

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended June 30, 2006

CAPITAL REGION AIRPORT COMMISSION

Richmond International Airport
Virginia

Prepared by

Finance Department

Douglas E. Blum
Chief Financial Officer

Steven C. Owen
Director Finance

Capital Region Airport Commission
MEMBERS OF THE COMMISSION
June 30, 2006

OFFICERS

James B. Donati, Jr.	Chairman
Robert F. Norfleet, Jr.	Vice Chairman
Lynda Sharp Anderson	Secretary
J. T. "Jack" Ward	Treasurer

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Beverley W. Armstrong	City of Richmond
Robert M. Atack	Henrico County
Algenon L. Brown	City of Richmond
James B. Donati, Jr.	Henrico County
Daniel A. Gecker	Chesterfield County
David A. Kaechele	Henrico County
John V. Mazza, Jr.	Chesterfield County
Kelly E. Miller	Chesterfield County
Robert F. Norfleet, Jr.	City of Richmond
Thomas E. Pruitt	Henrico County
Aubrey M. Stanley, Jr.	Hanover County
J. T. "Jack" Ward	Hanover County
Arthur S. Warren	Chesterfield County

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December 15, 2006

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, 2006 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 operations of the Commission and that all disclosures necessary to enable the reader to gain the 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 Comprehensive Annual Financial Report is divided into four sections:

Introductory Section - contains general information about the Commission including a list of the members of the Commission, a table of contents, the Commission's organizational chart, the letter of transmittal and the Certificate of Achievement for Excellence in Financial Reporting for the preceding fiscal year.

Financial Section - includes management's discussion and analysis of the financial statements, which provides an overview of the Commission's financial position and operating results, as well as, the Independent Auditors' Report, financial statements, accompanying notes, and supplemental information.

Statistical Section - presents information highlighting trends in selected unaudited airport statistics, financial, economic and demographic data.

Compliance Section - includes reports on the audit of the Commission's major federal award program and on the Commission's internal control structure and its compliance with certain provisions of laws, regulations, contracts and grants as required by the U.S. Office of Management and Budget Circular A-133 and *Government Auditing Standards* issued by the Comptroller General of the United States.

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

THE REPORTING ENTITY

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

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

AIRPORT OPERATIONS

Richmond International Airport is the gateway to Central Virginia. The Airport serves the needs of the area’s citizens and is currently served by eight major airlines, fifteen regional or commuter airlines, and several scheduled passenger charter operations. The Airport’s cargo needs are met by five all-cargo carriers. There are three fixed base operators on the airport grounds that offer fuel and maintenance services for corporate aircraft, and the Airport also has a Foreign Trade Zone. The total enplaned passengers in fiscal year 2006 increased by 229 thousand or 17.2% to 1.570 million, from fiscal year 2005 of 1.329 million, an increase of 330 thousand or 27% over 2004. Air cargo performance increased from 106.4 million pounds in fiscal 2005 to 121.6 million pounds in fiscal year 2006. The five year average annual cargo growth rate is 13.2%. Richmond International Airport has over 200 daily flights and is one of the fastest growing airports in the United States.

ECONOMIC CONDITIONS

The Airport is conveniently located approximately seven miles from the City of Richmond’s business district, providing air service to over 3.1 million passengers, and with over 114 million pounds of cargo passing through the Airport this year. The Airport is strategically situated within seven hundred and fifty miles of approximately 60% of the nation’s population.

The economic conditions on the national and local level have influenced the Airport operations. With gas prices being unstable, and recent airline bankruptcy filings, the Airport’s financial position has seen economic fluctuations. While experiencing these economic conditions, low interest rates have allowed the Airport to refinance debts and improve the overall financial condition. (See MD&A and Note 5 of notes to financial

statements.) The Air Travel Price Index (ATPI) rose in the second quarter of 2006 to the highest level recorded in the 11-year period measured by the index. The Airport was ranked 80th for fare increases out of the 85 largest airline markets determined by passengers by the U.S. Department of Transportation for the second quarter of 2006. The 80th ranking represented sixth place from the lowest fare increase presented.

DEMOGRAPHICS AND EMPLOYMENT

Forty-six percent of Richmond's population falls within the prime working ages of 25-54. Richmond is a top ten metro area for public schools and is one of America's top 30 most livable communities. The Richmond Metro area's unemployment rate is 3.4% as of August 2006 which is well below the national average of 4.6%. Richmond-Petersburg Metropolitan Statistical Area (MSA) population has reached an estimated 1.2 million persons and is ranked in the top 25 large metro areas for doing business. Per capita income in the area is \$35,422 which is 7.1% higher than the national average of \$33,050.

The Greater Richmond Area has 126 foreign affiliated firms representing 21 different countries and draws labor from over 40 localities statewide. The four largest industries for employment in the Richmond-Petersburg MSA are financial (24.1%), professional and business services (23.8%), education and health services (17.5%) and construction (17.1%).

Eight Richmond Metropolitan area businesses are listed Fortune 500 companies:

<i>Dominion Resources</i>	<i>Circuit City Stores</i>
<i>Performance Food Group</i>	<i>Brink's</i>
<i>CarMax</i>	<i>Owens and Minor</i>
<i>Land America Financial</i>	<i>Genworth Financial</i>

Four Richmond Metropolitan area businesses are included as Fortune 1000 companies:

<i>Universal</i>	<i>Markel</i>
<i>Massey Energy</i>	<i>Albemarle</i>

Local economic growth indicators in the Richmond Metro area include:

- Philip Morris USA is currently constructing a \$300 million technology and research center in downtown Richmond. This venture is expected to add over 500 new jobs, including technical jobs such as scientist, researchers and lab workers to the Metropolitan area.
- MeadWestvaco, a Fortune 500 company, is currently in the process of relocating its headquarters to Richmond. The move will bring over 400 employees and executives to the area.
- Virginia Commonwealth University (VCU) has grown to over 29,000 students. VCU is one of only four Virginia universities rated Doctoral/Research—Extensive by the Carnegie Classification of Institutions of Higher Education.

The Virginia corporate income tax rate is 6% and has remained at this same rate since 1972. The Virginia state general sales and use tax is 5%.

MAJOR INITIATIVES

The Airport will complete a \$250 million capital improvement program over the next year. The \$89 million terminal building expansion project is well under way and is expected to be completed by spring of 2007. The terminal building when completed will be able to handle more flights each day and better serve the market for the Richmond-Petersburg MSA and central Virginia. The major focus over the next few years will continue to be the finalization of the construction projects at the terminal building, including a complete renovation and expansion of the terminal building and widening of security checkpoints. A new baggage claim area was finished in mid 2006 as part of the expansion. The design of the expansion of the north

parking garage is currently under consideration, as well as the connection to the I895 Corridor. (See MD&A for additional information.)

In early 2006, the Airport improved its retail and concessions by replacing seven businesses. The new concession and retail shops are anchored by Hudson News and Applebees. In addition, Cheeburger Cheeburger, Samuel Adams Restaurant and Bar, Caribou Coffee, Vito's Market and Double T's Barbeque opened in the terminal providing passengers with a wide array of dining and shopping choices. JetBlue's arrival to the Airport in March 2006 created an increase in enplanements and assisted in reducing fares.

COMMISSION INTERNET WEB SITE

The Commission has an Internet web site offering a wide variety of information to users, including financial information and operational statistics. Users will have the capability to access the airlines serving the Airport, flight arrival and departure information, and download flight schedules directly onto their Personal Digital Assistant (PDA's). The Commission's CAFR is posted on the web site. The web address is www.FlyRichmond.com.

FINANCIAL INFORMATION AND CONTROLS

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 costs and benefits requires estimates and judgments by management.

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

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

RISK MANAGEMENT

The Commission obtains third party coverage for real and personal property and certain liability risks. In-house staff and third-party administrators manage the risk program. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

CASH MANAGEMENT

The Finance Department has established procedures for cash management in order to maximize cash available for investment. Cash temporarily idle during the year was invested in commercial bank repurchase agreements secured or collateralized by governmental securities, as required by the Code of Virginia, federal and municipal obligations, and money market funds.

INDEPENDENT AUDIT

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

and the auditors' opinion has been included in the Financial Section of this report. In addition, the annual audit complied with the requirements of the U.S. Office of Management and Budget Circular A-133 and the applicable reports are included in the Compliance Section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capital Region Airport Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This was the sixteenth 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 certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all of the staff that assisted and contributed to its preparation. Also, we thank the members of the Commission for their interest and support in planning and managing the financial operations of the Commission in a progressive and responsible manner.

Respectfully submitted,

Jon E. Mathiasen
President and
Chief Executive Officer

Douglas E. Blum
Chief Financial Officer



Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the Capital Region Airport Commission (the "Commission") as of and for the years ended June 30, 2006 and 2005, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Commission. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audit of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2006 and 2005, and the respective changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2006 on our consideration of the Commission's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Schedule of Funding Progress for a Defined Benefit Pension Plan found in Note 8 to the financial statements are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted

principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplemental schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The supplemental schedules, including the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Cherry, Beckett & Holland, L.L.P.

Richmond, Virginia
November 8, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The following management's discussion and analysis of the Commission's financial performance for the year ended June 30, 2006 and 2005, also includes other selected comparative information for the fiscal year ended June 30, 2004. This discussion has been prepared by the Commission's management team and we recommend that the management discussion and analysis be considered in conjunction with the letter of transmittal, Commission's financial statements and the supplemental schedules included in the financial section, and the statistical section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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

COMMISSION ACTIVITY HIGHLIGHTS

	FY 2006	FY 2005	FY 2004
Enplanements	1,570	1,329	1,228
<i>% increase / (decrease)</i>	18.1%	8.2%	2.0%
Aircraft Operations (total take-offs and landings)	133	136	134
<i>% increase / (decrease)</i>	(2.2%)	1.5%	(7.2%)
Landed Weight (1,000 pound units)	2,097	2,089	1,944
<i>% increase / (decrease)</i>	.38%	7.5%	(6.0%)
Air Cargo Carrier Activity (pounds)	121,571	106,473	107,832
<i>% increase / (decrease)</i>	14.2%	(1.2%)	4.1%
Parked Vehicles	895	747	615
<i>% increase / (decrease)</i>	19.8%	21.5%	(1.3%)

As illustrated by the chart on page 3, several key operational highlights occurred during fiscal year ended June 30, 2006:

- ➔ Enplanements experienced another record year with an 18.1% increase over fiscal year 2005, when compared to the 8.2% increase from fiscal year 2004 to 2005. Enplanements continue to show improvements as a result of the recent arrival of two low fare carriers, AirTran and JetBlue, at the Airport during fiscal year 2006 and 2005.
- ➔ Aircraft operations dropped by 2.2% in the current fiscal year from a positive rate of 1.5% reported in fiscal year 2005. The overall three years reported combined change resulted in a .74% decrease over fiscal year 2004.
- ➔ Landings showed a slight increase to .38% over fiscal year 2005. The Airport experienced a three year 7.3% overall growth rate in landed weight over fiscal year 2004.
- ➔ Air cargo experienced a positive growth rate of 14.2% in comparison to the negative growth rate of 1.2 % reported in fiscal year 2005. The air cargo activity overall growth rate of 12.7% is from fiscal year 2004 through fiscal year 2006.
- ➔ The total cars parked in fiscal years 2006, 2005 and 2004 are 895, 747 and 615, respectively. In fiscal year 2006 there was a three year overall growth rate of 45.5% in cars parked at the Airport's parking facilities when compared to 21.5% increase for fiscal year 2005 and a 1.3% decrease for fiscal year 2004.

The Commission is responsible for overseeing the Airport's day-to-day operations for both passenger arrivals and departures at Richmond International Airport. The Airport is served by eight major airlines that include AirTran, American Airlines, Continental, Delta, JetBlue, Northwest, United, and U.S. Airways, and nineteen regional airlines, several regularly scheduled passenger charter operators and five all-cargo carriers. Federal Express and United Parcel Service are the two largest air cargo carriers at the Airport. JetBlue, a low fare carrier, commenced services in March 2006.

COMMISSION FINANCIAL HIGHLIGHTS

At June 30, 2006, working capital totaled \$7,784 compared to \$13,742 at June 30, 2005 and \$7,954 at June 30, 2004. The decrease of \$5,958 in 2006 resulted primarily from a decrease in cash and cash equivalents of \$2,782 and a decrease of \$414 in receivables from federal and state grants. The ratio of current assets to current liabilities at June 30, 2006 as compared to 2004 decreased from 2.1 to 1.6 representing a 23.8% decrease for the three fiscal years.

No new borrowing occurred in fiscal year 2006. The Commission's new and refinanced borrowings for fiscal year 2005 was \$81,000. The \$81,000 represents an issuance of the Airport Revenue Refunding Bonds, Series 2005A, Passenger Facility Charge Revenue Bonds, Series 2005A, and the Passenger Facility Revenue Charge Bonds, Series 2005B, and an advancement on the Commission's line of credit. The majority of the proceeds in fiscal year 2005 were used to refinance and refund some of the Commission's old bonds and fund a portion of the new terminal expansion project at the Airport.

The Commission's capital assets have increased in 2006 by \$44,078 as a result of capital additions in comparison to fiscal year 2005. The net capital assets saw an increase to \$46,803 in fiscal year 2006 to 2004.

Total net assets increase was \$22,900 for fiscal year 2006 compared to an increase of \$10,465 for fiscal year 2005 and a decrease of \$2,048 for fiscal year 2004. The net assets are assets and total liabilities and are also an indicator of the current fiscal year condition of the Commission as shown in the chart on the following page. The Commission's financial position remains strong with total assets of \$429.9 and total liabilities of \$176.4.

The below selected financial data comparison represents the Commission's assets, liabilities and net assets at June 30, 2006, 2005 and 2004.

SELECTED FINANCIAL DATA

(in thousands)

	6/30/2006	6/30/2005	6/30/2004
Assets			
Current assets	\$ 17,711	\$ 16,221	\$ 15,446
Restricted assets	63,966	84,244	55,105
Capital assets, net	348,222	304,144	301,419
Total assets	429,899	404,609	371,970
Liabilities			
Current liabilities	2,154	2,257	1,889
Restricted liabilities	17,223	8,271	11,483
Long-term debt, net of current maturities	157,005	162,458	138,445
Total liabilities	176,382	173,991	151,817
Net assets			
Invested in capital assets net of related debt	209,638	172,289	171,847
Restricted	27,394	42,511	36,781
Unrestricted	16,486	15,818	11,525
Total net asset	\$ 253,518	\$ 230,618	\$ 220,153

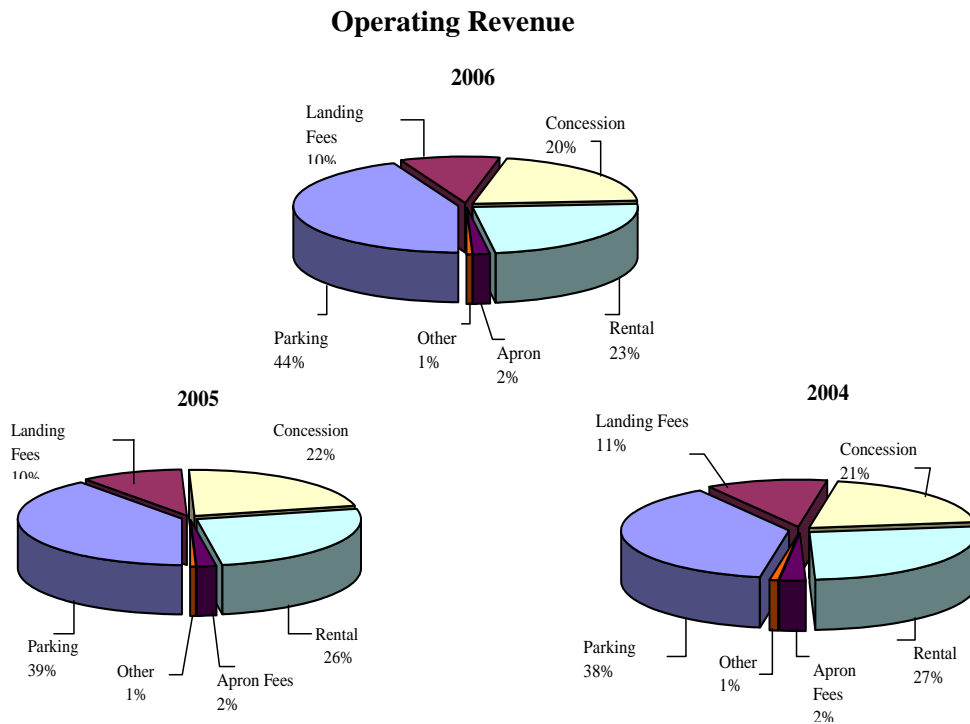
The below chart shows operating revenues and expenses for the three years ended June 30, 2006, 2005, and 2004.

	FY 2006	FY 2005	FY 2004
Operating revenue	\$ 34,513	\$ 32,238	\$ 30,001
Operating expenses	17,582	16,341	15,256
Operating income	16,931	15,897	14,745
Depreciation	14,344	13,706	11,825
Other nonoperating income (expenses)	4,842	1,616	(716)
Income before capital contributions	7,429	3,807	2,201
Capital contributions	15,471	6,658	8,481
Special item	-	-	(12,731)
Change in net assets	22,900	10,465	(2,049)
Beginning net assets	230,618	220,153	222,201
Ending net assets	\$ 253,518	\$ 230,618	\$ 220,153

Operating income before depreciation for fiscal year 2006 increased by \$1,034 (6.5%) as compared to fiscal year 2005. Operating income before depreciation increased \$2,186 (14.8%) between fiscal years 2006 and 2004. Depreciation expense increased by 21% between fiscal year 2006 and 2004. This is a result primarily of the terminal building and roadway expansion. Other nonoperating income increased by \$3,780 in fiscal year 2006 compared with fiscal year 2005 and increased by \$5,882 between 2006 and 2004. The increase in nonoperating income was attributed to an increase in interest income and increased passenger facility charges. The weighted average yield on investments was approximately 3.3% for fiscal year 2006, 2.1% for fiscal year 2005 and 1.1% for fiscal year 2004.

REVENUES

The graphs below illustrate the main sources of operating revenue for the Airport and each source's percentage of total operating revenue for the three fiscal years ended June 30, 2006, 2005 and 2004.



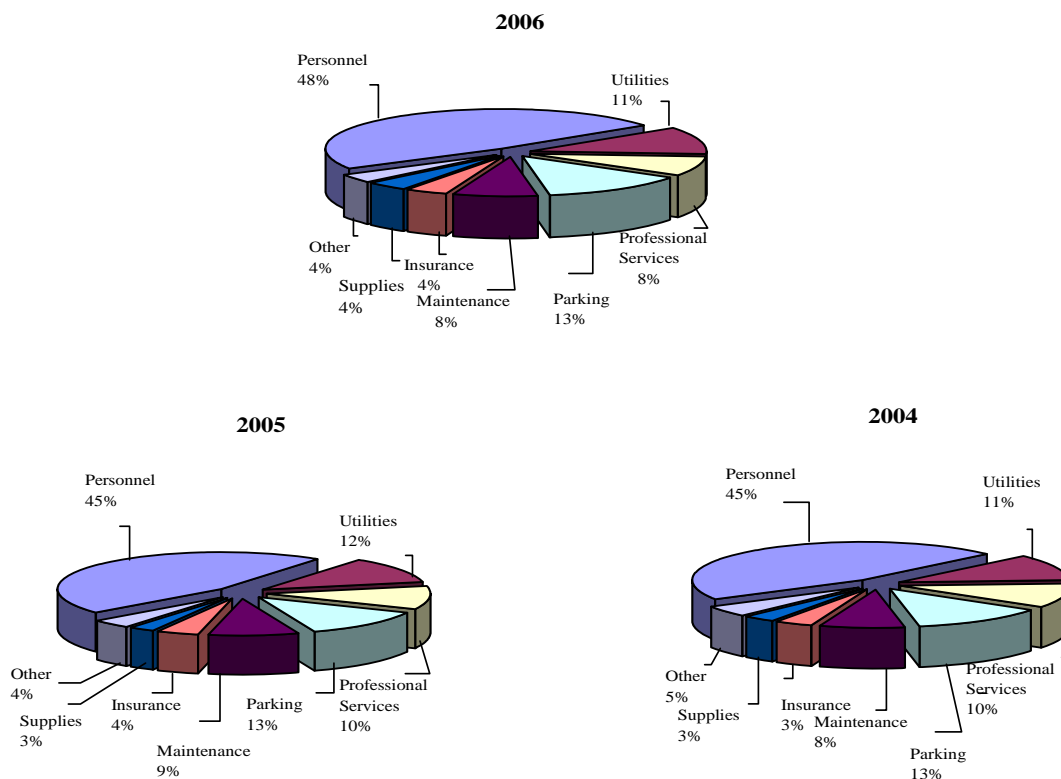
Parking revenues at the Airport, for fiscal year 2006 were \$15,034 which represented a 17.8% increase over fiscal year 2005 and a 30.6% increase over fiscal year 2004. Parking revenues have continued to grow due to increased passenger traffic. Below is a summary of revenue for the three fiscal years ended June 30, 2006, 2005 and 2004:

	Years Ended		
	6/30/2006	6/30/2005	6/30/2004
Operating Revenues			
Parking	\$ 15,034	\$ 12,760	\$ 11,506
Landing fees	3,400	3,212	3,107
Concession	7,037	7,053	6,249
Rental	8,260	8,377	8,109
Apron fees	609	679	696
Other	173	157	334
Total operating	<u>34,513</u>	<u>32,238</u>	<u>30,001</u>
Nonoperating income			
Interest income	3,052	1,538	684
Passenger Facility Charges	6,546	4,247	3,279
Customer Facility Charges	2,061	2,094	1,814
Total nonoperating	<u>11,659</u>	<u>7,879</u>	<u>5,777</u>
TOTAL	<u>\$ 46,172</u>	<u>\$ 40,117</u>	<u>\$ 35,778</u>

EXPENSES

The graphs below illustrate the main sources of operating expenses for the Airport and each source's percentage of total operating expenses for the three fiscal years ended June 30, 2006, 2005 and 2004.

Operating Expenses



Operating expenses, exclusive of depreciation, totaled \$17,582 for fiscal year 2006, \$16,340 for fiscal year 2005 and \$15,256 for fiscal year 2004. Personnel was primarily responsible for this increase. Below is a summary of expenses for the three fiscal years ended June 30, 2006, 2005 and 2004:

	Years Ended		
	6/30/2006	6/30/2005	6/30/2004
Operating Expenses			
Personnel	\$ 8,490	\$ 7,681	\$ 7,036
Utilities	1,974	1,719	1,774
Professional services	1,381	1,583	1,578
Parking	2,344	2,149	1,922
Maintenance	1,400	1,373	1,350
Insurance	678	604	606
Supplies	678	618	415
Other	637	613	575
Total Operating	<u>17,582</u>	<u>16,340</u>	<u>15,256</u>
Depreciation	<u>14,344</u>	<u>13,706</u>	<u>11,828</u>
Nonoperating Expense			
Interest expense	6,023	5,743	5,885
Other, net	794	519	608
Total nonoperating	<u>6,817</u>	<u>6,262</u>	<u>6,493</u>
TOTAL	<u>\$ 38,743</u>	<u>\$ 36,308</u>	<u>\$ 33,577</u>

CASH FLOW ACTIVITIES

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

	2006	2005	2004
Cash flows provided from operating activities	\$ 16,722	\$ 15,913	\$ 14,591
Cash flows from (used in) investing activities	20,139	(20,261)	521
Cash flows from (used in) capital and related financing activities	(38,295)	10,651	(15,007)
Net increase (decrease) in cash and cash equivalents	(1,433)	6,303	105
Cash and cash equivalents			
Beginning of year	65,803	59,500	59,395
End of year	\$ 64,370	\$ 65,803	\$ 59,500

Cash flows from operating activities grew by \$809 (5.0%) over fiscal year 2005 and \$2,131 (14.6%) over 2004. The large increase in parking and concession revenues resulted from more passengers using the Airport.

Cash flow used in investing activities for fiscal year 2006 was an increase of \$20,139. The Commission purchased investments from the proceeds remaining after refinancing the 1999A Passenger Facility Charge Bonds with the 2005A Passenger Facility Charge Bonds in order to get a higher return on cash restricted for the terminal expansion project. Cash and cash equivalents for fiscal 2006 were \$6,303 more than fiscal 2005. A large portion of this increase was from additional funding through bonds issued for capital project improvement.

AIRLINE RATES AND CHARGES

The airline operating and terminal building agreement between the Commission and certain airlines was amended effective November 1, 2004. This agreement extends to June 30, 2009 and establishes the methods to be used in determining airline rates and charges for the Airport. A nonsignatory fee policy was established March 1, 1998 adding a 15% surcharge to the signatory landing fee and remains effective as of June 30, 2006.

The terminal rental and apron fees rates have decreased from fiscal year 2004 to 2006. The apron fees decreased by 11.3% and the terminal rental fees decreased by 1.3%. This is a result of the increase in terminal expansion area square footage calculation over enplanements. Rates and charges for the signatory airlines were as follows:

	Rate Effective for 2006	Rate Effective for 2005	Rate Effective for 2004
Signatory Airline Rates and Charges			
Apron fees (square foot)	\$ 1.34	\$ 1.49	\$ 1.51
Landing fees (1,000 lb. unit)	1.16	1.21	1.21
Terminal rental (square foot)	40.66	41.52	41.04

The rates and charges for 2006 are estimates.

CAPITAL AND DEBT ACTIVITY

Capital

Investments in capital assets includes land and land improvements, buildings, construction in progress, furniture and fixtures, machinery and equipment and paved facilities. Capital assets, before accumulated depreciation, increased \$58,233 for fiscal year 2006. The increase for the year was primarily the result of new construction in progress mainly represented by the terminal building (\$46,271) and security checkpoint (\$8,528). Depreciation expense for fiscal year 2006 was \$14,344 as compared to fiscal year 2005 of \$13,706. The \$638 increase in depreciation expense resulted primarily from the completion of the security improvement construction project. See Note 4 of notes to the Financial Statements.

The Airport's Master Plan includes the following projects:

→ **Terminal Expansion – Terminal Building**

The terminal building expansion project estimated cost is \$89.3 million which includes the expansion of the terminal building, baggage claim area, warehouse and central plant. The central plant and baggage claim area has been completed and is currently being utilized. The design of the new terminal building will accommodate departures on the upper level and arrivals on the lower level. The project will modernize the entire airport complex and produce an exceptional facility for passengers and visitors. This project is currently underway and estimated to be completed September 2007.

→ **Security Checkpoint Widening**

The security checkpoint widening project estimated cost is \$12.8 million. The security checkpoint widening project will allow for three additional security checkpoints each to be located in Concourse A and B of the terminal building. The project is at its final stage and is estimated to be completed in the early part of fiscal year 2007.

→ **Taxiway 'L' Construction-Aircraft Apron Rehabilitation Construction**

The Taxiway 'L' Construction and Aircraft Apron Rehabilitation Construction project estimated cost is \$3.8 million. The Taxiway "L" Construction project will rehabilitate Taxiway "L" and the aircraft apron, and provide continued aircraft access to the Runway 34 threshold. The estimated completion date for this project is 2008.

→ **Terminal Access Roads**

The terminal access road project estimated cost increased by \$7.7 million in June 30, 2006 from \$8.3 million in June 30, 2005. Construction phase 1 will widen Airport drive from Clarkson Road to Charles City Road in order to improve traffic flow from one lane in each direction to two lanes in each direction. This project is estimated to be completed by 2009.

Long-Term Debt

As of June 30, 2006, the Commission had debt outstanding of \$164,510 as follows:

Airport Revenue Bonds	\$103,366
PFC Revenue Bonds	49,995
Car Rental Garage Revenue Bonds	9,275
Line of Credit and Notes	<u>1,874</u>
Total	<u>\$164,510</u>

See Note 5 of notes to Financial Statements.

ECONOMIC FACTORS AND FISCAL 2007 BUDGET

The Airport is expected to have more than 3.5 million traveling passengers 2007. The Airport is entering the final phase of completing a multi-year capital improvement program which includes the building of a new 170,000 square foot two level terminal, and expansion of the security screening checkpoint area, a central plant, and a storage facility. With the completion of these projects, the Airport can meet the increased demand at its terminal and other areas in the future.

The Airport results of operations continues to show signs of improvement even though there remains uncertainty with the airline industry, fluctuation in the fuel prices and recent increases in interest rates. The arrival of two low fare carriers has sparked an increase in travel at the Airport by 18.1% percent.

The Commission adopted a \$36,951 operating budget for fiscal year 2007 and projects a 9.8% increase in operating revenues over the prior fiscal year's operating budget. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2007. The Commission's fiscal year 2007 approved capital budget allotted \$17,235 for new projects, equipment, and studies.

Operating expenses of \$19.5 million are budgeted to increase \$2.7 or 15.9% over projected fiscal year 2006. Budgeted personnel costs of \$10.0 million are projected to increase \$1.9 million or 23.6% over budgeted fiscal year 2006.

PASSENGER FACILITY CHARGES

The Commission collects \$4.50 per qualifying enplaned passenger, which totaled \$6,546 for fiscal year 2006 (2005 - \$4,247; 2004-\$3,279), an overall increase of 99.5%. The large increase in fiscal year 2006 is attributed to the arrival of two low cost carriers, AirTran and JetBlue.

CUSTOMER FACILITY CHARGES

The Commission collects \$1.80 per each rental vehicle transaction day. Collections for the year ended June 30, 2006 were \$2,061 compared with \$2,094 for 2005 and \$1,814 for 2004. Effective July 1, 2005 collections were reduced to \$1.80 from \$2.10 per each rental vehicle transaction day. See Note 1 in notes to financial statements.

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.

Capital Region Airport Commission
STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

	2006	2005
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 15,037,457	\$ 13,688,289
Accounts receivable, less allowance for doubtful accounts (2006-\$159,727; 2005-\$138,138)	2,129,335	1,736,426
Other	544,085	796,908
Total Unrestricted Current Assets	17,710,877	16,221,623
Restricted Current Assets:		
Cash and cash equivalents	49,332,056	52,114,464
Investments	10,656,415	28,027,380
Customer and Passenger Facility Charges receivable	1,397,844	1,108,003
Due from federal and state governments	2,579,618	2,993,813
Total Restricted Current Assets	63,965,933	84,243,660
Total Current Assets	81,676,810	100,465,283
NONCURRENT ASSETS		
Capital Assets, net	348,222,403	304,143,571
Total Noncurrent Assets	348,222,403	304,143,571
Total Assets	\$ 429,899,213	\$ 404,608,854
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Liabilities From Unrestricted Assets:		
Current maturities of long-term debt	\$ 185,387	\$ 170,578
Accounts payable	998,541	1,353,919
Accrued expenses	969,899	732,716
Total Liabilities From Unrestricted Assets	2,153,827	2,257,213
Liabilities From Restricted Assets:		
Account payable	10,352,995	3,216,340
Accrued interest payable	1,745,561	1,227,985
Current maturities of long-term debt	5,033,604	4,741,527
Other liabilities	90,346	90,346
Total Liabilities From Restricted Assets	17,222,506	9,276,198
Total Current Liabilities	19,376,333	11,533,411
LONG-TERM DEBT		
Total Noncurrent Liabilities	157,005,117	162,457,590
Total Liabilities	176,381,450	173,991,001
NET ASSETS		
Invested in capital assets, net of related debt	209,637,622	172,289,006
Restricted		
Debt service	25,199,636	40,623,487
Customer and Passenger Facility Charges	2,194,357	1,887,100
Unrestricted	16,486,148	15,818,260
Total Net Assets	\$ 253,517,763	\$ 230,617,853

See Notes to Financial Statements.

Capital Region Airport Commission
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Years Ended June 30, 2006 and 2005

	2006	2005
OPERATING REVENUES		
Parking	\$ 15,034,493	\$ 12,759,778
Landing fees	3,399,974	3,212,025
Concession	7,037,374	7,053,382
Rental	8,260,248	8,377,110
Apron fees	609,060	678,636
Other	171,801	157,308
	34,512,950	32,238,239
OPERATING EXPENSES		
Personnel	8,489,712	7,681,411
Utilities	1,973,614	1,719,038
Professional services	1,381,141	1,582,515
Parking	2,343,722	2,148,661
Maintenance	1,399,946	1,372,728
Insurance	678,391	604,440
Supplies	678,551	618,421
Other	637,012	613,476
	17,582,089	16,340,690
Operating Income Before Depreciation	16,930,861	15,897,549
DEPRECIATION	14,343,617	13,706,264
Operating Income	2,587,244	2,191,285
NONOPERATING INCOME (EXPENSES)		
Interest income	3,052,182	1,537,813
Interest expense	(6,022,576)	(5,742,718)
Passenger Facility Charges	6,545,612	4,246,630
Customer Facility Charges	2,060,818	2,093,900
Other, net	(794,363)	(519,212)
	4,841,673	1,616,413
Income Before Capital Grants and Contributions	7,428,917	3,807,698
CAPITAL GRANTS AND CONTRIBUTIONS	15,470,993	6,657,582
CHANGE IN NET ASSETS	22,899,910	10,465,280
TOTAL NET ASSETS, BEGINNING	230,617,853	220,152,573
TOTAL NET ASSETS, ENDING	\$ 253,517,763	\$ 230,617,853

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 34,123,869	\$ 32,287,391
Cash paid to employees	(6,346,088)	(5,540,900)
Cash paid to suppliers	(11,055,923)	(10,833,363)
Cash used in operating activities	(17,402,011)	(16,374,263)
Net cash provided from operating activities	16,721,858	15,913,128
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	19,699,474	3,287,907
Purchase of investments	(2,582,831)	(25,086,300)
Interest income received (includes \$273,163 of capitalized earnings from tax-exempt borrowing for 2006; 2005 - \$220,234)	3,022,818	1,537,813
Net cash provided (used) by investing activities	20,139,461	(20,260,580)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	81,235,279
Payment of long-term debt	(5,197,633)	(57,086,622)
Payment of interest on long-term debt (includes \$893,364 of capitalized interest for 2006; 2005 - \$531,817)	(6,370,815)	(6,754,075)
Capital contributions received	15,885,188	6,241,526
Passenger Facility Charges collected	6,283,851	4,246,630
Customer Facility Charges collected	2,032,738	2,093,900
Payment of arbitrage	-	(460,898)
Additions to capital assets	(50,714,868)	(18,543,699)
Payments to other organizations	(213,020)	(321,777)
Net cash provided (used) by capital and related financing activities	(38,294,559)	10,650,264
Net increase (decrease) in cash and cash equivalents	(1,433,240)	6,302,812
CASH AND CASH EQUIVALENTS		
Beginning	65,802,753	59,499,941
Ending	\$ 64,369,513	\$ 65,802,753
Current Assets	\$ 15,037,457	\$ 13,688,289
Restricted Assets	49,332,056	52,114,464
	\$ 64,369,513	\$ 65,802,753
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 2,587,244	\$ 2,191,285
Adjustments to reconcile operating income to net cash provided by operations		
Depreciation	14,343,617	13,706,264
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	(389,081)	49,152
Decrease (increase) in other current assets	248,994	(458,347)
Increase (decrease) in trade accounts payable	(306,099)	330,095
Increase (decrease) in accrued expenses	237,183	94,679
Net cash provided by operating activities	\$ 16,721,858	\$ 15,913,128
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (283,686)	\$ 225,456

See Notes to Financial Statements.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Commission is a political subdivision of the Commonwealth of Virginia. Commissioners are appointed by participating political subdivisions, which currently include the City of Richmond, and the Counties of Chesterfield, Hanover and Henrico. The Commissioners are responsible for addressing broad policy matters and approving the operating and capital budgets. The financial statements of the Commission include all business activities of the Richmond International Airport (the "Airport") which the Commission oversees. All funds are included in this report. The Commission, as the owner and operator of the Airport, maintains and enhances facilities to better serve the air transportation needs of Central Virginia. Major functional areas include administrative services, executive, finance, human resources, maintenance and public safety. The Airport is currently served by eight major airlines and nineteen regional airlines.

The financial statements presented for the Capital Region Airport Commission (the "Commission") are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989.

The following statements of the Governmental Accounting Standards Board (GASB) have been implemented in the years ended June 30, 2006 and 2005.

GASB Statement No. 40

GASB Statement No. 40, Deposit and Investment Risk Disclosures, updates the custodial credit risk disclosure requirement of Statement 3 and establishes more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. The Commission adopted GASB Statement No. 40 as of June 30, 2005.

GASB Statement No. 44

GASB Statement No. 44, Economic Condition Reporting: The Statistical Section establishes and modifies requirements related to the supplementary information presented in the statistical section. The Commission elected to implement GASB Statement No. 44 for the year ended June 30, 2006.

GASB Statement No. 47

GASB Statement No. 47, Accounting for Termination Benefits establishes standards of accounting and financial reporting for termination benefits that are for either voluntary or involuntary terminations. The Commission adopted GASB Statement No. 47 as of June 30, 2006. The Commission does not currently have any commitments outstanding for termination benefits.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Investments

Investments, principally money market funds, federal and municipal obligations and repurchase agreements, are carried at fair value which approximates amortized cost. Fair values of investments are based on quoted market prices at year end. All investment income, including changes in the fair value of investments, is reported in the statements of revenues, expenses, and changes in net assets.

Debt Issuance Costs and Original Issuance Premium

Debt issuance costs and original issuance premium are amortized using the effective interest method. These items are included on the statements of net assets as a reduction or addition to long-term debt.

Capital Assets

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

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

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

The cost of maintenance and repairs is charged to expense as incurred. Expenditures, that significantly increase property lives, are capitalized. Capital assets having a cost in excess of \$7,500 are capitalized.

Capitalized Interest

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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-airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge (CFC) for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at \$2 per day, changed to \$2.10 effective September 1, 2002, and was reduced to \$1.80 effective July 1, 2005. Collections during fiscal year 2006 were \$2,060,818 (2005 - \$2,093,900).

Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Commission Passenger Facility Charges (PFC) rate of \$4.50 per qualifying enplaned passenger, effective January 1, 2005. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Commission has been authorized to collect PFC plus interest thereon in the aggregate amount of \$137,014,261. Collections during fiscal year 2006 were \$6,545,612 (2005 - \$4,246,630) and aggregate collections and interest thereon from inception through June 30, 2006 were \$46,824,516. Net assets related to PFC are restricted for projects that are approved by the FAA.

Federal and State Grants

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

Restricted Net Assets

The Commission restricts net assets 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, then applies unrestricted assets as needed.

Salaries and Wages

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of \$2,500 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to \$714,954 at June 30, 2006 and \$656,991 at June 30, 2005. The net increase for fiscal year 2006 amounted to \$57,963, resulting from an adjustment to prior years accruals.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

For fiscal year 2005, the net increase amounted to \$53,955, represented by payments of \$532,924 and additional accrued vacation and sick leave of \$586,879.

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 Public Official's Self-Insurance Pool. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the four past fiscal years.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2. FORMATION OF THE COMMISSION

As of January 1, 1976, under an agreement among the City of Richmond, the County of Henrico and the Commission, the City of Richmond 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 of Richmond 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:

	2006	2005
Petty cash	\$ 7,672	\$ 7,012
Operating deposits (overdraft)	(1,380,558)	1,210,523
Cash equivalents and investments	76,398,814	92,612,598
	\$ 75,025,928	\$ 93,830,133
Summary:		
Current assets	\$ 15,037,457	\$ 13,688,289
Restricted assets	59,988,471	80,141,844
	\$ 75,025,928	\$ 93,830,133

Deposits

At June 30, 2006, the carrying value of the Commission's deposits with banks was an overdraft of \$1,380,558 with corresponding bank balances of \$8,898,723. At June 30, 2005, the carrying value of the Commission's deposits with banks was \$1,210,523 with corresponding bank balances of \$4,562,494. Bank balances are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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

It is the Commission's policy 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 (the "SNAP Program").

The Commission has invested a portion of the proceeds from the Airport Revenue Bonds Series 1995 and Airport Revenue Refunding Bonds Series 2005A in the SNAP Fund (the "Fund") which is a component of the Commonwealth Cash Reserve Fund, Inc. ("CCRF"). CCRF was organized as a Virginia corporation on December 8, 1986 and was registered under the Investment Company Act of 1940 as a diversified open-end investment company. The Fund is a money market mutual fund that invests in short-term, high quality debt instruments issued by the U.S. government or its agencies or instrumentalities, by U.S. municipalities, and by financial institutions and other U.S. companies. The fair value of the Commission's investment in the Fund is the same as the value of the Fund shares.

Interest and credit risk: The Commission's cash equivalents and investments at June 30, 2006, except for those relating to SNAP and money market funds, are categorized below to give an indication of the level of risk assumed by the Commission at year-end:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12 months</u>	<u>Over 12 months</u>	<u>Quality Ratings</u>
Federal Home Loan Bank Global Bonds	\$ 1,235,396	\$ 1,235,396	\$ -	AAA
Federal Home Loan Bank Bonds	475,349	475,349	-	AAA
Federal Home Loan Bank Cons. Systemwide Bonds	1,409,754	1,409,754	-	AAA
Federal National Mortgage Association Global Notes	482,640	482,640	-	AAA
Federal National Mortgage Association Bonds	1,406,439	1,406,439	-	AAA
Federal National Mtg. Assn. Medium Term Global Note	1,240,833	1,240,833	-	AAA
Federal National Mortgage Association Notes Series 1	276,326	276,326	-	AAA
New Haven, CT GO Bonds	753,600	-	753,600	AAA
Waukegan, IL Parking Fees	304,564	-	304,564	AAA
Grant CO WA PUB UTI	461,561	-	461,561	AAA
Atlanta, GA Development Authority Revenue Refundin	699,278	-	699,278	AAA
Federal Home Loan Mortgage Corp. Med. Term Notes	926,188	-	926,188	AAA
Federal Farm CR BKS Cons. Systemwide Bonds	1,757,700	-	1,757,700	AAA
Repurchase Agreements	46,145,424	46,145,424	-	No Rating
	<u>\$ 57,575,052</u>	<u>\$ 52,672,161</u>	<u>\$ 4,902,891</u>	

Concentration of credit risk: The Commission places no limit on the amount that may be invested in any one issuer. More than 5 % of the Commission's investments are in Repurchase Agreements, which represent 80% of the total investments.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 4. CAPITAL ASSETS

Capital assets consist of the following:

	6/30/05	Additions	Reductions	Transfers	6/30/06
Capital assets not being depreciated:					
Land	\$ 46,509,419	\$ -	\$ -	\$ -	\$ 46,509,419
Construction in progress	27,458,346	57,293,733	-	(2,987,747)	81,764,332
	<u>73,967,765</u>	<u>57,293,733</u>	<u>-</u>	<u>(2,987,747)</u>	<u>128,273,751</u>
Other capital assets:					
Land improvements	9,341,810	283,047	-	(125)	9,624,732
Buildings	164,868,373	1,276	-	-	164,869,649
Paved facilities	169,175,244	-	-	-	169,175,244
Furniture and fixtures	1,578,302	5,277	-	-	1,583,579
Machinery and equipment	31,092,285	877,297	(227,957)	2,987,747	34,729,372
Total Other Capital Assets	<u>376,056,014</u>	<u>1,166,897</u>	<u>(227,957)</u>	<u>2,987,622</u>	<u>379,982,576</u>
Total Capital Assets	<u>450,023,779</u>	<u>58,460,630</u>	<u>(227,957)</u>	<u>(125)</u>	<u>508,256,327</u>
Accumulated depreciation:					
Land improvements	(4,976,688)	(597,788)	-	125	(5,574,351)
Buildings	(42,980,570)	(5,166,027)	-	212,190	(47,934,407)
Paved facilities	(73,671,223)	(6,663,552)	-	-	(80,334,775)
Furniture and fixtures	(1,373,014)	(72,059)	-	-	(1,445,073)
Machinery and equipment	(22,878,713)	(1,844,191)	189,776	(212,190)	(24,745,318)
Total Accumulated Depreciation	<u>(145,880,208)</u>	<u>(14,343,617)</u>	<u>189,776</u>	<u>125</u>	<u>(160,033,924)</u>
Capital Assets, Net	<u>\$ 304,143,571</u>	<u>\$ 44,117,013</u>	<u>\$ (38,181)</u>	<u>\$ -</u>	<u>\$ 348,222,403</u>

	Balance 6/30/04	Additions	Reductions	Transfers	Balance 6/30/05
Capital assets not being depreciated:					
Land	\$ 46,501,300	\$ 8,119	\$ -	\$ -	\$ 46,509,419
Construction in progress	61,574,286	15,469,381	-	(49,585,321)	27,458,346
	<u>108,075,586</u>	<u>15,477,500</u>	<u>-</u>	<u>(49,585,321)</u>	<u>73,967,765</u>
Other capital assets:					
Land improvements	7,915,784	166,792	-	1,259,109	9,341,685
Buildings	155,538,877	4,350	-	9,325,146	164,868,373
Paved facilities	130,441,745	-	-	38,733,499	169,175,244
Furniture and fixtures	1,570,023	8,279	-	-	1,578,302
Machinery and equipment	30,050,786	773,932	-	267,567	31,092,285
Total Other Capital Assets	<u>325,517,215</u>	<u>953,353</u>	<u>-</u>	<u>49,585,321</u>	<u>376,055,889</u>
Total Capital Assets	<u>433,592,801</u>	<u>16,430,853</u>	<u>-</u>	<u>-</u>	<u>450,023,654</u>
Accumulated depreciation:					
Land improvements	(4,372,323)	(604,240)	-	-	(4,976,563)
Buildings	(37,938,079)	(5,042,491)	-	-	(42,980,570)
Paved facilities	(67,717,077)	(5,954,146)	-	-	(73,671,223)
Furniture and fixtures	(1,268,685)	(104,329)	-	-	(1,373,014)
Machinery and equipment	(20,877,780)	(2,000,933)	-	-	(22,878,713)
Total Accumulated Depreciation	<u>(132,173,944)</u>	<u>(13,706,139)</u>	<u>-</u>	<u>-</u>	<u>(145,880,083)</u>
Capital Assets, Net	<u>\$ 301,418,857</u>	<u>\$ 2,724,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,143,571</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT

Long-term debt at June 30, 2006 and 2005 consists of:

	Balance 6/30/2005	Increase	Decrease	Balance 6/30/2006	Current Maturities
Airport Revenue Bonds:					
Series 1995A,B&C (b)	\$ 16,405,000	\$ -	\$ (525,000)	\$ 15,880,000	\$ -
Series 2001A&B (c)	44,180,186	-	(1,373,921)	42,806,265	1,433,604
Series 2004 A (d)	17,380,000	-	(1,425,000)	15,955,000	1,480,000
Series 2005 A Airport Refunding (e)	28,725,000	-	-	28,725,000	400,000
PFC Revenue Bonds:					
Series 2005A (h)	27,885,000	-	(550,000)	27,335,000	570,000
Series 2005B (i)	23,115,000	-	(455,000)	22,660,000	470,000
Car Rental Garage Revenue					
Bonds, Series 2000 (j)	9,910,000	-	(635,000)	9,275,000	680,000
The Warehouse Company Note (k)	2,043,205	-	(169,270)	1,873,935	185,387
Line of Credit (l)	-	3,903,072	(3,903,072)	-	-
	169,643,391	3,903,072	(9,036,263)	164,510,200	5,218,991
Add: Bond premium paid, net	2,392,647	-	(245,615)	2,147,032	-
Less: Debt issuance costs, net	(4,666,343)	(64,438)	297,657	(4,433,124)	-
Total Long-Term Debt	\$ 167,369,695	\$ 3,838,634	\$ (8,984,221)	\$ 162,224,108	\$ 5,218,991

	Balance 6/30/2004	Increase	Decrease	Balance 6/30/2005	Current Maturities
Airport Revenue Bonds:					
Series 1994 (a)	\$ 1,105,000	\$ -	\$ (1,105,000)	\$ -	\$ -
Series 1995A,B&C (b)	46,295,000	-	(29,890,000)	16,405,000	305,000
Series 2001A&B (c)	45,492,325	-	(1,312,139)	44,180,186	1,371,527
Series 2004 A (d)	17,380,000	-	-	17,380,000	1,425,000
Series 2005A Airport Refunding (e)	-	28,725,000	-	28,725,000	-
PFC Revenue Bonds:					
Series 1999A (f)	3,260,000	-	(3,260,000)	-	-
Series 1999B (g)	17,000,000	-	(17,000,000)	-	-
Series 2005A (h)	-	27,885,000	-	27,885,000	550,000
Series 2005B (i)	-	23,115,000	-	23,115,000	455,000
Car Rental Garage Revenue					
Bonds, Series 2000 (j)	10,510,000	-	(600,000)	9,910,000	635,000
The Warehouse Company Note (k)	2,197,186	-	(153,981)	2,043,205	170,578
Line of Credit (l)	1,118,840	1,275,821	(2,394,661)	-	-
	144,358,351	81,000,821	(55,715,781)	169,643,391	4,912,105
Add: Bond premium, net	1,081,687	1,523,743	(212,783)	2,392,647	-
Less: Debt issuance costs, net	(3,147,059)	(2,784,864)	1,265,580	(4,666,343)	-
Total Long-Term Debt	\$ 142,292,979	\$ 79,739,700	\$ (54,662,984)	\$ 167,369,695	\$ 4,912,105

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

The aggregate amount of debt service on long-term debt following June 30, 2006 is as follows:

Fiscal Year	Principal	Interest	Total
2007	\$ 5,218,991	\$ 7,347,021	\$ 12,566,012
2008	5,457,371	7,103,140	12,560,511
2009	5,695,537	6,846,966	12,542,503
2010	5,963,802	6,561,255	12,525,057
2011-2015	6,247,508	6,259,403	12,506,911
2016-2020	35,518,810	26,283,916	61,802,726
2021-2025	38,252,229	17,575,581	55,827,810
2026-2030	41,240,953	8,745,900	49,986,853
2031-2035	10,840,000	3,314,739	14,154,739
2036-2040	10,074,999	992,434	11,067,433
	\$ 164,510,200	\$ 91,030,355	\$ 255,540,555

(a) *Airport Revenue Refunding Bonds-Series 1994*

The Commission legally defeased Airport Revenue Refunding Bonds Series 1994A on April 7, 2004 for \$17,380,000. Proceeds of Airport Revenue Refunding Bonds Series 2004A were used to defease Airport Revenue Refunding Bonds Series 1994A, except for the last principal payment of \$1,105,000, which was paid by the Commission on July 1, 2004.

(b) *Airport Revenue Bonds - Series 1995A, B and C*

On November 9, 1995, the Commission issued Airport Revenue Bonds Series 1995A, B and C totaling \$50,680,000. Proceeds of the bonds were used to finance all or a portion of the costs of certain capital projects and for other specified purposes. On May 19, 2005, Series 1995A outstanding bonds totaling \$28,890,000 were legally defeased by proceeds from Airport Revenue Refunding Bonds Series 2005A, which were invested in U.S. Treasury obligations held by a trustee. The remaining Series 1995 B and C bonds mature as set forth in the following table and are subject to redemption prior to their respective maturities as included in the bond resolution.

Series 1995B bonds amounting to \$5,135,000 and Series 1995C bonds of \$14,865,000 are variable rate bonds and bear a weekly interest rate payable monthly. However, at the option of the Commission, the bonds may be wholly or partially converted to another specified interest rate which may be a fixed rate.

The bonds are secured by a resolution adopted by the Commission on November 21, 1984, as amended and supplemented. Payment of principal and interest are secured by an irrevocable pledge of net revenues and certain trust funds established under the resolution.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

(b) *Airport Revenue Bonds - Series 1995A B and C (continued)*

Fiscal Year	Series 1995B			Series 1995C	
	Total	Principal	Interest	Principal	Interest
2007	\$ 640,973	\$ -	\$ 173,400	\$ -	\$ 467,573
2008	640,973	-	173,400	-	467,573
2009	640,973	-	173,400	-	467,573
2010	640,973	-	173,400	-	467,573
2011	640,973	-	173,400	-	467,573
2012	640,973	-	173,400	-	467,573
2013	640,973	-	173,400	-	467,573
2014	640,973	-	173,400	-	467,573
2015	665,678	-	173,400	-	492,278
2016	2,046,640	-	173,400	1,465,000	408,240
2017	2,020,890	-	173,400	1,500,000	347,490
2018	1,960,140	-	173,400	1,500,000	286,740
2019	1,995,340	-	173,400	1,600,000	221,940
2020	2,026,490	-	173,400	1,700,000	153,090
2021	2,053,590	-	173,400	1,800,000	80,190
2022	2,076,640	-	173,400	1,900,000	3,240
2023	253,400	-	173,400	80,000	-
2024	783,000	635,000	148,000	-	-
2025	2,260,000	2,200,000	60,000	-	-
2026	1,500,000	1,500,000	-	-	-
	<u>\$ 24,769,588</u>	<u>\$ 4,335,000</u>	<u>\$ 3,155,800</u>	<u>\$ 11,545,000</u>	<u>\$5,733,788</u>

Note: Interest is stated at the effective rate of 4.0% at June 30, 2006 for the 1995B Bonds (4.05% -1995C Bonds).

(c) *Airport Revenue Bonds - Series 2001A (Non-AMT) and Series 2001B (AMT)*

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

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

(c) *Airport Revenue Bonds - Series 2001A (Non-AMT) and Series 2001B (AMT) (continued)*

Fiscal Year	Series 2001A			Series 2001B	
	Total	Principal	Interest	Principal	Interest
2007	\$ 3,304,237	\$ 801,979	\$ 1,002,082	\$ 631,625	\$ 868,551
2008	3,304,237	837,652	966,409	660,839	839,337
2009	3,304,237	874,913	929,148	691,405	808,771
2010	3,304,237	913,831	890,230	723,384	776,792
2011	3,304,237	954,480	849,581	756,842	743,334
2012	3,304,237	996,937	807,124	791,848	708,328
2013	3,304,237	1,041,282	762,779	828,473	671,703
2014	3,304,237	1,087,601	716,460	866,792	633,384
2015	3,304,237	1,135,979	668,082	906,883	593,293
2016	3,304,237	1,186,510	617,551	948,829	551,347
2017	3,304,237	1,239,288	564,773	992,714	507,462
2018	3,304,237	1,294,414	509,647	1,038,630	461,546
2019	3,304,237	1,351,992	452,069	1,086,669	413,507
2020	3,304,237	1,412,131	391,930	1,136,930	363,246
2021	3,304,237	1,474,945	329,116	1,189,516	310,660
2022	3,304,237	1,540,554	263,507	1,244,534	255,642
2023	3,304,237	1,609,080	194,981	1,302,097	198,079
2024	3,304,237	1,680,655	123,406	1,362,322	137,854
2025	3,304,237	1,755,414	48,647	1,425,333	74,843
2026	1,045,028	158,579	608	872,384	13,457
	\$ 63,825,531	\$ 23,348,216	\$ 11,088,130	\$ 19,458,049	\$ 9,931,136

(d) *Revenue Refunding Bonds – Series 2004A*

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

Fiscal Year	Total	Principal	Interest
2007	\$ 2,172,350	\$ 1,480,000	\$ 692,350
2008	2,170,750	1,540,000	630,750
2009	2,166,750	1,600,000	566,750
2010	2,148,500	1,665,000	483,500
2011	2,146,000	1,750,000	396,000
2012	2,139,250	1,835,000	304,250
2013	2,137,750	1,930,000	207,750
2014	2,131,500	2,025,000	106,500
2015	2,130,000	2,130,000	-
	\$ 19,342,850	\$ 15,955,000	\$ 3,387,850

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

(e) 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 Eighth 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 Bonds Series 1995A in the amount of \$28,725,000, leaving outstanding the scheduled maturity payment on July 1, 2005 of \$305,000.

The Series 2005A Bonds initial principal payment begins July 1, 2006 with the final maturity on July 1, 2025. Interest on the bonds is payable initially on July 1, 2005 and semi-annually each January and July 1 thereafter. Certain details concerning the Series 2005A Bonds are as follows:

Interest rates:

Series 2005A Bonds	3.00% - 5.25%
Series 1995A Bonds	4.90% - 5.63%

Projected average annual reduction of debt service	\$ 178,038
Projected economic gain (the difference between the net present value of debt service on the Series 2004 bonds, including the taxable bonds and debt service on the Series 1995A Bonds)	\$ 2,212,163

Fiscal Year	Total	Principal	Interest
2007	\$ 1,734,269	\$ 400,000	\$ 1,334,269
2008	1,737,044	415,000	1,322,044
2009	1,734,444	425,000	1,309,444
2010	1,736,469	440,000	1,296,469
2011	1,732,556	450,000	1,282,556
2012	1,732,106	465,000	1,267,106
2013	1,730,568	480,000	1,250,568
2014	1,732,168	500,000	1,232,168
2015	1,726,868	515,000	1,211,868
2016	2,837,468	1,680,000	1,157,468
2017	2,870,987	1,805,000	1,065,987
2018	2,944,231	1,975,000	969,231
2019	2,918,606	2,050,000	868,606
2020	2,904,756	2,130,000	774,756
2021	2,877,156	2,200,000	677,156
2022	2,869,531	2,305,000	564,531
2023	2,759,156	2,310,000	449,156
2024	3,023,906	2,700,000	323,906
2025	2,854,781	2,665,000	189,781
2026	2,876,578	2,815,000	61,578
	<u>\$ 47,333,648</u>	<u>\$28,725,000</u>	<u>\$18,608,648</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

(f) Passenger Facility Charge Revenue Bonds, Series 1999A

The Commission issued additional Passenger Facility Charge Revenue Bonds Series A in the amount of \$4,000,000 on November 1, 1999 under the Master Indenture of Trust dated June 1, 1996, as amended, for a terminal roadway project. On March 31, 2005, the outstanding bonds of \$3,260,000 were refinanced by the issuance of \$27,885,000 Passenger Facility Charge Revenue Bonds, 2005 Series A (AMT).

(g) Passenger Facility Charge Revenue Bonds, Series 1999B

The Commission issued Passenger Facility Charge Revenue Bonds Series B in the amount of \$17,000,000 on October 7, 1999, under the Master Indenture of Trust dated June 1, 1996, as amended, for the cost of issuance and realignment, modification and expansion of the terminal access roadway system. On March 31, 2005, outstanding bonds of \$17,000,000 were refinanced by the issuance of \$23,115,000 Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT).

(h) 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 the Commonwealth of Virginia of 1980, as amended. The bonds were issued for the purpose of refinancing the Passenger Facility Charge Revenue Bonds, Series 1999 A 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 until such time as they are converted to a fixed 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 Wachovia Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit will expire on March 31, 2008, and can be extended or terminated by certain events. The bonds are subject to optional redemption prior to maturity. Principal payments are due June 1 for the fiscal years as illustrated on the preceding page.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

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

Fiscal Year	Total	Principal	Interest	Fiscal Year	Total	Principal	Interest
2007	\$ 1,669,686	\$ 570,000	\$ 1,099,686	2022	\$ 1,594,996	\$ 935,000	\$ 659,996
2008	1,666,648	590,000	1,076,648	2023	1,592,199	970,000	622,199
2009	1,657,821	605,000	1,052,821	2024	1,587,990	1,005,000	582,990
2010	1,658,355	630,000	1,028,355	2025	1,582,371	1,040,000	542,371
2011	1,647,916	645,000	1,002,916	2026	1,570,359	1,070,000	500,359
2012	1,646,839	670,000	976,839	2027	1,562,120	1,105,000	457,120
2013	1,639,770	690,000	949,770	2028	1,557,453	1,145,000	412,453
2014	1,636,879	715,000	921,879	2029	1,551,176	1,185,000	366,176
2015	1,637,964	745,000	892,964	2030	1,543,286	1,225,000	318,286
2016	1,627,873	765,000	862,873	2031	1,533,784	1,265,000	268,784
2017	1,626,943	795,000	831,943	2032	1,527,654	1,310,000	217,654
2018	1,619,820	820,000	799,820	2033	1,519,709	1,355,000	164,709
2019	1,616,674	850,000	766,674	2034	1,509,952	1,400,000	109,952
2020	1,612,318	880,000	732,318	2035	1,498,381	1,445,000	53,381
2021	1,606,753	910,000	696,753				
	\$ 24,572,259	\$ 10,880,000	\$ 13,692,259		\$ 21,731,430	\$ 16,455,000	\$ 5,276,430

Note: Interest is stated at the effective rate of 4.03%.

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

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

The Bonds are secured by and payable from PFC revenues which have been assigned to a Trustee to secure payment along with funds that may be drawn under a direct-pay letter of credit issued by Wachovia Bank, National Association. The amount available to the Trustee under the letter of credit cannot exceed the aggregate principal amount of bonds outstanding and accrued and unpaid interest. The letter of credit will expire on March 31, 2008 and can be extended or earlier terminated by certain events. The Bonds are subject to optional redemption prior to maturity. Principal payments are due June 1 for the fiscal years as illustrated on the preceding page.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Note 5. LONG-TERM DEBT (Continued)

(i) *Passenger Facility Charge Revenue Bonds, 2005 Series B (Non-AMT) (Continued)*

Fiscal Year	Total	Principal	Interest	Fiscal Year	Total	Principal	Interest
2007	\$ 1,370,309	\$ 470,000	\$ 900,309	2022	\$ 1,320,285	\$ 780,000	\$ 540,285
2008	1,366,553	485,000	881,553	2023	1,314,158	805,000	509,158
2009	1,367,184	505,000	862,184	2024	1,307,037	830,000	477,037
2010	1,367,019	525,000	842,019	2025	1,303,902	860,000	443,902
2011	1,361,074	540,000	821,074	2026	1,294,592	885,000	409,592
2012	1,354,532	555,000	799,532	2027	1,294,253	920,000	374,253
2013	1,352,377	575,000	777,377	2028	1,287,537	950,000	337,537
2014	1,349,426	595,000	754,426	2029	1,279,628	980,000	299,628
2015	1,345,678	615,000	730,678	2030	1,275,508	1,015,000	260,508
2016	1,341,135	635,000	706,135	2031	1,269,995	1,050,000	219,995
2017	1,340,779	660,000	680,779	2032	1,263,088	1,085,000	178,088
2018	1,334,445	680,000	654,445	2033	1,254,789	1,120,000	134,789
2019	1,332,297	705,000	627,297	2034	1,250,081	1,160,000	90,081
2020	1,324,173	725,000	599,173	2035	1,243,780	1,200,000	43,780
2021	1,320,234	750,000	570,234				
	\$ 20,227,215	\$ 9,020,000	\$ 11,207,215		\$ 17,958,633	\$ 13,640,000	\$ 4,318,633

Note: Interest is computed at the effective rate of 3.98% at June 30, 2006.

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

On December 1, 2000, the Commission issued Taxable Car Rental Garage Facilities Revenue Bonds, Series 2000 pursuant to an Indenture of Trust dated December 1, 2000 in the amount of \$11,305,000. The Bonds are limited special revenue obligations of the Commission payable solely from and secured by a pledge of customer facility charges established by the Commission to be charged, collected and remitted by the on-airport rental car companies and other funds pledged under the indenture starting February 1, 2001. The Bonds require redemption each year starting July 1, 2002 through July 1, 2015. Interest is payable each January 1 and July 1 at fixed rates ranging from 6.3% to 7% depending on maturity dates.

Principal and interest payments for the fiscal years are as follows:

Fiscal Year	Total	Principal	Interest
2007	\$ 1,317,873	\$ 680,000	\$ 637,873
2008	1,317,993	725,000	592,993
2009	1,314,780	770,000	544,780
2010	1,313,190	820,000	493,190
2011	1,317,840	880,000	437,840
2012	1,318,000	940,000	378,000
2013	1,317,200	1,005,000	312,200
2014	1,316,850	1,075,000	241,850
2015	1,316,600	1,150,000	166,600
2016	1,316,100	1,230,000	86,100
	\$ 13,166,426	\$ 9,275,000	\$ 3,891,426

Note 5. LONG-TERM DEBT (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

(k) *The Warehouse Company Note*

The Warehouse Company Note was issued on October 4, 1993 in the amount of \$3,200,000 for land and parking lot improvements. In April 2003, the parties agreed to amend the computation of interest rates effective October 2002. In October of each year, the interest rate is increased or decreased by one half of the increase or decrease in the difference between 3.40% and 89% of the one year London InterBank Offered Rates (LIBOR) on September 30. The interest rate through September 30, 2006 is 9.55% (2005 – 9.27%). Principal and interest are payable in equal monthly amounts and (assuming no change in the interest rate on the one year LIBOR) are as follows:

Total	Principal	Interest
\$ 356,315	\$ 185,387	\$ 170,928
356,314	203,880	152,434
356,315	224,219	132,096
356,315	246,587	109,728
356,315	271,186	85,129
356,315	298,239	58,076
356,315	327,991	28,324
118,772	116,446	2,326
<u>\$ 2,612,976</u>	<u>\$ 1,873,935</u>	<u>\$ 739,041</u>

(l) *Line of Credit*

The Commission entered into an Exempt Facility Credit Agreement with a bank as of December 1, 2005, whereby the Commission may borrow the aggregate maximum principal amount not to exceed \$10,000,000. Interest on the note is payable monthly at a rate per annum equal to the sum of 78% of one month LIBOR, plus 25 basis points, as such rate may change from day to day in accordance with changes in the one month LIBOR rate.

Proceeds of the note under the line of credit are being used for the purpose of financing and refinancing certain capital projects. Net revenues are pledged as security and are subordinate to any pledge made on certain indebtedness now and hereafter outstanding. The credit period expires November 30, 2008 and is subject to extension pursuant to the agreement. There are no outstanding borrowings under the agreement as of June 30, 2006 and no outstanding borrowings at June 30, 2005 under a previous agreement.

(m) *Restricted Assets*

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

	2006	2005
Construction	\$ 16,346,291	\$ 28,075,459
Cost of issuance	68,111	243,822
Debt service	16,081,606	19,335,132
Equipment and capital outlay	19,082,761	27,528,501
Operation and maintenance	3,139,616	2,300,887
	<u>\$ 54,718,385</u>	<u>\$ 77,483,801</u>

Note 5. LONG-TERM DEBT (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

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. The total accrued arbitrage rebate liability for the years ended June 30, 2006 and 2005 was \$90,345.

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 \$2,002,704 (6.2%) and \$1,478,503 (4.6%) for the year ended June 30, 2006 and \$2,309,310 (7.2%) and \$1,483,350 (4.6%) for the year ended June 30, 2005.

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, 2006:

Fiscal Year	Amount
2007	\$ 7,661,992
2008	7,464,463
2009	7,349,536
2010	7,347,132
2011	7,162,206
2012-2016	26,530,055
2017-2021	2,558,464
2022-2026	994,172
2027-2031	212,484
	\$ 67,280,504

The Commission had rental and concession income of \$15,297,622 and \$15,430,492 in 2006 and 2005, respectively, which is included in operating revenues. Rental income is derived from various lease space within the terminal building, other buildings, and the rental of Airport land property.

Note 8. DEFINED BENEFIT PENSION PLAN

Plan Description

The Commission participates in the Virginia Retirement System (VRS), a mixed agent and cost-sharing multiple-employer defined pension plan administered by the VRS. All full-time employees of the Commission participate in the Plan. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) or at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. AFC is defined as the highest consecutive 36 months of reported

Note 8. DEFINED BENEFIT PENSION PLAN (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

compensation. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Retirement is based on age at retirement, years of service, and AFC. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in their second year of retirement. COLA is limited to 5% per year. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended (the "Code"), assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing VRS, P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

In accordance with the Code, plan members contribute 5% of their annual salary to the VRS. The Commission has elected to assume the member contribution and, in addition, is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code and approved by the VRS Board of Trustees. For the years ended June 30, 2006 and 2005, the Commission contributed 5.75% of the annual covered payroll. The contribution rate for the years ended June 30, 2006 and 2005 includes the Commission's share of .75% and the plan members' share of 5%.

Annual Pension Cost

For the year ended June 30, 2006, the Commission's annual pension cost of \$424,850 (2005 - \$406,958), including the plan members' share, was equal to its required and actual contribution. The required contribution rates for the years ended June 30, 2006 and 2005 were determined using the entry age normal actuarial cost method as part of the actuarial valuations for June 30, 2005.

Significant actuarial assumptions used per year include a 7.5% rate of return on investments; projected salary increases of 3.50% to 5.73%; cost of living adjustment of 2.5%; an inflation rate of 2.5% and projected salary increase of 3%.

The modified market valuation method was used to determine the actuarial value of assets. The Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over a period of 21 years.

Gabriel, Roeder, Smith and Company, actuary for the VRS, prepared the actuarial valuation results as of June 30, 2005. Independent auditors have not audited this information. The funding progress and the Commission's contributions are as follows:

Funding Progress (Unaudited)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2005	14,219,945	15,184,926	964,981	93.65%	5,795,215	16.65%
June 30, 2004	13,526,870	13,194,844	(332,026)	102.52	5,072,823	(6.55)
June 30, 2003	12,916,688	9,861,313	(3,055,375)	130.98	5,053,674	(60.46)

Note 8. DEFINED BENEFIT PENSION PLAN (Continued)

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension Cost</u> <u>(APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2006	\$424,850	100%	None
June 30, 2005	406,958	100	None
June 30, 2004	385,607	100	None

Note 9. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2006 and 2005, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

Note 10. DEFERRED COMPENSATION PLAN

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of \$15,000 for the year 2006. However, participants age 50 and older may defer a maximum of \$20,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. However, the third party administrator permits a one-time, in-service withdrawal of \$5,000 under certain conditions and a participant can borrow money from their vested account balances.

The plan was amended as of January 1, 1997, to provide for all plan assets to be transferred to and held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. In 1999, the Commission adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and, accordingly the related assets and liabilities associated with the Plan are not reported as part of the Commission's financial information.

Note 11. COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Management of the Commission 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, 2006, the Commission had construction commitments of approximately \$81.8 million, of which approximately \$15.4 million will be paid from federal and state grants.

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Capital Region Airport Commission
SCHEDULE OF CONSTRUCTION IN PROGRESS
Year Ended June 30, 2006

	Balance 6/30/2005	Additions	Transfer	Completed Projects	Balance 6/30/2006
Airport drive landscaping	\$ -	\$ 7,196	\$ -	\$ -	\$ 7,196
Concourse "C" FIS buildout	2,677,180	17,603	-	-	2,694,783
Concourse & terminal furnishing	1,576,473	-	-	-	1,576,473
Concourse A & C refurb. / restrooms	-	47,381	-	-	47,381
Construct terminal roadway	-	12,761	-	-	12,761
Jetway enhancement	1,031,670	-	-	-	1,031,670
Maintenance facilities	741,638	528,682	-	-	1,270,320
Main terminal, phase II (building)	13,683,197	46,270,724	-	-	59,953,921
New Kent wetland mitigation	-	75,089	-	-	75,089
Other	371,780	34,125	-	-	405,905
Roadway repairs	513,145	-	-	-	513,145
Runway 16/34 south extension	1,237,501	-	-	-	1,237,501
Security checkpoint	1,029,043	8,527,508	-	-	9,556,551
Security improvements	1,911,582	1,076,165	-	(2,987,747)	-
Taxiway L rehabilitation	-	215,363	-	-	215,363
Terminal access roads	752,728	45,986	-	-	798,714
Terminal refurbishment	934,464	122,066	-	-	1,056,530
Terminal telecommunications improvement	525,650	59,967	-	-	585,617
Water system improvement	472,295	253,117	-	-	725,412
	<u>\$ 27,458,346</u>	<u>\$ 57,293,733</u>	<u>\$ -</u>	<u>\$ (2,987,747)</u>	<u>\$ 81,764,332</u>

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2006 and 2005

	2006	2005
Parking		
Terminal	\$ 11,729,209	\$ 10,094,309
Economy and shuttle	2,606,678	2,092,189
Valet	691,069	563,733
Parking meter and violations	7,537	9,547
	15,034,493	12,759,778
Landing Fees		
Major	1,724,022	1,744,932
Regional	1,053,416	828,580
Scheduled freighter	455,330	515,682
Other	167,206	122,831
	3,399,974	3,212,025
Concession		
Rental car	4,541,526	4,786,051
Food and beverage	877,046	862,489
Ground transportation fees	374,378	364,183
In-flight catering, etc.	19,767	43,236
Retail sales	533,738	493,124
Off-airport concession fees	26,507	-
Terminal advertising	484,779	319,939
Fuel flowage fees	167,722	176,110
Other	11,911	8,250
	7,037,374	7,053,382
Rental		
Airline terminal	6,304,222	6,515,753
Land	1,009,169	933,008
Other buildings	946,857	928,349
	8,260,248	8,377,110
Apron Fees		
	609,060	678,636
Other		
Utilities	81,888	88,214
Other	89,913	69,094
	171,801	157,308
	\$ 34,512,950	\$ 32,238,239

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2006 and 2005

	2006	2005
Personnel		
Salaries		
Regular	\$ 6,680,613	\$ 5,986,803
Overtime	191,574	175,766
Fringe benefits		
Payroll taxes	513,426	504,033
Group insurance, life and health	642,982	606,111
Retirement	424,850	405,958
Other	36,267	2,740
	<u>8,489,712</u>	<u>7,681,411</u>
Utilities		
Electricity	1,380,683	1,183,596
Heating fuel	259,418	229,217
Telephone	53,265	82,412
Water and sewer	280,248	223,813
	<u>1,973,614</u>	<u>1,719,038</u>
Professional Services		
Legal and accounting	486,829	374,486
Consulting services	353,571	630,618
Marketing and promotion	540,741	577,411
	<u>1,381,141</u>	<u>1,582,515</u>
Parking		
Terminal	1,547,613	1,453,931
Economy and shuttle	796,109	694,730
	<u>2,343,722</u>	<u>2,148,661</u>
Maintenance		
Building	231,892	390,172
Equipment	599,543	315,165
Other	568,511	667,391
	<u>1,399,946</u>	<u>1,372,728</u>
Insurance	678,391	604,440
Supplies	678,551	618,421
Other		
Conference and travel	59,903	70,690
Snow removal	122,272	164,376
Other	454,837	378,410
	<u>637,012</u>	<u>613,476</u>
	<u>\$ 17,582,089</u>	<u>\$ 16,340,690</u>

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2006

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	\$ 11,286,000	\$ 11,729,209	\$ 443,209
Economy and shuttle	2,241,000	2,606,677	365,677
Valet	633,000	691,069	58,069
Parking meter and violations	15,000	7,538	(7,462)
	14,175,000	15,034,493	859,493
Landing Fees			
Major	1,303,200	1,724,021	420,821
Regional	1,345,025	1,053,416	(291,609)
Scheduled freighter	468,622	455,330	(13,292)
Other	108,660	167,207	58,547
	3,225,507	3,399,974	174,467
Concession			
Rental car	4,480,317	4,541,526	61,209
Food and beverage	962,200	877,046	(85,154)
Ground transportation fees	393,300	374,378	(18,922)
In-flight catering, etc.	50,200	19,767	(30,433)
Retail sales	557,500	533,738	(23,762)
Terminal advertising	450,000	484,779	34,779
Fuel flowage fees	205,000	167,722	(37,278)
Other	9,700	38,418	28,718
	7,108,217	7,037,374	(70,843)
Rental			
Airline terminal	6,252,304	6,304,222	51,918
Land	1,056,724	1,009,169	(47,555)
Other buildings	973,266	946,857	(26,409)
	8,282,294	8,260,248	(22,046)
Apron Fees	603,664	609,060	5,396
Other			
Utilities	188,300	81,888	(106,412)
Other	82,300	89,913	7,613
	270,600	171,801	(98,799)
	\$ 33,665,282	\$ 34,512,950	\$ 847,668

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2006

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	\$ 6,080,435	\$ 6,391,697	\$ (311,262)
Overtime	130,000	191,574	(61,574)
Fringe benefits			
Payroll taxes	477,775	513,426	(35,651)
Group insurance, life and health	682,140	642,982	39,158
Retirement	439,307	424,850	14,457
Other personnel expense	215,000	325,183	(110,183)
	<u>8,024,657</u>	<u>8,489,712</u>	<u>(465,055)</u>
Utilities			
Electricity	1,348,000	1,380,683	(32,683)
Heating fuel	181,000	259,418	(78,418)
Telephone	115,600	53,265	62,335
Water and sewer	275,000	280,248	(5,248)
	<u>1,919,600</u>	<u>1,973,614</u>	<u>(54,014)</u>
Professional Services			
Legal and accounting	330,000	486,829	(156,829)
Consulting services	590,000	353,571	236,429
Marketing and promotion	653,700	540,741	112,959
	<u>1,573,700</u>	<u>1,381,141</u>	<u>192,559</u>
Parking			
Terminal	1,330,000	796,109	533,891
Economy and shuttle	765,000	1,547,613	(782,613)
	<u>2,095,000</u>	<u>2,343,722</u>	<u>(248,722)</u>
Maintenance			
Building	482,000	231,892	250,108
Equipment	232,500	599,543	(367,043)
Other	789,100	568,511	220,589
	<u>1,503,600</u>	<u>1,399,946</u>	<u>103,654</u>
Insurance	643,400	678,391	(34,991)
Supplies	539,160	678,551	(139,391)
Other			
Conference and travel	89,000	59,903	29,097
Snow removal	50,000	122,272	(72,272)
Other	382,976	454,837	(71,861)
	<u>521,976</u>	<u>637,012</u>	<u>(115,036)</u>
	<u>\$ 16,821,093</u>	<u>\$ 17,582,089</u>	<u>\$ (760,996)</u>

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2006

	2004 Bonds						
	Revenue Account	Debt Service	Equipment and Capital Outlay Account	Operation and Maintenance Account	Operation and Maintenance Reserve Account	Subordinated Indebtedness Fund	Surplus Account
BEGINNING BALANCE	\$ -	\$ 2,619,594	\$ 27,528,501	\$ 3,969,762	\$ 1,352,979	\$ 232,956	\$ 4,902,654
RECEIPTS							
Deposits from Commission	33,523,413	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-
Interest earned	-	60,582	989,409	151,625	58,735	13,331	207,140
	<u>33,523,413</u>	<u>60,582</u>	<u>989,409</u>	<u>151,625</u>	<u>58,735</u>	<u>13,331</u>	<u>207,140</u>
DISBURSEMENTS							
Disbursements to Commission	-	-	18,540,894	17,295,769	-	-	69,170
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	7,102,645	-	-	-	-	-
	<u>-</u>	<u>7,102,645</u>	<u>18,540,894</u>	<u>17,295,769</u>	<u>-</u>	<u>-</u>	<u>69,170</u>
TRANSFERS							
Transfer of interest earned to revenue account	1,273,681	(60,582)	(989,409)	(151,625)	(58,735)	(13,330)	-
Transfer of deposited revenue to designated accounts per resolution	(34,797,094)	7,765,200	10,095,154	16,812,000	48,029	169,908	(93,197)
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	-
	<u>(33,523,413)</u>	<u>7,704,618</u>	<u>9,105,745</u>	<u>16,660,375</u>	<u>(10,706)</u>	<u>156,578</u>	<u>(93,197)</u>
ENDING BALANCE	\$ -	\$ 3,282,149	\$ 19,082,761	\$ 3,485,993	\$ 1,401,008	\$ 402,865	\$ 4,947,427

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (Continued)
Year Ended June 30, 2006

	<u>1995 Bonds</u>	<u>2005 Rev Bonds</u>		<u>PFC Bonds</u>		
	Debt Service Reserve	Debt Service Reserve	Cost of Issuance	Construction Fund	General Purpose Fund	Cost of Issuance
BEGINNING BALANCE	\$ 2,651,863	\$ 3,006,644	\$ 150,854	\$ 28,075,460	\$ 8,703,494	\$ 92,969
RECEIPTS						
Deposits from Commission	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	6,284,000	-
Gain (loss) on sale of investments	(13,622)	(159,278)	-	-	-	-
Interest earned	96,178	132,453	-	903,087	293,691	1,544
	82,556	(26,825)	-	903,087	6,577,691	1,544
DISBURSEMENTS						
Disbursements to Commission	-	-	-	12,749,571	8,006,348	-
Principal curtailment on long-term debt	220,000	-	-	-	1,005,000	-
Interest payments on long-term debt	-	-	-	-	1,485,216	-
Disbursements to others	-	-	82,743	-	-	-
	220,000	-	82,743	12,749,571	10,496,564	-
TRANSFERS						
Transfer of interest earned to revenue account	-	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(72)	72	-	94,513	-	(94,513)
Discount (premium) amortized on bonds held as an investment	(16,788)	709	-	22,801	-	-
	(16,860)	781	-	117,314	-	(94,513)
ENDING BALANCE	\$ 2,497,559	\$ 2,980,600	\$ 68,111	\$ -	\$ 4,784,621	\$ -

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS IN ACCOUNTS CREATED BY BOND RESOLUTIONS (Continued)
Year Ended June 30, 2006

	CFC Bonds							Total
	Revenue Account	Debt Service Reserve	Interest Fund	Operating Fund	Principal Fund	Repair Fund		
BEGINNING BALANCE	\$ -	\$ 1,145,090	\$ 339,416	\$ 123,270	\$ 636,075	\$ 824,638	\$ 86,356,219	
RECEIPTS								
Deposits from Commission	-	-	-	-	-	-	33,523,413	
Deposits from Commission-collections	2,130,000	-	-	-	-	-	8,414,000	
Gain on sale of investments	-	-	-	-	-	-	(172,900)	
Interest earned	1,342	34,323	5,498	4,093	12,620	41,473	3,007,123	
	<u>2,131,342</u>	<u>34,323</u>	<u>5,498</u>	<u>4,093</u>	<u>12,620</u>	<u>41,473</u>	<u>44,771,636</u>	
DISBURSEMENTS								
Disbursements to Commission	-	-	-	132,065	-	-	56,793,817	
Principal curtailment on long-term debt	-	-	-	-	635,000	-	1,860,000	
Interest payments on long-term debt	-	-	658,351	-	-	-	2,143,567	
Disbursements to others	-	-	-	-	-	-	7,185,388	
	<u>-</u>	<u>-</u>	<u>658,351</u>	<u>132,065</u>	<u>635,000</u>	<u>-</u>	<u>67,982,772</u>	
TRANSFERS								
Transfer of interest earned to revenue account	-	-	-	-	-	-	-	
Transfer of deposited revenue to designated accounts per resolution	(2,131,342)	(46,739)	632,373	79,372	668,509	797,827	-	
Discount (premium) amortized on bonds held as an investment	-	-	-	-	-	-	6,722	
	<u>(2,131,342)</u>	<u>(46,739)</u>	<u>632,373</u>	<u>79,372</u>	<u>668,509</u>	<u>797,827</u>	<u>6,722</u>	
ENDING BALANCE	\$ -	\$ 1,132,673	\$ 318,937	\$ 74,670	\$ 682,204	\$ 1,663,938	\$ 63,151,805	

Note: The Operation and Maintenance Account for the 2004 Bonds is available to support operations and is included in current assets. The Surplus Account may be used for any legal purpose of the Commission and is also included in current assets. The remaining \$54,718,385 is reflected as restricted assets.

Capital Region Airport Commission
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
June 30, 2006

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
2004 Bonds			
Bond account - debt service	Term repurchase agreement	5.0%	\$ 3,282,149
Equipment and capital outlay	Term repurchase agreement	5.0	19,082,761
Operation and maintenance account	Term repurchase agreement	5.0	3,485,993
Operation and maintenance reserve	Term repurchase agreement	5.0	1,401,008
Subordinated indebtedness	Term repurchase agreement	5.0	402,865
Surplus, issuer discretionary	Term repurchase agreement	5.0	4,947,427
			<u>32,602,203</u>
1995 Bonds			
Debt service reserve	Money market fund	5.2	143,973
Debt service reserve	Municipal obligations	4.0 - 5.4	2,219,002
			<u>2,362,975</u>
2005 Bonds			
Debt service reserve	Money market fund	5.2	151,135
Project account	Federal obligations	5.0-5.6	2,685,474
Cost of issue	Cash		68,111
			<u>2,904,720</u>
PFC Bonds			
Construction fund	Money market fund	4.5	10,950,398
Construction fund	Federal obligations	2.2-3.6	5,380,952
General purpose fund	Money market fund	4.3	4,784,622
			<u>21,115,972</u>
CFC Bonds			
Debt service reserve	Federal obligations	4.0	1,127,247
Debt service reserve	Money market fund	3.7	2,726
Interest fund	Money market fund	3.8	318,937
Operating fund	Money market fund	3.8	74,670
Principal fund	Money market fund	3.8	682,204
Repair fund	Money market fund	3.8	1,663,938
			<u>3,869,722</u>
			<u>\$ 62,855,592</u>

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

Current assets:	
Cash and cash equivalents	\$ 8,433,420
Restricted assets:	
Cash and cash equivalents	43,765,757
Investments	10,656,415
	<u>\$ 62,855,592</u>

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2006

Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Expenditures
U.S. Department of Transportation:			
Major Federal Assistance Program:			
Airport Improvement	20.106	3-51-0043-40	\$ 1,217,344
Airport Improvement	20.106	3-51-0043-40	2,607,851
Airport Improvement	20.106	3-51-0043-46	1,095,488
Airport Improvement	20.106	3-51-0043-46	6,233,768
Airport Improvement	20.106	3-51-0043-45	174,045
Airport Improvement	20.106	3-51-0043-47	50,752
Total Federal Assistance Expended			\$ 11,379,248

Note: The above schedule is presented on the accrual basis of accounting and presents only a selected portion of the activities of the Commission; it is not intended to and does not present all of the expenditures of the Commission.

Capital Region Airport Commission
INSURANCE COVERAGE
June 30, 2006

Type/Carrier	Coverage	Limit
Airport liability/ACE/ Lloyd's	Public liability including aircraft products/completed operations	\$200,000,000
Automobile liability/St. Paul/Travelers	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
Workers' compensation and employers' liability/ACE	Workers' compensation	Statutory and \$1,000,000 employer's liability
Public officials and employers' liability/Virginia State Public Official's Self-Insurance Pool	Civil claims for wrongful acts	\$1,000,000 each loss \$1,000,000 annual aggregate \$3,500 deductible
Property/St. Paul/Travelers	Blanket real and personal property including business income and personal property of others, all on specific forms	\$277,610,000 blanket real and personal property including EDP and valuable papers \$24,312,000 business income
Equipment/St. Paul/Travelers	Scheduled equipment	\$2,846,689 scheduled equipment \$50,000 maximum per rental item \$300,000 unscheduled equipment \$350,000 mobile radios \$10,000 maximum any one item \$50,000 leased equipment
Boiler and machinery/St. Paul/Travelers	Accident damage	\$100,000,000
Blanket crime bond/Federal Insurance Company	Employee dishonesty	\$750,000 limit \$2,500 deductible

Note: The Insurance coverage was provided by USI Insurance Services, with exception of Worker's Compensation and employer's liability policy.

Capital Region Airport Commission
Net Assets and Changes in Net Assets
Seven Years Ended June 30, 2006
(dollars in thousands)

	Fiscal Year						
	2006	2005	2004	2003	2002	2001	2000
Operating revenues							
Apron fees	\$ 609	\$ 679	\$ 696	\$ 704	\$ 782	\$ 881	\$ 761
Concession	7,037	7,053	6,249	5,821	5,681	5,965	6,101
Landing fees	3,400	3,212	3,107	3,274	3,454	3,983	3,764
Other	173	157	334	235	287	333	546
Parking	15,034	12,760	11,506	11,011	10,700	13,242	12,108
Rental	8,260	8,377	8,109	7,595	7,662	7,381	6,804
Total operating revenues	<u>33,904</u>	<u>31,559</u>	<u>29,305</u>	<u>27,936</u>	<u>27,784</u>	<u>30,904</u>	<u>29,323</u>
Nonoperating income							
Customer Facility Charges	2,061	2,094	1,814	1,442	1,249	526	-
Interest income	3,052	1,538	684	912	1,450	3,396	3,065
Other	-	-	-	-	-	69	-
Passenger Facility Charges	6,546	4,247	3,279	3,100	2,902	3,734	3,379
Total nonoperating revenues	<u>11,659</u>	<u>7,879</u>	<u>5,777</u>	<u>5,454</u>	<u>5,601</u>	<u>7,725</u>	<u>6,444</u>
Total Revenues	<u>45,563</u>	<u>39,438</u>	<u>35,082</u>	<u>33,390</u>	<u>33,385</u>	<u>38,629</u>	<u>35,767</u>
Operating expenses							
Depreciation	14,344	13,706	11,828	10,227	8,945	10,377	8,398
Insurance	678	604	606	504	395	371	314
Maintenance	1,400	1,373	1,350	1,235	839	946	1,232
Other	637	613	575	704	1,388	613	831
Parking	2,344	2,149	1,922	1,912	1,991	2,301	2,036
Personnel	8,490	7,681	7,036	6,930	7,144	7,820	8,045
Professional services	1,381	1,583	1,578	1,529	1,356	1,607	1,681
Supplies	678	618	415	478	381	456	447
Utilities	1,974	1,719	1,774	1,678	1,448	1,550	1,467
Total operating expenses	<u>31,926</u>	<u>30,046</u>	<u>27,084</u>	<u>25,197</u>	<u>23,887</u>	<u>26,041</u>	<u>24,451</u>
Nonoperating expenses							
Interest expense	6,022	5,743	5,885	4,534	4,389	4,998	4,769
Other, net	794	519	608	330	255	-	492
Total nonoperating expenses	<u>6,816</u>	<u>6,262</u>	<u>6,493</u>	<u>4,864</u>	<u>4,644</u>	<u>4,998</u>	<u>5,261</u>
Total Expenses	<u>38,742</u>	<u>36,308</u>	<u>33,577</u>	<u>30,061</u>	<u>28,531</u>	<u>31,039</u>	<u>29,712</u>
Capital grants and contributions	15,471	6,658	8,481	14,761	18,681	7,814	5,288
Special item-transfer to governmental agency	-	-	(12,731)	-	-	-	-
Increase (decrease) in Net Assets	<u>\$22,292</u>	<u>\$9,788</u>	<u>(\$2,745)</u>	<u>\$18,090</u>	<u>\$23,535</u>	<u>\$15,404</u>	<u>\$11,343</u>
Net Assets at Year-End							
Invested in capital assets, net of related debt	\$209,638	\$172,289	\$171,847	\$181,046	\$161,785	\$145,716	\$129,294
Restricted	27,394	42,511	36,781	27,544	23,168	22,240	23,283
Unrestricted	16,486	15,818	11,525	13,611	18,454	11,134	10,228
Total Net Assets	<u>\$253,518</u>	<u>\$230,618</u>	<u>\$220,153</u>	<u>\$222,201</u>	<u>\$203,407</u>	<u>\$179,090</u>	<u>\$162,805</u>

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2006
(dollars in thousands, except per enplaned passengers)

	Fiscal Year									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Airline revenues										
Landing fees	\$ 3,400	\$ 3,212	\$ 3,107	\$ 3,274	\$ 3,454	\$ 3,983	\$ 3,764	\$ 3,664	\$ 2,826	\$ 2,908
Apron fees	609	679	697	704	782	881	761	775	681	718
Total airline revenues	<u>4,009</u>	<u>3,891</u>	<u>3,804</u>	<u>3,978</u>	<u>4,236</u>	<u>4,864</u>	<u>4,525</u>	<u>4,439</u>	<u>3,507</u>	<u>3,626</u>
Percentage of total revenues	8.7%	9.7%	10.6%	11.7%	12.4%	12.3%	12.4%	13.0%	11.6%	14.1%
Nonairline revenues										
Parking	15,034	12,760	11,506	11,011	10,700	13,242	12,108	10,699	9,131	6,932
Rental	8,260	8,377	8,109	7,595	7,662	7,381	6,804	6,931	6,372	5,824
Concession	7,037	7,053	6,285	5,821	5,682	5,965	6,101	5,915	5,054	4,596
Other	172	157	334	235	287	333	547	426	383	244
Total nonairline revenues	<u>30,503</u>	<u>28,347</u>	<u>26,234</u>	<u>24,662</u>	<u>24,331</u>	<u>26,921</u>	<u>25,560</u>	<u>23,971</u>	<u>20,940</u>	<u>17,596</u>
Percentage of total revenues	66.1%	70.7%	73.2%	72.3%	71.2%	68.3%	70.0%	70.4%	69.6%	68.2%
Nonoperating revenues										
Passenger Facility Charges	6,546	4,247	3,279	3,100	2,902	3,734	3,379	3,706	3,703	2,980
Customer Facility Charges	2,061	2,094	1,814	1,442	1,249	527	-	-	-	-
Interest Income	3,052	1,538	684	912	1,450	3,396	3,065	1,940	1,956	1,596
Total nonoperating revenues	<u>11,659</u>	<u>7,879</u>	<u>5,777</u>	<u>5,454</u>	<u>5,601</u>	<u>7,657</u>	<u>6,444</u>	<u>5,646</u>	<u>5,659</u>	<u>4,576</u>
Percentage of total revenues	25.3%	19.6%	16.1%	16.0%	16.4%	19.4%	17.6%	16.6%	18.8%	17.7%
Total revenues	<u>\$ 46,171</u>	<u>\$ 40,117</u>	<u>\$ 35,815</u>	<u>\$ 34,094</u>	<u>\$ 34,168</u>	<u>\$ 39,442</u>	<u>\$ 36,529</u>	<u>\$ 34,056</u>	<u>\$ 30,106</u>	<u>\$ 25,798</u>
Enplaned passengers (excluding charters)	1,554,675	1,321,863	1,213,571	1,187,509	1,098,494	1,340,787	1,300,278	1,306,213	1,210,032	1,106,172
Total revenue per enplaned passengers	29.71	30.35	29.53	28.72	31.09	23.91	28.10	26.08	24.88	23.32
Airline revenue per enplaned passengers	2.58	2.94	3.13	3.35	3.85	3.63	3.48	3.4	2.9	3.28

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2006

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Parking:										
Terminal	\$ 11,729,209	\$ 10,094,309	\$ 8,942,714	\$ 8,428,279	\$ 7,884,671	\$ 9,832,476	\$ 9,437,317	\$ 8,123,768	\$ 6,592,840	\$ 4,207,509
Economy and shuttle	2,606,678	2,092,189	2,054,783	2,127,846	2,327,855	2,679,662	2,019,563	1,957,467	1,988,981	2,163,891
Valet	691,069	563,733	488,905	437,182	446,927	544,178	409,177	352,266	278,957	209,761
Parking meter and violations	7,537	9,547	19,805	17,890	40,754	185,715	241,749	265,024	270,463	351,033
	\$ 15,034,493	\$ 12,759,778	\$ 11,506,207	\$ 11,011,197	\$ 10,700,207	\$ 13,242,031	\$ 12,107,806	\$ 10,698,525	\$ 9,131,241	\$ 6,932,194

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2006

Lot:	2006		2005		2004		2003		2002		2001		2000		1999		1998		1997	
	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
Garage/long term	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 10	\$ 3	\$ 9	\$ 3	\$ 9
Short-term hourly	2	24	2	24	2	24	2	24	2	16	2	16	2	16	2	16	2	14	2	14
Express	-	-	-	-	-	-	-	-	2	9	2	9	2	9	2	9	2	8	2	8
Economy A	1	6	1	7	1	7	1	7	1	7	1	7	1	7	1	7	1	6	1	6
Economy B	1	6	1	7	1	7	1	7	1	6	1	6	1	6	1	6	1	5	1	5
Economy C	1	6	1	6	1	6	1	6	-	-	-	-	-	-	-	-	-	-	-	-
Valet	6	15	6	15	6	15	6	16	6	13	6	13	6	13	6	13	10	15	10	15

Note: Rates are subject to change during year.
 Parking public is the only source of parking revenue.
 Economy C lot opened in 2003

Capital Region Airport Commission
REVENUE BOND COVERAGE
Ten Years Ended June 30, 2006

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2006	\$34,813,516	\$ 17,651,002	\$ 17,162,514	\$ 7,631,672	\$ 15,473,983	2.25	1.11
2005	32,585,580	16,516,915	16,068,665	7,366,097	13,183,282	2.18	1.22
2004	29,811,296	16,059,893	13,751,403	7,169,402	12,736,501	1.92	1.08
2003	29,359,910	14,284,498	15,075,412	8,156,867	14,066,114	1.85	1.07
2002	28,475,092	14,739,523	13,735,569	4,942,755	10,655,801	2.78	1.29
2001	32,988,540	15,110,233	17,878,307	5,142,498	11,020,259	3.48	1.62
2000	30,883,028	16,592,525	14,290,503	5,142,827	14,186,275	2.78	1.01
1999	28,356,177	15,142,375	13,213,802	5,116,438	13,096,170	2.58	1.01
1998	25,018,629	14,063,799	10,954,830	5,008,349	10,393,067	2.19	1.05
1997	21,167,509	9,754,895	11,412,614	297,316	8,886,186	3.83	1.28

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 assets 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.

REVENUE RATES
Ten Years Ended June 30, 2006

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Apron fees	\$ 1.34	\$ 1.49	\$ 1.51	\$ 1.49	\$ 1.72	\$ 1.71	\$ 1.77	\$ 1.74	\$ 1.60	\$ 334.06
Landing fees (per 1,000 lbs unit)	1.16	1.21	1.21	1.21	1.28	1.25	1.33	1.25	1.11	1.08
Terminal rental (square foot)	40.66	41.52	41.04	39.35	46.82	48.57	49.13	48.48	46.06	44.29

Note: 1997 apron fees quoted in linear feet vs. square feet for later years.

Capital Region Airport Commission
OUTSTANDING DEBT
Ten Years Ended June 30, 2006
(dollars in thousands)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Airport Revenue Bonds:										
Series 1994	\$ -	\$ -	\$ 1,105	\$ 19,505	\$ 20,455	\$ 21,330	\$ 22,140	\$ 22,890	\$ 23,590	\$ 24,235
Series 1995 A,B,C	15,880	16,405	46,295	46,570	47,835	48,090	48,330	49,060	49,880	50,680
Series 2001 A&B	42,806	44,180	45,492	40,825	33,269	5,838	-	-	-	-
Series 2004 A	15,955	17,380	17,380	-	-	-	-	-	-	-
Airport Refunding Series 2005A	28,725	28,725	-	-	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 1999 A	-	-	3,260	-	4,000	6,495	8,600	5,700	5,800	5,900
Series 1999 B	-	-	17,000	-	17,000	17,000	17,000	-	-	-
Series 2005 A	27,335	27,885	-	3,640	-	-	-	-	-	-
Series 2005 B	22,660	23,115	-	17,000	-	-	-	-	-	-
Car Rental Garage Revenue Bond	9,275	9,910	10,510	11,075	11,305	11,305	-	-	-	-
The Warehouse Company Note	1,874	2,043	2,197	2,331	2,444	2,542	2,633	2,723	2,810	2,895
Line of Credit	-	-	1,119	-	5,458	3,823	2,322	1,859	3,950	2,614
Unsecured Tax Exempt Note Series 2000	-	-	-	-	-	-	2,965	-	-	-
	<u>164,510</u>	<u>169,643</u>	<u>144,358</u>	<u>140,946</u>	<u>141,766</u>	<u>116,423</u>	<u>103,990</u>	<u>82,232</u>	<u>86,030</u>	<u>86,324</u>
Add: Bond premium, net	2,147	2,393	1,081	-	-	-	-	-	-	-
Less: Debt issuance costs, net	(4,433)	(4,666)	(3,147)	(2,325)	(2,571)	(2,874)	(2,450)	(2,408)	(2,568)	(2,733)
Total Long Term Debt	<u>\$ 162,224</u>	<u>\$ 167,370</u>	<u>\$ 142,292</u>	<u>\$ 138,621</u>	<u>\$ 139,195</u>	<u>\$ 113,549</u>	<u>\$ 101,540</u>	<u>\$ 79,824</u>	<u>\$ 83,462</u>	<u>\$ 83,591</u>

Capital Region Airport Commission
MAJOR CUSTOMERS
Year Ended June 30, 2006

Company	Revenue	Percent of Operating Revenue
USAir, Inc.	\$ 2,002,704	6.2%
Hertz Rent-A-Car Company, Inc.	1,478,503	4.6
Delta Airlines, Inc.	1,307,481	4.1
Delaware North Company (<i>Formally CA One Services</i>)	1,022,785	3.2
Avis Rent-A-Car Company	996,455	3.1

Source: Airport records.

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2006

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2006	17.3%	N/A	N/A
2005	16.2	5.2	1.2
2004	4.3	3.0	9.9
2003	1.2	30.0	3.3
2002	(1.8)	(7.3)	(3.5)
2001	(10.6)	(9.3)	(6.9)
2000	2.1	3.8	7.6
1999	2.5	2.6	1.0
1998	8.5	3.2	2.4
1997	9.9	(1.7)	2.9

Note: Calendar year data except for 2005, 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: Department of Transportation, Form 41, Schedule T3 and Airport Activity.

Statistics of Certificated Route Air Carriers.

Regional Airline Association., Airport records.

N/A: Not available.

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2006

	2006	Share of Total 2006	2005	Share of Total 2005	2004	2003	2002	2001	2000	1999	1998	1997
Majors:												
AirTran Airways	137,411	8.8%	2,960	0.2%	-	-	-	-	-	25,898	28,123	21,051
American Airlines	106,789	6.8	87,196	6.6	105,235	129,884	102,556	78,121	82,371	86,328	80,348	77,119
Continental	113,434	7.2	100,856	7.6	95,311	80,119	66,570	106,900	79,361	71,829	72,043	84,606
Delta Airlines	221,489	14.1	243,800	18.4	229,351	254,184	253,204	317,052	333,863	362,716	311,489	268,206
JetBlue	36,894	2.3	-	-	-	-	-	-	-	-	-	-
Northwest Airlines	26,522	1.7	39,425	3.0	44,552	57,095	52,275	62,342	67,497	62,129	66,999	60,591
United Airlines	60,870	3.9	55,035	4.1	59,163	76,420	80,868	97,152	112,074	107,419	89,480	86,294
US Airways	145,018	9.2	180,443	13.6	191,477	223,145	278,295	409,693	426,850	446,342	456,840	415,736
Total Major	848,427	54.0	709,715	53.4	725,089	820,847	833,768	1,071,260	1,102,016	1,162,661	1,105,322	1,013,603
Regionals:												
Air Canada	-	-	-	-	-	3,211	11,151	13,614	16,143	-	-	-
Air Ontario	-	-	-	-	-	-	-	-	-	15,496	10,118	-
Air Wisconsin	43,229	2.8	18,091	1.4	50,836	8,728	-	-	-	-	-	-
American Eagle	70,709	4.5	82,715	6.2	55,974	46,228	40,916	37,592	7,118	-	-	-
Atlantic Coast	-	-	3,509	0.3	27,519	44,594	31,461	52,221	45,587	-	27,787	28,853
Atlantic Coast Jet	-	-	-	-	-	5,622	14,381	-	-	-	-	-
Atlantic Southeast	36,185	2.3	11,607	0.9	-	-	-	3,098	6,695	36,522	-	-
CC Air	-	-	-	-	-	-	-	-	-	222	100	-
Chautauqua	106,948	6.8	84,362	6.3	62,137	85,443	53,924	28,618	-	-	-	-
ComAir/Delta Connection	99,709	6.4	72,469	5.5	66,278	49,223	24,094	24,116	25,936	21,849	19,917	11,563
CommutAir	-	-	-	-	-	10,585	-	3,733	9,971	2,065	-	-
Eastwind	-	-	-	-	-	-	-	-	-	-	-	8,318
Mesa Airlines	56,606	3.6	38,820	2.9	24,053	6,274	-	-	-	-	-	-
Midway	-	-	-	-	-	-	-	-	-	-	-	4,688
Piedmont	5,603	0.4	5,851	0.4	14,648	26,243	4,096	7,728	19,833	24,140	12,317	12,231
Pinnacle Airlines	71,560	4.6	67,382	5.1	46,356	7,146	-	-	-	-	-	-
PSA	34,578	2.2	25,707	1.9	11,281	64,401	4,378	5,636	12,259	18,856	-	-
RSA	-	-	-	-	-	-	-	-	-	-	18,706	17,373
Republic	347	-	-	-	-	-	-	-	-	-	-	-
Shuttle America	521	-	4,803	0.4	-	-	-	-	-	-	-	-
SkyWest	1,070	0.1	-	-	-	-	-	-	-	-	-	-
Trans States	191,465	12.2	193,070	14.5	124,345	-	62,770	46,749	-	-	-	-
TransWorld Express	-	-	-	-	-	-	-	-	16,599	18,750	15,765	9,543
TWA	-	-	-	-	-	-	17,555	42,366	38,121	5,652	-	-
USA 3000	-	-	3,762	0.3	5,055	8,509	-	-	-	-	-	-
US Airways Express	-	0.0	-	0.0	8,678	16,665	-	13,955	-	-	-	-
Total Regionals	718,530	45.8	612,148	46.1	488,482	382,872	264,726	265,471	198,262	143,552	104,710	92,569
Charters	3,035	-	6,705	-	14,527	17,202	14,199	19,672	24,440	20,014	15,503	15,477
Total	1,569,992	100.0%	1,328,568	100.0%	1,228,098	1,220,921	1,112,693	1,356,403	1,324,718	1,326,227	1,225,535	1,121,649

Source: Airport records.

Capital Region Airport Commission
AIRLINE MARKET SHARES
Eight Years Ended June 30, 2006
Landed Weight (1,000 Pound Units)

	2006	Share of Total 2006	2005	Share of Total 2005	2004	2003	2002	2001	2000	1999
Major Airlines:										
American Airlines	133,808	6.4%	128,589	6.2%	175,943	235,775	217,518	143,812	144,225	138,572
Air Tran Airways	220,792	10.5	4,992	0.2	-	-	-	-	-	55,644
Continental Airlines	154,396	7.4	153,118	7.3	146,851	138,855	168,521	235,840	154,531	130,018
Delta Airlines	296,066	14.1	339,027	16.2	329,080	396,205	586,861	510,597	544,552	556,657
JetBlue Airways	51,606	2.5	-	-	-	-	-	-	-	-
Northwest Airlines	27,917	1.3	69,772	3.2	75,358	120,177	128,692	120,568	125,021	118,361
United Airlines	84,523	4.0	86,915	4.2	93,352	138,652	196,687	217,219	210,513	218,270
US Air	310,410	14.8	379,899	18.2	367,808	440,347	735,991	780,412	758,058	670,999
Total Major Airlines	1,279,518	61.0	1,162,312	54.0	1,188,392	1,470,011	2,034,270	2,008,448	1,936,900	1,888,521
Regional Airlines:										
Air Canada	-	-	-	-	-	5,115	28,705	32,177	-	-
Air Ontario	-	-	-	-	-	-	-	-	32,082	31,425
Air Wisconsin	60,160	2.9	20,949	1.0	62,889	9,588	-	-	-	-
Allegiant Airlines	837	-	-	-	-	-	-	-	-	-
American Eagle	88,973	4.2	115,106	5.5	85,644	80,444	102,508	87,683	11,216	-
Atlantic Coast	-	-	4,227	0.2	35,197	58,249	85,462	77,943	57,188	55,827
Atlantic Coast Jet	-	-	-	-	-	-	4,501	-	-	-
Atlantic Southeast	39,331	1.9	12,126	0.6	-	-	-	12,784	18,424	-
CC Air	-	-	-	-	-	-	-	-	-	1,826
Chautauqua	140,818	6.7	115,227	5.5	88,528	153,061	134,753	52,840	-	-
ComAir/Delta Connection	143	-	119,709	5.7	127,276	88,548	42,676	34,310	36,020	30,798
CommutAir	-	-	-	-	-	-	-	14,133	19,417	3,397
Eastwind	-	-	-	-	-	-	-	-	-	-
Freedom Airlines	34	-	-	-	-	-	-	-	-	-
Mesa Airlines	37,777	1.8	54,708	2.6	35,824	14,916	-	-	-	-
Midway	-	-	-	-	-	-	-	-	-	-
Piedmont	6,806	-	8,308	0.4	26,075	5,724	4,902	15,968	36,385	41,799
Pinnacle Airlines	94,047	4.5	108,429	5.2	70,688	37,647	2,820	-	-	-
PSA	48,097	2.3	41,372	2.0	18,688	9,596	10,850	18,200	25,171	33,270
RSA	-	-	-	-	-	-	-	-	-	-
Republic Airlines	1,229	-	-	-	-	-	-	-	-	-
Shuttle America	898	-	28,179	1.4	-	-	-	-	-	-
Skywest Airlines	1,316	-	-	-	-	-	-	-	-	-
Trans States	297,240	14.2	291,520	14.0	196,199	119,256	145,451	89,896	-	-
Trans World Express	-	-	-	-	-	-	-	-	25,374	28,007
TWA	-	-	-	-	-	-	35,926	66,558	72,778	10,820
USA 3000	-	-	6,683	0.3	-	-	-	-	-	-
US Airways Express	-	-	-	-	8,678	16,665	-	9,899	-	-
Total Regional Carriers	817,706	38.5	926,543	44.4	755,686	598,809	598,554	512,391	334,055	237,169
Total Airline Weight	2,097,224	100.0%	2,088,855	100.0%	1,944,078	2,068,820	2,632,824	2,520,839	2,270,955	2,125,690

Capital Region Airport Commission
AIRLINE MARKET SHARES (Continued)
Eight Years Ended June 30, 2006
Landed Weight (1,000 Pound Units)

	2006	Share of Total 2006	2005	Share of Total 2005	2004	2003	2002	2001	2000	1999
Airborne Express	25,891,700	6.6%	48,669,200	11.8%	51,796,600	51,697,100	51,599,000	51,561,000	51,237,700	52,397,500
AirNet Systems	10,105,604	2.6	11,227,336	2.7	10,183,552	9,253,672	5,151,468	5,942,500	6,407,776	5,083,904
Airtrain/Emery Worldwide	-	-	-	-	-	-	14,448,000	87,086,500	86,766,500	85,679,500
Ameriflight	-	-	4,004,000	1.0	2,349,000	155,000	450,700	1,849,000	4,309,300	4,699,600
BAX Global	-	-	-	-	-	-	-	30,393,500	68,746,000	50,220,337
Emery Worldwide	-	-	-	-	-	-	17,364,000	87,571,500	99,312,500	64,103,000
Federal Express	185,593,950	47.3	183,839,450	44.4	185,484,450	181,046,100	173,956,850	135,337,250	143,944,200	196,128,700
Mountain Air Cargo	8,500	-	42,500	-	25,500	126,000	714,000	721,000	92,500	-
UPS	171,104,680	43.6	165,935,000	40.1	165,813,500	162,638,500	162,638,000	137,852,000	163,764,500	154,832,000
Total Cargo Weight	392,704,434	100.0%	413,717,486	100.0%	415,652,602	404,916,372	426,322,018	538,314,250	624,580,976	613,144,541
Total Landed Weight	394,801,658		415,806,341		417,596,680	406,985,192	428,954,842	540,835,089	626,851,931	615,270,231

Note: Data for 1998 and 1997 not available.

Source: Airport records

Capital Region Airport Commission
TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2006

Fiscal Year	Air Carrier	General Aviation	Air Taxi	Military	Total
2006	32,735	24,536	64,526	11,463	133,260
2005	24,760	31,354	67,273	12,377	135,764
2004	24,759	31,991	63,834	13,686	134,270
2003	30,112	35,206	47,220	12,471	125,009
2002	36,030	47,745	40,583	11,805	136,163
2001	49,871	51,804	37,056	12,733	151,464
2000	42,797	56,331	34,882	20,236	154,246
1999	41,633	52,419	33,846	16,156	144,054
1998	42,912	63,528	33,292	21,231	160,963
1997	39,651	60,187	30,786	18,613	149,237
Average Annual Change	(5.2%)	(8.8%)	9.10%	(3.4%)	(3.7%)

Source: Richmond International Airport Air Traffic Control Tower records.

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2005 and 2004

2005				2004			
Rank	Market	Trip Length ¹	Total O&D Passengers	Rank	Market	Trip Length	Total O&D Passengers
1	Atlanta	SH	226,800	1	New York	SH	199,540
2	New York/Newark	SH	218,970	2	Chicago	MH	139,550
3	Chicago	MH	137,650	3	Atlanta	SH	134,210
4	Orlando	MH	120,880	4	Dallas/Fort Worth	LH	94,170
5	Dallas/Fort Worth	LH	108,090	5	Orlando	MH	89,230
6	Boston	MH	105,040	6	Boston	MH	83,440
7	Tampa	MH	59,450	7	Tampa	MH	50,620
8	Fort Lauderdale	MH	59,200	8	Fort Lauderdale	MH	45,360
9	Philadelphia/Camden	SH	58,310	9	Minneapolis	MH	44,580
10	Houston	LH	55,090	10	Detroit	MH	43,580
11	Las Vegas	LH	52,480	11	Houston	LH	43,580
12	Los Angeles	LH	50,750	12	Philadelphia/Camden	SH	40,870
13	Minneapolis/St Paul	MH	49,840	13	Charlotte	SH	40,480
14	Denver	LH	46,310	14	San Francisco	LH	40,140
15	Detroit	MH	44,650	15	Los Angeles	LH	37,740
16	San Francisco	LH	43,390	16	Denver	LH	36,860
17	Charlotte	SH	42,630	17	Las Vegas	LH	36,860
18	Miami	MH	37,310	18	New Orleans	MH	34,580
19	St Louis	MH	36,580	19	Miami	MH	34,420
20	Cincinnati	MH	35,670	20	Cincinnati	MH	32,830
21	New Orleans	MH	32,480	21	St Louis	MH	28,180
22	Memphis	MH	32,120	22	Nashville	MH	28,060
23	Nashville	MH	31,830	23	Pittsburgh	SH	27,560
24	San Diego	LH	28,970	24	Jacksonville	MH	26,580
25	Jacksonville	MH	2,880	25	San Diego	LH	24,320
	Total		1,717,370		Total		1,437,340

Note: Calendar year data

Source: Department of Transportation's Survey of Airline Passengers compiled by Data Base Products, Dallas, Texas – 2005.

¹ SH=Short Haul= 0 to 600 miles. MH=Medium Haul=601 to 1,800 miles. LH=Long Haul= over 1,800 miles.

Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2005, 2004, 2003 and 2002

POPULATION

PRIMARY TRADE AREA	2005(a)	2004	2003	2002	PERCENTAGE CHANGE		
					2004-2005	2003-2004	2002-2003
United States(b)	296,410,404	293,655,404	290,809,777	288,368,698	0.9%	1.0%	0.8%
Virginia-total	7,567,465	7,459,827	7,386,330	7,293,542	1.4	1.0	1.3
Richmond MSA(c)	1,175,654	1,154,317	1,126,624	N/A	1.8	2.5	N/A
Richmond-Petersburg MSA	1,064,821	1,047,366	1,021,797	1,023,419	1.7	2.5	(0.2)
Richmond City	193,777	192,494	194,729	197,456	0.7	-1.1	(1.4)
Henrico County	280,581	276,479	267,841	268,270	1.5	3.2	(0.2)
Chesterfield County	288,876	282,925	270,814	271,142	2.1	4.5	(0.1)
Hanover County	97,426	96,054	91,814	92,050	1.4	4.6	(0.3)
Petersburg City	32,604	32,757	33,117	33,115	(0.5)	(1.1)	-
Hopewell City	22,690	22,369	22,423	22,525	1.4	(0.2)	(0.5)
Colonial Heights City	17,567	17,511	17,153	17,063	0.3	2.1	0.5
Charles City County	7,119	7,120	7,118	7,239	-	-	(1.7)
Dinwiddie County	25,391	25,173	24,853	24,747	0.9	1.3	0.4
Goochland County	19,360	18,753	18,138	17,523	3.2	3.1	3.5
New Kent County	16,107	15,552	14,843	14,157	3.6	4.8	4.8
Powhatan County	26,598	25,866	24,649	23,997	2.8	4.9	2.7
Prince George County	36,725	34,313	34,305	34,135	7.0	0.0	0.5
Amelia County	12,273	11,929	11,742	N/A	2.9	1.6	N/A
Caroline County	25,563	24,019	23,190	N/A	6.4	3.6	N/A
Cumberland County	9,378	9,178	9,189	N/A	2.2	(0.1)	N/A
King and Queen County	6,796	6,775	6,588	N/A	0.3	2.8	N/A
King William County	14,732	14,334	14,131	N/A	2.8	1.4	N/A
Louisa County	30,020	28,802	28,031	N/A	4.2	2.8	N/A
Sussex County	12,071	11,914	11,596	N/A	1.3	2.7	N/A

Sources: (a) Estimates by Census Bureau, May 2006.

(b) United States population projected by Census Bureau, March 2006.

(c) December 2003 Office of Management and Budget (OMB) metropolitan definition.

Includes counties of Amelia, Caroline, Cumberland, King and Queen, King William, Louisa and Sussex.

NA: Not available

PERSONAL INCOME

Millions of Dollars	2004	2003	2002	2001	2000
United States	\$9,705,504	\$9,157,257	\$8,872,871	\$8,716,992	\$8,422,074
Virginia	270,522	251,139	240,534	233,770	220,845
Richmond MSA	40,978	38,013	36,593	35,437	33,603
Annual Growth Rate	7.8%	3.9%	3.3%	5.5%	7.9%

Note: 2004 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 2006.

Capital Region Airport Commission
PER CAPITA INCOME
June 30, 2006

	2004	2003	2002	2001	2000
United States	\$33,050	\$31,484	\$30,810	\$30,574	\$29,845
Virginia	36,160	34,014	33,013	32,505	31,087
Richmond MSA	35,422	33,316	32,513	31,887	30,548
Percent of Richmond MSA vs United States	107.18%	105.82%	105.53%	104.29%	102.35%

Note: 2004 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 2006.

PRINCIPAL EMPLOYERS IN THE PRIMARY AIR TRADE AREA
Calendar Year 2006

<u>Major Private Employers</u>	<u>City/County</u>	<u>Full-Time Employees</u>	<u>Percentage of Total Employment</u>	<u>Product or Service</u>
Capital One Financial Corp.	Goochland	7,057	1.2%	Credit Cards
Virginia Commonwealth University Health System	Richmond	6,729	1.2	Hospitals
HCA Inc.	Richmond	6,678	1.2	Hospitals
Philip Morris USA	Richmond	6,300	1.1	Cigarettes
Wal-Mart Stores Inc.	Richmond	5,371	1.0	Discount Retailer
Wachovia Corp.	Richmond	5,315	0.9	Banking
Dominion Resources Inc.	Richmond	4,763	0.8	Energy
Bon Secours Richmond Health System	Richmond	4,351	0.8	Hospitals
Ukrop's Super Markets Inc.	Richmond	3,733	0.7	Retail Grocery
SunTrust Banks Inc.	Richmond	3,542	0.6	Banking
Bank of America Corp.	Richmond	3,100	0.5	Banking
Wellpoint, Inc.	Richmond	3,041	0.5	Insurance

Note: This table shows the top twelve employers in the Richmond region.

Source: Richmond Times-Dispatch, April 23, 2006.

EMPLOYMENT DATA WITHIN VIRGINIA

MAJOR PUBLIC EMPLOYERS	Average Number of Employees
Local Governments	55,400
Commonwealth of Virginia	44,100
Federal Government	15,000

Source: Virginia Employment Commission, Current Employment Statistics Program, 2005 Annual Averages.

EMPLOYMENT BY INDUSTRY (Non-Agricultural)

Richmond-Petersburg MSA	Annual Average		Percent Change	Percent of Total	
	2005	1995	From 1995	2005	1995
Total Employment	616,200	527,900	16.7%	100.0%	100.0%
By Industry:					
Government	114,500	103,200	10.9	19.5	18.6
Wholesale and retail trade	92,800	81,900	13.3	15.5	15.1
Manufacturing	45,200	58,000	(22.1)	7.3	11.0
Finance, insurance and real estate	46,900	38,200	22.8	7.2	7.6
Construction and mining	44,700	32,200	38.8	6.1	7.3
Transportation and utilities	20,300	19,100	6.3	3.6	3.3
Information	11,200	10,900	2.8	2.1	1.8
Professional and business services	92,800	75,900	22.3	14.4	15.1
Educational and health services	68,400	47,600	43.7	9.0	11.1
Leisure and hospitality services	49,400	41,300	19.6	7.8	8.0
Other services	30,100	19,900	51.3	3.8	4.9

Source: Virginia Employment Commission, Current Employment Statistics Program.
The most current data available is 2005

UNEMPLOYMENT RATES

	2005	2004	2003	2002	2001
United States	5.10%	5.5%	6.0%	5.8%	4.7%
Virginia	3.5	3.7	4.1	4.2	3.2
Richmond-Petersburg MSA	3.7	3.9	4.3	4.1	3.2

Note: The most current year available is 2005.

Source: Virginia Employment Commission, Local Area Unemployment Statistics Program.

**Capital Region Airport Commission
COMMISSION EMPLOYEES
Eight Years Ended June 30, 2006**

	Full Time Equivalent Employees							
	2006	2005	2004	2003	2002	2001	2000	1999
Police	30	30	30	41	39	31	30	29
Communications	12	13	12	N/A	N/A	N/A	N/A	N/A
Aircraft Rescues & Fire Fighting	19	19	18	19	19	18	18	18
Custodial Services	31	31	27	30	29	28	26	N/A
Utilities/Ground Maintenance	12	12	9	6	9	14	15	14
Equipment/Automotive Maintenance	5	5	4	4	5	5	5	4
Building Maintenance	8	9	9	10	14	14	15	26
Electronic Systems	4	4	3	4	N/A	N/A	N/A	4
HVAC	4	20	N/A	N/A	N/A	N/A	N/A	4
Electrical Maintenance	5	15	5	5	5	4	6	3
Finance and Administrative Services	12	10	11	10	9	13	25	14
Ground Transportation	1	1	1	1	1	1	2	2
Information Systems	2	2	2	2	2	2	3	2
Executive Marketing	4	4	4	5	3	3	3	7
Human Resources	4	4	4	4	5	4	3	3
Baggage System	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operations	N/A	N/A	N/A	N/A	N/A	8	10	11
Total Employees	157	179	139	141	140	145	161	141

Note: A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave). Full time equivalent employment is calculated by dividing total labor hours by 2088.
Several departments have been reclassified which resulted in variances.

CAPITAL ASSET INFORMATION
As of June 30, 2006

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		76,783 SF
	Tenants		40,597 SF
	Public/common		62,845 SF
	Mechanical		15,946 SF
	Other		193,797 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	4000
		Short-term	280
		Long-term	0
		Economy	3000
		Rental cars	490
		Employees	600
International:	Customs/Immigration Federal Inspection Service Facility		
Tower:	TRACON 24/7-365		
FBOs	Aero Industries, MillionAir, Richmond Jet Center		

**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 the basic financial statements of the Capital Region Airport Commission (the "Commission") as of and for the year ended June 30, 2006, and have issued our report thereon dated November 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

However, we noted certain other matters which we have reported to management of the Commission in a separate letter dated November 8, 2006.

This report is intended for the information of the Commission, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 8, 2006



**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Federal Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the Capital Region Airport Commission (the "Commission") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audit 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or

operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Commission, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 8, 2006

CAPITAL REGION AIRPORT COMMISSION

Schedule Of Findings And Questioned Costs

For the Fiscal Year Ended June 30, 2006

A. Summary of Auditors' Results

1. The type of report issued on the basic financial statements: **UNQUALIFIED OPINION**
2. Reportable conditions in internal control disclosed by the audit of the financial statements: **NO**
3. Noncompliance, which is material to the financial statements: **NO**
4. Reportable conditions in internal control over major programs: **NO**
5. The type of report issued on compliance for major programs: **UNQUALIFIED OPINION**
6. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **NO**
7. The programs tested as major programs were:

Name of Federal Program or Cluster	<u>CFDA Number</u>
Airport Improvement Program	20.106

8. Dollar threshold to distinguish between Types A and B Programs: **\$341,377**
9. The Capital Region Airport Commission was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

NONE

C. Findings and Questioned Costs - Major Federal Awards

NONE

D. Resolution of Prior Year's Findings

There were no findings reported

