433)	(4,863)	(5,565)
Total Long-Term Debt	\$ 101,742	\$ 110,640	\$ 129,741	\$ 140,297	\$ 147,577	\$ 153,160	\$ 158,711	\$ 165,378	\$ 176,054	\$ 201,237
Enplaned passengers (excluding charters)	1,764	1,744	1,706	1,627	1,581	1,595	1,641	1,640	1,675	1,813
Total Long-Term Debt per enplaned passenger	\$57.68	\$63.44	\$76.05	\$86.23	\$93.34	\$96.03	\$96.72	\$100.84	\$105.11	\$111.00

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, 2017			Year Ended June 30, 2008		
Company	Revenue	Percent of Operating Revenue	Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 2,421,600	5.3%	US Airways, Inc.	\$ 1,860,228	4.4%
American Airlines, Inc.	1,830,282	4.0	The Hertz Corporation	1,710,995	4.1
National Rent A Car, Inc.	1,614,880	3.6	Delta Airlines, Inc.	1,645,963	3.9
Delaware North Company	1,378,765	3.0	Avis Rent A Car Company	1,262,741	3.0
The Hertz Corporation	1,332,648	2.9	Delaware North Company	1,009,500	2.4

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2017

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2017	2.1%	N/A	2.7%
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)

Notes: Calendar year data except for 2017, 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

N/A: Not available.

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2017

	Share of		Share of									
	2017	Total 2017	2016	Total 2016	2015	2014	2013	2012	2011	2010	2009	2008
Major Airlines												
AirTran Airways	-	-	-	-	-	155,199	155,937	151,031	147,825	152,852	170,372	172,770
American Eagle Airlines	-	-	-	-	-	58,949	72,417	79,021	84,255	64,187	45,026	61,952
Continental Airlines	-	-	-	-	-	-	-	79,032	124,349	123,513	119,820	129,014
Delta Airlines	410,604	22.8	401,455	22.7	370,744	344,697	337,549	324,690	310,789	270,066	232,326	240,723
Envoy Air	70,052	3.9	71,254	4.0	60,180	-	-	-	-	-	-	-
JetBlue Airways	207,612	11.5	187,185	10.6	171,310	136,659	124,539	116,545	129,566	160,784	152,318	148,052
Northwest Airlines	-	-	-	-	-	-	-	-	-	107	70,007	10,488
SkyBus Airlines	-	-	-	-	-	-	-	-	-	-	-	29,793
Southwest Airlines	125,335	7.0	151,463	8.6	167,187	-	-	-	-	-	-	-
United Airlines	43,740	2.3	39,778	2.3	38,130	38,153	33,371	32,079	38,844	47,922	52,430	56,980
US Airways	-	-	57,687	3.3	139,603	130,968	103,197	95,599	88,912	103,443	122,451	137,069
Total Major Airlines	857,343	47.5	908,822	51.4	947,154	864,625	827,010	877,997	924,540	922,874	964,750	986,841
Regional Airlines												
Air Canada	-	-	-	-	-	-	4,927	6,157	6,731	6,564	6,903	1,821
Air Wisconsin	21,604	1.2	66,503	3.8	121,014	105,583	81,501	144,638	152,087	113,190	76,002	86,360
American	272,104	15.1	219,704	12.4	108,253	117,787	111,183	118,303	121,523	113,082	104,165	116,805
Atlantic Southeast	-	-	-	-	-	-	-	934	863	21,211	33,967	41,706
Chautauqua	-	-	-	-	26,477	57,868	62,224	35,495	35,387	71,793	71,237	70,858
ComAir/Delta Connection	-	-	-	-	-	-	3,771	24,032	52,216	53,106	58,263	85,373
CommutAir	23,705	1.3	35,082	2.0	13,726	-	-	-	-	-	-	-
Compass	-	-	-	-	-	-	-	7,215	22,176	7,229	-	-
Endeavor Airlines	28,123	1.6	5,098	0.3	16,833	42,411	83,652	81,623	47,595	30,123	12,364	72,249
Express Jet	267,564	14.8	262,672	14.9	256,926	262,836	208,385	121,025	20,233	-	-	-
GoJet	9,256	0.5	8,453	0.5	30,595	26,971	39,594	29,123	27,863	23,957	13,599	12,391
Mesa	12,660	0.7	743	-	56,278	82,056	74,682	54,432	45,278	27,893	54,807	76,854
Mesaba	-	-	-	-	-	-	-	7,514	6,374	20,397	-	-
Piedmont	63,006	3.5	31,007	1.8	13,512	17,502	33,126	6,652	9,994	18,063	21,057	21,695
PSA	74,469	4.1	71,017	4.0	44,100	7,571	23,800	23,556	34,118	31,725	30,449	41,579
Republic	38,029	2.1	36,604	2.0	15,183	1,556	2,926	26,983	53,192	84,493	84,651	47,366
Shuttle America	8,389	0.5	39,822	2.3	16,023	2,063	2,981	62	2,418	19	14,666	-
SkyWest	39,273	2.2	17,723	1.0	-	62	88	653	-	-	-	-
Trans States	48,414	2.7	41,188	2.3	40,198	38,578	21,498	28,786	78,054	94,595	128,306	151,260
Total Regional Airlines	906,596	50.3	835,616	47.3	759,118	762,844	754,338	717,183	716,102	717,440	710,436	826,317
Charters												
	40,306	2.2	23,086	1.3	12,439	5,567	5,861	6,136	3,820	3,466	9,820	8,529
Totals	1,804,245	100.0%	1,767,524	100.0%	1,718,711	1,633,036	1,587,209	1,601,316	1,644,462	1,643,780	1,685,006	1,821,687

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2017
Landed Weight (1,000 Pound Units)

	Share of		Share of		2015	2014	2013	2012	2011	2010	2009	2008
	2017	Total 2017	2016	Total 2016								
Major Airlines												
AirTran Airways	-	-	-	-	15,704	148,664	181,656	184,792	172,888	183,712	240,928	212,656
American Eagle Airlines	-	-	-	-	-	69,609	76,148	83,748	91,333	67,051	52,730	68,586
Continental Airlines	-	-	-	-	-	-	-	1,667	1,447	89,000	146,750	152,133
Delta Airlines	444,476	21.0	430,890	18.9	409,299	392,582	398,489	405,770	380,426	319,496	286,572	287,074
Envoy Air	83,990	4.0	71,730	3.1	66,104	-	-	-	-	-	-	-
JetBlue Airways	235,580	11.1	216,026	9.5	194,685	163,062	145,116	136,127	158,826	208,769	224,064	203,415
Northwest Airlines	-	-	-	-	-	-	-	-	-	961	374	13,896
SkyBus Airlines	-	-	-	-	-	-	-	-	-	-	-	41,749
Southwest Airlines	136,222	6.4	166,260	7.3	165,408	29,702	-	-	-	-	-	-
United Airlines	47,746	2.3	47,261	2.1	51,035	53,118	47,791	48,130	68,335	76,006	78,635	82,037
US Airways	-	-	77,352	3.4	180,410	170,405	137,273	143,046	134,919	155,556	182,515	211,407
Total Major Airlines	948,014	44.8	1,009,519	44.3	1,082,645	1,027,142	986,473	1,003,280	1,008,174	1,100,551	1,212,568	1,272,953
Regional Airlines												
Aero Mexico	-	-	-	-	864	968	-	-	-	-	-	-
Air Canada	-	-	-	-	-	-	8,516	9,562	9,982	17,687	18,417	3,390
Air Wisconsin	29,610	1.4	109,745	4.8	152,092	128,968	97,854	197,400	196,413	135,266	96,068	103,447
Allegiant Airlines	35,993	1.7	20,955	0.9	6,559	279	1,850	2,503	4,082	3,835	4,408	1,477
American Airlines	328,171	15.5	259,580	11.4	114,970	130,534	128,100	135,298	137,264	134,180	134,590	135,370
Atlantic Southeast	-	-	-	-	-	-	-	1,513	1,798	25,145	36,206	48,942
Bahamair	-	-	-	-	992	1,488	2,736	1,872	-	-	-	-
Chautauqua	-	-	-	-	30,167	71,845	76,163	43,783	43,104	81,915	88,856	88,531
Colgan Air	-	-	-	-	-	-	-	-	-	-	12,214	1,178
ComAir/Delta Connection	-	-	-	-	-	-	4,376	29,061	65,644	69,560	89,059	113,686
CommutAir	28,344	1.3	39,652	1.7	16,113	-	-	-	-	-	-	-
Compass Airlines	-	-	-	-	-	-	-	-	33,412	8,539	17,465	2,024
Endeavor Air	37,884	1.8	7,128	0.3	27,736	-	-	-	-	-	-	-
Express Jet	354,876	16.8	345,343	15.1	333,068	332,115	240,983	235,324	166,404	58,114	-	-
Freedom Airlines	-	-	-	-	-	-	-	-	3,783	15,045	51,085	52,530
GoJet Airlines	10,734	0.5	10,275	0.5	50,920	45,359	60,300	39,463	35,376	37,185	25,058	24,522
Interjet Vacation Express	-	-	852	-	1,846	-	-	-	-	-	-	-
Mesa Airlines	22,565	1.1	7,217	0.3	61,380	90,807	82,489	60,772	43,112	12,856	17,736	39,291
Mesaba Airlines	-	-	-	-	-	-	-	9,008	9,750	21,853	32,636	-
OneJet	1,870	0.2	-	-	-	-	-	-	-	-	-	-
Piedmont Airlines	75,303	3.6	43,986	1.9	16,524	21,545	39,585	9,144	12,551	23,402	26,689	26,074
Pinnacle Airlines	-	-	-	-	-	58,568	108,779	111,078	63,867	36,720	45,043	79,375
PSA Airlines	85,437	4.0	102,572	4.5	51,981	9,461	26,661	26,119	37,372	34,304	35,857	48,724
Republic Airlines	46,440	2.2	65,928	2.9	19,207	3,326	3,292	33,453	63,270	104,077	111,722	64,787
Shuttle America	10,998	0.5	49,746	2.2	20,697	4,906	5,998	220	3,962	217	17,944	-
SkyWest Airlines	42,465	2.0	19,953	0.9	181	134	94	913	-	-	1,717	-
Trans States Airlines	54,985	2.6	188,926	8.3	43,545	44,934	27,375	45,259	86,794	99,905	151,075	187,356
Vision Airlines	-	-	-	-	-	-	-	932	-	-	-	-
Total Regional Airlines	1,165,675	55.2	1,271,858	55.7	948,842	945,237	915,151	992,677	1,017,940	919,805	1,013,845	1,020,704
Total Airline Weight	2,113,689	100.0%	2,281,377	100.0%	2,031,487	1,972,379	1,901,624	1,995,957	2,026,114	2,020,356	2,226,413	2,293,657

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2017
Landed Weight (1,000 Pound Units)

	2017	Share of Total 2017	2016	Share of Total 2016	2015	2014	2013	2012	2011	2010	2009	2008
Cargo Carriers												
Airborne Express	-	-	-	-	-	-	-	-	-	-	6,745,200	25,806,200
AirNet Systems	-	-	-	-	662,300	3,303,100	3,131,300	2,995,000	4,589,800	4,675,800	5,388,000	7,299,100
Ameriflight	2,261,600	0.5%	2,913,276	0.6%	4,019,194	4,091,288	876,794	806,000	803,600	756,600	653,870	67,088
DHL Express	43,248,000	9.1	-	-	-	-	-	-	-	-	10,498,000	-
Federal Express	228,513,000	48.3	231,232,500	55.3	224,045,300	217,493,600	200,056,200	175,671,800	174,001,400	144,392,100	172,706,450	182,858,050
Mountain Air Cargo	-	-	47,068	0.1	-	47,068	8,500	17,000	125,480	187,140	53,160	59,500
UPS	198,852,800	42.1	184,282,160	44.0	179,381,040	176,286,160	174,765,520	178,608,000	177,643,760	160,848,720	166,685,040	173,015,360
Total Cargo Weight	472,875,400	100.0%	418,475,004	100.0%	408,107,834	401,221,216	378,838,314	358,097,800	357,164,040	310,860,360	362,729,720	389,105,298
Total Landed Weight	474,989,089		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

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2016 and 2015

2016

Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	296,293
2	Atlanta	SH	260,197
3	Orlando	MH	194,424
4	New York/Newark	SH	185,582
5	Chicago	MH	143,096
6	Dallas/Fort Worth	MH	107,029
7	Fort Lauderdale	MH	97,283
8	Tampa	MH	80,380
9	Denver	MH	72,339
10	Los Angeles	LH	71,966
11	Las Vegas	LH	69,033
12	San Francisco	LH	61,268
13	Houston	MH	60,428
14	Phoenix	LH	54,490
15	San Diego	LH	48,437
16	Minneapolis/St Paul	MH	46,037
17	Seattle/Tacoma	LH	45,864
18	Miami	MH	45,232
19	Jacksonville	MH	44,581
20	Detroit	MH	42,853
21	Charlotte	SH	41,935
22	Nashville	SH	40,881
23	Austin	MH	38,747
24	New Orleans	MH	37,924
25	Philadelphia	SH	37,353
Total			2,223,652

2015

Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	304,190
2	Atlanta	SH	247,080
3	Orlando	MH	196,950
4	New York/Newark	SH	167,430
5	Chicago	MH	127,500
6	Dallas/Fort Worth	MH	110,380
7	Fort Lauderdale	MH	92,870
8	Los Angeles	LH	70,300
9	Houston	MH	66,670
10	Las Vegas	LH	66,070
11	Tampa	MH	64,270
12	Denver	MH	61,860
13	San Francisco	LH	58,140
14	Minneapolis/St Paul	MH	46,400
15	Phoenix	LH	46,340
16	Miami	MH	45,880
17	San Diego	LH	42,710
18	Seattle/Tacoma	LH	41,920
19	Philadelphia	SH	41,080
20	Charlotte	SH	38,790
21	Detroit	MH	37,890
22	Austin	MH	37,470
23	Nashville	SH	35,420
24	St Louis	MH	33,880
25	San Antonio	MH	33,550
Total			2,115,040

Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2013-2016

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2016	2015	2014	2013	2015	2014	2013
	2016	2015	2014	2013	2016	2015	2014
United States	323,127,513	321,418,820	318,857,056	316,128,839	0.5	0.9	0.7
Virginia total	8,411,808	8,382,993	8,326,289	8,260,405	0.3	0.8	0.9
Richmond MSA*	1,333,755	1,322,813	1,311,379	1,245,764	0.8	5.3	1.1
Richmond-Petersburg MSA	1,210,779	1,200,463	1,189,443	1,175,814	0.9	1.2	1.2
Richmond City	223,170	220,289	217,853	214,114	1.3	1.7	1.8
Henrico County	326,501	325,155	321,924	318,611	0.4	1.0	1.2
Chesterfield County	339,009	335,687	332,499	327,745	1.0	1.5	1.2
Hanover County	104,392	103,227	101,918	101,330	1.1	0.6	0.7
Petersburg City	31,882	32,477	32,701	32,538	(1.8)	0.5	1.8
Hopewell City	22,735	22,378	22,196	22,163	1.6	0.1	(0.8)
Colonial Heights City	17,772	17,820	17,731	17,634	(0.3)	0.6	0.9
Charles City County	7,071	7,040	7,023	7,130	0.4	(1.5)	(0.4)
Dinwiddie County	28,144	27,852	27,859	27,904	1.0	(0.2)	(0.3)
Goochland County	22,668	22,253	21,936	21,626	1.9	1.4	1.3
New Kent County	21,147	20,392	20,021	19,507	3.7	2.6	1.8
Powhatan County	28,443	28,031	28,449	28,259	1.5	0.7	0.5
Prince George County	37,845	37,862	37,333	37,253	0.0	0.2	0.8
Amelia County	12,913	12,903	12,855	12,745	0.1	0.9	(0.1)
Caroline County	30,178	29,984	29,778	29,298	0.6	1.6	1.1
Cumberland County	9,652	9,719	9,827	9,841	(0.7)	(0.1)	0.0
King and Queen County	7,159	7,158	7,175	7,130	0.0	0.6	0.1
King William County	16,334	16,269	16,186	16,097	0.4	0.6	0.7
Louisa County	35,236	34,602	34,348	33,945	1.8	1.2	1.0
Sussex County	11,504	11,715	11,767	11,810	(1.8)	(0.4)	(1.4)

Sources: Estimates by Census Bureau, June 2017

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

Capital Region Airport Commission
PERSONAL INCOME
Calendar Years 2006-2015

Millions of Dollars	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
United States	\$15,463,981	\$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
Virginia	436,350	419,185	403,425	396,005	373,312	355,193	347,284	343,580	321,245	306,918
Richmond-Petersburg MSA	64,152	59,326	57,452	55,678	54,641	52,004	50,966	51,918	48,790	46,457
Annual growth rate	5.1%	3.6%	1.9%	4.1%	5.8%	3.0%	(2.0%)	2.3%	5.0%	7.0%

Note: 2015 is the most recent year available.

Source: Virginia Employment Commission, Current Employment Statistics Program

PER CAPITA INCOME
Calendar Years 2006-2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
United States	\$48,190	\$46,049	\$44,765	\$43,735	\$41,560	\$39,937	\$39,635	\$40,166	\$38,615	\$36,794
Virginia	52,148	50,345	48,838	48,377	46,107	44,267	44,057	44,075	41,727	40,234
Richmond-Petersburg MSA	50,460	47,083	46,118	45,194	43,046	41,260	41,161	42,309	40,286	38,913
Percent of national average	104.7%	102.2%	103.0%	103.3%	103.6%	103.3%	103.9%	105.3%	104.3%	105.8%

Note: 2015 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
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Local Governments	53,800
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Commonwealth of Virginia	39,400
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Federal Government	17,300
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Source: Virginia Employment Commission, current Employment Statistics Program, 2015 Annual Averages

EMPLOYMENT BY INDUSTRY
(Non-Agricultural)

	Annual Average		Percent	Percent Total	
	2016	2006	Change 2006	2016	2006
Total Employment	664,300	615,300	8.0%	100.0%	100.0%
By Industry:					
Government	110,600	111,400	(0.7)	16.6	18.1
Wholesale and retail trade	95,100	94,000	4.0	14.3	15.2
Manufacturing	31,600	42,000	(24.8)	4.8	6.8
Financial activities	50,200	46,300	8.4	7.6	7.5
Construction and mining	36,700	44,100	(16.8)	5.5	7.2
Transportation and utilities	26,900	18,700	43.9	4.0	3.0
Information	7,400	11,300	(34.5)	1.1	1.8
Professional and business services	111,900	95,100	17.7	16.8	15.5
Educational and health services	98,500	71,300	38.1	14.8	11.6
Leisure and hospitality services	63,500	51,100	24.3	9.6	8.3
Other services	31,900	30,000	6.3	4.8	4.9

Source: Virginia Employment Commission, Current Employment Statistics Program

UNEMPLOYMENT RATES
Calendar Years 2007-2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
United States	4.9%	5.3%	6.2%	7.4%	8.1%	8.9%	9.8%	9.3%	5.8%	4.6%
Virginia	4.0	4.4	5.2	5.5	5.9	6.2	6.9	6.7	4.0	3.0
Richmond-Petersburg MSA	4.1	4.6	5.5	5.9	6.4	6.9	7.7	7.5	4.3	3.1

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

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2017

	Full Time Equivalent Employees									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police	27	27	27	25	27	23	29	24	23	29
Communications/ Operations	20	15	12	12	12	12	8	12	12	13
Aircraft Rescues & Fire Fighting	18	15	17	16	18	18	18	19	19	21
Custodial Services	48	45	46	45	47	45	47	46	45	45
Utilities/Ground Maintenance	16	15	14	15	15	16	15	14	12	12
Equipment/Automotive Maintenance	6	6	6	6	5	5	5	5	6	6
Building Maintenance	2	2	2	2	2	2	2	2	1	6
Electronic Systems	5	4	4	4	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	3	3	3	4
Electrical Maintenance	2	2	2	2	2	2	2	2	3	4
Finance and Administrative Services	9	9	9	7	8	8	8	11	11	12
Ground Transportation	1	1	1	1	1	1	1	1	2	2
Information Systems	3	3	3	3	3	3	3	3	3	3
Executive/Marketing	9	9	9	9	9	9	9	5	5	5
Human Resources	-	-	-	-	-	-	-	-	3	4
Baggage System	11	11	11	11	11	11	10	10	10	10
Total Employees	180	167	166	161	167	162	164	161	162	180

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, 2017

	Pounds of Cargo									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cargo Carrier:										
Airborne	-	-	-	-	-	-	-	-	3,660,614	7,275,287
Air Net Systems	6,750,000	-	129,870	613,886	552,764	656,162	761,196	795,955	816,348	1,038,124
AmeriFlight	480,772	149,181	750,667	1,386,840	226,225	212,165	223,434	219,970	174,964	5,199
Federal Express	82,317,990	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
UPS	45,916,736	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
Total	135,465,498	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
Percentage change	11.5%	5.8%	2.0%	(1.2%)	13.5%	18.8%	3.3%	(11.8%)	(18.0%)	(1.7%)

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2017

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2017	36,942	24,922	26,380	5,327	93,571
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
Average Annual Change	2.4%	(4.3%)	(1.5%)	(0.4%)	(2.7%)

Capital Region Airport Commission
INSURANCE COVERAGE
Period Ended June 30, 2017

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/Amtrust	Worker's compensation	Statutory and \$1,000,000 employer's liability
	Excess employees liability (excluding disease)	\$100,000,000
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	\$494,280,070 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Great Northern Insurance	Scheduled equipment	\$3,186,930 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 Employee Theft ERISA Forgery & Alteration Inside Outside Computer Fraud	\$1,000,000 limit/\$2,500 deductible

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

Capital Region Airport Commission
CAPITAL ASSET INFORMATION
As of June 30, 2017

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, 2017

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	3-51-0043-60	1,268,274
Airport Improvement Program	20.106	3-51-0043-61	29,482
Airport Improvement Program	20.106	3-51-0043-62	4,222,574
Airport Improvement Program	20.106	3-51-0043-63	3,245,669
Total Airport Improvement Program			8,766,000
Small Community Air Service Development Program ("SCASDP")	20.930	2013-0120-0050	750,000
Total Expenditures of Federal Awards			\$ 9,516,000

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, 2017. 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.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Capital Region Airport Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Capital Region Airport Commission's basic financial statements and have issued our report thereon dated October 30, 2017.

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.

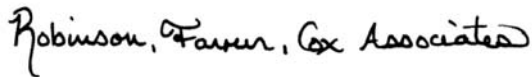
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Charlottesville, Virginia
October 30, 2017

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2017. 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, 2017.

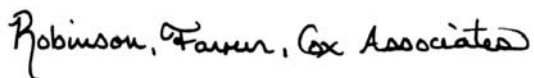
Report on Internal Control over Compliance

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.



Charlottesville, Virginia
October 30, 2017

CAPITAL REGION AIRPORT COMMISSION

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

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	
20.930	Small Community Air Service Development 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.