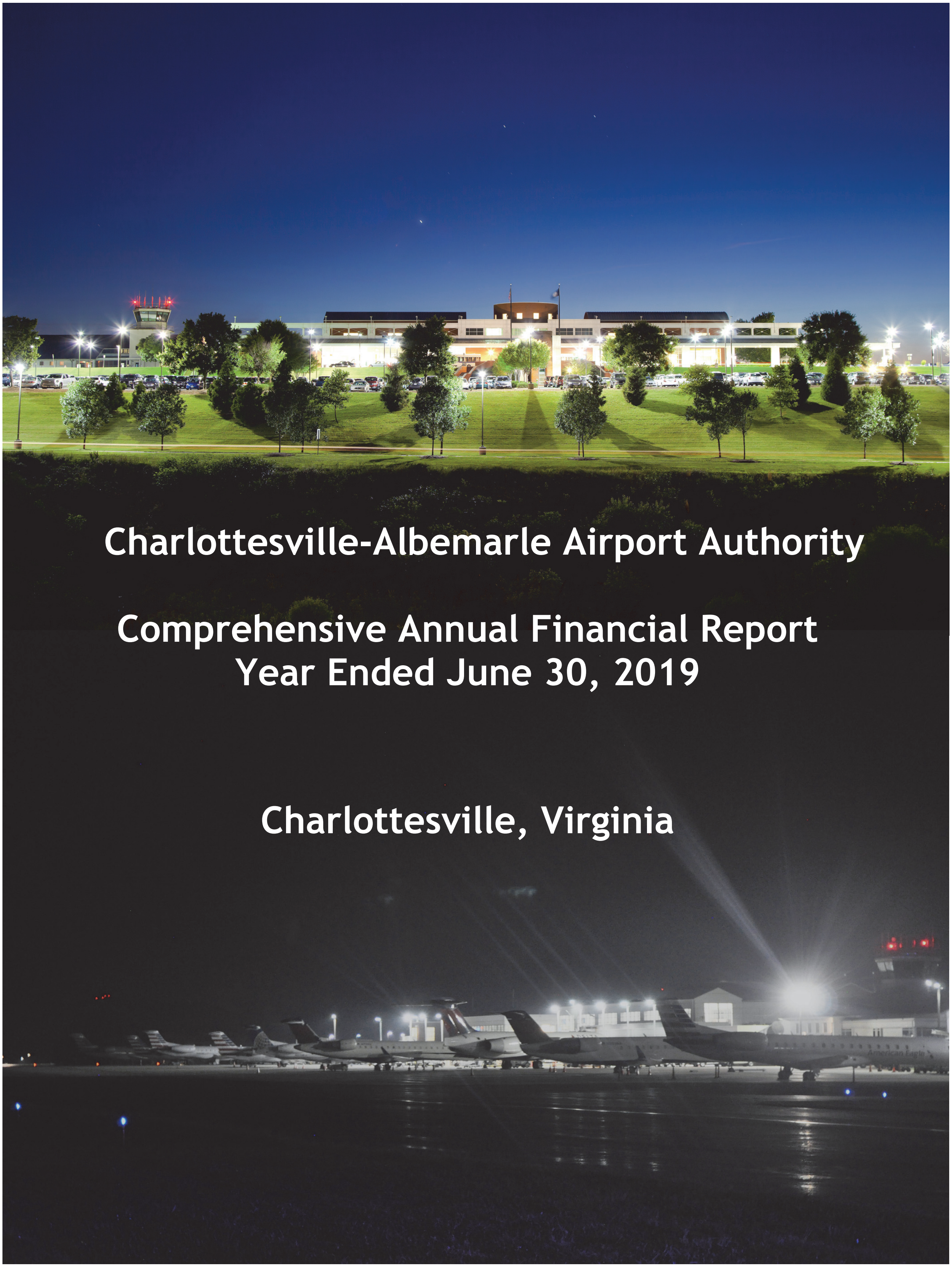


Charlottesville-Albemarle Airport Authority

Comprehensive Annual Financial Report
Year Ended June 30, 2019

Charlottesville, Virginia

Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2019

Prepared by the Administrative Division

Penny D. Shifflett
Director of Finance
www.gocho.com

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

December 23, 2019

DEAR HONORABLE MEMBERS OF
THE CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY:

I am pleased to submit for your review and information the fiscal year 2019 Comprehensive Annual Financial Report of the Charlottesville-Albemarle Airport Authority (Authority).

This report is published in accordance with the requirements of the enabling legislation as enacted by the Commonwealth of Virginia creating the Authority as well as the master bond indenture of trust which governs the issuance of indebtedness by the Authority. Moreover, it was prepared in accordance with generally accepted accounting principles (GAAP) while the financial audit contained herein was performed in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In addition to distribution of this report to Authority Board members, this report is also being transmitted to others interested in the financial condition of the Authority as required by Federal Aviation Administration (FAA) regulations as well as the Authority's bond indenture of trust.

Since this report consists of management's representations concerning the financial position of the Authority, management assumes full responsibility for the completeness and reliability of all information presented herein. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that has been designed to protect the Authority's assets from loss, theft, or misuse as well as compiled sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this report is complete and reliable in all material respects.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the year ended June 30, 2019 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion and that the Authority's financial statements for the year ended June 30, 2019 are in conformity with GAAP. The independent auditors' report is the first component of the Financial Section of this report.

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), relative to financial funds received from the U.S. Government, the Specifications for Audits of Authorities, Boards, and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia relative to financial funds received from the Commonwealth of Virginia, and also, in conformity with the provisions of the September 2000 Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration for its Passenger Facility Charge Program. The standards governing these provisions require the independent auditor not only to report on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. See the independent auditors' reports presented in the Compliance Section of this report for further information and discussion of these standards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). One should read this letter of transmittal in conjunction with the MD&A that is located immediately following the report of the independent auditors in the Financial Section of this report.

The information presented in the Financial Section of this report is best understood when it is considered from the broader perspective of the specific environment within which the Airport operates. The Authority's economic condition is a composite of its financial health and its ability to meets its financial obligations and service commitments.

The Authority

The Authority was created by the 1984 Acts of Assembly, Chapter 390, Virginia General Assembly, and is currently operating under the authority of the law of the Commonwealth of Virginia, Chapter 864 of the Acts of the Virginia General Assembly (2003), and is organized and exists as an independent political subdivision of the Commonwealth of Virginia.

The Authority is organized for the purpose of acquiring, constructing, reconstructing, maintaining, repairing and operating an airport to serve the needs of the City of Charlottesville, Virginia (City), the County of Albemarle, Virginia (County), and surrounding region. The Enabling Act provides that the Authority is authorized to issue revenue bonds for any of its purposes solely from the tolls and revenues pledged for their payment; to fix and revise from time to time and charge and collect rates, fees, rentals and other charges for the use of the Airport; to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Enabling Act; and to do all things necessary and convenient to carry out the powers under the Enabling Act; and to do all acts and things necessary and convenient to carry out the powers expressly granted in the Act. The Authority is also responsible for establishing financial policies. These policies had no significant impact on the current period's financial statements.

Prior to the creation of the Authority, the City and the County jointly operated the Airport through the Charlottesville-Albemarle Airport Board (Board). In October 1984, the Board conveyed the Airport to the Authority. By joint resolutions, the governing bodies of the City and County dissolved the Board, and the Authority commenced Airport operations. Neither the City nor the County are required to approve issuance of bonds or incurrence of indebtedness by the Authority.

The Authority: (Continued)

The Authority consists of three members: the City Manager of Charlottesville, or his/her principal assistant, as chosen by the City Council of Charlottesville; the County Executive of Albemarle County, or his/her principal assistant, as chosen by the Board of Supervisors of Albemarle; and one member of the Charlottesville-Albemarle Joint Airport Commission (Commission). The Commission is an advisory body comprised of residents of Charlottesville and Albemarle County, as appointed by the City Council and the County Board of Supervisors.

Economic Condition and Outlook 2019
Jason Burch, Director of Air Service Development & Marketing

The Charlottesville Albemarle Airport (CHO Airport) serves an economically sound region within the Commonwealth of Virginia's well-developed air transportation network. There are eight counties in Central Virginia and two in the Shenandoah Valley that make up CHO Airport's local passenger traffic base. Located in northern Albemarle County, CHO is surrounded by a traveling community with an amazing quality of life along with a diverse make up of industries including technology, education, medical services, and viticulture.

Central Virginia and the Shenandoah Valley have been recognized as some of the top locations for livability in Virginia. Madison County is adding a mega site to handle significant power requirements being marketed to automotive suppliers. Forbes magazine says Charlottesville is within the top 15 Best Small Places for Business and Careers in the United States. Charlottesville is the Happiest City in America mentioned in GoodHouseKeeping. Niche.com has ranked Albemarle County #2 of 93 best counties to live in. Harrisonburg City, a short distance on Route 33 from Charlottesville, is identified as one of the best places in the country for students seeking high quality education by collegefactual.com.

In addition to its highly regarded quality of life and diverse economy, the region is anchored by thriving heritage tourism and entertainment sectors. The most recognizable and distinguishable tourism attractions in the region include the homes of three of the nation's founding fathers (Thomas Jefferson's Monticello, James Madison's Montpelier and James Monroe's Highland). These historic home sites are all within a short drive of CHO Airport. Monticello, alone, attracts approximately a half of a million guests each year and remains the main tourist attraction for the region. The Charlottesville downtown area and Michie Tavern, a local landmark, also contribute to a deep-rooted historical tourism industry. A host of other cultural and entertainment venues attract additional visitors, and these venues include the Charlottesville downtown pavilion, the Paramount Theatre, and the John Paul Jones Arena.

Throughout the ten counties that represent CHO Airport's local passengers there is a deep history in Virginia craft beverages. These counties are home to 66 of the 190 breweries throughout the state. The economic impact they provide is over $1.3 million annually. These breweries produce more than 358,900 barrels per year. During the year, numerous festivals are held across the Commonwealth, music festivals alone bring an estimated $34 million to their communities.

The tech industry is growing in bounds around the region. The University of Virginia (UVA) established the first School of Data Science in the country, turning out hundreds of data scientists per year. The Commonwealth awarded $33 million to UVA to double computer science degrees over the next 20 years. This growth is not only impacting UVA but the Charlottesville area as well, with 526 high-tech companies operating in the region. Charlottesville was named the Fastest Growing Venture Capital City in the US by PriceWaterhouse with funding from Venture Capital increasing from $250,000 in 2010 to $27.7 Million in 2015.

Economic Condition and Outlook 2019: (Continued)

Located in Charlottesville, The University of Virginia is a major education and innovation facilitator to Central Virginia businesses. It is also the region's largest employer. With nearly 22,000 students and around 51,600 employees, it remains a commodity in the region moderating many recessionary economic forces. UVA has invested heavily in its research parks, one of which is located adjacent to CHO Airport. This 562-acre, 3-million-square-foot, mixed-use development is zoned for many commercial uses and is only a few miles from CHO Airport and the nearby federal intelligence installations.

Located in Albemarle County, the National Ground Intelligence Center and the Defense Intelligence Agency anchor a robust defense sector. These organizations, along with other government institutions like the Judge Advocate General's legal center and school in Charlottesville, have bolstered the government/defense industry in the area. This growing military presence is generating hundreds of millions of dollars in economic growth.

The quality of life that Central Virginia offers along with the economic activity generated through the many diverse industries will continue to yield opportunities for all forms of aviation to prosper and grow at the Charlottesville Albemarle Airport.

Airport Outlook
Melinda Crawford, Executive Director

The financial outlook of the Authority is primarily dependent upon the number of passengers as well as the landed weights of aircraft utilizing the Charlottesville-Albemarle Airport (CHO). Passenger levels, in turn, are dependent upon several factors, including the economic condition of the airlines, which influences the airlines' ability to continue or add new service; the local economy, which affects the consumers' willingness to purchase air travel; and the cost of airline tickets.

CHO served a record breaking 752,452 total passengers in FY19, an increase of 8% over the 696,512 total passengers CHO served in FY18. With these strong numbers, CHO has seen an overall increase of over 117% in enplaned passenger growth for the period of FY09 through FY19, a period of time when many similar-sized airports have experienced moderate increases or, in some case, declines in passenger traffic. This increase in passenger traffic is attributable, in part, to our three airlines introducing larger aircraft into their fleets routinely throughout the year, which has also increased the airline's seat capacity at CHO. However, even with this increased seat capacity in FY19, CHO's overall load factors have remained around 80%. These strong load factors along with other industry variables allow CHO to be able to retain its existing services while engaging current airlines in the possibility of increasing frequency or capacity to its current markets.

As illustrated in the Economic Outlook, the region surrounding the Airport provides economic strength, as well as an exemplary quality of life which only enhances the area's ability to attract and retain high-quality employers in industries such as health services, education, and tourism. In addition, the region's historical experience in prior recessions demonstrates an economic strength that diminishes the impact during lean years, with an enhanced growth rate during recovery periods. The region's long-term economic potential is certain to provide an opportunity for CHO to remain stable and potentially grow and prosper as the aviation industry expands.

Capital Planning & Major Initiatives

Each year the Authority adopts a six-year capital improvement program to dedicate funding for anticipated aviation safety, capacity, preservation and security projects at CHO. The plan is designed to address deficiencies that have been identified with the Authority's infrastructure/ facilities and to implement objectives and priorities identified in CHO's Master Plan with an overall goal of meeting the needs of CHO users while maximizing financial contributions from the Federal Aviation Administration (FAA), the Virginia Department of Aviation (VDOA), and the Authority's Passenger Facility Charge (PFC) program.

As CHO continues to see passenger growth, future capital projects will be planned and developed to keep up with capacity and security issues. Even though a parking lot expansion project was completed in 2014, an expansion of the economy surface parking lot which will add about 100 spaces was designed in FY19, and bids for the project were received on June 26, 2019. It is anticipated that the project will be awarded at the July Board meeting to the apparent low bidder of Sargent Corporation in the amount of $1,122,565. In FY19, the Authority also secured approval from the Federal Aviation Administration to reclassify a portion of the General Aviation Hangar Ramp to a "non-secure" designation allowing for the planning of an additional 95 temporary public parking spaces. Once constructed, this temporary lot will be in place until the construction of a multi-level parking deck north of the long-term lot is completed.

In addition to public parking projects, a project to design an entry pavilion to provide climate-controlled ingress/egress to the long-term lot was completed in FY19, and bids for the project were received on June 26, 2019. The engineer's estimate for the project was $4 million, but the lowest bid received was approximately $7 million. Due to the unanticipated increase cost of this project, the bids for the project will be rejected, and the project will be valued engineered and re-designed.

A project to design an air carrier ramp expansion project was also completed in FY19, and bids for construction of this the project were received on June 26, 2019. It is anticipated that the Authority will award this project, which will construct four additional aircraft parking spaces, to Sargent Corporation, the apparent low bidder for $7.9 million.

Some projects that addressed terminal needs were completed in FY19. Charging stations were installed throughout the secure side of the terminal. This project allows passengers to charge their electronic devices while waiting in the airline gate seating areas. "The Lounge," a business center at the gate 5 area, was opened in the fall of 2018, and this area provides comfortable seating and a relaxed atmosphere for CHO's passengers. The Authority also completed an Energy Modification project on the secure portion of the terminal, and a request for proposals for a firm to perform a Terminal Area Master Plan has been issued. Once this study project has been completed, it will provide a comprehensive plan for terminal area development.

Additional terminal projects continue to be addressed as the original terminal systems age and require refurbishment or replacement. Some of the terminal systems that have been identified for improvement or replacement in include the escalators, elevators, and baggage claim devices.

Financial Controls

Accounting and Budgetary Controls

Although no cost-effective set of accounting controls can guarantee complete freedom from unauthorized use of assets or errors in reporting financial data, existing Authority procedures provide reasonable assurance that assets are properly recorded and protected and that financial information can be confidently used in the preparation of reports, historical summaries, and projections.

Financial Controls: (Continued)

Because the Authority is designed to be a self-supporting and self-sustaining entity, the measurement focus of its financial accounting system is on the preservation of capital. Closely related to this accounting focus, which determines what is measured, is the basis of accounting, which determines when transactions are recognized. To this end, the Authority uses the full accrual basis of accounting, where revenues are recognized in the period in which they are incurred, regardless of the actual receipt or disbursement of cash.

The Authority is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived from its use; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Through its Indenture of Trust and residual airline use agreement (which is currently in a hold-over status), the Authority is required to prepare and adopt an annual operating budget. The annual budget corresponds to the fiscal year (July 1- June 30), and is prepared and adopted as follows:

1. Division heads/account holders prepare preliminary operating budgets and submit them for compilation and review.

2. Airline rates and charges are calculated based upon the anticipated level of expenses, debt service, and capital asset acquisition.

3. The preliminary budget is presented to the signatory airlines for review.

4. The preliminary budget is presented to the Authority for review and approval.

5. After adoption, increases in the budget greater than $15,000 per transaction are made only upon Authority approval. The budget lapses at the end of the fiscal year for all accounts except multi-year construction projects and specific re-appropriations for funds committed at year-end for which goods and/or services have not been received.

Airline Use Agreements

The Authority operates within the provisions of an Airline-Airport Use and Lease Agreement. The agreement is comprised of a revenue/deficit sharing arrangement whereby all year-end net income deficits are debited to signatory airlines. Other than the annual revenue covenant coverage appropriation to the Authority, the fiscal year budget is calculated to result in a break-even posture. All operational debt service is included in the airline rates. The use agreement allows a majority-in-interest vote for eligible airlines for capital improvement appropriations in excess of the annual operating budget and specifically defined costs. The current use agreement expired June 30, 2010. A replacement agreement has not been completed but continues in negotiation. Both the airlines and the airport continue to operate within the hold-over provisions established by the agreement and the airlines continue to provide the required insurance, bonds, etc. until the new agreement is finalized.

Financial Controls: (Continued)

Independent Audit

State statutes and federal regulations require that an annual audit be conducted for the Authority by an independent certified public accountant. The accounting firm of Robinson, Farmer, Cox Associates has been retained by the Authority for this purpose. In addition to meeting the requirements set forth in statutes, this audit is also designed to meet the requirements of the federal Single Audit Act of 1984 and related Uniform Guidance. The auditors' report on the basic financial statements is included in the financial section of this report while reports relating to the single audit and the passenger facility charge program are located in the compliance section.

Management's Discussion and Analysis

The management's discussion and analysis is included in the Financial Section of this report and is intended to provide the reader with an introduction to and overview of the Authority's financial statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its 2018 Comprehensive Annual Financial Report (CAFR). This represents twenty-eight years that the Authority has received this Certificate. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to established program standards. The Authority is confident that this report continues to conform to the Certificate of Achievement program requirements and will be submitted to GFOA for consideration for award.

Acknowledgments

While preparation of the comprehensive annual financial report is completed by the Executive Director and the Director of Finance and Administration, the participation and performance of all purchasers and managers are crucial for the fiscal success of the Airport. In addition, the leadership of the Executive Director and the Authority Board in setting the highest financial standards for professionalism create the framework in which the staff is able to undertake the mission of providing an economical, safe, and pleasing airport environment conducive to allowing all forms of air travel to thrive for the benefit of Charlottesville, Albemarle and surrounding communities.

Respectfully submitted,

Penny D. Shifflett

Penny D. Shifflett
Director of Finance and Administration

This page intentionally left blank

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
PRINCIPAL OFFICIALS AS OF JUNE 30, 2019

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY BOARD

Chairman
Donald D. Long, Attorney, Flora Pettit

Vice-Chairman
Jeff Richardson, County Executive, County of Albemarle

Mike Murphy, Deputy City Manager, City of Charlottesville

CHARLOTTESVILLE-ALBEMARLE JOINT AIRPORT COMMISSION

Chairman
Chris Engel

Vice-Chairman
J. Addison Barnhardt

Donald D. Long

Steven Hiss

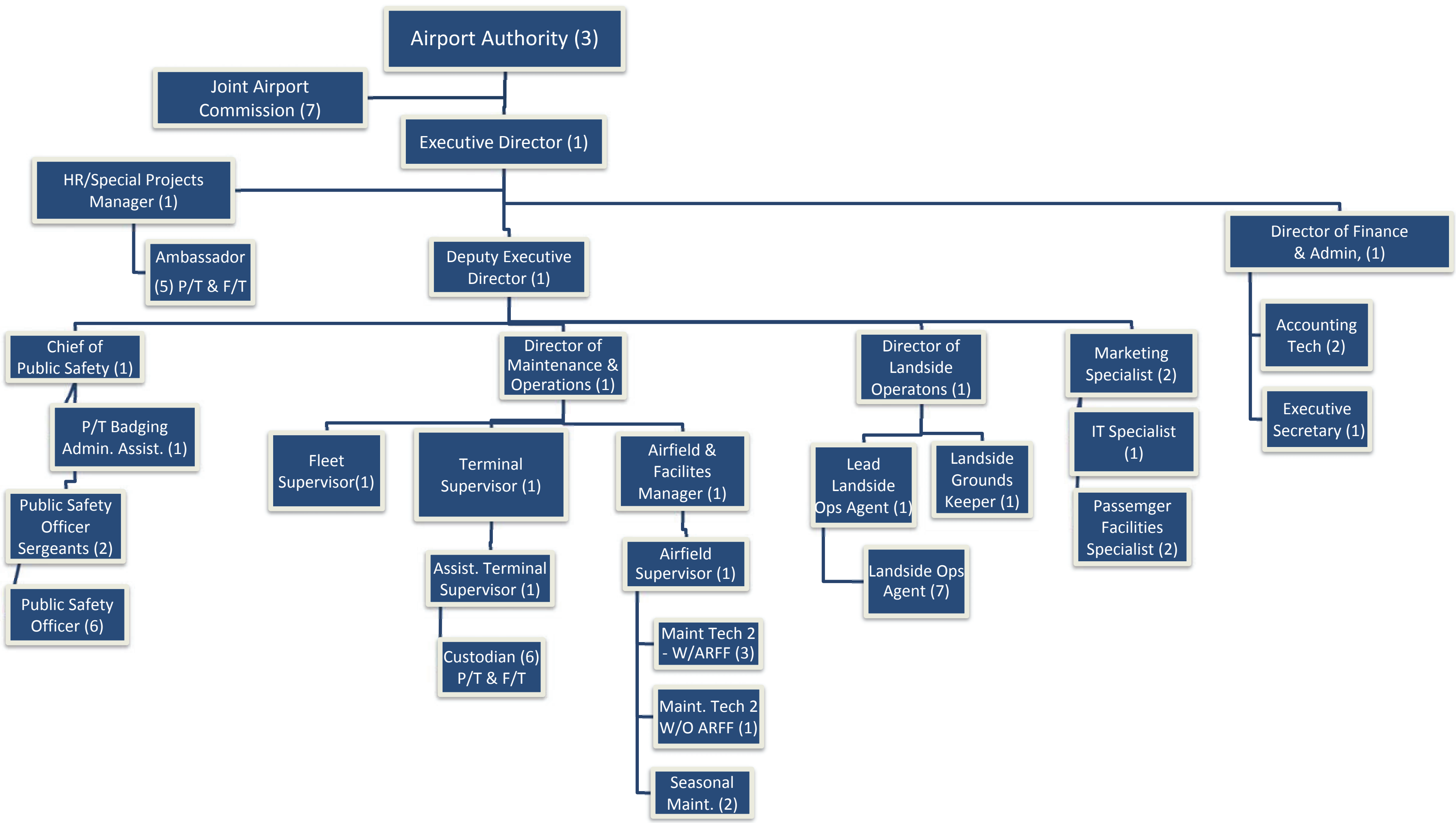
Brian Campbell

Michael Prichard

Eric Walden

This page intentionally left blank

Charlottesville Albemarle Airport 2019 Organizational Chart



This page intentionally left blank

Charlottesville-Albemarle Airport Authority

Vision

Charlottesville-Albemarle Airport is Central Virginia's Airport of Choice.

Mission

To provide a world class airport that enthusiastically serves its customers through extreme:

- Convenience
- Cleanliness
- Safety & Security
- Enhanced Air Service

Values

- Honesty
- Respect
- Integrity
- Loyalty
- Passion
- Environmental Conscientiousness

Organizational Goal Categories

- Cost Effectiveness
- Growth
- Safety
- Customer Focus
- Employee Focus
- Productivity
- Communication

This page intentionally left blank

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charlottesville-Albemarle Airport Authority, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

This page intentionally left blank

Financial Section

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To The Honorable Members of The
Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Charlottesville-Albemarle Airport Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charlottesville-Albemarle Airport Authority, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 15 to the financial statements, in 2019, the Authority adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 21-29 and 75-80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Charlottesville-Albemarle Airport Authority's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of passenger facility charges collected and expended as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

Supplementary and Other Information: (Continued)

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

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

Report on Summarized Comparative Information

We have previously audited Charlottesville-Albemarle Airport Authority's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of Charlottesville-Albemarle Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Charlottesville-Albemarle Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charlottesville-Albemarle Airport Authority's internal control over financial reporting and compliance.

Robinson Farmer Cox Associates

Charlottesville, Virginia
December 23, 2019

This page intentionally left blank

MANAGEMENTS' DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) provides an introduction and overview to the Authority's financial statements for the fiscal year ended June 30, 2019. It is unaudited and should be read in conjunction with the financial statements, and notes thereto, which follow in this section.

Basic Financial Statements

The Authority's basic financial statements include three statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The Statement of Net Position depicts the Authority's financial position on June 30, 2019, the end of the Authority's fiscal year. The Statement shows all of the financial assets and liabilities of the Authority. Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

The Statement of Revenues, Expenses and Changes in Net Position reports operating revenues, operating expenses, nonoperating revenues, nonoperating expenses, contributed capital and changes in net position during the fiscal year ended June 30, 2019. The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis, recognizing revenue when earned and expenses when incurred.

The Statement of Cash Flows presents information on how the Authority's cash and cash equivalents position changed during the fiscal year, as well as illustrates the reconciliation of operating income to net cash provided by operating activities. Cash receipts and payments are classified as Operating Activities, Capital and Related Financing Activities, and Investing Activities.

Airport Activities and Highlights

From an operational standpoint, the Authority had a steady increase in activity in relation to the prior fiscal year. Passenger enplanements increased 8% to 378,441. This increase in passenger traffic is attributable to the fact that the Authority's three airlines have introduced larger aircraft to their fleets and additional flights throughout the year which has increased the airline seat capacity allowing additional passengers to utilize the Airport. Rental car revenue increased 4.7%. Parking revenue also increased 6%. Both of these revenue streams are directly related to the increase in passenger traffic.

Airport Activities and Highlights: (Continued)

In FY19, the Authority experienced increases in all three categories of aircraft operations. The increase in general aviation and military operations had minimal impact on the financial aspect of the airport. However, the increase in commercial operations along with larger aircraft resulted in a 13% increase in airline landing revenue.

	FY 2019	FY 2018	FY 2017
Enplanements (persons)	378,441	348,922	315,099
Aircraft Landed Weights (1000's of lbs)	454,006	401,698	364,466
Operations (take-off & landings):			
Commercial	30,980	27,975	23,143
General Aviation	57,666	49,310	39,371
Military	8,935	8,495	6,344
Total Operations	**97,581**	**85,780**	**68,858**

Financial Highlights

Summary of Operations & Changes in Net Position

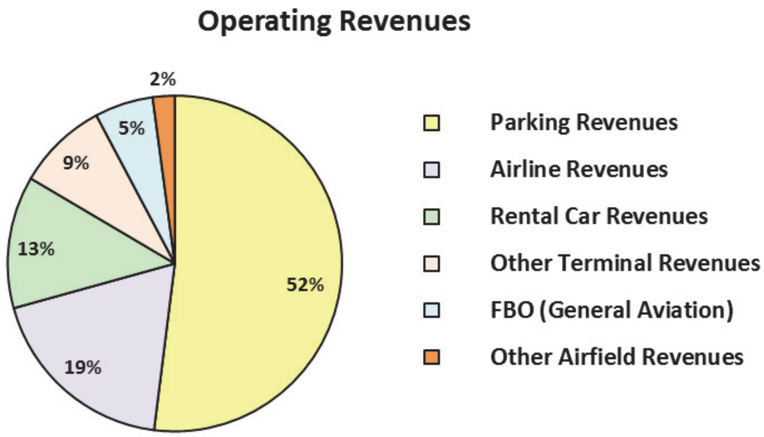
A summary of the Authority's Operations and Changes in Net Position at June 30, 2019 is set forth below:

Summary of Operations & Changes in Net Position	2019	2018	2017
Operations:			
Revenues	$ 8,819,889	$ 8,018,130	$ 6,809,025
Expenses	(6,514,736)	(5,272,630)	(5,072,361)
Income/(loss) before depreciation & nonoperating income/(expenses)	2,305,153	2,745,500	1,736,664
Nonoperating income/(expenses)	12,820	37,142	147,279
Income/(loss) before capital contributions & depreciation	2,317,973	2,782,642	1,883,943
Depreciation	(4,390,045)	(4,009,552)	(4,093,426)
Income/(loss) before capital contributions	(2,072,072)	(1,226,910)	(2,209,483)
Capital contributions	5,709,064	11,257,329	5,523,173
Net Position:			
Increase in net position	3,636,992	10,030,419	3,313,690
Total net position, beginning of year, as restated	113,751,296	103,720,877	100,561,187
Total net position, end of year	**$ 117,388,288**	**$ 113,751,296**	**$ 103,874,877**

Implementation of GASB 75 resulted in a restatement of FY18 beginning balances in the amount of $154,000. The 3.20% increase in net position is primarily related to increase in passenger traffic driving increased revenues and efficiency of operations which resulted in decreased expenses.

Operating & Non-operating Revenue Highlights

The following chart shows the major sources and percentage of operating revenues for the fiscal year ended June 30, 2019:



As illustrated in the Statistical section of this document, parking revenue, airline revenue and rental car revenue have remained the primary sources of revenues; parking revenue has grown from 40% of operating revenue in FY 2010 to 52% in FY 2019. As non-airline revenue streams (i.e. parking, rental car, concessions, and FBO) have increased, airline revenue has decreased in its percentage of operating revenue from 21% in FY 2010 to 19% in FY 2019.

A summary of revenues for the year ended June 30, 2019 follows:

Summary of Revenues		**2019**	**2018**	**2017**
Operating:				
Parking Revenues	$	4,584,850 $	4,344,293 $	3,380,734
Airline Revenues		1,652,304	1,542,524	1,432,737
Rental Car Revenues		1,124,349	1,070,117	1,015,613
Other Terminal Revenues		772,585	467,501	394,858
FBO (General Aviation)		498,130	455,932	450,883
Other Airfield Revenues		187,671	137,763	134,200
Total Operating Revenues	$	8,819,889 $	8,018,130 $	6,809,025
Nonoperating:				
Interest Income	$	27,212 $	11,757 $	4,618
Gain (loss) on disposal of assets		28,151	41,495	6,042
Airline Settlement Retained		-	-	370,725
Agency Reimbursements		190,000	285,000	50,000
Total Nonoperating Revenues	$	245,363 $	338,252 $	431,385
Total Revenues Prior to Capital Contributions	**$**	**9,065,252 $**	**8,356,382 $**	**7,240,410**
Capital Contributions		5,709,064	11,257,329	5,523,173
Total Revenues	**$**	**14,774,316 $**	**19,613,711 $**	**12,763,583**

Operating & Non-operating Revenue Highlights

The increases in all categories of revenues are directly related to the growing passenger traffic that the airport has experienced.

Operating & Non-operating Revenue Highlights (Continued)

Non-operating revenues decreased 27%, compared to a prior year decrease of 22%. The fluctuation in this category is attributed to the variance in the amount of agency reimbursements associated with the Virginia Department of Aviation's funding of debt service.

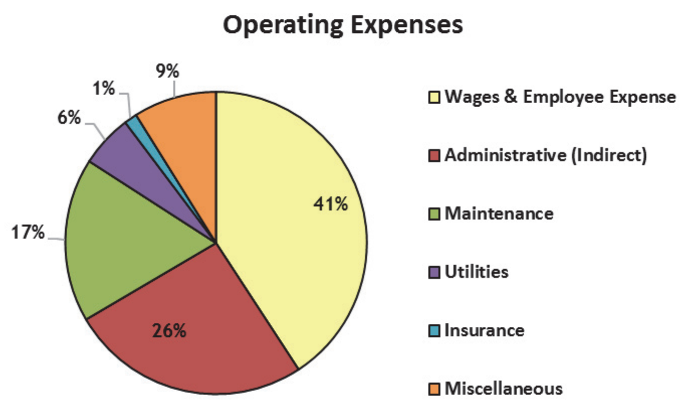
Capital Contributions

Capital contributions decreased in FY19 due to substantial completion of the Runway Rehabilitation Project funded by the Federal Aviation Administration and the Virginia Department of Aviation.

Operating & Nonoperating Expense Highlights

The following chart illustrates the major sources and percentage of operating expenses for the fiscal year ended June 30, 2019:

Wages includes all employee wages except administrative wages, and all Authority-paid taxes and benefits, as well as associated employee costs such as training and uniforms. Administrative costs are traditional indirect expenses and include administrative wages and employee costs, advertising and promotion expense, legal expenses, and miscellaneous professional fees. Maintenance expenses cover not only traditional building systems, but landside, roadway, and airfield pavement, lighting systems and equipment repairs as well.



A summary of the expenses for the year ended June 30, 2019 follows:

Summary of Expenses	**2019**	**2018**	**2017**
Operating:			
Wages & Employee Expense	$ 2,656,746	$ 1,972,599	$ 1,943,458
Administrative (Indirect)	1,679,472	1,511,545	1,421,002
Maintenance	1,142,432	943,033	954,741
Utilities	365,582	348,013	324,559
Insurance	90,492	77,902	72,580
Miscellaneous	580,012	419,538	356,021
Total Operating Expenses	$ 6,514,736	$ 5,272,630	$ 5,072,361
Nonoperating:			
Interest Expense	$ 84,967	$ 123,528	$ 142,697
Rental Car Service Facility Expense	147,576	139,384	141,409
Write-off of stopped projects	-	38,198	-
Total Nonoperating Expenses	$ 232,543	$ 301,110	$ 284,106
Total Expenses	**$ 6,747,279**	**$ 5,573,740**	**$ 5,356,467**

Operating & Nonoperating Expense Highlights: (Continued)

Overall, the Authority has been able to keep expenses relatively steady while continuing to provide additional services and infrastructure for its growing passenger traffic. There was an increase in wages and employee expenses associated with authorized staffing changes. In FY19, the Public Safety Department staffing was increased, and the Authority brought janitorial services in-house while also creating an ambassador program. All of these actions enhanced safety and customer service initiatives which are primary goals always at the forefront of operations.

Financial Position Summary

The Statement of Net Position reports the Authority's financial position as of June 30, 2019. It represents the Authority's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $117,388,288 at June 30, 2019, a 3.20% or $3,636,992 increase over June 30, 2018.

A condensed summary of the Authority's total net position at June 30, 2019 is set forth below:

	2019	2018	2017
Assets:			
Current unrestricted assets	$ 4,139,283	$ 2,635,318	$ 1,473,648
Restricted assets	13,631,629	12,011,541	11,291,447
Capital assets	103,917,385	104,474,746	96,760,588
Total assets	$ 121,688,297	$ 119,121,605	$ 109,525,683
Deferred outflows of resources	$ 383,847	$ 388,072	$ 365,915
Liabilities:			
Current liabilities	$ 1,523,496	$ 2,205,415	$ 1,812,317
Noncurrent liabilities	3,004,965	3,320,871	4,166,396
Total liabilities	$ 4,528,461	$ 5,526,286	$ 5,978,713
Deferred inflows of resources	$ 155,395	$ 232,095	$ 38,008
Net Position:			
Net investment in capital assets	$ 101,715,374	$ 101,441,432	$ 92,837,835
Restricted	12,910,019	11,061,212	10,787,497
Unrestricted	2,762,895	1,248,652	249,545
Total Net Position	**$ 117,388,288**	**$ 113,751,296**	**$ 103,874,877**

Financial Position Summary: (Continued)

Net Position is comprised of three components as follows:

Investment in capital assets (e.g. land, buildings, equipment, etc.) net of depreciation and less the outstanding indebtedness used to acquire the assets, increased .27% which resulted from a land acquisition project in which the Authority acquired approximately 8 acres of property adjacent to the terminal area. This category represents 87% of the Authority's net position as of June 30, 2019.

Restricted net position (11% of total net position) includes funds that are restricted in use such as the PFC funds, federal and state grant funds, and Customer Facility Charge (CFC) funds less related liabilities. The increase of 16.71% in the total restricted cash balance in these funds compared to June 30, 2018 is the result of funds being collected in accordance with established authorizations to be used on planned or future projects.

Unrestricted net position is allocable for any reason by the Airport Authority. Unrestricted net position represents current assets and pension and OPEB related deferred outflows of resources less current liabilities (other than notes payable) less accrued leave less net pension liability, net OPEB liability, and pension and OPEB related deferred inflows of resources. At June 30, 2019, there was a 121.27% increase in unrestricted net position compared to June 30, 2018. This increase is attributed to growing passenger traffic that has resulted in an overall increase to all operating revenue sources.

Summary of Cash Flow Activities

Net cash provided by the operation of $2,079,853 is a 22%, or $591,235 decrease from the prior year. This was due, primarily, to the increase in cash paid to the employees due to the approved increase in staffing levels.

Airline Signatory Rates and Charges

The Authority and its commercial service airlines are negotiating a renewal of the signatory airline use agreement originally executed in fiscal year 2002, which utilized a full residual rate-making methodology. This agreement allowed the Authority to include debt service in the rates and charges and to invoice airlines for any year-end deficit to meet bond and operating requirements. Net income above the budgeted amount was returned to the signatory airlines in the form of an airline settlement at the conclusion of the fiscal year. The contract expired June 30, 2010 placing the airlines in a holdover position which does not require for the distribution of the airline settlement. A replacement agreement has not been completed but continues in negotiation. Rates and charges for the airlines over the last 36 months are as follows:

	FY 2019	FY 2018	FY 2017
Landing Fees (1,000 lbs unit)	2.10	2.08	2.04
Average Terminal Rental Rates (s.f.)	40.78	40.75	39.91
Airline Cost per Enplanement	4.37	4.42	4.55

Airline Signatory Rates and Charges: (Continued)

There was minimal change in the airline rates and charges in FY19. The reduction in the cost per enplaned passenger is directly related to the increased number of passengers being served by each of the airlines.

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned and expenses when incurred. Capital assets, excluding land, are capitalized and depreciated over their useful lives. Funds are restricted for debt service and, where applicable, for construction activities. See Notes to the Financial Statements for a summary of the Authority's significant accounting policies.

Capital Acquisitions and Construction Activities

During FY 2019, the Authority expended $4,097,085 on capital activities. These included construction projects mainly related to runway rehabilitation, a pedestrian access ramp and canopy project, charging stations, air carrier apron repair, and surface parking expansion and acquisition of vehicles, machinery and equipment. Additional information may be found in the Notes to Financial Statements section of this document, Note 6 – Changes in Capital Assets and Construction in Progress.

Capital acquisitions totaling $13,821,514 were comprised of the following:

Capitalized Item		***Value***
Runway Rehabilitation	$	12,419,107
Charging Station		379,999
Business Center		237,503
Energy Modification		150,761
Lower Level Business Center		93,792
Ford F550 Spreader/Plow		83,554
John Deere Skid Steer		60,732
Learning Suite Upgrade		60,480
Terminal Structure		56,951
Ford F250		44,709
Other		233,926
Total	**$**	**13,821,514**

Long Term Debt Administration

In 2002, the Authority issued $2,222,078 in taxable Series 2002 Special Facilities Revenue Bonds dated July 3, 2002 maturing annually from 2002 through 2020 with interest of 5.789%. In 2015, the terms were amended to lower the interest rate to 2.200% beginning August 1, 2015 through 2020. The pledge of revenue for repayment of the debt is the CFC collected and remitted by the rental car concessionaires. The balance outstanding as of June 30, 2019 was $246,397.

In 2004, the Authority issued $6,703,274 in taxable Series 2004 Refunding Bonds dated April 14, 2004 maturing annually from 2004 through 2019 with interest of 4.750%. In 2015, the terms were amended to lower the interest rate to 2.550% beginning August 1, 2015 through 2020. The final payment was made in fiscal year 2019.

In 2006, the Authority issued $710,000 in taxable Series 2006 Airport Revenue Bonds dated April 1, 2006 maturing annually from 2006 through 2020 with interest of 4.150% for the construction of a pay surface parking lot. The balance outstanding as of June 30, 2019 was $92,234.

In 2014, the Authority issued $1,612,000 in taxable Series 214 Airport Revenue Bonds dated October 30, 2014 maturing annually from 2016 through 2025 with interest of 1.570%. The balance outstanding as of June 30, 2019 was $1,128,498.

In fiscal year 2016, the Authority was notified of three additional bridge loans from VDOA outstanding. These were related to CS0004-22 for land acquisition in the amount of $316,149; CS0004-26 for EA/BCA in the amount of $365,785; and CS0004-25 for obstruction study in the amount of $52,948. These loans are scheduled for repayment in fiscal year 2021 utilizing FAA entitlement proceeds.

Currently, all of the Authority's debt is funded with the Virginia Resource Authority, and as such, the Authority does not have an active credit rating. Additional information on the Authority's Bonds can be found in Note 7 – Long-Term Obligations in the Notes to the Financial Statements. Additional information on the Authority's Bonds can be found in Note 7 – Long-Term Obligations in the Notes to the Financial Statements.

Passenger Facilities Charge (PFC)

In June 1992, the FAA authorized the Authority to impose a PFC in accordance with section 158.29 of the FAA Regulations (Title 14, Code of Federal Regulations, Part 158). The charge was instituted on September 1, 1992 and consisted of a $2.00 charge per passenger, less airline fees. PFC's are collected by the airline carriers and remitted to the Authority on a monthly basis. These funds are authorized to be collected until the amount of funds collected plus interest earned equals the allowable costs approved by the FAA for certain capital projects.

In January 1995, the FAA authorized the imposition of a new $3.00 PFC, which was remitted to the Authority on a monthly basis. In October 2004, the FAA authorized an increase in the collection level from $3.00 to $4.50.

Passenger Facilities Charge (PFC): (Continued)

The last application that was approved by the FAA was PFC Application No 19-24-C-00-CHO in June of 2019. This application authorized the collection of $3,370,539 to be used for identified eligible projects. This application expires in September 2021.

Pension and OPEB Programs

The Authority is a member of the Virginia Retirement System (VRS). VRS is the public employees' retirement plan for Commonwealth of Virginia employees. Municipalities, counties and local public agencies may elect to join VRS. The Authority contributes a percentage of payroll to VRS on behalf of its fulltime employees, the rate set bi-annually by VRS as actuarially determined (8.33% during FY 2019). Employees are also provided group life insurance benefits through VRS. The Authority contributes a percentage of payroll to VRS on behalf of its fulltime employees, the rate set by VRS as actuarially determined (1.31% during FY 2019 (allocated into an employee and employer component using a 60 (.79%)/40 (.52%) split)).

Request for Information

This financial report is designed to provide a general overview of the Authority's financial condition and activities. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Director of Finance, Charlottesville - Albemarle Airport Authority, 100 Bowen Loop Suite 200, Charlottesville, VA 22911.

Respectfully submitted,

Penny D. Shifflett

Penny D. Shifflett
Director of Finance

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Net Position

At June 30, 2019

(With Comparative Totals for the Prior Year)

		2019		2018
ASSETS				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	$	3,638,242	$	2,258,144
Prepaid insurance		26,091		8,156
Prepaid insurance - CFC facility		3,711		3,641
Other prepaid items		2,000		10,338
Accounts receivable - net		469,239		355,039
Total current unrestricted assets	$	4,139,283	$	2,635,318
Restricted assets:				
Capital Funds:				
Cash and cash equivalents	$	289,503	$	89,469
Receivable		675,806		1,016,341
Passenger Facility Charge Funds:				
Cash and cash equivalents		636,996		86,983
Receivable		257,637		232,439
Customer Facility Charge Funds:				
Cash and cash equivalents		1,569,240		1,027,236
Receivable		84,291		75,813
Renewal and Replacement Funds:				
Cash and cash equivalents		155,575		153,186
State Entitlement Funds:				
Cash and cash equivalents		9,863,638		9,181,737
Total current restricted assets	$	13,532,686	$	11,863,204
Total current assets	$	17,671,969	$	14,498,522
Noncurrent assets:				
Restricted assets:				
Revenue Bond Funds:				
Cash and cash equivalents	$	98,943	$	148,337
Capital assets:				
Land	$	19,230,590	$	19,230,590
Construction in progress		2,481,550		12,434,698
Building, improvements and equipment, net of accumulated depreciation		82,144,312		72,779,733
Intangibles, net of accumulated amortization		60,933		29,725
Total capital assets (net of accumulated depreciation and amortization)	$	103,917,385	$	104,474,746
Total noncurrent assets	$	104,016,328	$	104,623,083
Total assets	$	121,688,297	$	119,121,605
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding of debt	$	-	$	56,430
Pension related items		358,428		322,042
OPEB related items		25,419		9,600
Total deferred outflows of resources	$	383,847	$	388,072

Exhibit A

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Net Position

At June 30, 2019

(With Comparative Totals for the Prior Year)

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable:		
Operating	$ 222,807	$ 219,504
Unearned revenue	4,512	7,044
Accrued payroll and related liabilities	114,298	83,989
Compensated absences	17,916	11,925
A/P security deposits/performance bonds	32,667	32,667
Revenue bonds payable	400,233	887,730
Accrued interest	9,453	12,227
Liabilities payable from restricted assets (accounts payable and retainage payable):		
Capital funds	721,610	950,329
Total current liabilities	$ 1,523,496	$ 2,205,415
Noncurrent Liabilities:		
Compensated absences	$ 161,242	$ 107,324
Due to VDOA--Bridge Loans	734,882	734,882
Net pension liability	894,945	871,533
Net OPEB liability	147,000	140,000
Revenue bonds payable	1,066,896	1,467,132
Total noncurrent liabilities	$ 3,004,965	$ 3,320,871
Total liabilities	$ 4,528,461	$ 5,526,286
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 141,395	$ 216,095
OPEB related items	14,000	16,000
Total deferred inflows of resources	$ 155,395	$ 232,095
NET POSITION		
Net investment in capital assets	$ 101,715,374	$ 101,441,432
Restricted for:		
Capital Projects	$ 243,699	$ 155,481
PFC fund	894,633	319,422
State Entitlement fund	9,863,638	9,181,737
Renewal & Replacement	155,575	153,186
CFC fund	1,653,531	1,103,049
Bond fund	98,943	148,337
Total restricted assets	$ 12,910,019	$ 11,061,212
Unrestricted	$ 2,762,895	$ 1,248,652
Total net position	$ 117,388,288	$ 113,751,296

The accompanying notes to financial statements are an integral part of this statement.

Exhibit B

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

(With Comparative Totals for the Prior Year)

	2019	2018
Operating revenues:		
Parking	$ 4,584,850	$ 4,344,293
Terminal	2,602,240	2,242,281
Airfield	1,632,799	1,431,556
Total operating revenues	$ 8,819,889	$ 8,018,130
Operating expenses:		
Direct operating expenses:		
Parking	$ 1,026,851	$ 869,662
Terminal	2,408,741	1,805,884
Airfield	1,399,672	1,085,539
Total direct operating expenses	$ 4,835,264	$ 3,761,085
Indirect operating expense:		
Administrative	$ 1,679,472	$ 1,511,545
Total operating expenses	$ 6,514,736	$ 5,272,630
Operating income before depreciation and amortization	$ 2,305,153	$ 2,745,500
Depreciation and amortization	(4,390,045)	(4,009,552)
Operating income (loss)	$ (2,084,892)	$ (1,264,052)
Nonoperating revenues (expenses):		
Interest income	$ 27,212	$ 11,757
CFC expenses	(147,576)	(139,384)
Interest expense	(84,967)	(123,528)
Write-off of stopped projects	-	(38,198)
State entitlement debt service income	190,000	285,000
Gain (loss) on disposal of assets	28,151	-
Insurance recovery	-	41,495
Total nonoperating revenue (expenses)	$ 12,820	$ 37,142
Net income (loss) before capital contributions	$ (2,072,072)	$ (1,226,910)
Capital contributions:		
Federal construction revenue	$ 1,491,954	$ 7,312,260
State construction revenue	1,748,199	1,748,007
PFC fund	1,581,738	1,448,125
CFC fund	887,173	748,937
Total capital contributions	$ 5,709,064	$ 11,257,329
Net position		
Increase in net position	$ 3,636,992	$ 10,030,419
Total net position, beginning of year	113,751,296	103,720,877
Total net position, end of year	$ 117,388,288	$ 113,751,296

The accompanying notes to financial statements are an integral part of this statement.

Exhibit C

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2019
(With Comparative Totals for the Prior Year)

		2019		2018
Cash flows from operating activities:				
Cash received from providing services	$	8,749,246	$	7,971,550
Cash paid to suppliers		(2,810,362)		(2,365,219)
Cash paid to and for employees		(3,859,031)		(2,935,243)
Net cash provided by (used for) operating activities	$	2,079,853	$	2,671,088
Cash flows from capital and related financing activities:				
Interest paid on debt	$	(38,869)	$	(62,040)
Acquisition of property and equipment		(483,401)		(2,880,955)
Disposal of property and equipment		17,744		41,495
Additions to construction in progress		(3,613,684)		(8,434,867)
Debt service paid		(887,733)		(964,678)
State debt service reimbursement		190,000		285,000
Contributions from Virginia Department of Aviation		1,520,259		1,793,100
Contributions from Federal Aviation Administration		2,044,880		7,301,556
Contributions from others		15,549		31,257
Contributions from Passenger Facility Charge (PFC)		1,556,540		1,443,029
Contributions from Customer Facility Charge (CFC)		878,695		728,135
Net cash provided by (used for) capital and related financing activities	$	1,199,980	$	(718,968)
Cash flows from investing activities:				
Investment interest earned	$	27,212	$	11,757
Net increase (decrease) in cash and cash equivalents	$	3,307,045	$	1,963,877
Cash and cash equivalents at beginning of year (including restricted accounts)		12,945,092		10,981,215
Cash and cash equivalents at end of year (including restricted accounts)	$	16,252,137	$	12,945,092
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating loss	$	(2,084,892)	$	(1,264,052)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	$	4,390,045	$	4,009,552
CFC operations		(140,088)		(126,886)
Changes in operating assets and liabilities and deferred outflows/inflows of resources:				
Accounts receivable		(68,111)		(46,246)
Prepaid items		(9,597)		87,240
Deferred outflows related to pension		(36,386)		(87,796)
Deferred outflows related to OPEB		(15,819)		(1,600)
Accounts payable - operating		3,303		5,009
Accrued payroll and related liabilities		30,309		20,845
Accrued compensated absences		59,909		10,608
Unearned revenue		(2,532)		(334)
Net pension liability		23,412		(107,339)
Net OPEB liability		7,000		(22,000)
Deferred inflows related to pension		(74,700)		178,087
Deferred inflows related to OPEB		(2,000)		16,000
Total adjustments	$	4,164,745	$	3,935,140
Net cash provided by (used for) operating activities	$	2,079,853	$	2,671,088
Schedule of noncash capital and related financing activities:				
Increase (decrease) in capital contribution receivables	$	306,859	$	(39,748)
Write-off of costs due to project stoppage	$	-	$	(38,198)
Write-off of capital assets	$	(1,114)	$	-

The accompanying notes to financial statements are an integral part of this statement.

Charlottesville - Albemarle Airport Authority
Notes to Financial Statements

NOTE 1 - FINANCIAL REPORTING ENTITY:

The Charlottesville-Albemarle Airport Authority (the "Authority") was created July 1, 1984 by the Virginia General Assembly, Acts of the Assembly, Chapter 390, 1984 Session. In October 1984, the Airport Board deeded the airport to the Authority, and the Virginia Aviation Commission and Federal Aviation Administration approved the transfer of the Board's operating license to the Authority. The members of the Board became the members of the Authority, and day-to-day operations of the airport were unchanged. The Authority is organized and exists as a political subdivision of the Commonwealth of Virginia. In 2003, the Act was replaced by Chapter 864 of the Acts of the Virginia General Assembly (2003).

The Authority is organized for the purpose of acquiring, constructing, reconstructing, maintaining, repairing and operating an airport to serve the needs of the City of Charlottesville, Virginia (the "City"), the County of Albemarle, Virginia (the "County"), and the surrounding region. The Act provides that the Authority is authorized to issue revenue bonds for any of its purposes payable solely from the tolls and revenues pledged for their payment; to fix and revise from time to time and change collect tolls, rates, fees, rentals and other charges for the use of the Airport; to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Act and to do all acts and things necessary and convenient to carry out the powers expressly granted in the Act.

The Authority is a legally separate organization whose board consists of three members: one, the City Manager of the City, or his or her principal assistant, as chosen by the City Council of the City; one, the County Executive of the County, or his or her principal assistant, as chosen by the Board of Supervisors of the County; and one from the membership of the Charlottesville-Albemarle Joint Airport Commission (the "Commission"), an advisory body created by the Act. Since neither the City nor County can impose its will on the Authority and since there is no potential financial benefit or burden relationship, the City and the County are not financially accountable for the Authority. As such, the Authority is not considered a component unit of either the City or County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

Basis of Accounting - The accounts of the Authority are accounted for on the flow of economic resources measurement focus and utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All Authority accounts are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Operating revenues and expenses result from providing services in connection with air transportation. The principal operating revenues of the Authority are charges to customers for sales and services.

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Prior year totals on the financial statements are presented for informational purposes only. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments – Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

Restricted Assets – Restricted assets consist of monies and other resources as described below:

Capital Funds – Proceeds restricted for designated capital projects that cannot be expended for any other item.

Passenger Facility Charge Funds – Passenger Facility Charge (PFC) collections are based on FAA approval to impose and collect such charges from the airlines serving the Airport. These funds are restricted for designated projects and/or FAA approved debt incurred to finance the construction of projects.

Revenue Bond Funds – 2004, 2006 and 2014 airport revenue refunding bond proceeds held in Escrow Funds.

Renewal & Replacement Funds – The Authority's Indenture of Trust required the establishment of a $150,000 Replacement Fund that may be used to make transfers to the Revenue Fund for reasonable and necessary Operation and Maintenance expenses. Any funds used from the Replacement Fund must be repaid in 48 equal monthly deposits. Once all outstanding bonds are redeemed, the funds on deposit in the Replacement Fund may be used by the Authority for any lawful purpose.

State Entitlement Fund – The Authority receives annual entitlement fund allocations from the Virginia Department of Aviation which are required to be maintained in a separate, interest-bearing account. The use of the funds is restricted for purposes established by the Virginia Aviation Board. In addition, the Authority is allowed to apply for PFC Funds that are reimbursements of State Entitlement Funds Once the application is approved, the funds collected are considered State Entitlement Funds and are restricted for purposes established by the Virginia Aviation Board.

CFC Fund, CFC General Fund and QTA Maintenance Fund - Customer Facility Charge (CFC) collections from rental car concessionaires are deposited in the CFC Fund. Debt service for the rental car service facility is paid and the excess of the funds are transferred to the CFC General Fund to pay certain expenses associated with the service facility. Funds from the CFC General fund are transferred to the QTA Maintenance Fund for future long term maintenance expenses.

Allowance for Uncollectible Accounts – The Authority calculates its allowance for specific accounts using historical collection data and in certain cases, specific account analysis. Historical collection data indicates that any uncollectible amounts would be negligible. Accordingly, an allowance for uncollectible accounts has not been established.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Prepaid items – These assets represent expenses which have been prepaid, including insurance. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets – Capital Assets are carried at original historical cost. However, donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition. Depreciation (including amortization of intangible assets) is computed on the straight-line method over the following estimated lives:

Parking lots and roadways	5-7 years
Intangible assets	5-20 years
Airfield	5-30 years
Hangar	5-40 years
Terminal	5-40 years
Vehicles	5-10 years
Furniture and fixtures	5-10 years
Computer acquisition	3 years

When capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the results of operations. Depreciation expense for the year ended June 30, 2019 was $4,390,045. The Authority's current Capital Asset Classification is that any asset or any addition to an asset or improvement of an asset shall be classified as a depreciable asset if the value of the purchase is $5,000 or more, is purchased from the coverage fund, capital fund or revenue, has an estimated useful life of 3 years or more; and, is considered one of the following: a) equipment, b) vehicle, c) building or improvement, d) airfield equipment or improvement, e) hangar or improvement, or f) intangible asset.

Intangible assets lack physical substance and have a nonfinancial nature and an initial useful life extending beyond a single reporting period.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has multiple items that qualify for reporting in this category:

One item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Amortization expense for the year ended June 30, 2019, the final year of amortization, was $56,430.

The others are comprised of certain items related to the measurement of the net pension liability and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the pension and OPEB notes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category:

> Certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the pension and OPEB notes.

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

Other Postemployment Benefits (OPEB) – For purposes of measuring the net VRS related OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Indirect Expenses – Indirect expenses are charged to various cost centers utilizing the ratios as determined by annual airline rates and charges negotiations. These allocations are made to each cost center from total indirect expenses before depreciation.

Unrestricted Net Position – Unrestricted net position consists of monies and other resources as described below.

> Revenue – Funds used for the daily operations of the Airport Authority.
>
> Coverage Fund – Reserve account established by Indenture of Trust and Airline Use Agreement where the Authority deposits coverage payments from airlines. The Authority may designate use of the funds for capital projects or equipment acquisition.
>
> Discretionary Fund – Funds that are segregated that are not related, in any way, to the airline agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Net Position – Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Net Position Flow Assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 3 – RESTRICTED ASSETS:

The income, principal cash and investments shown on the statement of net position at June 30, 2019 consist of the following:

Restricted Assets:	Cash & Cash Equivalents	Receivables	Total Restricted Assets
Capital Projects	$ 289,503	$ 675,806	$ 965,309
PFC Fund	636,996	257,637	894,633
State Entitlement Fund	9,863,638	-	9,863,638
Renewal & Replacement	155,575	-	155,575
CFC Fund	1,569,240	84,291	1,653,531
Bond Fund	98,943	-	98,943
Total Restricted Assets	$ 12,613,895	$ 1,017,734	$ 13,631,629

NOTE 4 – DEPOSITS AND INVESTMENTS:

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

NOTE 4 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments: Statutes authorize the Authority to 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 Developments (World Bank), the Asian Development Bank, and the African Development Bank; prime quality commercial paper and certain corporate notes; banker's acceptances; repurchase agreements; and State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The Authority has a formal investment policy. In addition to the requirements set forth by the Code of Virginia, all bond investments are governed by the Authority's Indenture of Trust. The Indenture requires that all money held in funds or accounts established under the Indenture shall be separately invested and reinvested pursuant to the Code of Virginia requirements for the investment of public funds. In addition, the Indenture sets forth the evaluation of the investments as well as securities for deposits.

As of June 30, 2019, all Authority funds were held in interest-bearing accounts and investments were invested pursuant to the Code of Virginia requirements for the investment of public funds.

The Authority's money market mutual funds investments of $98,943 on June 30, 2019 were held in the Authority's name by the Authority's custodial bank. The investments were rated AAAm by Standard & Poor's.

The following is a reconciliation of cash and investments for the fiscal year ended June 30, 2019:

Summary of Cash and Investments:		
Cash on hand and cash items	$	6,501
Carrying value of deposits		16,146,693
Investments		98,943
Total	$	16,252,137
Per Financial Statements:		
Cash and cash equivalents:		
Operating	$	3,638,242
Restricted Capital Projects		289,503
Restricted PFC Fund		636,996
Restricted CFC Fund		1,569,240
Restricted Renewal & Replacement		155,575
Restricted Entitlement		9,863,638
Restricted Bond Funds		98,943
Total per financial statements	$	16,252,137

Interest Rate Risk

The Authority does not have a formal interest rate risk policy.

NOTE 4 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements

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

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

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

The Authority has the following recurring fair value measurements as of June 30, 2019:

		Fair Value Measurements Using		
	6/30/2019	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Funds	$ 98,943	$ 98,943	$ -	$ -

NOTE 5 – ACCOUNTS RECEIVABLE:

Details of changes in Accounts Receivable for the fiscal year ended June 30, 2019 are as follows:

	Non Restricted Assets	Restricted Assets	Total Accounts Receivable
Accounts Receivable			
Operating	$ 469,239	$ -	$ 469,239
Capital	-	675,806	675,806
Passenger Facility Charge	-	257,637	257,637
Rental Car Facility Charge	-	84,291	84,291
	$ 469,239	$ 1,017,734	$ 1,486,973

Accounts Receivable – Operating consists of invoices to airport tenants including airlines, rental car concessionaires, fixed base operators and other firms doing business at the airport. Operating receivables increased $114,200 over fiscal year 2018.

Capital Receivable – Capital decreased $340,535 from fiscal year 2018 due to the timing of project expenditures and the related filings of reimbursements. Capital consists of expenditures in construction in progress filed for reimbursement with the State in the amount of $400,868 and the Federal Government in the amount of $274,938.

Passenger Facility Charge- Passenger facility charge receivables represent the accrual for funds received in July and August 2019 for the period June 2019.

Rental Car Facility Charge – Customer facility charge receivables represent the accrual for funds received in July 2019 for the period June 2019.

NOTE 6 – CHANGES IN CAPITAL ASSETS AND CONSTRUCTION IN PROGRESS:

Net capital assets decreased $557,361 as the result of depreciation exceeding the net project activity and other capital asset purchases. It is the Authority's practice for capital projects with land acquisitions to be recorded in the CIP accounts and closed to land upon project completion. Details of changes in capital assets and construction in progress for the fiscal year ended June 30, 2019 follows on the next page as previously discussed in the Letter of Transmittal.

NOTE 6 – CHANGES IN CAPITAL ASSETS AND CONSTRUCTION IN PROGRESS: (CONTINUED)

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not depreciated:				
Land	$ 19,230,590	$ -	$ -	$ 19,230,590
Construction in progress:				
Runway Rehabilitation	$ 11,212,905	$ 1,206,202	$ 12,419,107	$ -
MALSR Adjustment	-	117,864	-	117,864
Pedestrian Access Ramp and Stairs	120,674	-	-	120,674
Pedestrian Access Ramp and Canopy	145,749	300,043	-	445,792
Business Center	237,503	-	237,503	-
Charging Stations	117,527	262,472	379,999	-
Air Carrier Terminal Apron Repair	2,540	522,434	-	524,974
FIDS BIDS and PA System	331,706	177,614	-	509,320
800 MHz Radio	29,166	51,835	-	81,001
Surface Parking Expansion	221,959	363,786	-	585,745
Tailwind Expansion	14,969	-	14,969	-
Big Terminal Fans	-	33,405	-	33,405
LL Bus Center and Mod Gate 1	-	93,792	93,792	-
Energy Modification	-	150,761	150,761	-
Marketing Vehicle and Equipment Storage		62,775	-	62,775
Terminal Structural Integrity Project	-	56,951	56,951	-
Total construction in progress	$ 12,434,698	$ 3,399,934	$ 13,353,082	$ 2,481,550
Total capital assets not depreciated	$ 31,665,288	$ 3,399,934	$ 13,353,082	$ 21,712,140
Capital and other assets depreciated:				
Buildings	$ 35,540,446	$ 559,737	$ -	$ 36,100,183
Improvements other than buildings	75,875,030	12,440,826	13,368	88,302,488
Machinery & equipment	8,257,423	720,988	291,370	8,687,041
Infrastructure	14,819,772	31,875	-	14,851,647
Intangibles	1,089,663	68,088	-	1,157,751
Total capital assets depreciated	$ 135,582,334	$ 13,821,514	$ 304,738	$ 149,099,110
Less accumulated depreciation for:				
Buildings	$ 19,710,493	$ 1,019,618	$ -	$ 20,730,111
Improvements other than buildings	30,483,709	2,528,856	12,254	33,000,311
Machinery & equipment	5,902,776	301,147	256,802	5,947,121
Infrastructure	5,615,960	503,544	-	6,119,504
Intangibles	1,059,938	36,880	-	1,096,818
Total accumulated depreciation	$ 62,772,876	$ 4,390,045	$ 269,056	$ 66,893,865
Total net capital assets depreciated	$ 72,809,458	$ 9,431,469	$ 35,682	$ 82,205,245
Net Capital Assets	$ 104,474,746	$ 12,831,403	$ 13,388,764	$ 103,917,385

NOTE 7 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowings and Placements:				
Revenue Bonds	$ 2,354,862	$ -	$ (887,733)	$ 1,467,129
Bridge Loans VDOA	734,882	-	-	734,882
Compensated Absences	119,249	139,207	(79,298)	179,158
Net Pension Liability	871,553	764,990	(741,598)	894,945
Net OPEB Liability	140,000	32,000	(25,000)	147,000
Total	$ 4,220,546	$ 936,197	$ (1,733,629)	$ 3,423,114

At June 30, 2019, the Authority's long-term obligations consisted of the following:

	Total	Current
Direct Borrowings and Placements:		
$2,222,078 Airport Special Facilities Revenue Bond dated July 3, 2002, interest rate of 5.789% through 8/1/15 and 2.200% through 2020 principal payable monthly in various incremental amounts, ranging from $11,196 due on July 1, 2014 to $14,707 in 2020	$ 246,397	$ 173,129
$710,000 Airport Revenue Bond for construction of a pay surface parking lot dated April 1, 2006, interest rate of 4.150% and principal payable semi--annually in various incremental amounts, ranging from $24,026 due on June 1, 2014 to $31,378 in 2020	92,234	60,856
$1,612,000 Airport Revenue Bond dated October 30, 2014, interest rate of 1.570% principal payable semi-annually in various incremental amounts, ranging from $79,004 due on July 1, 2016 to $90,944 due in 2025	1,128,498	166,248
Total Revenue Bonds (Direct Borrowings and Placements)	$ 1,467,129	$ 400,233

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

At June 30, 2019, the Authority's long-term obligations consisted of the following: (Continued)

		Total		Current
Bridge Loans from Virginia Department of Aviation (VDOA)				
Various Projects:				
CS0004-22 Grant Agreement effective June 1, 2000 (land acquisition)	$	316,149	$	-
CS0004-26 Grant Agreement effective September 23, 2004 (EA/BCA)		365,785		-
CS0004-25 Grant Agreement effective March 23, 2005 (Obstruction Study)		52,948		-
Total Bridge Loans *	$	734,882	$	-
Compensated Absences	$	179,158	$	17,916
Net Pension Liability	$	894,945	$	-
Net OPEB Liability	$	147,000	$	-
Total long-term obligations	$	3,423,114	$	418,149

* Bridge loans through VDOA have a repayment period of 4 years from start date. Repayment is scheduled for fiscal year 2021.

Default Provisions and Acceleration Clauses

Each of the following events shall be an Event of Default:

(a) Default by the Authority in the payment when due of any interest on any Bond;

(b) Default by the Authority in the payment when due of the principal or the purchase price of or premium, if any, on any Bond (whether at maturity, by acceleration, call for redemption or otherwise);

(c) Failure of the Authority to observe and perform any of its other covenants, conditions or agreements under this Indenture or in the Bonds for a period of thirty days after notice, either from the Trustee to the Authority or the Bondholders of twenty-five percent in aggregate principal amount of Bonds then Outstanding to the Trustee and the Authority (unless the Trustee shall agree in writing to an extension of such time before its expiration), specifying such failure and requesting that it be remedied, or in the case of any such default that cannot with due diligence be cured within such thirty day period, failure of the Authority to proceed promptly to cure the default and thereafter prosecute the curing of such default with due diligence;

(d) Abandonment of the Airport by the Authority; and

(e) Destruction or damage to or condemnation of or loss of title to any substantial part of the Airport to the extent of impairing its efficient operation or adversely affecting to a substantial degree its revenues and for any reason the Airport shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the Airport be due to the impracticability of such repair, replacement or reconstruction or to lack of funds for such purpose or for any other reason).

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

Default Provisions and Acceleration Clauses: (Continued)

Except as may be otherwise provided pursuant to Supplemental Indenture, upon the occurrence and continuation of an Event of Default, the Trustee may, and if requested by the Bondholders of twenty-five percent in aggregate principal amount of Bonds then Outstanding shall, by notice to the Authority, declare the entire unpaid principal of and premium, if any, and interest on the Bonds due and payable and, thereupon, the entire unpaid principal of and premium, if any, and interest on the Bonds shall forthwith become due and payable. Upon any such declaration the Authority shall forthwith pay to the Bondholders the entire unpaid principal of and premium, if any, and accrued interest on the Bonds, but such covenant may be enforced only against the Revenues specifically pledged for such purpose.

Prior Year Defeasance of Debt

On October 19, 1994, the Authority issued $6,920,000 in original aggregate principal amount of its Revenue Refunding Bonds, Series 1995 (AMT) (the "1995 Bonds") and on August 28, 1998 the Authority issued $2,455,000 in original aggregate principal amount of its Airport Revenue Bonds, Series 1998 (AMT) (the "1998 Bonds").

On April 14, 2004, the Authority closed on the issuance of its $6,703,274 Airport Revenue Refunding Bond, Series 2004 (Taxable) (the "2004 Bonds"), proceeds of which, together with other available funds, were used to (i) refund the entire $5,150,000 outstanding principal amount of the 1995 Bonds maturing on December 1 in the years 2004, 2005, 2009 and 2013 (the "Refunded 1995 Bonds") and (ii) the entire $2,040,000 outstanding principal amount of the 1998 Bonds maturing on December 1 in the years 2004 through 2012, inclusive, and 2018 (the "Refunded 1998 Bonds" and, together with the Refunded 1995 Bonds, the "Refunded Bonds").

The refunding and defeasance of the Refunded Bonds caused certain amounts on deposit in the Bond Fund and Debt Service Reserve Fund to be available for release from such funds under the Master Indenture; and these amounts together with the earnings thereon, were applied to the defeasance and redemption of the Refunded Bonds.

Annual requirements to amortize long-term obligations and related interest are as follows:

	Direct Borrowings and Placements							
	Series 2002 $2,222,078 Issue		Series 2006 $710,000 Issue		Series 2014 $1,612,000 Issue		Total Debt Summary $4,544,078	
Year Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 173,129	$ 3,682	$ 60,856	$ 3,203	$ 166,248	$ 17,068	$ 400,233	$ 23,953
2021	73,268	403	31,378	651	168,868	14,448	273,514	15,502
2022	-	-	-	-	171,530	11,787	171,530	11,787
2023	-	-	-	-	174,233	9,083	174,233	9,083
2024	-	-	-	-	176,980	6,336	176,980	6,336
2025-2026	-	-	-	-	270,639	4,263	270,639	4,263
Total	$ 246,397	$ 4,085	$ 92,234	$ 3,854	$ 1,128,498	$ 62,985	$ 1,467,129	$ 70,924
Less current portion	173,129		60,856		166,248		400,233	
Total long-term obligations	$ 73,268		$ 31,378		$ 962,250		$ 1,066,896	

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

Federal Arbitrage Regulations

The Authority is in compliance with federal arbitrage regulations. Any potential liabilities arising from arbitrage are estimated to be immaterial in relation to the financial statements.

800 MHz Upgrade

The Authority shares an 800MHz radio system with Albemarle County, the City of Charlottesville, the University of Virginia, and other smaller entities. The system is currently undergoing an upgrade with costs to be shared among all parties. The Authority's share of these costs is estimated at $345,600. Costs are being paid as incurred and have totaled approximately $81,000 to date.

NOTE 8 – LEASES:

The Authority's leasing operations consist of the leasing of office and terminal space to airlines and other tenants. All leases are subject to public procurement requirements, and each has a different mechanism for determining rates and charges. Each year, lease payments are set to sufficiently fund expenses in the adopted operating budget, including debt service expense and the revenue covenant coverage expense.

The cost of some leased space is not determinable because the leased portions of assets are not significant to the total square footage of the facility. Significant lease agreements are described below.

On August 28, 2014, the Authority purchased the leasehold agreement with Aviation Development Group (ADG) for $320,000, which will provide the Authority with much needed storage space for airfield maintenance/snow removal equipment. A temporary benefit of this purchase is increased rental revenue from the assumption of the existing sublease through its remaining term. In the original "Deed of Lease" agreement dated March 24, 1997, the Authority authorized the lease of approximately 45,870 sq. ft. of property to ADG for the installation, construction, establishment and operation of no more than four 60' x 60' buildings for airplane storage. This lease was for a term of 25 years and provided the Tenant with a single seven-year additional term option. ADG later constructed Hangar Unit D2 (a 60' x 60' box hangar) in 1997, built Hangar Unit D3 (a second 65' x 60' box hangar) in 2007, and developed additional site locations for the future construction of two similar sized box hangars (Hangar Unit D1 & Hangar Unit D4). ADG then entered into a sublease agreement with Jackson Air Charter which expires on November 1, 2017. The sublease is for hangar (Unit D3) generating monthly income of $1,700, with expected income of $20,400 in 2016 and $6,800 in 2017. Once that lease expires, it is the Authority's intent to renew that agreement or search for another tenant. The carrying value of the property at June 30, 2019 was $244,000.

On April 1, 2015, the Authority entered into a lease with Piedmont Hawthorne Aviation, LLC d/b/a Landmark Aviation for approximately 649,602 square feet of space to be used to operate a general fixed-base operation (FBO). The term of the lease is for a period of 25 years commencing April 1, 2015 and expiring at March 31, 2040 unless earlier terminated or cancelled, pursuant to the provisions of the lease. Provided the lessee is not in default under the agreement at the time of exercise and has spent at least $500,000 in facility improvements, the lessee shall have two options to extend the term for 5 years each. Annual rental payments are to be paid monthly with scheduled annual increases of 1.5% and two other scheduled increases when capital improvements are made and titles revert to the Authority. In addition, the lessee shall pay additional fees including fuel flowage fees, landing fees, and other fees as outlined in the agreement. The carrying value of the space leased is not determinable.

NOTE 8 – LEASES: (CONTINUED)

Future lease payments are as follows:

Year		Amount
2020	$	185,990
2021		188,780
2022		191,612
2023		194,486
2024		236,315
2025-2029		1,900,817
2030-2034		2,245,288
2035-2039		2,418,813
2040-2044		2,605,749
2045-2049		2,807,131
2050-2051		1,032,081
Total	$	14,007,062

On April 29, 2015, the Authority entered into a restaurant/retail/vending concession agreement with Tailwind for a term of 10 years commencing May 1, 2015 and continuing through April 30, 2025. The concessionaire shall make monthly payments to the Authority for a percentage of gross receipts from food/beverages, alcoholic beverages, retail sales and vending sales based on a tiered system with a minimum annual guarantee (MAG) of $50,000. In year 2 and each subsequent year, the MAG is an amount equal to 85% of the previous year's actual rent paid, or $50,000, whichever is greater. As part of the agreement, the Authority will contribute a maximum of $125,000 toward the Concessionaire's initial capital investment cost in the form of a Concession Fee Credit. This credit will be applied to monthly payments due from Concessionaire beginning with the month in which Concessionaire assumes operation of the concessions, not to exceed $25,000 annually. The credit will be applied as a pro-rated monthly credit against amounts payable during the first five years following the commencement date. In addition, the Authority shall charge the market rate for any storage or office space leased to the Concessionaire by the Authority. Tailwind began operations in August 2015.

NOTE 9 – COMPENSATED ABSENCES:

The Authority has accrued the liability arising from compensated absences. The liability for future vacation and sick leave benefits is accrued when such benefits meet the following conditions:

-The employers' obligation is attributable to employee's service already rendered.
-The obligation is related to rights that vest or accumulate.
-The payment of compensation is probable.
-The amount can be reasonably estimated.

Authority employees earn annual leave at rates determined by length of service. Sick leave is earned at the rate of eight hours per month. No benefits or pay are received for unused sick leave upon termination. Accumulated annual leave and earned compensation is paid upon termination. The Authority has outstanding accrued annual leave pay totaling $179,158 as of June 30, 2019. Of this amount, 10 percent or $17,916 has been estimated as a current liability.

NOTE 9 – COMPENSATED ABSENCES: (CONTINUED)

The Authority has a policy that upon separation on good terms, full time employees with 5 or more years of service will receive $125 for each year of service, for a maximum of 30 years. As of June 30, 2019, the potential amount of payout for current employees is $29,750. This is not recorded as a liability due to the uncertainty of the payment.

NOTE 10 - PENSION PLAN:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

NOTE 10 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

NOTE 10 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	3
Non-vested Inactive members	7
Inactive members active elsewhere in VRS	9
Total inactive members	19
Active members	30
Total covered employees	63

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the year ended June 30, 2019 was 8.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $172,737 and $125,053 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, rolled forward to the measurement date of June 30, 2018.

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related: (Continued)

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Non-Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NOTE 10 - PENSION PLAN: (CONTINUED)

Long-term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

NOTE 10 - PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 5,539,578	$ 4,668,025	$ 871,553
Changes for the year:			
Service cost	$ 135,013	$ -	$ 135,013
Interest	379,448	-	379,448
Differences between expected and actual experience	64,179	-	64,179
Contributions - employer	-	125,053	(125,053)
Contributions - employee	-	87,651	(87,651)
Net investment income	-	345,801	(345,801)
Benefit payments, including refunds of employees contributions	(237,594)	(237,594)	-
Administrative expenses	-	(2,948)	2,948
Other changes	-	(309)	309
Net changes	$ 341,046	$ 317,654	$ 23,392
Balances at June 30, 2018	$ 5,880,624	$ 4,985,679	$ 894,945

NOTE 10 - PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's Net Pension Liability	$ 1,689,355	$ 894,945	$ 238,191

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

For the year ended June 30, 2019, the Authority recognized pension expense of $85,043. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 185,691	$ 12,896
Change in assumptions	-	79,532
Net difference between projected and actual earnings on pension plan investments	-	48,967
Employer contributions subsequent to the measurement date	172,737	-
Total	$ 358,428	$ 141,395

$172,737 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2020	$ 44,322
2021	31,576
2022	(27,595)
2023	(4,007)
Thereafter	-

NOTE 10 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS:

Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to $8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were $11,418 and $9,600 for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, the entity reported a liability of $147,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .00971% as compared to .00927% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of $2,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,000	$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,000
Change in assumptions	-	6,000
Changes in proportion	7,000	-
Employer contributions subsequent to the measurement date	11,419	-
Total	$ 25,419	$ 14,000

$11,419 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	$ (1,000)
2021	(1,000)
2022	(1,000)
2023	-
2024	1,000
Thereafter	2,000

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	$	1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		51.22%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the GLI Program Net OPEB Liability	$ 193,000	$ 147,000	$ 111,000

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Authority has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Authority to VML. VML assumes all liability for the Authority's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Authority's LODA coverage is fully covered or "insured" through VML. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2019 was $7,246.

NOTE 12 – RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts, damage to property, injuries to employees, destruction of assets and natural disasters. These risks are covered by commercial insurance purchased through independent third parties. There were no settlements in excess of insurance coverage for the previous three years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

Federal programs in which the Authority participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of the regulations all major programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures would be immaterial.

At June 30, 2019, the Authority had one major project in the construction phase, which is presented in the financial statements as Construction in Progress. Presented is the project, contract amount, expenditures to date and balance of the contract remaining:

	Contract Amounts	Expenditures To Date	Balance of Contracts
Runway Rehabilitation Construction	$ 13,451,350	$ 10,720,059	$ 2,731,291
Total	$ 13,451,350	$ 10,720,059	$ 2,731,291

NOTE 14 – LITIGATION:

At June 30, 2019, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 15 – ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

NOTE 16 – SUBSEQUENT EVENTS:

In July 2019, the Authority awarded a parking construction contract in the amount of $1,122,565. In August 2019, a contract for ramp construction was awarded in the amount of $7,961,440. To fund the ramp expansion project, the FAA awarded AIP grant 48 in the amount of $3.6 million in August 2019.

NOTE 17 – UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities,* establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

This page intentionally left blank

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 135,013	$ 160,685	$ 145,571	$ 134,497	$ 131,276
Interest	379,448	358,917	348,038	328,487	308,435
Changes in assumptions	-	(147,508)	-	-	-
Differences between expected and actual experience	64,179	255,968	(40,416)	(13,370)	-
Benefit payments, including refunds of employee contributions	(237,594)	(431,927)	(163,556)	(176,953)	(129,551)
Net change in total pension liability	$ 341,046	$ 196,135	$ 289,637	$ 272,661	$ 310,160
Total pension liability - beginning	5,539,578	5,343,443	5,053,806	4,781,145	4,470,985
Total pension liability - ending (a)	$ 5,880,624	$ 5,539,578	$ 5,343,443	$ 5,053,806	$ 4,781,145
Plan fiduciary net position					
Contributions - employer	$ 125,053	$ 124,216	$ 149,543	$ 137,753	$ 120,121
Contributions - employee	87,651	83,490	81,830	75,656	72,514
Net investment income	345,801	531,385	78,062	184,002	544,205
Benefit payments, including refunds of employee contributions	(237,594)	(431,927)	(163,556)	(176,953)	(129,551)
Administrative expense	(2,948)	(3,254)	(2,565)	(2,456)	(2,845)
Other	(309)	(456)	(32)	(40)	29
Net change in plan fiduciary net position	$ 317,654	$ 303,454	$ 143,282	$ 217,962	$ 604,473
Plan fiduciary net position - beginning	4,668,025	4,364,571	4,221,289	4,003,327	3,398,854
Plan fiduciary net position - ending (b)	$ 4,985,679	$ 4,668,025	$ 4,364,571	$ 4,221,289	$ 4,003,327
Authority's net pension liability - ending (a) - (b)	$ 894,945	$ 871,553	$ 978,872	$ 832,517	$ 777,818
Plan fiduciary net position as a percentage of the total pension liability	84.78%	84.27%	81.68%	83.53%	83.73%
Covered payroll	$ 1,846,088	$ 1,709,207	$ 1,668,303	$ 1,529,547	$ 1,451,427
Authority's net pension liability as a percentage of covered payroll	48.48%	50.99%	58.67%	54.43%	53.59%

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

Schedule of Employer Contributions - VRS Pension Plan
Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 172,737	$ 172,737	$ -	$ 2,195,854	7.87%
2018	125,053	125,053	-	1,846,088	6.77%
2017	121,699	121,699	-	1,709,207	7.12%
2016	151,148	151,148	-	1,668,303	9.06%
2015	138,577	138,577	-	1,529,547	9.06%
2014	120,178	120,178	-	1,451,427	8.28%
2013	105,623	105,623	-	1,275,645	8.28%
2012	62,448	62,448	-	1,187,227	5.26%
2011	57,074	57,074	-	1,085,050	5.26%
2010	85,883	85,883	-	1,121,187	7.66%

Notes to Required Supplementary Information - VRS Pension Plan
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Schedule of Authority's Share of Net OPEB Liability
VRS Group Life Insurance Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2018	0.00971%	$ 147,000	$ 1,846,088	7.96%	51.22%
2017	0.00927%	140,000	1,709,562	8.19%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
VRS Group Life Insurance Program
Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 11,419	$ 11,419	$ -	$ 2,195,854	0.52%
2018	9,600	9,600	-	1,846,088	0.52%
2017	8,890	8,890	-	1,709,562	0.52%
2016	8,008	8,008	-	1,668,303	0.48%
2015	7,334	7,334	-	1,527,871	0.48%
2014	6,967	6,967	-	1,451,427	0.48%
2013	6,123	6,123	-	1,275,645	0.48%
2012	3,324	3,324	-	1,187,227	0.28%
2011	3,038	3,038	-	1,085,050	0.28%
2010	2,299	2,299	-	851,596	0.27%

Notes to Required Supplementary Information
VRS Group Life Insurance Program
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Administrative Expenses - Allocated

Year Ended June 30, 2019

	Terminal	Parking	Total
Administrative Expenses:			
Payroll	$ 836,694	$ 147,652	$ 984,346
Dues and subscriptions	18,125	3,198	21,323
Education	4,534	800	5,334
Travel	20,465	3,611	24,076
Advertising promotion	253,022	44,651	297,673
Professional fees	114,124	20,139	134,263
Human Resource	29,356	5,180	34,536
Insurance	21,365	3,770	25,135
Office expense	39,121	6,904	46,025
Computer	74,511	13,149	87,660
Equipment lease	4,355	769	5,124
Utilities-phone	11,880	2,097	13,977
Total	$ 1,427,552	$ 251,920	$ 1,679,472

Statistical Section

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statistical Section

Contents | Pages

Financial Trends

These tables contain trend information to help the reader understand how the Airport Authority's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader understand the role passengers and airlines play in generating the Airport Authority's revenue.

Debt Capacity

These tables present information to help the reader assess the Airport Authority's revenue and expense ratios to better evaluate the affordability of present and future debt.

Operating Information

These tables contain information about the Airport Authority's operations to help the reader understand how the Airport's financial information relates to the services the Airport provides and the activities it performs.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the Airport Authority's financial activities take place and to help make comparisons over time and with other governments.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Total Annual Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years

	2019	2018	2017	2016
Operating revenues				
Airfield	$ 1,632,799	$ 1,431,556	$ 1,328,090	$ 1,225,277
Terminal	2,602,240	2,242,281	2,100,201	1,736,106
Parking	4,584,850	4,344,293	3,380,734	3,124,311
Total operating revenues	$ 8,819,889	$ 8,018,130	$ 6,809,025	$ 6,085,694
Nonoperating revenues				
Interest Income	$ 27,212	$ 11,757	$ 4,618	$ 6,473
Other income	28,151	41,495	376,767	457,549
PFC debt service income	-	-	-	-
State entitlement reimbursements	190,000	285,000	50,000	50,000
Total nonoperating revenues	$ 245,363	$ 338,252	$ 431,385	$ 514,022
Total Revenues	$ 9,065,252	$ 8,356,382	$ 7,240,410	$ 6,599,716
Operating expenses				
Operations	$ 4,835,264	$ 3,761,085	$ 3,651,359	$ 3,426,074
Administrative	1,679,472	1,511,545	1,421,002	1,340,086
Depreciation & amortization	4,390,045	4,009,552	4,093,426	3,741,700
Total operating expenses	$ 10,904,781	$ 9,282,182	$ 9,165,787	$ 8,507,860
Nonoperating expenses				
Rental Car QTA expenses	$ 147,576	$ 139,384	$ 141,409	$ 142,076
Interest Expense	84,967	123,528	142,697	157,167
Airline Settlement	-	-	-	370,725
Other expenses	-	38,198	-	-
Total nonoperating expenses	$ 232,543	$ 301,110	$ 284,106	$ 669,968
Total Expenses	$ 11,137,324	$ 9,583,292	$ 9,449,893	$ 9,177,828
Capital Contributions	5,709,064	11,257,329	5,523,173	7,677,697
Increase (Decrease) in Net Position	$ 3,636,992	$ 10,030,419	$ 3,313,690	$ 5,099,585
Net Position at Year-End				
Net investment in capital assets	$ 101,715,374	$ 101,441,432	$ 92,837,835	$ 92,756,326
Restricted	12,910,019	11,061,212	10,787,497	8,396,399
Unrestricted	2,762,895	1,248,652	249,545	(591,538)
Total Net Position	$ 117,388,288	$ 113,751,296	$ 103,874,877	$ 100,561,187

Source: Authority's audited financial statements.

Table 1

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Total Annual Revenues, Expenses and Changes in Net Position

For Years Ended June 30

	2015	2014	2013	2012	2011	2010
	$ 1,024,898	$ 1,027,690	$ 1,002,703	$ 878,886	$ 875,078	$ 746,636
	1,729,166	1,718,574	2,027,072	1,492,613	1,696,058	1,705,861
	2,972,382	2,692,721	2,192,110	2,205,473	2,001,761	1,621,417
	$ 5,726,446	$ 5,438,985	$ 5,221,885	$ 4,576,972	$ 4,572,897	$ 4,073,914
	$ 8,493	$ 7,443	$ 14,438	$ 16,247	$ 32,048	$ 31,883
	396,716	-	19,904	19,903	19,903	58,431
	-	31,575	75,779	75,779	75,779	75,779
	150,000	180,000	150,000	200,000	150,000	249,903
	$ 555,209	$ 219,018	$ 260,121	$ 311,929	$ 277,730	$ 415,996
	$ 6,281,655	$ 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627	$ 4,489,910
	$ 3,307,204	$ 3,111,581	$ 2,782,343	$ 2,805,737	$ 2,580,515	$ 2,441,050
	1,135,760	1,174,382	1,565,542	982,347	1,063,871	1,062,538
	3,508,608	3,460,065	2,959,706	3,007,771	3,100,566	2,993,505
	$ 7,951,572	$ 7,746,028	$ 7,307,591	$ 6,795,855	$ 6,744,952	$ 6,497,093
	$ 155,430	$ 169,466	$ 179,462	$ 184,567	$ 197,516	$ 186,401
	202,983	232,742	256,007	280,151	303,214	325,205
	417,921	335,434	241,515	40,388	186,485	50,469
	139,539	-	-	-	-	-
	$ 915,873	$ 737,642	$ 676,984	$ 505,106	$ 687,215	$ 562,075
	$ 8,867,445	$ 8,483,670	$ 7,984,575	$ 7,300,961	$ 7,432,167	$ 7,059,168
	4,995,034	9,437,881	11,917,822	6,536,431	8,630,865	3,608,297
	$ 2,409,244	$ 6,612,214	$ 9,415,253	$ 4,124,371	$ 6,049,325	$ 1,039,039
	$ 90,453,841	$ 88,641,919	$ 83,988,096	$ 73,977,560	$ 72,091,435	$ 65,433,945
	4,823,976	4,185,359	3,010,454	3,328,689	1,295,013	2,004,322
	183,785	1,177,090	1,128,487	1,214,317	1,009,747	908,602
	$ 95,461,602	$ 94,004,368	$ 88,127,037	$ 78,520,566	$ 74,396,195	$ 68,346,869

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Changes in Cash and Cash Equivalents

Last Ten Fiscal Years

	2019	2018	2017
Cash Flows from operating activities			
Cash received from providing services	$ 8,749,246	$ 7,971,550	$ 6,754,607
Cash paid to suppliers	(2,810,362)	(2,365,219)	(2,379,061)
Cash paid to and for employers	(3,859,031)	(2,935,243)	(2,780,550)
Net cash provided by (used for) operating activities	$ 2,079,853	$ 2,671,088	$ 1,594,996
Cash Flows from investing activities			
Investment interest earned	$ 27,212	$ 11,757	$ 4,618
Net cash provided by (used for) investing activities	$ 27,212	$ 11,757	$ 4,618
Cash flows from capital and related financing activities			
Interest paid on debt	$ (38,869)	$ (62,040)	$ (84,959)
Acquisition of property and equipment	(483,401)	(2,880,955)	(290,925)
Disposal of property and equipment	17,744	41,495	6,042
Additions to construction in progress	(3,613,684)	(8,434,867)	(2,387,834)
Long-term debt proceeds	-	-	-
Bridge Loans from VDOA	-	-	(213,986)
Debt Service Paid	(887,733)	(964,678)	(941,759)
PFC debt service income	-	-	-
State debt service reimbursement	190,000	285,000	50,000
Airline Settlement	-	-	-
Contributions from Virginia Department of Aviation	1,520,259	1,793,100	1,970,047
Contributions from Virginia Department of Transporatation	-	-	-
Contributions from Federal Aviation Administration	2,044,880	7,301,556	1,333,083
Contributions from others	15,549	31,257	(25,257)
Contributions from Passenger Facility Charge (PFC)	1,556,540	1,443,029	1,294,736
Contributions from Customer Facility Charge (CFC)	878,695	728,135	663,024
Net cash provided by (used for) capital and related financing activities	$ 1,199,980	$ (718,968)	$ 1,372,212
Increase (decrease) in cash and cash equivalents for the year	$ 3,307,045	$ 1,963,877	$ 2,971,826
Cash and cash equivalents at beginning of year (including restricted accounts)	12,945,092	10,981,215	8,009,389
Cash and cash equivalents at end of year (including restricted accounts)	$ 16,252,137	$ 12,945,092	$ 10,981,215

Source: Authority's Audited Financial Statements.

Table 2

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Changes in Cash and Cash Equivalents

Last Ten Fiscal Years

2016	2015	2014	2013	2012	2011	2010
$ 6,065,731	$ 5,799,311	$ 5,452,654	$ 5,144,453	$ 4,648,998	$ 4,475,981	$ 3,996,819
(2,238,401)	(2,459,018)	(2,050,921)	(2,461,160)	(2,005,564)	(1,822,557)	(1,809,366)
(2,696,738)	(2,411,806)	(2,242,183)	(1,897,846)	(1,932,329)	(1,704,683)	(1,801,350)
$ 1,130,592	$ 928,487	$ 1,159,550	$ 785,447	$ 711,105	$ 948,741	$ 386,103
$ 6,473	$ 8,493	$ 7,443	$ 14,438	$ 16,247	$ 32,048	$ 32,105
$ 6,473	$ 8,493	$ 7,443	$ 14,438	$ 16,247	$ 32,048	$ 32,105
$ (98,031)	$ (188,223)	$ (221,745)	$ (266,267)	$ (296,471)	$ (325,241)	$ (352,648)
(1,160,107)	(1,005,281)	(290,144)	(140,283)	(202,414)	(139,112)	(64,230)
39,628	61,282	-	-	-	-	-
(7,270,584)	(3,381,858)	(9,722,666)	(9,380,838)	(6,678,361)	(8,047,018)	(3,460,914)
1,597,000	15,000	-	-	-	-	-
-	-	107,812	3,599	85,524	-	-
(753,798)	(696,907)	(675,827)	(643,744)	(613,541)	(584,770)	(557,364)
-	-	31,575	75,779	75,779	75,779	75,779
50,000	150,000	180,000	169,904	219,903	169,903	249,903
-	-	(241,515)	(40,388)	(186,485)	(50,469)	-
4,859,195	1,728,588	3,126,795	3,343,355	2,600,232	5,154,750	1,158,672
-	-	-	-	-	113,776	9,733
1,200,443	1,639,931	6,025,707	5,694,804	3,060,198	2,059,476	1,308,008
-	-	-	-	-	23,017	7,880
1,189,674	1,095,487	950,914	826,658	866,746	627,088	353,211
628,164	583,857	542,451	522,280	525,267	403,519	424,596
$ 281,584	$ 1,876	$ (186,643)	$ 164,859	$ (629,147)	$ (519,302)	$ (847,374)
$ 1,418,649	$ 938,856	$ 980,350	$ 964,744	$ 98,205	$ 461,487	$ (429,166)
6,590,740	5,651,884	4,671,534	3,706,790	3,608,585	3,147,098	3,576,264
$ 8,009,389	$ 6,590,740	$ 5,651,884	$ 4,671,534	$ 3,706,790	$ 3,608,585	$ 3,147,098

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Revenue Sources, Cost per Enplaned Passenger and

Scheduled Airline Rates and Charges

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PRINCIPAL REVENUE SOURCES					
Airline revenues					
Landing Fees	$ 946,998	$ 837,861	$ 743,007	$ 575,993	$ 528,725
Terminal Rents	705,306	704,663	689,730	448,984	578,461
Total airline revenues	$ 1,652,304	$ 1,542,524	$ 1,432,737	$ 1,024,977	$ 1,107,186
Percentage of total revenues	18%	18%	20%	16%	18%
Nonairline revenues					
Parking	$ 4,584,850	$ 4,344,293	$ 3,380,734	$ 3,124,311	$ 2,972,382
Rental Car	1,124,349	1,070,117	1,015,613	939,012	875,844
Other	1,458,386	1,061,196	979,942	997,394	771,034
Total nonairline revenues	$ 7,167,585	$ 6,475,606	$ 5,376,289	$ 5,060,717	$ 4,619,260
Percentage of total revenues	79%	77%	74%	77%	74%
Nonoperating revenues					
Interest income	$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493
Other income	218,151	326,495	426,767	507,549	546,716
Total nonoperating revenues	$ 245,363	$ 338,252	$ 431,385	$ 514,022	$ 555,209
Percentage of total revenues	3%	4%	6%	8%	9%
Total revenues	$ 9,065,252	$ 8,356,382	$ 7,240,411	$ 6,599,716	$ 6,281,655
Enplaned passengers (excluding charters)	378,441	348,922	315,099	286,030	261,631
Total revenue per enplaned passenger	$ 23.95	$ 23.95	$ 22.98	$ 23.07	$ 24.01
Airline cost per enplaned passenger	$ 4.37	$ 4.42	$ 4.55	$ 3.58	$ 4.23
SIGNATORY AIRLINES RATES AND CHARGES					
Landing Fee (per 1,000 lbs MGLW)	$ 2.10	$ 2.08	$ 2.04	$ 1.95	$ 1.95
Average Annual Terminal Rental Rate (per s. f.)	$ 40.78	$ 40.75	$ 39.91	$ 23.35	$ 32.55

Source: Authority's audited financial statements and Authority's records.

Table 3

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Revenue Sources, Cost per Enplaned Passenger and
Scheduled Airline Rates and Charges
Last Ten Fiscal Years

2014	2013	2012	2011	2010
$ 519,424	$ 487,995	$ 410,214	$ 446,621	$ 389,948
430,834	448,784	428,943	443,901	460,565
$ 950,258	$ 936,779	$ 839,157	$ 890,522	$ 850,513
17%	17%	18%	19%	19%
$ 2,692,720	$ 2,192,110	$ 2,205,473	$ 2,001,761	$ 1,621,417
789,511	760,550	761,187	1,006,860	907,184
1,006,496	1,332,446	771,155	673,754	694,800
$ 4,488,727	$ 4,285,106	$ 3,737,815	$ 3,682,375	$ 3,223,401
79%	78%	76%	76%	72%
$ 7,443	$ 14,438	$ 16,247	$ 32,048	$ 31,883
211,575	245,683	295,682	245,682	384,113
$ 219,018	$ 260,121	$ 311,929	$ 277,730	$ 415,996
4%	5%	6%	6%	9%
$ 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627	$ 4,489,910
238,398	227,874	231,907	203,404	183,543
$ 23.73	$ 24.06	$ 21.08	$ 23.85	$ 24.46
$ 3.99	$ 4.11	$ 3.62	$ 4.38	$ 4.63
$ 1.86	$ 1.84	$ 1.78	$ 1.77	$ 1.58
$ 23.09	$ 21.58	$ 22.82	$ 22.78	$ 23.64

This page intentionally left blank

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Parking Rates Per Lot

Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Short Term	$ 13	$ 13	$ 10	$ 10	$ 10	$ 10	$ 8	$ 8	$ 8	$ 12
Long Term	13	13	10	10	10	10	8	8	8	7
Economy	9	9	8	8	8	8	8	8	8	7
Overflow	9	9	8	8	-	-	-	-	-	-

Source: Airport Authority Records

Note: Parking rates changed August 15, 2017

Note: The old employee lot became the overflow lot in FY 2016

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

	2019	2018	2017	2016
NET REVENUES				
Operating Revenues	$ 8,819,889	$ 8,018,130	$ 6,809,025	$ 6,085,694
Interest Income	27,212	11,757	4,618	6,473
Agency Reimbursements	190,000	285,000	50,000	50,000
PFC Income*	-	-	-	-
Other Income	28,151	41,495	6,042	39,628
Total Revenues	$ 9,065,252	$ 8,356,382	$ 6,869,685	$ 6,181,795
Less: Operating Expenses	$ (6,514,736)	$ (5,272,629)	$ (5,072,361)	$ (4,766,160)
Net Revenues	$ 2,550,516	$ 3,083,753	$ 1,797,324	$ 1,415,635
Aggregate Debt Service**	$ 749,485	$ 849,907	$ 849,907	$ 673,249
Debt Service Coverage	3.40	3.63	2.11	2.10

Source: Authority's audited financial statements

*Portion of PFC Income allowed for debt coverage calculation

**Net of CFC Debt

Table 5

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

2015	2014	2013	2012	2011	2010
$ 5,726,446	$ 5,438,985	$ 5,221,885	$ 4,576,972	$ 4,572,897	$ 4,073,914
8,493	7,443	14,438	16,247	32,048	31,883
150,000	180,000	169,904	219,903	169,903	249,903
-	31,575	75,779	75,779	75,779	75,779
61,282	-	-	-	-	58,431
$ 5,946,221	$ 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627	$ 4,489,910
$ (4,442,964)	$ (4,285,964)	$ (4,347,885)	$ (3,788,084)	$ (3,644,386)	$ (3,503,588)
$ 1,503,257	$ 1,372,039	$ 1,134,121	$ 1,100,817	$ 1,206,241	$ 986,322
$ 690,776	$ 703,216	$ 713,606	$ 715,655	$ 715,655	$ 715,655
2.18	1.95	1.59	1.54	1.69	1.38

Table 6

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Ratios of Outstanding Debt Service by Type

Last Ten Fiscal Years

	Bonds	Notes Payable	VDOA Bridge Loans	Total Outstanding Debt	(1) Less Bonds Series 2002 $2,222,078	Net Operational Outstanding Debt	Debt Expense/ Operating Expense	(2) Percentage of Personal Income	(3) Debt Per Enplaned Passenger
2010	$ 8,557,085	$ 87,077	$ -	$ 8,644,162	$ 2,348,465	$ 6,295,697	20%	1.04	47.10
2011	7,671,952	59,255	-	7,731,207	2,154,109	5,577,098	20%	1.23	38.01
2012	6,786,823	37,319	109,262	6,933,404	1,959,754	4,973,650	19%	1.51	29.90
2013	4,954,811	12,239	958,276	5,925,326	1,357,955	4,567,371	16%	1.83	26.00
2014	4,100,004	-	958,276	5,058,280	1,036,503	4,021,777	16%	2.30	21.22
2015	3,418,097	-	958,276	4,376,373	898,529	3,477,844	16%	2.79	16.73
2016	4,261,299	-	948,868	5,210,167	743,528	4,466,639	14%	2.53	18.22
2017	3,319,540	-	734,882	4,054,422	581,446	3,472,976	17%	3.42	12.87
2018	2,354,862	-	734,882	3,089,744	415,762	2,673,982	16%	4.91	8.86
2019	1,467,129	-	734,882	2,202,011	246,397	1,955,614	12%	unavailable	5.82

Source: Authority's audited financial statements and records

[1] Ratios of Outstanding Debt includes Series 2002 Rental Car Facility which is not part of Operations

[2] Calculated from table twelve total personal income combined for the region

[3] Calculated by taking total outstanding debt and divide by enplaned passengers

Table 7

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airline Landed Weights

Last Ten Fiscal Years

(in thousands of pounds)

Scheduled Air Carriers	2019	% Total	2018	2017	2016	2015	2014	2013	2012	2011	2010
US Airways	-	-	-	-	133,784	129,395	128,699	129,014	165,013	164,390	143,813
Delta Airlines	136,055	*30.0%*	106,677	83,132	69,637	68,952	67,781	60,791	49,162	51,512	65,518
United Express	72,884	*16.1%*	53,694	36,353	33,114	36,225	44,160	47,729	40,576	40,480	40,024
American Airlines[1]	245,067	*54.0%*	241,327	244,981	58,609	44,517	28,047	27,565	32,003	1,111	-
Allegiant Airlines[2]	-	-	-	-	-	-	3,996	-	-	-	-
Total	454,006		401,698	364,466	295,144	279,089	272,683	265,099	286,754	257,493	249,355

Percentage increase/decrease FY 2019/FY 2018: 13%

Source: Airport Authority Records

[1]American commenced service June 9, 2011

[2]Allegiant Airlines commenced service in November 2013, ended in February 2014

Table 8

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Enplaned Passengers

Last Ten Fiscal Years

	2019	*% of Total*	2018	2017	2016	2015	2014	2013	2012	2011	2010
USAirways[3]	-	-	-	-	-	121,400	114,356	109,611	126,243	126,798	100,322
Delta Airlines	111,172	*29%*	96,247	84,332	75,266	69,385	58,363	53,174	45,630	44,589	52,973
United Express	60,370	*16%*	46,608	31,761	30,533	30,925	36,499	39,403	35,780	30,418	30,248
American Airlines[1]	206,899	*55%*	206,067	199,006	180,231	39,921	25,956	25,686	24,254	1,599	-
Allegiant Airlines[2]	-	-	-	-	-	-	3,224	-	-	-	-
Total	378,441		348,922	315,099	286,030	261,631	238,398	227,874	231,907	203,404	183,543
% Incr/(Dec)	8%		11%	10%	9%	10%	5%	-2%	14%	11%	6%

Source: Airport Authority records

[1]Commenced service June 9, 2011

[2]Allegiant Airlines commenced service in November 2013, ended in February 2014

[3]American/U.S. Airways merger officially took place in October 2015. Combined U.S. Airways figures with American

Table 9

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Aircraft Operations Summary

Last Ten Fiscal Years

Fiscal Year	Air Carrier	General Aviation	Military	Total
2010	20,072	58,381	5,380	83,833
2011	18,718	56,263	5,180	80,161
2012	18,619	57,667	5,408	81,694
2013	17,382	49,833	5,491	72,706
2014	20,214	50,825	6,028	77,067
2015	20,049	48,307	5,637	73,993
2016	19,782	37,031	5,518	62,331
2017	23,143	39,371	6,344	68,858
2018	27,975	49,310	8,495	85,780
2019	30,980	57,666	8,935	97,581
Average Annual Change	4.94%	-0.14%	5.80%	1.70%

Source: Airport Authority records

Table 10

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Top 50 Origin Destination Markets

Year Ended Quarter 2 2019

Rank	Airport Code	City	Total Passengers
1	LGA	New York La Guardia	57,670
2	ATL	Atlanta	42,870
3	ORD	Chicago O'Hare	41,916
4	SFO	San Francisco	23,853
5	DFW	Dallas/Fort Worth	18,390
6	DEN	Denver	22,180
7	CLT	Charlotte	16,303
8	LAX	Los Angeles	19,394
9	BOS	Boston	16,937
10	TPA	Tampa	13,805
11	MCO	Orlando	13,067
12	IAH	Houston Intercontinental	13,529
13	AUS	Austin	11,926
14	PHX	Phoenix	12,682
15	SEA	Seattle/Tacoma	11,160
16	MSY	New Orleans	10,496
17	SAN	San Diego	10,950
18	MSP	Minneapolis	8,717
19	LAS	Las Vegas	10,459
20	FLL	Fort Lauderdale	8,045
21	SLC	Salt Lake City	8,746
22	BNA	Nashville	9,414
23	PHL	Philadelphia	7,182
24	MIA	Miami	7,369
25	STL	St. Louis	6,883
26	PBI	West Palm Beach	8,313
27	DTW	Detroit	6,857
28	JAX	Jacksonville	6,238
29	RSW	Fort Myers	8,034
30	MCI	Kansas City	6,879
31	SAT	San Antonio	7,031
32	IND	Indianapolis	5,748
33	PDX	Portland	6,425
34	MKE	Milwaukee	4,178
35	BDL	Hartford	6,735
36	CHS	Charleston	5,107
37	MEM	Memphis	5,462
38	OMA	Omaha	3,379
39	BHM	Birmingham	3,663
40	EWR	New York Newark	2,268
41	SMF	Sacramento	3,586
42	ABQ	Albuquerque	3,167
43	MSN	Madison	3,321
44	PWM	Portland	3,202
45	SRQ	Sarasota/Bradenton	3,961
46	PVD	Providence	2,888
47	SJC	San Jose	2,172
48	YYZ	Toronto	3,265
49	SNA	Orange County	4,107
50	GRR	Grand Rapids	3,137
	Total - Top 50 Domestic Markets		543,064
	Total - All Domestic Markets		663,984

Source: YE 2Q 2019 U.S. DOT, Origin-Destination Passenger Survey, FMg Database via Diio Online Portal

Year Ended Quarter 2 2010

Rank	Airport Code	City	Total Passengers
1	LGA	New York La Guardia	19,070
2	ATL	Atlanta	14,320
3	ORD	Chicago O'Hare	10,640
4	BOS	Boston	12,850
5	SFO	San Francisco	10,650
6	CLT	Charlotte	8,250
7	DEN	Denver	7,340
8	TPA	Tampa	7,470
9	LAX	Los Angeles	7,440
10	DFW	Dallas/Fort Worth	5,000
11	MCO	Orlando	8,140
12	IAH	Houston Intercontinental	4,130
13	PHL	Philadelphia	6,750
14	SEA	Seattle/Tacoma	3,710
15	MSP	Minneapolis	4,910
16	PHX	Phoenix	4,740
17	MSY	New Orleans	3,710
18	LAS	Las Vegas	4,340
19	FLL	Fort Lauderdale	5,350
20	SAN	San Diego	3,240
21	DTW	Detroit	5,220
22	MCI	Kansas City	2,820
23	MIA	Miami	3,480
24	STL	St Louis	2,360
25	MKE	Milwaukee	4,920
26	JAX	Jacksonville	2,970
27	BNA	Nashville	4,210
28	RSW	Fort Myers	2,690
29	IND	Indianapolis	2,650
30	AUS	Austin	2,430
31	PVD	Providence	2,680
32	PBI	West Palm Beach	3,520
33	BDL	Hartford	4,690
34	MEM	Memphis	2,050
35	PDX	Portland	2,040
36	SAT	San Antonio	2,200
37	SRQ	Sarasota/Bradenton	1,540
38	PWM	Portland (US) ME	1,940
39	BHM	Birmingham	2,140
40	CMH	Columbus Port Columbus Intl Ap	2,510
41	CHS	Charleston	1,790
42	EWR	Newark Liberty International Ap	1,960
43	MSN	Madison	1,580
44	BTV	Burlington (US) VT	1,380
45	YYZ	Toronto Lester B Pearson Intl Ap	1,260
46	PNS	Pensacola Municipal Apt	930
47	SLC	Salt Lake City	1,580
48	SDF	Louisville	1,390
49	ALB	Albany International Airport	2,250
50	MHT	Manchester	1,500
	Total - Top 50 Domestic Markets		226,730
	Total - All Domestic Markets		318,580

Source: Back Aviation: US DOT True O&D Ten Percent Survey Data Adjusted to 100 percent.

Table 11

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airport Information

Fiscal Year Ended June 30

Airport Code: CHO
Location: 8 Miles North of downtown Charlottesville, Virginia
Elevation: 641 feet
FBO: Landmark Aviation

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Acres[4] (+/-):	713	713	705	705	705	705	705	705	705	705
Runways:										
3/21 North/South ILS 3/GPS	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,001 by 150 ft.	6,001 by 150 ft.	6,001 by 150 ft.
Terminal[3]:										
Airlines - sq. ft.	20,038	20,038	20,038	25,294	25,353	25,353	25,353	25,353	25,353	25,353
Rental Car - sq. ft.	660	660	660	270	270	270	270	270	270	270
Market - sq. ft.	2,790	2,790	2,790	2,500	1,600	1,600	1,600	1,600	1,600	1,600
TSA - sq. ft.	725	496	496	496	496	700	700	700	700	700
Total	24,213	23,984	23,984	28,560	27,719	27,923	27,923	27,923	27,923	27,923
# of passenger gates	5	5	5	5	5	5	5	5	5	5
# of loading bridges	1	1	1	1	1	1	1	1	1	1
# of Concessionaires in Terminal[5]	3	3	4	4	4	4	4	4	4	4
# of Rental Car Agencies in Terminal	3	3	3	3	3	3	3	3	3	3
Parking:										
Spaces assigned:										
Short-term	108	108	108	108	108	108	108	108	108	108
Long-term	743	743	743	748	748	748	748	748	748	748
Economy	132	132	132	132	132	132	132	132	132	132
Overflow[1]	196	196	196	216	-	-	-	-	-	-
Small GA Lot[2]	65	65	65	65	-	-	-	-	-	-
Rental Cars	303	303	303	303	303	303	303	303	303	303
Employees[1]	146	146	146	146	175	175	175	175	175	175
Total	1,693	1,693	1,693	1,718	1,466	1,466	1,466	1,466	1,466	1,466
Cargo:										
None										
Employees:										
Administrative	12	10	9	7	7	7	7	6	6	6
Public Safety	11	6	7	8	8	7	7	7	7	6
Maintenance	12	7	7	7	7	7	6	6	5	7
CSO	2	2	2	2	0	0	4	4	4	4
Parking	10	9	9	8	8	9	5	5	5	5
Equipment Technician	1	1	1	1	1	1	1	1	1	1
Total f/t employees (2080) hrs. per yr.	48	35	35	33	31	31	30	29	28	29
Hangars:										
T-Hangar Units	4	4	4	4	4	4	4	4	4	4
Conventional Units[6]	6	6	5	5	5	5	5	5	5	5

[1] When the new employee lot was completed during FY16, the old employee lot became the overflow lot.

[2] This lot was previously included in the FBO leasehold, but under the new agreement, it clarified these spaces were airport spaces.

[3] These figures were updated with final space allocation performed after Terminal Renovation and Expansion project completed in 2016.

[4] In December 2017, the Authority purchased 7.8 acres of land that became available adjoining airport property.

[5] October 31, 2017, the Authority's agreement with Interspace ended and the Authority now does advertising in-house.

[6] Signature Flight Support completed construction on a box hangar during FY18.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Demographic Information

Population in the Primary Trade Area [1] Fiscal Years Ended June 30

	2018[5]	% Change 2018/2017	2017	2016	2015
City of Charlottesville	49,281	*0.3%*	49,132	49,071	48,210
County of Albemarle	108,639	*0.9%*	107,697	105,715	105,051
County of Greene	19,959	*-0.1%*	19,985	19,785	19,840
County of Fluvanna	26,692	*0.9%*	26,467	26,133	26,162
County of Madison	13,278	*0.7%*	13,190	13,099	13,099
County of Nelson	14,836	*-0.1%*	14,858	14,835	14,993
Total	232,685	*0.6%*	231,329	228,638	227,355

Unemployment Rate [2,5] Fiscal Years Ended June 30

	2019	% Change 2019/2018	2018	2017	2016
City of Charlottesville	2.8	*21.7%*	2.3	3.6	3.5
County of Albemarle	2.8	*12.0%*	2.5	3.7	3.7
County of Greene	2.5	*8.7%*	2.3	3.3	3.1
County of Fluvanna	2.5	*8.7%*	2.3	3.2	3.3
County of Madison	2.4	*9.1%*	2.2	3.1	3.3
County of Nelson	3.2	*18.5%*	2.7	3.8	3.5

Total Personal Income [3] Fiscal Years Ended June 30

	2018	% Change 2018/2017	2017	2016	2015
Albemarle/Charlottesville[4]	11,702,008	*11.1%*	10,531,351	9,981,222	9,182,721
County of Greene	877,858	*4.0%*	844,388	798,762	760,363
County of Fluvanna	1,197,011	*4.9%*	1,141,266	1,078,644	1,040,445
County of Madison	649,082	*4.0%*	624,316	631,172	574,042
County of Nelson	752,436	*4.4%*	720,555	695,591	666,135
	15,178,395	*9.5%*	13,861,876	13,185,391	12,223,706

Per Capita Income [3] Fiscal Years Ended June 30

	2018	% Change 2018/2017	2017	2016	2015
Albemarle/Charlottesville[4]	74,613	*10.3%*	67,630	64,938	60,294
County of Greene	44,383	*3.1%*	43,055	41,320	39,681
County of Fluvanna	44,693	*3.6%*	43,145	41,218	39,659
County of Madison	48,822	*3.8%*	47,022	48,152	43,775
County of Nelson	50,717	*5.2%*	48,220	46,700	45,055
	263,228	*5.7%*	249,072	242,328	228,464

[1] Source: Weldon Cooper Center for Public Service (Estimate)

[2] Source: U.S. Bureau of Labor Statistics

[3] Source: Bureau of Economic Analysis/ US Department of Commerce

[4] Albemarle County standalone statistic unavailable

[5] Source: www.homefacts.com/unemployment/virginia.html

Table 12

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Demographic Information

2014	2013	2012	2011	2010	2009
47,783	46,623	45,073	44,471	43,475	43,054
103,707	102,731	101,575	100,780	98,970	98,071
19,618	18,804	18,856	19,402	18,403	18,237
25,970	25,977	26,033	25,989	25,691	25,576
13,353	13,200	13,472	13,424	13,308	13,358
15,074	14,789	15,078	15,097	15,016	15,090
225,505	222,124	220,087	219,163	214,863	213,386

2015	2014	2013	2012	2011	2010
4.5	4.3	4.3	6.6	6.3	6.9
4.7	4.1	4.4	4.8	5.1	5.4
4.3	4.1	3.8	5.2	5.0	5.9
4.3	3.8	4.2	4.8	4.9	5.8
4.0	3.8	4.0	4.8	5.0	6.2
4.5	4.2	4.6	5.3	5.5	6.2

2014	2013	2012	2011	2010	2009
8,795,194	7,764,329	7,493,869	6,778,562	6,421,082	6,213,020
701,736	791,878	767,362	710,441	666,063	640,318
967,881	1,072,290	1,040,671	951,419	894,204	883,986
541,990	530,597	523,987	479,209	457,332	446,445
629,685	675,564	640,628	601,790	570,682	561,482
11,636,486	10,834,658	10,466,517	9,521,421	9,009,363	8,745,251

2014	2013	2012	2011	2010	2009
58,603	52,693	51,255	47,052	44,987	44,025
36,873	42,112	40,880	38,073	36,093	35,011
37,095	41,278	40,077	36,507	34,710	34,561
41,194	40,197	39,696	36,389	34,394	33,422
42,403	45,680	43,207	39,862	38,005	37,209
216,168	221,960	215,115	197,883	188,189	184,228

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Employers in the Primary Air Trade Area [1]

As of 1st Quarter 2019

1. University of Virginia / Blue Ridge Hospital
2. University of Virginia Medical Center
3. County of Albemarle
4. Sentara Healthcare
5. Wal Mart
6. UVA Health Services Foundation
7. City of Charlottesville
8. Dominion Virginia Power
9. Charlottesville City School
10. Louisa County Public School Board
11. US Department of Defense
12. State Farm Mutual Automobile Insurance
13. Wintergreen Resort
14. Servicelink Management Com Inc
15. Fluvanna County Public School Board
16. Food Lion
17. Region Ten Community Services
18. Aramark Campus LLC
19. Piedmont Virginia Community College
20. Atlantic Coast Athletic Club
21. Klockner Pentaplast America
22. Greene County School Board
23. Crutchfield Corporation
24. Lakeland Tours
25. Lowes' Home Centers, Inc.
26. Nelson County School Board
27. Capital IQ Inc
28. Assoc for Investment Management
29. Postal Service
30. Northrop Grumman Corp
31. Pharmaceutical Research Association
32. Kroger
33. Fluvanna Correctional Center
34. Rmc Events
35. Wegmans Store #07
36. Gretna Health Care Center
37. FIC Systems
38. County of Louisa
39. Morrison Crothall Support
40. Westminster Canterbury of the Blue Ridge
41. Thomas Jefferson Memorial
42. Boar's Head Inn
43. Harris Teeter Supermarket
44. Labormax Staffing
45. Hanover Research Council
46. GE Fanuc Automation North Corporation
47. VDOT
48. Tri Dim Filter Corporation
49. Farmington Country Club
50. Umansky Honda of Charlottesville

As of 4th Quarter 2010

1. University of Virginia
2. University of Virginia Medical Center
3. County of Albemarle
4. Martha Jefferson Hospital
5. City of Charlottesville
6. UVA Health Services Foundation
7. State Farm Mutual Automobile Insurance
8. Charlottesville City School Board
9. Aramark Campus LLC
10. Northrop Grumman Corporation
11. US Department of Defense
12. Walmart
13. Fluvanna County Public School Baord
14. Greene County School Board
15. Region Ten Community Services
16. Food Lion
17. Piedmont Virginia Community College
18. Wintergreen Partners
19. Nelson County School Board
20. SNL Security LP
21. Kroger
22. State Farm Fire and Casualty Insurance
23. Crutchfield Corporation
24. Atlantic Coast Athletic Club
25. US Postal Service
26. Thomas Jefferson Memorial Foundation
27. Association for Investment Management
28. GE Fanuc Automation Manufacturing
29. FIC Systems
30. Boar's Head Inn
31. Lakeland Tours
32. Fluvanna Correctional Center
33. Harris Teeter SuperMarket
34. Design Electric
35. Pharmaceutical Research Associates
36. FIC Staff Services
37. Westminster Canturbury of the Blue Ridge
38. Farmington Country Club
39. RMC Events

[1] Primary trade area is defined as the Thomas Jefferson District: Charlottesville, Albemarle, Greene Fluvanna, Louisa and Nelson

Source: Virginia Employment Commission, Publications, Community Profiles, Planning Regions, 1st Quarter QECW (January, February, March) 2019.

Compliance Section

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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 Honorable Members of The
Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Charlottesville-Albemarle Airport Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Charlottesville-Albemarle Airport Authority's basic financial statements and have issued our report thereon dated December 23, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson Farmer Cox Associates

Charlottesville, Virginia
December 23, 2019

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the Passenger Facility Charge (PFC) Program

To the Honorable Members of the
Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

We have audited Charlottesville-Albemarle Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Charlottesville-Albemarle Airport Authority's major federal programs for the year ended June 30, 2019, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration. Charlottesville-Albemarle Airport Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and those applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Charlottesville-Albemarle Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Guide. Those standards, the Uniform Guidance and the Guide, 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 or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Charlottesville-Albemarle Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of Charlottesville-Albemarle Airport Authority's compliance.

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

In our opinion, Charlottesville-Albemarle Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, and the passenger facility charge program, for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Charlottesville-Albemarle Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Charlottesville-Albemarle Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, and internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and the Passenger Facility Charge Program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

Robinson Farmer Cox Associates

Charlottesville, Virginia
December 23, 2019

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Department of Transportation:			
FAA Direct Payments:			
Airport Improvement Program	20.106	N/A	$ 1,491,954
Total expenditures of federal awards			$ 1,491,954

Basis of Presentation

This schedule includes the federal award activity of Charlottesville-Albemarle Airport Authority under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients
No awards were passed through to subrecipients.

Indirect Cost Recovery
No indirect costs are claimed for reimbursement; therefore, the 10% de minimis indirect cost rate is not used.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

There were no findings reported.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited
Year Ended June 30, 2019

Unexpended passenger facility charges as of July 1, 2018			$	86,983
Collections:				
Passenger facility charges collected	$	1,567,448		
Interest credited		14,290		1,581,738
Passenger facility charges expended for approved projects:				
PFC application 23:				
FOD vacuum truck	$	64,612		
Avi ramp/pax stairway		20,026		
Commuter aircraft/ADA pax loading ramp		224,300		
PFC application 24:				
Pedestrian access project		697,589		(1,006,527)
Unexpended passenger facility charges as of June 30, 2019			$	662,194
Reconciliation to cash as reported on the Statement of Net Position:				
Change in accounts receivable			$	(25,198)
Cash balance per Statement of Net Position			$	636,996

This schedule presents the activity of the passenger facility charge program of the Charlottesville-Albemarle Airport Authority. The schedule is presented using the accrual basis of accounting, which is described in note 2 to the financial statements. A reconciliation to the cash balance reported in the Statement of Net Position is provided.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

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

Passenger Facility Charge

Internal control over Passenger Facility Charge:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for Passenger Facility Charge:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Aviation and Safety in accordance with the Federal Aviation Administration (Guide) for its Passenger Facility Charge Program?	No

Identification of Program:

Part 14 CFR 158	Passenger Facility Charge

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Passenger Facility Charge Findings and Questioned Costs

There are no Passenger Facility Charge findings and questioned costs to report.

Summary Schedule of Prior Audit Findings
Passenger Facility Charge Program
Year Ended June 30, 2019

There were no Passenger Facility Charges findings reported.