COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended
June 30, 2019 and 2018

CAPITAL REGION AIRPORT COMMISSION
Richmond International Airport
Virginia

Prepared by:

Finance Department

Steven C. Owen
Director of Finance

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INTRODUCTORY SECTION

Capital Region Airport Commission

MEMBERS OF THE COMMISSION

June 30, 2019

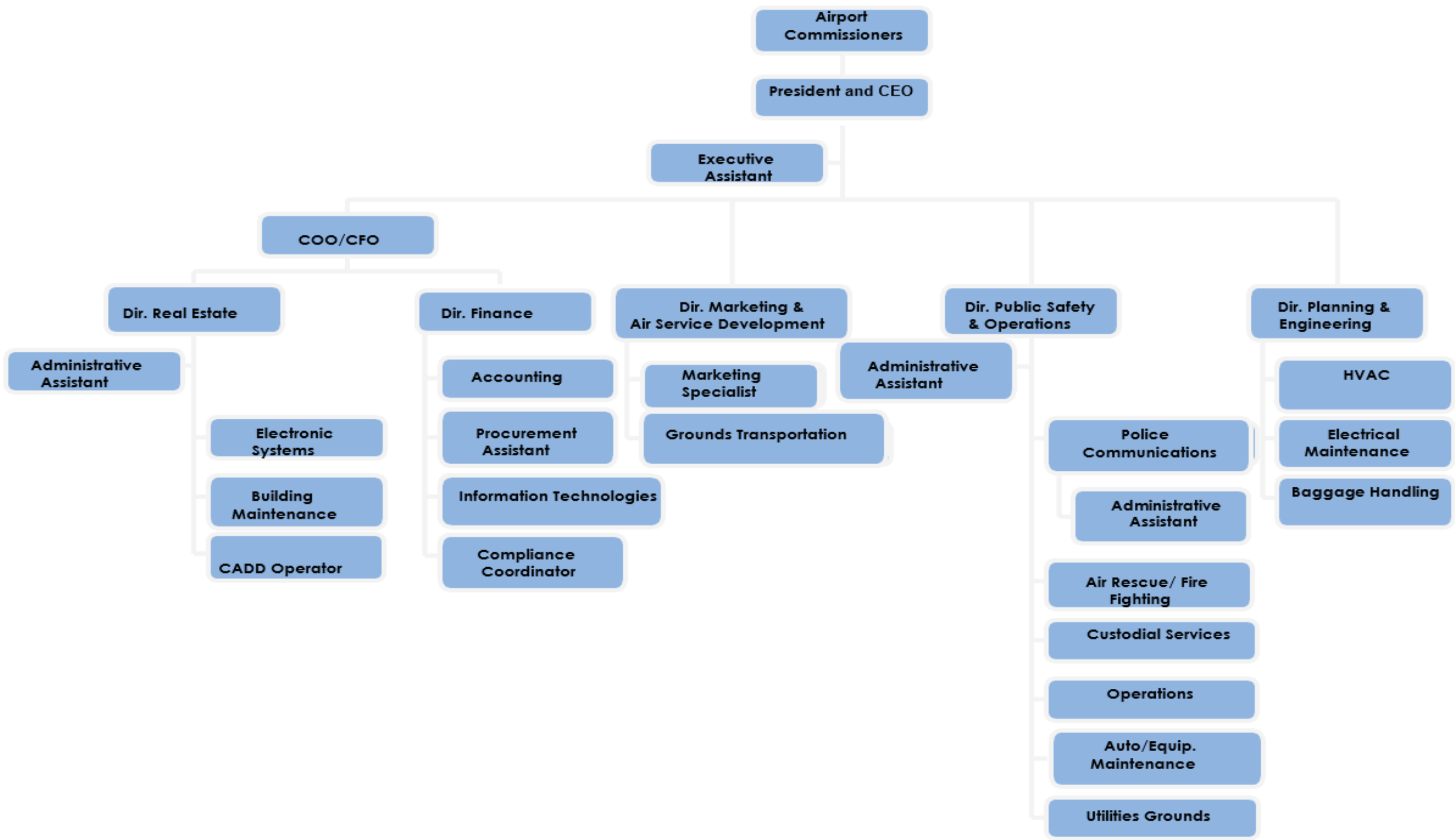
OFFICERS

Aubrey M. Stanley	Chairman
Patricia S. O'Bannon	Vice Chairman
Leslie Haley	Secretary
Charles S. Macfarlane	Treasurer

COMMISSIONERS

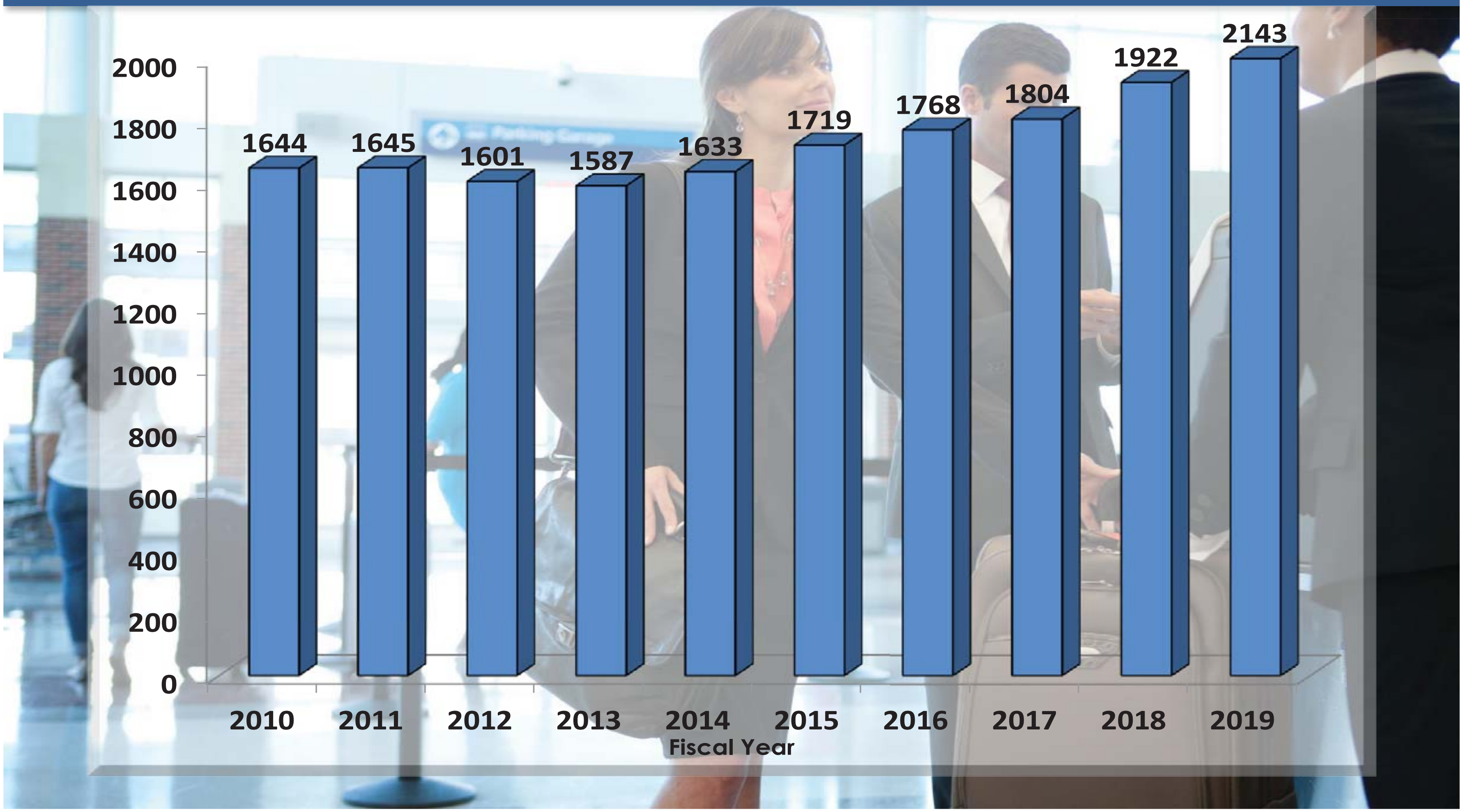
Algenon L. Brown	City of Richmond
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Reva M. Trammell	City of Richmond
Steve A. Elswick	County of Chesterfield
Leslie Haley	County of Chesterfield
John V. Mazza, Jr.	County of Chesterfield
James M. Holland	County of Chesterfield
Aubrey M. Stanley	County of Hanover
Wayne T. Hazzard	County of Hanover
Harvey L. Hinson	County of Henrico
Patricia S. O'Bannon	County of Henrico
Tyrone Nelson	County of Henrico
Frank J. Thornton	County of Henrico

Capital Region Airport Commission
ORGANIZATIONAL CHART



Richmond International Airport
Air Cargo Performance
Fiscal Years 2010 – 2019
(in millions)

Richmond International Airport
Enplaned Passenger Performance
Fiscal Years 2010-2019
(in thousands)



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Capital Region Airport Commission

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Capital Region Airport Commission | 1 Richard E. Byrd Terminal Drive | Richmond International Airport, Virginia 23250-2400
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October 31, 2019

The Commissioners
Capital Region Airport Commission
Richmond International Airport, Virginia

Members of the Commission:

We are pleased to submit for your information the Comprehensive Annual Financial Report of the Capital Region Airport Commission (the "Commission"), for the fiscal year ended June 30, 2019 prepared by the Commission's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is reported in a manner designed to fairly set forth the financial position and results of the operations of the Commission and that all disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

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

ORGANIZATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

THE COMMISSION

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

According to the Act, the City and the Counties of Chesterfield and Henrico may appoint four Commissioners to the Commission and the County of Hanover may appoint two Commissioners.

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

THE REPORTING ENTITY

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

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

AIRPORT OPERATIONS

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

Today the Airport is called Richmond International Airport. The Airport has evolved into one of the most modern and well-equipped airports in the eastern United States. The Airport is currently served by seven major airlines, twelve regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with over 170 daily flights. The Airport's cargo needs are met by three all-cargo carriers; two fixed base operators on the grounds offer fuel and maintenance services for corporate aircraft and the Airport has a Foreign Trade Zone. The total enplaned passengers in fiscal year 2019 was 2.14 million, an all-time record high for the Airport, which was an 11.5% increase from the 2018 level of 1.92 million enplaned passengers. The Airport is an economic engine for the Richmond region, generating an estimated $2.1 billion annually. The Airport also provides jobs for 3,000 plus local residents.

The Commission recently announced that its board has appointed Perry J. Miller, M.S., A.A.E., IAP as president and CEO effective August 17, 2019. Miller succeeds Jon Mathiasen, A.A.E., who served as president and CEO since 2000 and announced his plans to retire last year. Miller was the interim CEO of the Jackson Municipal Airport Authority in Jackson, MS, where he also served as the chief operating officer. He is responsible for overall fiscal management, operations, administration and economic development initiatives of the airport. Previously, he worked for more than 25 years in various management positions with William P. Hobby Airport, George Bush Intercontinental Airport, and Ellington Field, all of which are a part of the Houston Airport System.

ECONOMIC CONDITIONS

The Airport is conveniently located approximately six miles from the City's business district, providing air service to over 3 million passengers, with approximately 140 million pounds of cargo passing through the Airport this year. The Airport is geographically located within 750 miles of approximately 60% of the nation's population.

An improving economy at home and solid growth abroad translated into another good year for U.S. aviation in calendar year 2018. Airlines posted their tenth consecutive year of profits as they boosted revenue growth at the fastest rate since the recession. Revenues grew as the U.S. airline industry continues to shift its emphasis from gaining market share to seeking returns on invested capital. U.S. airlines are continually updating their successful strategies for capturing additional revenue streams such as charging fees for services that used to be included in airfare (e.g. meal service), charging for services that were not previously available (e.g. premium boarding and fare lock fees), as well as for maximizing fare revenue with more sophisticated revenue management systems. At the same time, the U.S. airline industry has become nimbler in adjusting capacity to seize opportunities or minimize losses, helping to raise yields for the first time in four years. These efforts secured industry profitability in calendar year 2018 even as energy prices and new labor contracts lifted costs higher. The calendar year 2019 FAA forecast calls for U.S. carrier passenger growth over the next 20 years to average 1.8% per year. The FAA forecast assumes that oil prices will increase over the long run. (Federal Aviation Administration. Review of 2018. http://www.faa.gov)

The FAA expects U.S. carrier profitability to remain steady or increase as solid demand fed by a stable economy offsets rising energy and labor costs. Over the long term, we see a competitive and profitable aviation industry characterized by increasing demand for air travel and airfares growing more slowly than inflation, reflecting over the long term a growing U.S. and global economy (Federal Aviation Administration. Review of 2018. http://www.faa.gov). As a result of this, the Commission has positioned itself to increase revenues by controlling costs. These measures include controlling operating costs and advancing capital expenditures that do not require new sources of capital funding and are generally limited to aviation related projects only.

Future passenger traffic may be impacted by the following:

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

The Commission experienced a record year of growth in fiscal year 2019; however, the Commission continued to take a conservative approach to the fiscal year 2020 budget which reflects a (1.0%) decrease in total revenue when compared to fiscal year 2019 actual revenue. The Commission continues to monitor national and local economic conditions and will make the necessary changes to ensure the financial stability of the Airport.

National Accolades and Economic news about Virginia, the Richmond International Airport and the Richmond Metropolitan Statistical Area (MSA):

- Virginia was ranked in Area Development magazine's 2019 "Top States for Doing Business" annual survey. Overall, the Commonwealth placed tenth out of twenty states ranked in the prestigious annual site consultants' survey, which debuted in 2010.

- Virginia was named No. 4 in the Forbes.com 2018 Best States for Business ranking. This position represents a jump from No. 5 in the 2017 survey and No. 6 in 2016. Virginia has placed in the top 10 since the ranking's inception in 2006, and ranked among the top two states every year from 2006 through 2013.

- The Richmond region posted its strongest showing in recent years on the Inc. 5000 list of the nation's fastest-growing private companies, with a Mechanicsville firm breaking into the top 10 for the first time. There are 42 local companies on Inc. Magazine's annual list, for 2019 which is ranked by revenue growth in the last three years.

- July 2018: Cascades Inc. (TSX: CAS), a Canadian leader in the recovery and manufacturing of green packaging and paper tissue products, plans to invest $275 million to establish a lightweight recycled containerboard operation in the former Bear Island Paper Mill in Hanover County. The project will create 140 new jobs.

- August 2018: Ocean Network Express, a global transport company, will invest $2.5 million to expand its North American Regional Headquarters office to accommodate additional personnel as its customer base increases. The project will create 129 new jobs.

- March 2019: The Results Company announced it will invest $1.5 million to expand its call center in the Chesterfield County location. This project will add 600 new jobs.

- March 2019: AdvanSix announced it will invest $160 million to expand its Hopewell, VA plant. The project will add 92 new jobs.

- May 2019: Western Express announced it will invest $3.9 million to locate a new fleet base in Hanover, VA. The project will create 250 new jobs.

- July 2019: Amazon announced a new $10 million specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center site near the Port of Virginia's Richmond Marine Terminal. It is scheduled to open in October 2019. The 461,700 square-foot center is expected to create 150 jobs.

DEMOGRAPHICS AND EMPLOYMENT

The population of the Richmond MSA is estimated to be 1.4 million and is projected to remain at 1.4 million through 2020. The median household income for 2017 was $51,475 which is lower than the national average of $51,869.

The Richmond Metro area's unemployment rate was 3.2% in 2018 compared to 3.9% in 2017, higher than the state unemployment rate of 3.0% and below the national rate of 3.9%.

Seven Richmond Metropolitan area businesses are listed Fortune 500 companies:

Dominion Energy
Genworth Financial
Altria Group
Performance Food Group
CarMax
Owens & Minor
Markel

Three Richmond Metropolitan area businesses are listed Fortune 1000 companies:

Brink's
Universal
NewMarket

COMMISSION WEBSITE

The Commission has a website that offers a wide variety of current information to users, including financial information and operational statistics. Users have the capability to access the airlines serving the Airport, flight arrival and departure information, and download flight schedules directly onto their smart phones along with information about ground transportation, parking and maps. The Commission's Comprehensive Annual Financial Report (CAFR) is posted on the web site. The web address is www.flyrichmond.com.

FINANCIAL INFORMATION

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

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

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

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

FINANCIAL HIGHLIGHTS

In fiscal year 2019, the Airport experienced an 11.5% increase in the number of passenger enplanements over fiscal year 2018, resulting in total fiscal year 2019 enplanements of 2.14 million. This is a record-breaking number that represents the most passenger enplanements in the history of RIC.

The Commission continued to take a conservative approach for the fiscal year 2020 budget. The Commission adopted the fiscal year 2020 budget which includes $52.6 million in operating revenue a (1.0%) decrease compared to the FY 2019 actual revenues of $53.1 million. The Commission is evaluating the impact that TNC's, such as Uber and Lyft, will have on parking revenue. The Commission ended fiscal year 2019 with a 12.5% increase in revenues when compared to the 2019 budgeted revenues and an 11.1% increase over fiscal year 2018 actual revenues. The Commission's operating expenses for fiscal year 2019 totaled $25.9 million which were ($249) thousand or (1.0%) less than the fiscal year 2019 budgeted operating expenses.

INDEPENDENT AUDIT

The Commission's enabling legislation requires an annual audit of its financial statements by independent certified public accountants that are selected by the Commission. This requirement has been met and the auditors' opinion is included in the Financial Section of this report. In addition, the annual audit complied with the requirements of the U.S. Office of Management and Budget Uniform Guidance and the applicable reports are included in the Compliance Section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capital Region Airport

Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the twenty-ninth consecutive year that the Commission has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

President and Chief Executive Officer

Director of Finance

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Region Airport Commission as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Region Airport Commission, as of June 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2019, Capital Region Airport Commission adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* and early implemented GASB No.89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 3-16 and 85-99 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 Capital Region Airport Commission's basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, on our consideration of Capital Region Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Capital Region Airport Commission'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 Capital Region Airport Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 30, 2019

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

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

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

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

The Commission's fiscal year is from July 1 to June 30. The following MD&A of the Commission's financial performance is for the years ended June 30, 2019 and 2018. Information for the preceding fiscal year ended June 30, 2017 has been included to provide a better insight into the overall financial performance of the Commission. All dollar amounts are provided in thousands.

COMMISSION ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity was at a significantly higher level for the Airport in fiscal year 2019 compared to fiscal year 2018. Fiscal year 2019 saw record breaking positive enplanement growth over 2018. The total passengers enplaned for fiscal year 2019 were 2.14 million, an all-time record high for the Airport, which was 11.5% higher than fiscal year 2018 enplanements of 1.92 million and 11.3% higher than the fiscal year 2019 budgeted enplaned passengers. Fiscal year 2018 enplanements were higher than fiscal year 2017 enplanements of 1.80 million. As in 2018, the improving job market and local economy along with competitive airfares continued to increase air travel demand in both the business and leisure markets. Meanwhile, fuel prices remained lower allowing carriers to sustain lower fares.

As a result of the 2008 recession, the U.S. airlines fine-tuned their business models to minimize losses by lowering operating costs and started charging separately for services that were historically bundled in the price of a ticket. These changes along with capacity discipline exhibited by carriers have resulted in a tenth consecutive year of profitability for the industry in calendar year 2018. Looking forward, there is confidence that U.S. airlines have finally transformed from a capital intensive, highly cyclical industry to an industry that generates solid returns on capital and sustained profits.

The Federal Aviation Administration ("FAA") forecasts that over the medium and long term, demand for aviation will be driven by a growing U.S. and world economy. The 2019 FAA forecast calls for U.S. carrier domestic passenger growth over the next 20 years to average 1.8 % per year. The uptick in passenger growth the industry has experienced since 2014 will continue into calendar year 2019. http://www.faa.gov

The Commission ended fiscal year 2019 with a 12.5% increase in revenues when compared to the 2019 budgeted revenues and an 11.1% increase over fiscal year 2018 revenues. This was primarily due to a 20.0% increase in concession revenue when compared to the 2019 budgeted concession revenue and a 14.1% increase in parking revenue when compared to the 2019 budgeted parking revenue. Concession revenue increased 16.3% when compared fiscal year 2018 concession revenue and parking revenue increased 11.9% when compared to fiscal year 2018 parking revenue. The increase in concession revenue is primarily attributed to an 11.8% increase in rental car revenue and a 56.3% increase in retail sales revenue when compared to the 2019 budget. The increase in parking revenue is attributed to the 11.3% increase in enplanements when compared to the fiscal year 2019 budgeted enplanements.

The Commission's revenues are derived primarily from airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rents, and apron fees received from airlines using the airport; concession fees from the vendors serving the passengers including food, retail and rental cars; public parking fees including surface and garage parking; and fixed based operator activities from general aviation activities. The average monthly enplaned passengers increased from 150,333 in fiscal year 2017 to 160,202 in fiscal year 2018 and then increased to 178,570 in fiscal year 2019. The increase in passengers, when compared to fiscal year 2018, had positive effects on the Commission's main revenue stream, parking, in fiscal year 2019.

Aircraft operations increased to 104 thousand a 5.1% increase when compared to fiscal year 2018 operations of 99 thousand which was a 5.3% increase when compared to FY 2017. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000 pound units decreased by (1.4%) in fiscal year 2019 to 513 million pounds compared to fiscal year 2018 and increased 9.5% in fiscal year 2018 to 520 million pounds compared to fiscal year 2017 landed weight of 475 million pounds.

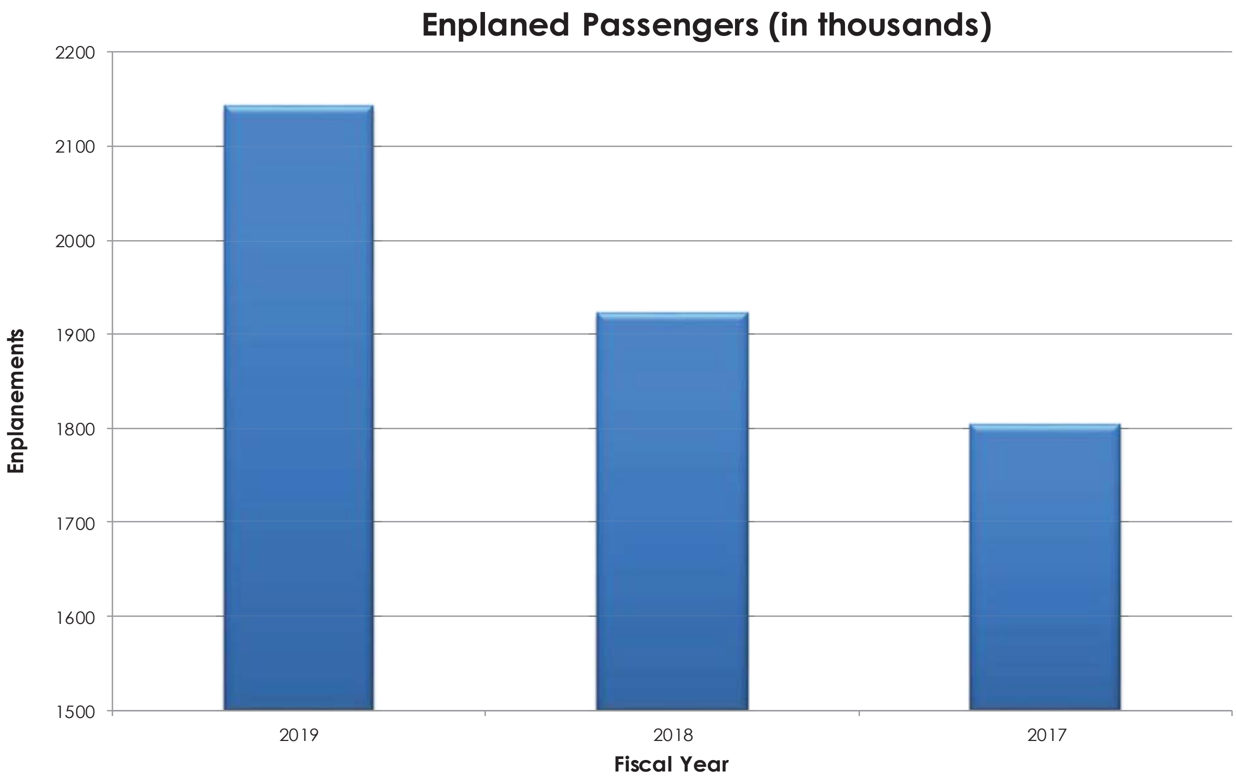
The Airport's parking revenue increased 11.9% in fiscal year 2019 when compared to fiscal year 2018 and increased 2.6% in fiscal year 2018 when compared to fiscal year 2017. Parking revenue increased due to the effect of higher than budgeted enplanements. Parking revenue per enplaned passenger increased slightly when compared to fiscal year 2018 parking revenue per enplaned passenger. Parking rates were essentially the same as fiscal year 2017. The parking revenue accounts for 43.9% of the Airport's operating revenue in fiscal year 2019 compared to 43.6% in fiscal year 2018 and 44.8% in fiscal year 2017.

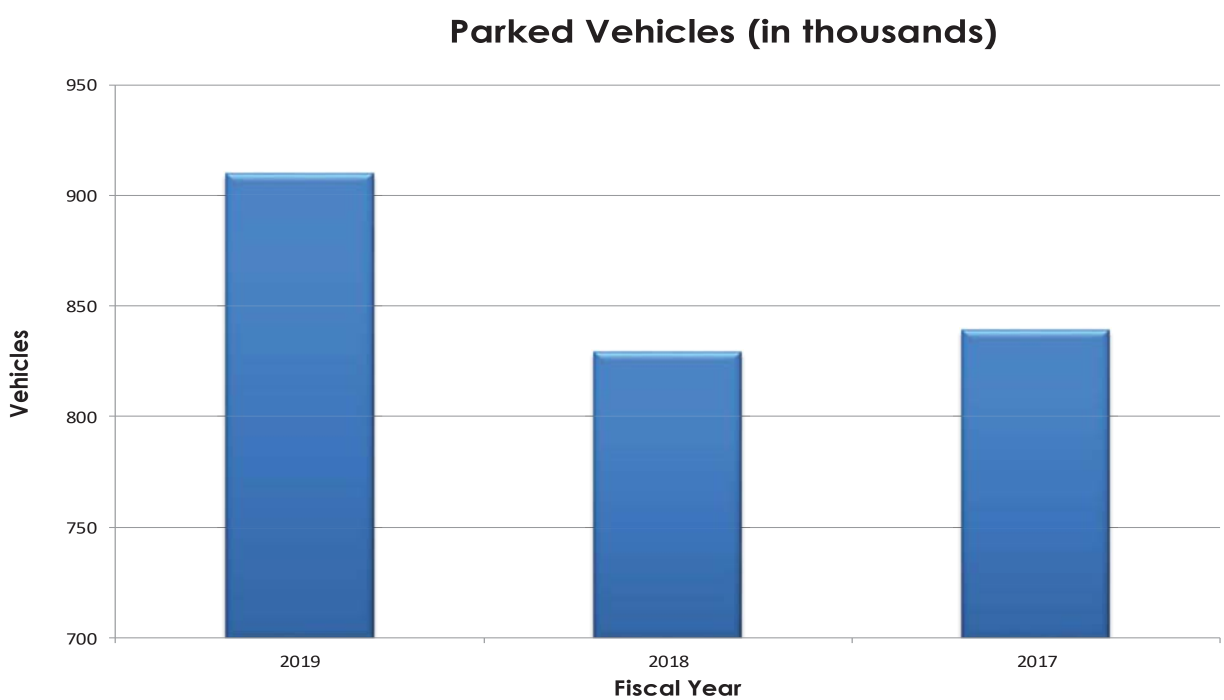
	2019	2018	2017
Parking Revenue per Enplanement	$10.87	$10.83	$11.25
Percent Increase (Decrease)	.04%	(3.7%)	(0.6%)

As of June 30, 2019, the Airport is currently served by seven major airlines, with more than 170 daily flights to 22 non-stop destinations and more than 4.0 million travelers per year.

	FY 2019	FY 2018	FY 2017
Enplanements	2,143	1,922	1,804
% increase / (decrease)	11.5%	6.6%	2.0%
Aircraft Operations (total take-offs and landings)	104	99	94
% increase / (decrease)	5.1%	5.3%	(3.1%)
Airline's Landed Weight (1,000 pound units)	2,559	2,275	2,114
% increase / (decrease)	12.5%	7.6%	(7.3%)
Air Cargo Carrier Activity (pounds)	138,654	136,582	135,465
% increase / (decrease)	1.5%	0.8%	11.5%
Parked Vehicles	910	829	839
% increase / (decrease)	9.8%	(1.2%)	1.2%

Note: The numbers presented above are in thousands.


Enplaned Passengers (in thousands)
Enplanements
2200
2100
2000
1900
1800
1700
1600
1500
2019
2018
2017
Fiscal Year


Parked Vehicles (in thousands)
Vehicles
950
900
850
800
750
700
2019
2018
2017
Fiscal Year

The below selected financial data comparison represents the Commission's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2019, 2018, and 2017.

SELECTED FINANCIAL DATA
(in thousands)

	2019	2018	2017
Assets			
Unrestricted current	$ 25,061	$ 25,405	$ 19,012
Restricted current	99,868	85,074	82,512
Capital assets, net	428,001	429,988	435,087
Total assets	552,930	540,467	536,611
Deferred outflows of resources	6,568	7,004	8,121
Liabilities			
Current unrestricted	3,194	2,886	3,422
Current restricted	16,124	13,179	12,672
Long-term debt, net of current maturities	73,618	83,384	92,928
Net Pension Liability	902	1,923	4,148
Net OPEB Liabilities	1,554	1,316	-
Total liabilities	95,392	102,688	113,170
Deferred inflows of resources	1,524	1,224	252
Net position			
Net investment in capital assets	356,384	349,515	345,759
Restricted	88,258	75,610	73,773
Unrestricted	17,940	18,434	11,777
Total net position	$ 462,582	$ 443,559	$ 431,309

The Commission experienced an increase in total assets of approximately $12.5 million or 2.3% during fiscal year 2019 when compared to fiscal year 2018 and a $3.9 million or 0.7% increase during fiscal year 2018 when compared to fiscal year 2017. This increase in fiscal year 2019 can be attributed primarily to a $14.9 million increase in restricted cash and cash equivalents when compared to fiscal year 2018. This was offset by a decrease of $2.0 million in capital assets.

Total liabilities decreased ($7.3) million or (7.1%) in fiscal year 2019 when compared to fiscal year 2018 and decreased ($10.5) million or (9.3%) in fiscal year 2018 when compared to fiscal year 2017. In fiscal year 2019 this change is primarily attributable to a ($9.8) million decrease in long term debt, net of current maturities this was offset by a $3.1 million increase in accounts payable when compared to fiscal year 2018.

The increase in net financial position for fiscal year 2019 was $19.0 million when compared to fiscal year 2018. Net financial position increased $12.3 million in fiscal year 2018 and increased $17.3 million in fiscal year 2017. Fiscal year 2019 resulted in income from operations of $163 thousand, which was a 1.3 million increase in income from operations when compared to fiscal year 2018. The increase in income from operations is primarily attributed to a $5.3 million increase in operating revenue when compared to fiscal year 2018 operating revenue, this was offset by a $2.6 million increase in depreciation expense and a $1.4 million increase in operating expense when compared to fiscal year 2018. In fiscal year 2018, the loss from operations was ($1.1) million, which was a $470 thousand increase in the loss from operations when compared to the fiscal year 2017 loss from operations of ($663) thousand. Net nonoperating income for fiscal year 2019 reflected an increase in net revenues of $1.9 million when compared to fiscal year 2018. This is attributed to a $1.1 million increase in PFC revenue and an $897 thousand increase in interest income when compared to fiscal year 2018. The increase in PFC revenue was due to an increase in enplanements and the increase in interest income is attributed to the incremental increase in the federal interest rates when compared to fiscal year 2018. Net nonoperating income for fiscal year 2018 reflected an increase in net revenues of $1.4 million when compared to fiscal year 2017.

Capital contributions increased to $8.8 million in fiscal year 2019, a $2.1 million or 31.5% increase when compared to fiscal year 2018. This is primarily due to the taxiway A and L and the eastside cargo apron projects that are currently ongoing grant funded projects. Capital contributions decreased to $6.7 million in fiscal year 2018, a ($4.5) million or (40.0%) decrease when compared to fiscal year 2017.

The below chart shows operating revenues and expenses for the three years ended June 30, 2019, 2018, and 2017.

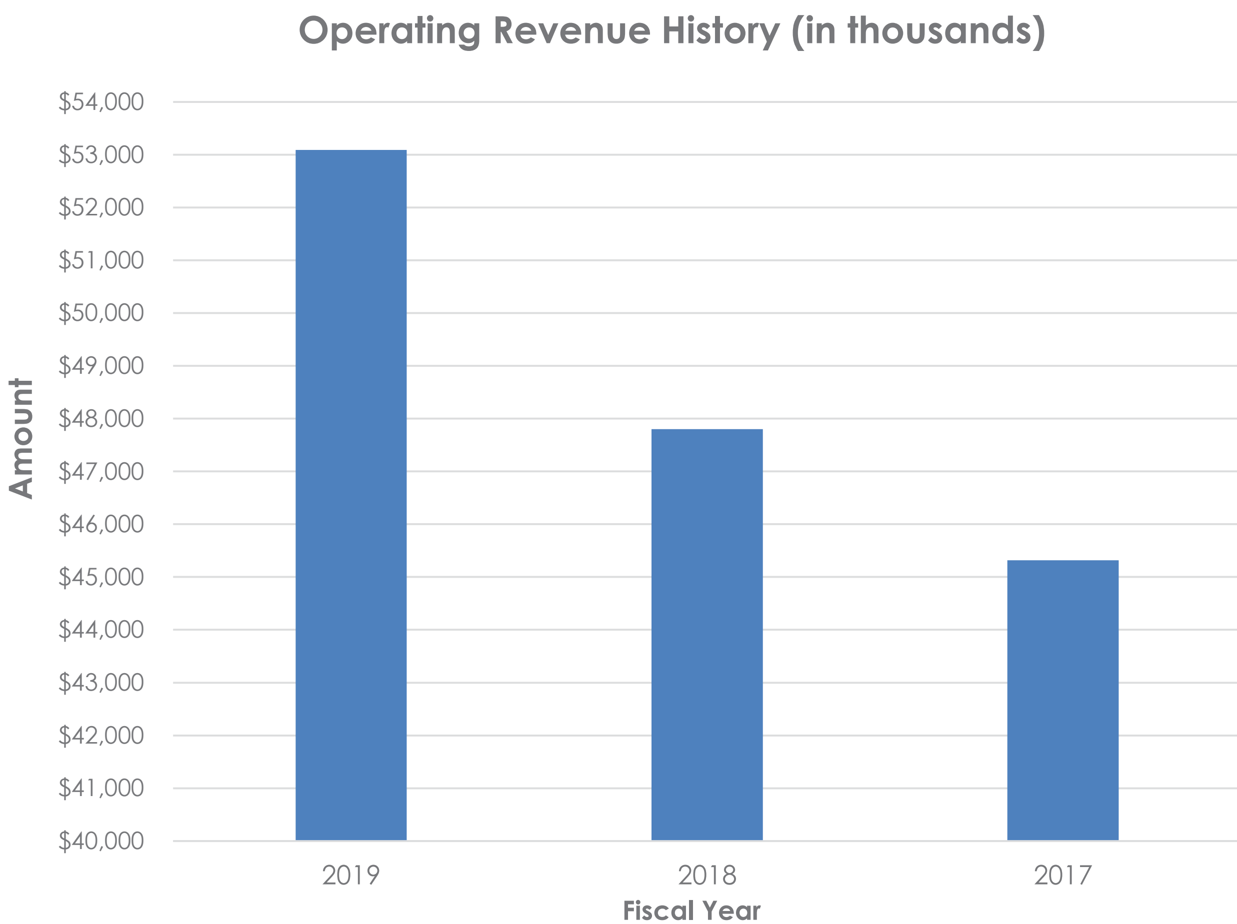
	2019	2018	2017
Operating revenues	$ 53,092	$ 47,804	$ 45,318
Operating expenses	25,893	24,511	22,581
Operating income before depreciation	27,199	23,293	22,737
Depreciation	27,036	24,426	23,400
Operating income (loss)	163	(1,133)	(663)
Nonoperating income, net	10,074	8,167	6,814
Income (loss) before capital contributions	10,237	7,034	6,151
Capital contributions	8,785	6,681	11,135
Change in net position	19,023	13,715	17,286
Beginning net position	443,559	431,309	414,023
Effect of accounting change	-	(1,465)	-
Ending net position	$ 462,582	$ 443,559	$ 431,309

Note: Effect of accounting change is related to the implementation of GASB 75.

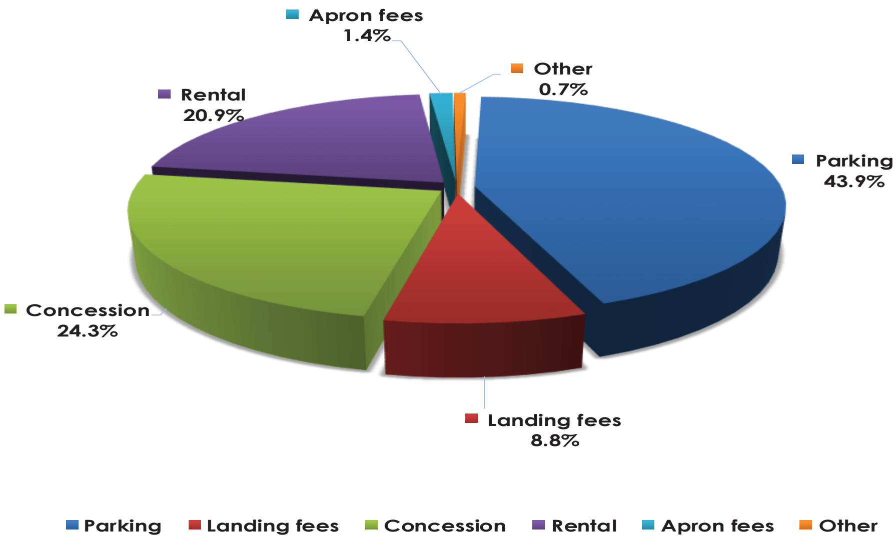
Operating income before depreciation for fiscal year 2019 increased by $3.9 million or 16.8% compared to fiscal year 2018, fiscal year 2018 operating income before depreciation increased by $556 thousand or 2.5% compared to fiscal year 2017. Depreciation expense increased by 10.7% between fiscal year 2019 and 2018 and increased by 4.4% between fiscal year 2018 and 2017. The weighted average yield on investments was approximately 0.80% for fiscal year 2019, 0.40% for fiscal year 2018 and 0.35% for fiscal year 2017.

REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2019, 2018, and 2017 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2019.



2019 Operating Revenues



Parking revenues at the Airport for fiscal year 2019 were $23.3 million, which represented an 11.9% increase compared to fiscal year 2018; parking revenues for fiscal year 2018 were $20.8 million, which represented a 2.6% increase compared to fiscal year 2017. The increase in parking revenue in fiscal year 2019 is attributed to higher than budgeted enplaned passengers.

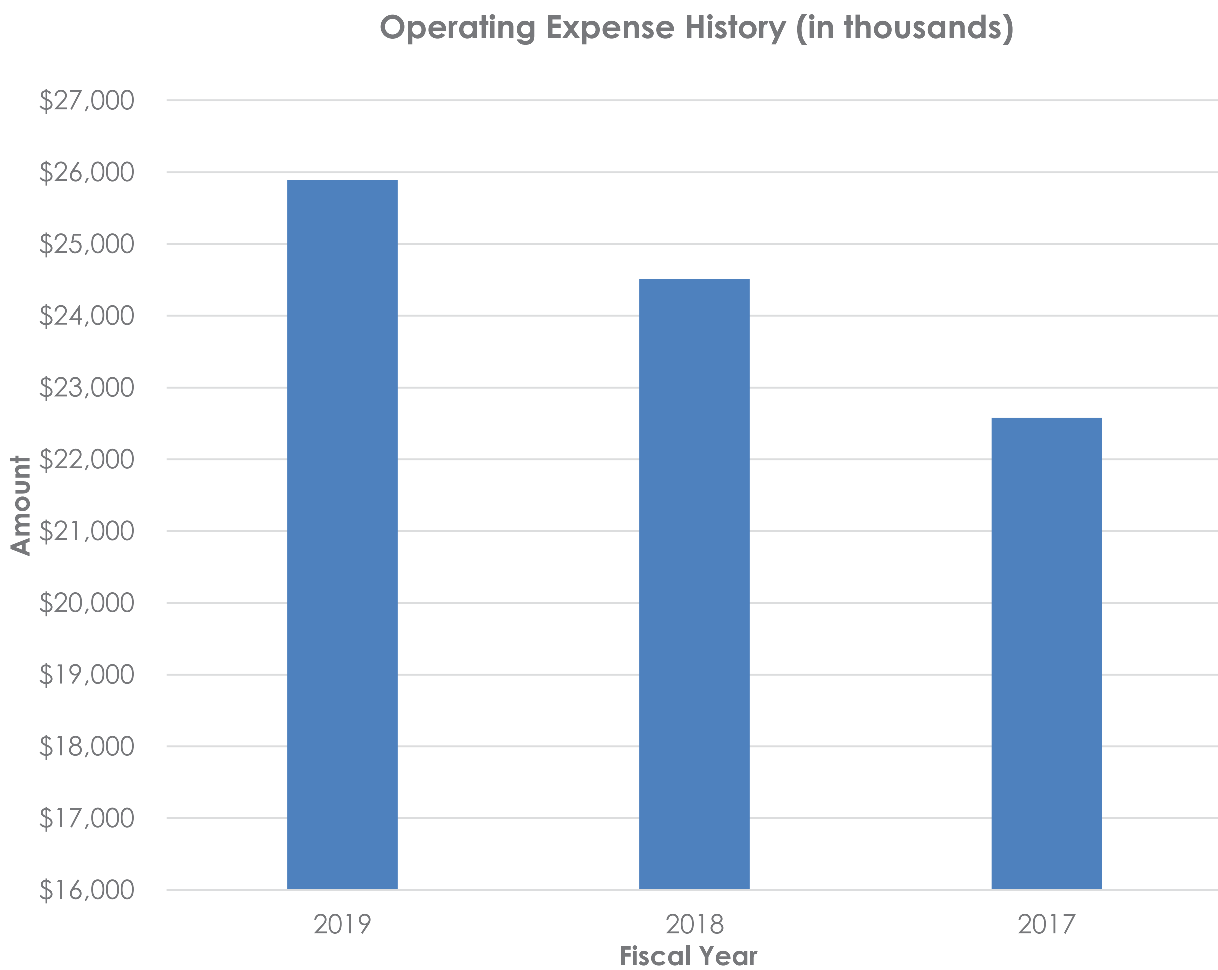
Below is a summary of revenues and nonoperating income stated in thousands, for the three fiscal years ended June 30, 2019, 2018, and 2017:

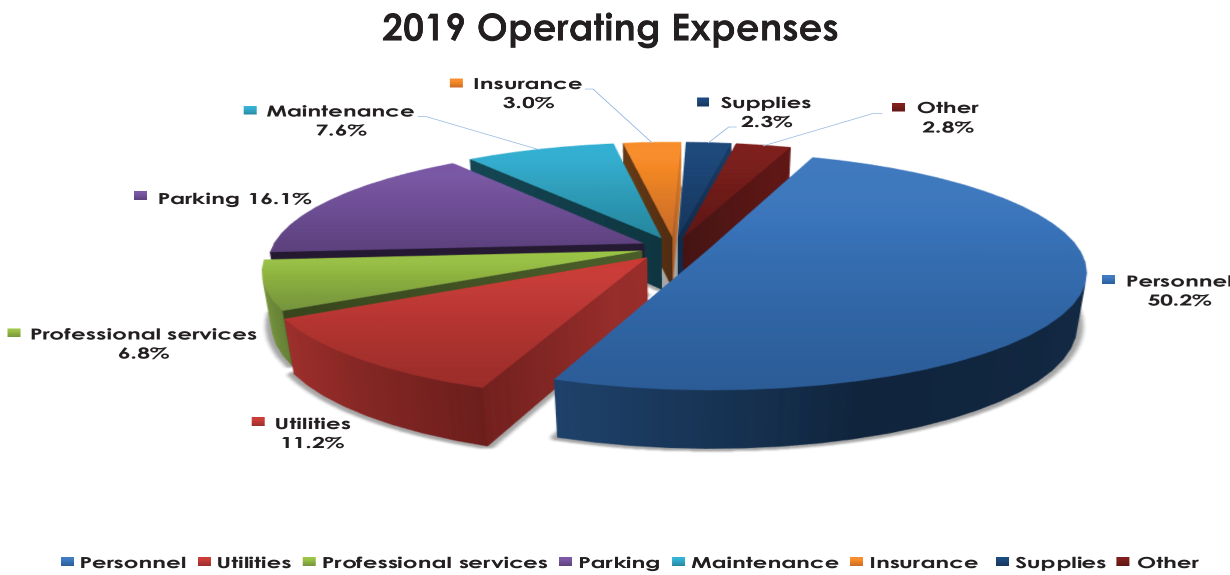
	2019	2018	2017
Operating Revenues			
Parking	$ 23,288	$ 20,821	$ 20,292
Landing fees	4,667	4,023	3,462
Concession	12,916	11,105	10,478
Rental	11,071	10,892	10,244
Apron fees	759	648	558
Other	391	315	284
Total Operating	53,092	47,804	45,318
Nonoperating Income			
Interest income	1,523	626	206
Passenger Facility Charges	8,940	7,876	7,518
Customer Facility Charges	2,508	2,324	2,325
Total nonoperating	12,971	10,826	10,049
Total	$ 66,063	$ 58,630	$ 55,367

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

EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2019, 2018, and 2017 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2019.





Operating expenses, exclusive of depreciation, totaled $25.9 million for fiscal year 2019, $24.5 million for fiscal year 2018 and $22.6 million for fiscal year 2017. Personnel expense increased by $552 thousand when compared to fiscal year 2018. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2019, 2018, and 2017:

	2019	2018	2017
Operating Expenses			
Personnel	$ 13,009	$ 12,457	$ 11,293
Utilities	2,910	2,774	2,602
Professional services	1,749	1,672	1,752
Parking	4,158	3,949	3,291
Maintenance	1,976	1,677	1,726
Insurance	764	747	710
Supplies	597	602	588
Other	730	633	619
Total Operating	25,893	24,511	22,581
Depreciation	27,036	24,426	23,400
Nonoperating Expense			
Interest expense	3,033	2,564	2,758
Other, net	(136)	95	478
Total nonoperating	2,897	2,659	3,236
Total	$ 55,826	$ 51,596	$ 49,217

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

CASH FLOW ACTIVITIES

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

	2019	2018	2017
Cash flows provided by operating activities	$ 27,619	$ 21,580	$ 21,105
Cash flows provided by investing activities	1,434	636	514
Cash flows used in capital and related financing activities	(13,783)	(13,896)	(19,579)
Net increase in cash and cash equivalents	15,270	8,320	2,040
Cash and cash equivalents			
Beginning of year	99,463	91,144	89,104
End of year	$ 114,733	$ 99,464	$ 91,144

Cash flow from operating activities for 2019 increased by $6.0 million or 28.0% compared to fiscal year 2018. Cash flow from operating activities for 2018 increased by $475 thousand or 2.3% compared to fiscal year 2017. In fiscal year 2019 the change is primarily due to a $6.3 million increase in cash received from operations.

Cash and cash equivalents for fiscal year 2019 amounted to $114.7 million representing a $15.3 million increase from fiscal year 2018. Cash and cash equivalents for fiscal year 2018 amounted to $99.5 million representing an $8.3 million increase when compared to fiscal year 2017. The fiscal year 2019 increase in cash and cash equivalents resulted primarily from a $6.3 million increase in cash received from operations and a $2.9 million increase in capital contributions.

AIRLINE RATES AND CHARGES

The new five year airline operating and terminal building agreement between the Commission and certain airlines became effective July 1, 2015. This agreement establishes the methods to be used in determining airline rates and charges at the Airport. The Commission has a nonsignatory fee policy that adds a 15% surcharge to the signatory landing fee. The Commission is currently negotiating a new agreement that is anticipated to be in place by June 30, 2020.

Rental fees increased from fiscal year 2018 to 2019 in the amount of $178 thousand and increased from fiscal year 2017 to 2018 in the amount of $648 thousand. The increase in fiscal year 2019 is attributed to a $137 thousand increase in terminal building rental income. The apron fees increased $111 thousand from fiscal year 2018 to 2019 and increased $90 thousand from fiscal year 2017 to 2018. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2019	Rate Effective for 2018	Rate Effective for 2017
Apron fees (square foot)	$ 1.17	$ 1.14	$ 1.10
Landing fees (1,000 lb. unit)	1.38	1.34	1.32
Terminal rental (square foot)	37.12	35.10	32.81

Note: The rates and charges for 2019 are estimates.

PASSENGER FACILITY CHARGES

The Commission collects $4.50 per qualifying enplaned passenger. Passenger Facility Charges ("PFC") totaled $8.9 million for fiscal year 2019 which was an increase of 13.5% when compared to fiscal year 2018. PFC revenue for fiscal year 2018 increased 4.8% when compared to fiscal year 2017.

CUSTOMER FACILITY CHARGES

The Commission increased Customer Facility Charges ("CFC") to $3.00 on July 1, 2014 and then reduced it to $2.00 on June 1, 2016 CFC charges remained at $2.00 for fiscal year 2019. Collections for the year ended June 30, 2019 were $2.5 million, 7.9% greater than the year ended June 30, 2018 collections of $2.3 million. The CFC rate was initially increased to fund the expansion of the existing rental car parking deck or the construction of a new rental car parking deck. The rate was decreased when the project was put on hold in fiscal year 2016. Total rental vehicle transaction days for fiscal year 2019 were 1.3 million compared to 1.4 million in fiscal year 2018.

CAPITAL AND DEBT ACTIVITY

Capital Assets

Investments in capital assets include land, land improvements, buildings, construction in progress, furniture and fixtures, machinery and equipment and paved facilities. Capital assets, before accumulated depreciation and retirements, increased $25.1 million for fiscal year 2019 when compared to fiscal year 2018 and increased $19.3 million for fiscal year 2018 from 2017. Depreciation expense for fiscal year 2019 was $27.0 million compared to $24.4 million in fiscal year 2018, and $23.4 million in fiscal year 2017.

See Note 4 of Notes to Financial Statements.

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

- Expansion of Concourse A
- Security Checkpoint B Widening
- North Parking Garage Expansion
- Rental Car Counter Relocation
- Rental Car Garage Connector

Long-Term Debt

As of June 30, 2019, the Commission had principal debt outstanding of $75,988 as follows (in thousands):

Airport Revenue Bonds	$	72,649
PFC Revenue Bonds		3,339
Total	$	75,988

See Note 5 of Notes to Financial Statements.

ECONOMIC FACTORS AND FISCAL 2020 BUDGET

The Airport experienced an 11.5% increase in the number of passenger enplanements over last year, resulting in total 2019 enplanements of 2.14 million. This is a record-breaking number that represents the most passenger enplanements in the history of RIC. A strong economy, increased airline competition, low fuel prices, and competitive airfare pricing continue to support growth of RIC's passenger traffic. The Airport remains significantly an Origination and Destination (O&D) airport, with most of its traffic being generated by the population and economy of the region.

Despite planning and forecasting efforts, future increases in passenger traffic at the Commission could be influenced by several key economic factors, which include the following:

- Economic and political conditions
- Airline consolidation and alliances
- Aviation security concerns
- Availability and price of aviation fuel
- Financial health of the airline industry
- Capacity of the airport
- Capacity of national air traffic control and airport systems
- Airline competition and airfares
- Airline service and routes

As mentioned above, fuel costs and economic conditions have a significant effect on air travel and the transportation industry. The Commission cannot predict how future air travel, enplanements, or other variables relating to revenues may be impacted by various market factors.

Future passenger traffic may be impacted by the following:

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

Although it is not anticipated, the restructuring or liquidation of one or more of the large network airlines could also drastically affect airline service at many connecting hub airports. Additionally, present business opportunities for the remaining airlines, and evolving travel patterns throughout the U.S. aviation system will continue to play a role in how the airline industry performs.

The Commission continued to take a conservative approach for the fiscal year 2020 budget. The Commission adopted the fiscal year 2020 budget which includes $52.6 million in operating revenue; a (1.0%) decrease compared to the FY 2019 actual revenues of $53.1 million. The Commission is evaluating the impact that TNC's, such as Uber and Lyft, will have on parking revenue. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2020. Operating expenses of $28.1 million are budgeted for 2020; an increase of 8.5% compared to fiscal year 2019 actual expenses of $25.9 million. The Commission's fiscal year 2020 approved capital budget allotted $5.4 million for new projects, equipment, and studies.

REQUEST FOR INFORMATION

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

Capital Region Airport Commission
STATEMENTS OF NET POSITION
June 30, 2019 and 2018

			2019		2018
ASSETS AND DEFFERED OUTFLOWS OF RESOURCES	CURRENT ASSETS				
	Unrestricted Current Assets:				
	Cash and cash equivalents	$	23,080,210	$	22,753,630
	Accounts receivable, less allowance for doubtful accounts (2019-$177,965; 2018-$243,441)		1,879,906		2,457,336
	Other		101,340		194,531
	Total Unrestricted Current Assets		25,061,456		25,405,497
	Restricted Current Assets:				
	Cash and cash equivalents		91,653,175		76,709,810
	Investments		6,345,275		6,099,849
	Customer and Passenger Facility Charges receivable		1,642,784		1,571,979
	Due from federal and state governments		226,224		692,445
	Total Restricted Current Assets		99,867,457		85,074,083
	Total Current Assets		124,928,914		110,479,580
	NONCURRENT ASSETS				
	Depreciable assets, net		315,947,703		314,912,350
	Non-depreciable assets		112,053,637		115,075,369
	Total Noncurrent Assets		428,001,340		429,987,719
	Total Assets		552,930,254		540,467,299
	DEFERRED OUTFLOWS OF RESOURCES				
	Deferred loss on refunding		5,497,243		6,009,498
	Deferred outflows related to pension		704,238		889,972
	Deferred outflows related to OPEB		366,670		104,527
	Total Deferred Outflows of Resources		6,568,151		7,003,997
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	CURRENT LIABILITIES				
	Liabilities From Unrestricted Assets:				
	Accounts payable		1,255,882		976,366
	Accrued expenses		1,938,549		1,909,271
	Total Liabilities From Unrestricted Assets		3,194,431		2,885,637
	Liabilities From Restricted Assets:				
	Accounts payable		5,644,171		2,855,845
	Accrued interest payable		1,244,656		1,309,957
	Current maturities of long-term debt		9,235,253		9,013,202
	Total Liabilities From Restricted Assets		16,124,080		13,179,004
	Total Current Liabilities		19,318,511		16,064,641
	NONCURRENT LIABILITIES				
	Net Pension Liability		902,004		1,923,291
	Net OPEB Liabilities		1,553,590		1,315,796
	Noncurrent portion of long-term obligations (Note 5)		73,618,351		83,384,219
	Total Noncurrent Liabilities		76,073,945		86,623,306
	Total Liabilities		95,392,456		102,687,947
	DEFERRED INFLOWS OF RESOURCES				
	Deferred inflows related to pension		1,288,749		999,369
	Deferred inflows related to OPEB		235,497		224,579
	Total Deferred Inflows of Resources		1,524,246		1,223,948
	NET POSITION				
	Net investment in capital assets		356,383,818		349,515,191
	Restricted				
	Debt service		85,581,956		73,695,939
	Customer and Passenger Facility Charges		2,676,269		1,914,459
	Unrestricted		17,939,661		18,433,812
	Total Net Position	$	462,581,703	$	443,559,401

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Parking	$ 23,288,122	$ 20,820,688
Landing fees	4,667,115	4,022,793
Concession	12,916,034	11,104,818
Rental	11,070,457	10,892,517
Apron fees	759,106	647,825
Other	391,436	315,359
Total Operating Revenues	53,092,270	47,804,000
OPERATING EXPENSES		
Personnel	13,008,479	12,456,754
Utilities	2,910,346	2,774,308
Professional services	1,749,438	1,671,948
Parking	4,158,181	3,949,159
Maintenance	1,975,529	1,677,176
Insurance	764,300	746,877
Supplies	596,828	601,562
Other	729,846	633,169
Total Operating Expenses	25,892,947	24,510,953
Operating Income Before Depreciation	27,199,323	23,293,047
DEPRECIATION	27,036,637	24,426,056
Operating Income (Loss)	162,686	(1,133,009)
NONOPERATING INCOME (EXPENSES)		
Interest income	1,523,294	625,820
Interest expense	(3,033,459)	(2,564,277)
Passenger Facility Charges	8,940,552	7,875,635
Customer Facility Charges	2,507,756	2,324,443
Other, net	136,136	(94,704)
Total Nonoperating Income (Expenses), Net	10,074,279	8,166,917
Increase/(Decrease) in Net Position Before Capital Grants and Contributions	10,236,966	7,033,908
CAPITAL GRANTS AND CONTRIBUTIONS	8,785,336	6,681,348
CHANGE IN NET POSITION	19,022,302	13,715,256
NET POSITION, BEGINNING	443,559,401	431,309,395
EFFECT OF ACCOUNTING CHANGE	-	(1,465,250)
TOTAL NET POSITION, ENDING	$ 462,581,703	$ 443,559,401

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from operations	$	53,669,700	$	47,377,321
Cash paid to employees		(9,971,287)		(9,395,434)
Cash paid to suppliers		(16,079,279)		(16,401,759)
Cash used in operating activities		(26,050,566)		(25,797,193)
Net cash provided by operating activities	$	27,619,134	$	21,580,128
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale and maturities of investments		2,135,531		3,803,404
Purchase of investments		(2,244,842)		(3,810,400)
Interest income received		1,543,527		642,848
Net cash provided by investing activities		1,434,216		635,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of long-term debt		(9,013,202)		(8,814,183)
Payment of interest on long-term debt		(3,098,760)		(3,336,853)
Capital contributions received		9,251,557		6,342,590
Passenger Facility Charges collected		8,885,057		7,809,787
Customer Facility Charges collected		2,492,450		2,354,529
Additions to capital assets		(22,261,935)		(18,246,002)
Payments related to investments and bonds		(38,572)		(5,762)
Net cash used in capital and related financing activities		(13,783,405)		(13,895,894)
Net increase in cash and cash equivalents		15,269,945		8,320,086
CASH AND CASH EQUIVALENTS				
Balances - beginning of year		99,463,440		91,143,354
Balances - end of year	$	114,733,385	$	99,463,440
Current Assets	$	23,080,210	$	22,753,630
Restricted Assets		91,653,175		76,709,810
	$	114,733,385	$	99,463,440
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$	162,686	$	(1,133,009)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation		27,036,637		24,426,056
Changes in assets and liabilities				
Decrease (increase) in accounts receivable		577,430		(426,679)
Decrease (increase) in other current assets		93,191		48,121
Decrease (increase) in deferred outflows of resources - pension		185,734		709,072
Decrease (increase) in deferred outflow of resources - OPEB		(262,143)		(24,380)
Increase (decrease) in trade accounts payable		279,516		(874,475)
Increase (decrease) in accrued expenses		29,278		338,506
Increase (decrease) in net pension liability		(1,021,287)		(2,225,081)
Increase (decrease) in net OPEB liabilities		237,794		(229,601)
Increase (decrease) in deferred inflows of resources -pension		289,380		747,019
Increase (decrease) in deferred inflows of resources - OPEB		10,918		224,579
Net cash provided by operating activities	$	27,619,134	$	21,580,128
Supplemental Cash Flow Information				
Non-cash investing, capital and financing activities				
Net increase (decrease) in fair value of investments	$	156,348	$	(107,302)
Non-cash capital contributions	$	226,224	$	692,445
Capital assets included in accounts payable	$	4,777,255	$	2,083,715

See Notes to Financial Statements.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Capital Region Airport Commission ("Commission") is a political subdivision of the Commonwealth of Virginia. Commissioners are appointed by participating subdivisions, which currently include the City of Richmond, Virginia and the Counties of Chesterfield, Hanover and Henrico, Virginia. The Commissioners are responsible for addressing broad policy matters and approving the operating and capital budgets. The financial statements of the Commission are presented in the fund of a single enterprise fund; which includes all business activities of the Richmond International Airport (the "Airport"), which the Commission oversees. The Commission, as the owner and operator of the Airport, maintains and enhances facilities to better serve the air transportation needs of Central Virginia. Major functional areas include Executive, Finance, Marketing & Air Service Development, Planning & Engineering, Public Safety and Real Estate. The Airport is currently served by seven major airlines and twelve regional airlines.

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

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Estimates

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

Cash and Cash Equivalents

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

Investments

Investments, principally money market accounts, and certificates of deposit, are carried at amortized cost. Federal and municipal obligations and money market funds are reported at fair value. Fair values of investments are based on quoted market prices at year end. All investment income, including changes in the fair value of investments, is reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Debt Issuance Costs and Original Issuance Premiums

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has three items that qualify for reporting in this category: accounting loss on debt refunding, pension related items, and other postemployment benefits (OPEB) related items. These items include contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date, which will be recognized as a reduction of the related liabilities next fiscal year. Certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred outflows of resources. For more detailed information on these items, reference the related notes. The accounting loss on debt refunding is recognized as a component of interest expense over the shorter of the life of the old debt or new debt.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Capital Assets

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalized Interest

Prior to fiscal year 2019, the Commission capitalized interest costs that related to the construction of Airport projects. Interest costs of projects acquired with tax exempt borrowings were reduced by interest earned on invested debt proceeds over the same construction period. Interest costs on Commission funded projects were calculated using the average interest rate on all borrowings over the same construction period. The capitalized interest cost for fiscal year 2018 was $717,037. There is no capitalized interest cost for fiscal year 2019 due to the Commission electing early application of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.*

Revenue Recognition

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

Revenue and Expense Classifications

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

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

Customer Facility Charges

As of December 1, 2000, the Commission entered into a Rental Car Customer Facility Charge Agreement with the on-site airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge ("CFC") for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at $2 per day. The rate fluctuated downward over the years to a low of $.40 on May 1, 2014, but increased to $3.00 during fiscal year 2015. On June 1, 2016 the rate was changed to $2.00. Collections during fiscal year 2019 were $2.5 million (2018 - $2.3 million).

Passenger Facility Charges

The Federal Aviation Administration (the "FAA") authorized the Commission Passenger Facility Charges ("PFC") rate of $4.50 per qualifying enplaned passenger, effective January 1, 2005, with the net receipts restricted to use on FAA approved projects. The Commission has been authorized to collect PFC plus interest thereon in the aggregate amount of $224.1 million. Collections during fiscal year 2019 were $8.9 million (2018 - $7.9 million) and aggregate collections and interest thereon from inception through June 30, 2019 were $145 million. Net position related to PFC is restricted for projects that are approved by the FAA.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

State Entitlement Funds
The Commission 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 Commission 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.

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

Salaries and Wages
Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of $5,000 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to $991 thousand at June 30, 2019, and $1,052 thousand at June 30, 2018. The net decrease for fiscal year 2019 amounted to $61 thousand; represented by payments of $585 thousand to vested employees and additional accrued vacation and sick leave of $524 thousand. For fiscal year 2018, the net increase amounted to $243 thousand.

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

Other Postemployment Benefits (OPEB)
For purposes of measuring the net VRS related OPEB liabilities, 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, HIC, LODA, and VLDP OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets

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

Risk Management

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

Change in Accounting Principles

The Commission implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The requirements of GASB Statement No. 89 are effective for reporting periods beginning after December 15, 2019. The Commission early implemented. The requirements should be applied prospectively. Therefore, there is no capitalized interested cost for fiscal year 2019.

The Commission implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 88 defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings (for example, a government entering into a loan agreement with a lender) and direct placements (for example, a government issuing a debt security directly to an investor). Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. The requirements of this Statement apply to the financial statements of all state and local governments. This Statement amends Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments,* paragraph 119; Statement No. 38, *Certain Financial Statement Note Disclosures,* paragraphs 10 and 12; Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities,* paragraph 11; NCGA Interpretation 6, *Notes to the Financial Statements Disclosure,* paragraphs 4 and 5 and *Implementation Guide No. 2015-1,* Question 7.85.7.

The Commission's outstanding notes from direct borrowings and direct placements of $20,747,187 are the Airport Revenue Bonds, Series 2001 A&B, which obligate Commission generated revenue and PFC Revenue Bonds, Series 2016 A&B, which do not obligate any Commission general revenue. (See Note 5 of Notes to Financial Statements.)

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principles (continued)

The Commission implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Commission implemented GASB Statement No. 85, Omnibus 2017 during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). The implementation of these Statements resulted in the following restatement of net position:

Net Position as reported at June 30, 2017	$	431,309,395
Implementation of GASB 75		(1,465,250)
Net Position as restated at June 30, 2018	$	429,844,145

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience, and other currently available evidence. The allowance activity in the allowance for doubtful accounts was as follows:

	2019		2018	
Balance, beginning of period	$	243,441	$	202,119
Charged to costs and other write-offs		(138,500)		(6,852)
Bad debt expense		73,024		48,174
Balance, end of period	$	177,965	$	243,441

Net Position

Net position represents the residual interest of all other elements presented in the statement of financial position for the Commission. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in three components: net investment in capital assets, which include capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; restricted when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources, which will be liquidated with the restricted assets; or unrestricted, which includes the net effect of all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories.

Note 2. FORMATION OF THE COMMISSION

As of January 1, 1976, under an agreement among the City of Richmond, Virginia (the "City"), the County of Henrico, Virginia and the Commission; the City transferred to the Commission the property then constituting the Airport. Consideration for the transfer was $3,000,000 plus the Commission's agreement to reimburse the City $7,484,954 for the portion of the City's debt service related to the Airport property (City has been fully reimbursed). The Commission valued the property at $64,924,072, based on independent appraisals, and recorded the property on its books at this amount. The $54,439,118 difference between the recorded amount and the consideration was treated as a contribution of assets.

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following:

	2019	2018
Petty cash	$ 618	$ 618
Deposits at financial institutions	26,440,849	26,584,653
Cash equivalents and investments	94,637,194	78,978,019
	$121,078,661	$105,563,290
Summary:		
Unrestricted assets	$ 23,080,211	$ 22,753,630
Restricted assets	97,998,450	82,809,659
	$121,078,661	$105,563,290

Deposits

At June 30, 2019, the carrying value of the Commission's deposits with banks was $26,440,848 with corresponding bank balances of $27,447,803. At June 30, 2018, the carrying value of the Commission's deposits with banks was $26,584,653 with corresponding bank balances of $27,260,260. Bank balances are covered by Federal Depository Insurance Corporation ("FDIC") in accordance with the Virginia Security for Public Deposits Act.

The remainder of money markets and cash deposits maintained by trustees is $88,291,918.

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

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

Credit Risks

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

Interest and credit risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Commission currently has no formal policy relating to interest rate risk. The Commission's cash equivalents and investments at June 30, 2019, except for those relating to money market funds, are categorized below to give an indication of the level of risk assumed by the Commission at year-end:

Investment Maturities and Ratings for 2019

Investment Type	Fair Value	Less Than 12 months	Over 12 months	Moody's Quality Ratings
Atlanta GA Development Authority Revenue	$ 750,660	$ -	$ 750,660	WR
Federal National Mortgage Association	1,043,287	418,387	624,900	Aaa
Federal Home Loan Banks	2,651,366	374,419	2,276,947	Aaa
Federal Farm Credit Banks	626,969	-	626,969	Aaa
Federal Home Loan Mortgage Corp	1,272,993	1,272,993	-	Aaa
	$ 6,345,275	$ 2,065,799	$ 4,279,476	

Investment Maturities and Ratings for 2018

Investment Type	Fair Value	Less Than 12 months	Over 12 months	Moody's Quality Ratings
Atlanta GA Development Authority Revenue	$ 750,300	$ -	$ 750,300	WR
Federal National Mortgage Association	1,026,365	-	1,026,365	Aaa
Federal Home Loan Banks	1,610,756	-	1,610,756	Aaa
Federal Farm Credit Banks	607,531	-	607,531	Aaa
Federal Home Loan Mortgage Corp	864,036	-	864,036	WR
Federal Home Loan Mortgage Corp	1,240,861	-	1,240,861	Aaa
	$ 6,099,849	$ -	$ 6,099,849	

Fair Value Measurements:

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

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

Fair Value Measurements: (continued)

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

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

The Commission has the following recurring fair value measurements as of June 30, 2019 and 2018:

		Fair Value Measurement Using		
Investment	**6/30/2019**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Atlanta GA Development Authority Revenue		$ 750,660		
Federal National Mortgage Association		1,043,287		
Federal Home Loan Banks		2,651,366		
Federal Farm Credit Banks		626,969		
BB &T Public Fund Money Rate Savings		15,135,604		
Money Market Mutual Funds		66,811,039		
Federal Home Loan Mortgage Corp		1,272,993		
		$ 88,291,918		

		Fair Value Measurement Using		
Investment	**6/30/2018**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Atlanta GA Development Authority Revenue		$ 750,300		
Federal National Mortgage Association		1,026,365		
Federal Home Loan Banks		1,610,756		
Federal Farm Credit Banks		607,531		
BB &T Public Fund Money Rate Savings		10,055,327		
Money Market Mutual Funds		56,722,994		
Federal Home Loan Mortgage Corp		2,104,897		
		$ 72,878,170		

Custodial credit risk: The risk that in the event of the failure of the counter party, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy requires the use of a third party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the name of the Commission. As of June 30, 2019, all of the Commission's investment securities held by third parties are in the name of the Commission.

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

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

Note 4. CAPITAL ASSETS

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	$ 52,864,182	$ -	$ -	$ 316,359	$ 53,180,541
Construction in progress	62,211,187	24,684,070	-	(28,022,162)	58,873,095
Total Non Depreciable Capital Assets	115,075,369	24,684,070	-	(27,705,803)	112,053,636
Other capital assets:					
Land improvements	19,616,585	7,900	-	969,361	20,593,846
Buildings	315,683,420	1,650,893	111,426	6,989,784	324,435,523
Paved Facilities	236,653,782	(640,805)	212,219	16,428,053	252,653,249
Furniture and fixtures	3,268,393	28,067	7,840	(4,201)	3,300,099
Machinery and Equipment	32,877,576	(679,867)	59,515	3,322,807	35,580,031
Total Other Capital Assets	608,099,756	366,188	391,000	27,705,803	636,562,748
Total Capital Assets	723,175,125	25,050,257	391,000	-	748,616,384
Accumulated depreciation:					
Land improvements	(8,759,034)	(1,481,135)	-	-	(10,240,170)
Buildings	(139,606,547)	(10,079,444)	(111,426)	-	(149,797,417)
Paved Facilities	(125,362,448)	(12,064,824)	(212,220)	-	(137,639,492)
Furniture and fixtures	(2,137,733)	(265,734)	(7,840)	-	(2,411,307)
Machinery and Equipment	(17,321,645)	(3,145,500)	(59,515)	-	(20,526,660)
Total Accumulated Depreciation	(293,187,407)	(27,036,637)	(391,000)	-	(320,615,045)
Capital Assets, Net	$ 429,987,718	$ (1,986,380)	$ -	$ -	$ 428,001,340

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land	$ 52,864,182	$ -	$ -	$ -	$ 52,864,182
Construction in progress	107,028,784	18,563,171	-	(63,380,768)	62,211,187
Total Non Depreciable Capital Assets	159,892,966	18,563,171	-	(63,380,768)	115,075,369
Other capital assets:					
Land improvements	24,021,077	-	(4,404,492)	-	19,616,585
Buildings	308,927,960	102,738	(4,068,770)	10,721,492	315,683,420
Paved Facilities	190,537,953	15,055	(5,357,388)	51,458,162	236,653,782
Furniture and fixtures	4,345,414	9,222	(1,116,112)	29,869	3,268,393
Machinery and Equipment	57,083,479	636,408	(26,013,556)	1,171,245	32,877,576
Total Other Capital Assets	584,915,883	763,423	(40,960,318)	63,380,768	608,099,756
Total Capital Assets	744,808,849	19,326,594	(40,960,318)	-	723,175,125
Accumulated depreciation:					
Land improvements	(11,822,143)	(1,341,383)	4,404,492	-	(8,759,034)
Buildings	(134,455,475)	(9,219,842)	4,068,770	-	(139,606,547)
Paved Facilities	(120,170,883)	(10,548,953)	5,357,388	-	(125,362,448)
Furniture and fixtures	(2,984,954)	(268,891)	1,116,112	-	(2,137,733)
Machinery and Equipment	(40,288,214)	(3,046,987)	26,013,556	-	(17,321,645)
Total Accumulated Depreciation	(309,721,669)	(24,426,056)	40,960,318	-	(293,187,407)
Capital Assets, Net	$ 435,087,180	$ (5,099,462)	$ -	$ -	$ 429,987,718

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS

Changes in long-term obligations for the years ended June 30, 2019 and 2018 consists of:

	Balance 6/30/2018	Increase	Decrease	Balance 6/30/2019	Current Maturities
General obligation bonds					
Airport Revenue Bonds:					
Series 2008A (b)	$ 1,245,000	$ -	$ (1,245,000)	$ -	$ -
Series 2013A Airport Refunding (c)	17,955,000	-	(2,020,000)	15,935,000	2,080,000
Series 2016A Airport Refunding (d)	39,305,000	-	-	39,305,000	1,285,000
Total	58,505,000	-	(3,265,000)	55,240,000	3,365,000
Notes from direct borrowings and direct placements					
Airport Revenue Bonds:					
Series 2001A&B (a)	19,860,944	-	(2,452,363)	17,408,581	2,531,646
PFC Revenue Bonds:					
Series 2016A (e)	3,628,687	-	(1,802,647)	1,826,040	1,826,040
Series 2016B (e)	3,005,758	-	(1,493,191)	1,512,567	1,512,567
Total	26,495,388	-	(5,748,201)	20,747,187	5,870,253
Add: Bond premium paid, net	7,397,033	-	(530,615)	6,866,418	-
Total Long-Term Debt	$ 92,397,421	$ -	$ (9,543,816)	$ 82,853,605	$ 9,235,253
Loss deferred outflows	$ (6,009,498)	$ -	$ 512,255	$ (5,497,243)	$ -

	Balance 6/30/2017	Increase	Decrease	Balance 6/30/2018	Current Maturities
General obligation bonds					
Airport Revenue Bonds:					
Series 2008A (b)	$ 2,445,000	$ -	$ (1,200,000)	$ 1,245,000	$ 1,245,000
Series 2013A Airport Refunding (c)	19,940,000	-	(1,985,000)	17,955,000	2,020,000
Series 2016A Airport Refunding (d)	39,305,000	-	-	39,305,000	-
Total	61,690,000	-	(3,185,000)	58,505,000	3,265,000
Notes from direct borrowings and direct placements					
Airport Revenue Bonds:					
Series 2001A&B (a)	22,236,509	-	(2,375,565)	19,860,944	2,452,363
PFC Revenue Bonds:					
Series 2016A (e)	5,408,242	-	(1,779,555)	3,628,687	1,802,647
Series 2016B (e)	4,479,821	-	(1,474,063)	3,005,758	1,493,191
Total	32,124,571	-	(5,629,183)	26,495,388	5,748,201
Add: Bond premium paid, net	7,927,648	-	(530,615)	7,397,033	-
Total Long-Term Debt	$ 101,742,219	$ -	$ (9,344,798)	$ 92,397,421	$ 9,013,201
Loss deferred outflows	$ (6,521,753)	$ -	$ 512,255	$ (6,009,498)	$ -

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

The aggregate amount of debt service on long-term debt following June 30, 2019, is as follows:

Long-Term Debt

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements					
Year	Revenue		Revenue		PFC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	3,365,000	2,308,601	2,531,646	518,558	3,338,607	23,374	9,235,253	2,850,533
2021	3,475,000	2,184,876	2,613,494	436,710	-	-	6,088,494	2,621,586
2022	3,600,000	2,047,238	2,697,989	352,215	-	-	6,297,989	2,399,453
2023	3,635,000	1,881,575	2,785,219	264,985	-	-	6,420,219	2,146,560
2024	4,090,000	1,688,450	2,875,271	174,934	-	-	6,965,271	1,863,384
2025-2029	13,155,000	6,418,925	3,904,962	91,078	-	-	17,059,962	6,510,003
2030-2034	10,625,000	4,038,375	-	-	-	-	10,625,000	4,038,375
2035-2039	13,295,000	1,371,500	-	-	-	-	13,295,000	1,371,500
	$ 55,240,000	$ 21,939,540	$ 17,408,581	$ 1,838,480	$ 3,338,607	$ 23,374	$ 75,987,188	$ 23,801,394

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

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

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

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

In November 2010, the Commission approved a resolution for the interest rate reduction agreement of the 2001A and the 2001B Series Bonds issued through the VRA. The bonds were refinanced effective August 23, 2011. The 2001A Series Bonds bear interest at 3.11% and the 2001B Series Bonds bear interest at 3.28%. Total savings in interest over the remaining life of the bonds will be approximately $2.8 million. The monthly principal and interest payments on the Series 2001A and Series 2001B are respectively $138,908 and $115,275.

(b) Airport Revenue Bonds, Series 2008A

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

The Commission adopted on April 26, 2016, to holders of IRS $51,310,000 Airport Revenue Bonds, Series 2008A (the "2008A Bonds"), that the 2008A Bonds maturing on July 1 in the years 2019 through 2025 and 2031and 2038 (the "Refunded Bonds"), have been defeased. The fixed rates range from 4% to 5%. For the payment of the principal

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

of and interest on the Refunded Bonds, the Commission has irrevocably deposited in an escrow fund with The Bank of New York Mellon, Woodland Park, New Jersey, certain United States Treasury Obligations, calculated by a firm of certified public accountants to be sufficient to pay accrued interest on the Refunded Bonds from January 1, 2016, to their redemption date, July 1, 2018, and pay on such date the principal amount of such Refunded Bonds. After the final principal payment the Refunded Bonds ceased to bear interest on July 1, 2018.

(c) Revenue Refunding Bonds, Series 2013A

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

(d) Airport Revenue Bonds, Series 2016A

The Commission issued Airport Revenue Refunding Bond Series 2016A on June 1, 2016, in the amount of $39,305,000. The bonds were issued under and secured by the Airport Revenue Bond Resolution adopted by the Commission on November 2l, l984 (the "Master Resolution"), as amended and supplemented from time to time, including a Thirteenth Supplemental Bond Resolution adopted by the Commission on April 26, 2016 (the "Thirteenth Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution"). The Commission will use the net proceeds of the Series 2016A Bonds, together with other funds of the Commission, to refund a portion of its Airport Revenue Bonds, Series 2008A, to fund a debt service reserve subaccount for the Series 2016A Bonds, and to pay certain costs of their issuance. The Series 2016A Bonds bear a variable interest rate from 3% to 5%. Interest will initially be payable on July 1, 2016, and on each January 1 and July 1 thereafter until maturity or earlier redemption. Principal payments begin on July 1, 2019. The Series 2016A Bonds will be issued in fully registered form and in denominations of $5,000 or integral multiples thereof. The reacquisition price exceeded the net carrying amount of the old debt by $4,329,914. This amount is reported as the deferred charge on refunding and amortized over the remaining life of the refunded debt. The refunding will reduce total debt service payments over 22 years by $7,192,885, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $5,358,514.

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

(e) Passenger Facility Charge Revenue Bonds, Series 2016A (AMT) and Series 2016B (Non-AMT)

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

(f) Restricted Assets

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

	2019	2018
Cost of issuance	$ 134,168	$ 134,514
Debt service	23,587,518	23,664,627
Equipment and capital outlay	54,351,003	41,258,573
Operation and maintenance	16,557,003	14,069,152
	$ 94,629,692	$ 79,126,866

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

The Commission is subject to arbitrage rebate liability in accordance with Section 148(f) of the Internal Revenue Code of 1986, as amended, and the Final U.S. Treasury Regulations 1.148-1 through 1.148-11 issued on June 19, 1993, and amended on May 9, 1997. There was no accrued arbitrage liability for the years ended June 30, 2019 and June 30, 2018.

Note 6. MAJOR CUSTOMERS

Due to the nature of the Commission's operations, the majority of its operating revenues are from several large customers. The operating revenues from two major customers were $2,703,961 (5.1%) and $2,337,846 (4.4%) for the year ended June 30, 2019, and $2,713,176 (5.7%) and $2,085,016 (4.4%) for the year ended June 30, 2018.

Note 7. FUTURE RENTAL AND CONCESSION INCOME UNDER OPERATING LEASES

The following is a schedule by years of minimum future rental and concession income under non-cancelable operating leases with tenants and concessionaires as of June 30, 2019:

Fiscal Year	Amount
2020	$ 11,392,554
2021	2,649,837
2022	2,369,524
2023	2,090,077
2024	1,648,267
2025-2029	2,230,746
2030-2034	176,072
	$ 22,557,077

The Commission had rental and concession income of $23,986,491 and $21,997,335 in 2019 and 2018, respectively, which is included in operating revenues. Rental income is derived from various lease space within the terminal building, other buildings, and the rental of Airport land property. Concession income is derived from various concession agreements from food and beverage, retail sales and rental car companies.

Note 8. PENSION PLAN

Plan Description

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

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.

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.

Note 8. PENSION PLAN (continued)

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.

Employees Covered by Benefit Terms

As of the June 30, 2017 and June 30, 2016 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	2017 Valuation	**2016 Valuation**
Inactive members or their beneficiaries currently receiving benefits	92	92
Inactive members:		
Vested inactive members	38	35
Non-vested inactive members	86	99
Inactive members active elsewhere in VRS	65	64
Total inactive members	189	198
Active members	177	168
Total covered employees	458	458

Note 8. PENSION PLAN (continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement.

The Commission's contractually required employer contribution rate for the year ended June 30, 2019 was 8.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The Commission's contractually required employer contribution rate for the year ended June 30, 2018 was 9.94% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were $695,525 and $837,690 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. The Commission's net pension liability was measured as of June 30, 2018 and June 30, 2017. The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2017 and June 30, 2016, rolled forward to the measurement date of June 30, 2018 and June 30, 2017.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on actuarial valuations as of June 30, 2017 and June 30, 2016, 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 and June 30, 2017.

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

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

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees (continued)

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.

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:

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees (continued)

Mortality rates: (continued)

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 8. 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 Commission's Retirement Plan was based on 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%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Largest 10 – 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) – 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.

Note 8. PENSION PLAN (continued)

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

Mortality rates: (continued)

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

Post-Disablement:

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

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 8. PENSION PLAN (continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
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 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 Commission 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.

Note 8. PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 34,410,771	32,487,480	$ 1,923,291
Changes for the year:			
Service cost	$ 951,396	-	$ 951,396
Interest	2,360,261	-	2,360,261
Benefit changes	402,011	-	402,011
Differences between expected and actual experience	(1,116,875)	-	(1,116,875)
Contributions - employer	-	820,043	(820,043)
Contributions - employee	-	410,902	(410,902)
Net investment income	-	2,409,834	(2,409,834)
Benefit payments, including refunds	(1,385,500)	(1,385,500)	-
Administrative expenses	-	(20,544)	20,544
Other changes	-	(2,155)	2,155
Net changes	$ 1,211,293	$ 2,232,580	$ (1,021,287)
Balances at June 30, 2018	$ 35,622,064	$ 34,720,060	$ 902,004

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 33,426,172	$ 29,277,800	$ 4,148,372
Changes for the year:			
Service cost	$ 914,853	$ -	$ 914,853
Interest	2,289,579	-	2,289,579
Differences between expected and actual experience	(470,663)	-	(470,663)
Assumption changes	(313,362)	-	(313,362)
Contributions - employer	-	725,003	(725,003)
Contributions - employee	-	379,833	(379,833)
Net investment income	-	3,564,329	(3,564,329)
Benefit payments, including refunds	(1,435,808)	(1,435,808)	-
Administrative expenses	-	(20,502)	20,502
Other changes	-	(3,175)	3,175
Net changes	$ 984,599	$ 3,209,680	$ (2,225,081)
Balances at June 30, 2017	$ 34,410,771	$ 32,487,480	$ 1,923,291

Note 8. PENSION PLAN (continued)

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
Capital Region Airport Commission		(6.00%)	(7.00%)	(8.00%)
Net Pension Liability(Asset)				
	2018	$ 5,358,254	$ 902,004	$ (2,821,505)
	2017	6,287,690	1,923,291	(1,717,239)

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

For the year ended June 30, 2019, the Commission recognized pension expense of $131,705. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,713	$ 898,873
Change in assumptions	-	99,464
Net difference between projected and actual earnings on pension plan investments	-	290,412
Employer contributions subsequent to the measurement date	695,525	-
Total	$ 704,238	$ 1,288,749

Note 8. PENSION PLAN (continued)

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

For the year ended June 30, 2018, the Commission recognized pension expense of $52,866. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 52,282	$ 322,045
Change in assumptions	-	206,413
Net difference between projected and actual earnings on pension plan investments	-	470,911
Employer contributions subsequent to the measurement date	837,690	-
Total	$ 889,972	$ 999,369

$695,525 and $837,690 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal years ended June 30, 2020 and June 30, 2019, respectively. 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	2019	Year ended June 30	2018
2020	$ (505,360)	2019	$ (530,064)
2021	(397,755)	2020	(109,584)
2022	(348,539)	2021	(1,979)
2023	(28,382)	2022	(305,460)
2024	-	2023	-
Thereafter	-	Thereafter	-

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 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 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 participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

HIC Program Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Employees Covered by Benefit Terms

As of the June 30, 2017 and June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	2017 Valuation	2016 Valuation
Inactive members or their beneficiaries currently receiving benefits	0	0
Inactive members:		
Vested inactive members	5	4
Non-vested inactive members	0	0
Inactive members active elsewhere in VRS	0	0
Total inactive members	5	4
Active members	177	168
Total covered employees	182	172

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Commission contractually required employer contribution rate for the year ended June 30, 2019 was .21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The Commission contractually required employer contribution rate for the year ended June 30, 2018 was .21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate 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 from the Commission to the Health Insurance Credit Program were $18,732 and $17,946 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Net HIC OPEB Liability

The Commission net Health Insurance Credit OPEB liability was measured as of June 30, 2018 and June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2017 and June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018 and June 30, 2017.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017 and June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2018 and June 30, 2017.

Inflation		2.5%
Salary increases, including inflation:		
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 market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (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 Life Mortality Table 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 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (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 Life Mortality Table 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%

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Actuarial Assumptions (continued)

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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%

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Actuarial Assumptions (continued)

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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%

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (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 HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the HIC 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 contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 142,953	$ 16,157	$ 126,796
Changes for the year:			
Service cost	$ 7,363	-	$ 7,363
Interest	9,655	-	9,655
Difference between expected and actual experience	533	-	533
Contributions - employer	-	17,946	(17,946)
Net investment income	-	1,857	(1,857)
Benefit payments, including refunds of employee contributions	(10,044)	(10,044)	-
Administrative expenses	-	(46)	46
Net changes	$ 7,507	$ 9,713	$ (2,206)
Balances at June 30, 2018	$ 150,460	$ 25,870	$ 124,590

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 136,397	$ -	$ 136,397
Changes for the year:			
Service cost	$ 7,515	$ -	$ 7,515
Interest	9,551	-	9,551
Changes of assumptions	(10,627)	-	(10,627)
Contributions - employer	-	15,147	(15,147)
Net investment income	-	928	(928)
Benefit payments, including refunds of employee contributions	117	117	-
Administrative expenses	-	(35)	35
Net changes	$ 6,556	$ 16,157	$ (9,601)
Balances at June 30, 2017	$ 142,953	$ 16,157	$ 126,796

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Sensitivity of the Commission's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Commission's Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Commission's net HIC 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	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Commission's Net HIC OPEB Liability			
2018	$ 145,949	$ 124,590	$ 106,602
2017	146,185	126,796	110,509

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2019, the Commission recognized Health Insurance Credit Program OPEB expense of $14,195. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Commission's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 463	$ -
Changes of assumptions	-	7,899
Net difference between projected and actual earnings on HIC OPEB plan investments	-	598
Employer contributions subsequent to the measurement date	18,732	-
Total	$ 19,195	$ 8,497

Note 9. HEALTH INSURANCE CREDIT (HIC) PROGRAM (continued)

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB (continued)

For the year ended June 30, 2018, the Commission recognized Health Insurance Credit Program OPEB expense of $15,125. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Commission's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	9,263
Net difference between projected and actual earnings on HIC OPEB plan investments	-	316
Employer contributions subsequent to the measurement date	17,946	-
Total	$ 17,946	$ 9,579

$18,732 and $17,946 reported as deferred outflows of resources related to the HIC OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal years ending June 30, 2020 and June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	2019	Year Ended June 30	2018
2020	$ (1,463)	2019	$ (1,443)
2021	(1,463)	2020	(1,443)
2022	(1,463)	2021	(1,443)
2023	(1,385)	2022	(1,443)
2024	(1,294)	2023	(1,364)
Thereafter	(966)	Thereafter	(2,443)

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Program 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 10-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 Group Life Insurance 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 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.

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.

Note 10-GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (continued)

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 years ended June 30, 2019 and June 30, 2018 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 and June 30, 2015, respectively. 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 Commission were $46,590 and $44,885 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 Group Life Insurance Program OPEB

At June 30, 2019 and June 30, 2018, the entity reported a liability of $689,000 and $647,000, respectively for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and June 30, 2017 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 Commission's proportion of the Net GLI OPEB Liability was based on the Commission's actuarially determined employer contributions to the GLI Program for the years ended June 30, 2018 and June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Commission's proportion was .04539% as compared to .04295% at June 30, 2017 and .04235% at June 30, 2016.

For the years ended June 30, 2019 and June 30, 2018, the Commission recognized GLI OPEB expense of $13,000 and $9,000, respectively. 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 10-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 Group Life Insurance Program OPEB (continued)

At June 30, 2019, the Commission 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	$ 34,000	$ 13,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	22,000
Change in assumptions	-	29,000
Changes in proportion	41,000	-
Employer contributions subsequent to the measurement date	46,590	-
Total	$ 121,590	$ 64,000

At June 30, 2018, the Commission 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	$ -	$ 15,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	24,000
Change in assumptions	-	33,000
Changes in proportion	8,000	-
Employer contributions subsequent to the measurement date	44,885	-
Total	$ 52,885	$ 72,000

Note 10-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 Group Life Insurance Program OPEB *(continued)*

$46,590 and $44,885 reported as deferred outflows of resources related to the GLI OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal years ending June 30, 2020 and June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OEPB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	2019	Year Ended June 30	2018
2020	$ (2,000)	2019	$ (13,000)
2021	(2,000)	2020	(13,000)
2022	(2,000)	2021	(13,000)
2023	2,000	2022	(13,000)
2024	8,000	2023	(9,000)
Thereafter	7,000	Thereafter	(3,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017 and June 30, 2016, 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 and June 30, 2017.

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

Note 10-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%

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.

Note 10-GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (continued)

Actuarial Assumptions: (continued)

***Mortality Rates –Non- Largest Ten Locality Employers-General 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 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 10-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.

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%

Note 10-GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (continued)

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.

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%.

Note 10-GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (continued)

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 Commission 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.

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

The following presents the Commission's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the Commission'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	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Commission's proportionate share of the Group Life Insurance Program Net OPEB Liability	2018	$ 901,000	$ 689,000	$ 517,000
	2017	836,000	647,000	493,000

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.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the LODA.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2019 and June 30, 2018 was $705.77 and $567.37, respectively per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and June 30, 2015, respectively and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $33,877 and $24,964 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019 and June 30, 2018, the entity reported a liability of $735,000 and $539,000, respectively for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and June 30, 2017 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the years ended June 30, 2018 and June 30, 2017 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was .23438% as compared to .20517% at June 30, 2017 and .23930% at June 30, 2016.

For the years ended June 30, 2019 and June 30, 2018, the entity recognized LODA OPEB expense of $59,000 and $37,000, respectively. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 105,000	$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,000
Change in assumptions	-	85,000
Change in proportion	75,000	75,000
Employer contributions subsequent to the measurement date	33,877	-
Total	$ 213,877	$ 162,000

At June 30, 2018, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	1,000
Change in assumptions	-	56,000
Change in proportion	-	85,000
Employer contributions subsequent to the measurement date	24,964	-
Total	$ 24,964	$ 142,000

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (continued)

$33,877 and $24,964 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2020 and June 30, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30	2019	Year Ended June 30	2018
2020	$ 2,000	2019	$ (17,000)
2021	2,000	2020	(17,000)
2022	2,000	2021	(17,000)
2023	2,000	2022	(17,000)
2024	2,000	2023	(17,000)
Thereafter	8,000	Thereafter	(57,000)

Actuarial Assumptions

The total LODA 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	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Investment rate of return	3.56%, net of OPEB plan investment expenses, including inflation*

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Actuarial Assumptions (continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.56%. However, since the difference was minimal, a more conservative 3.56% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return.

Mortality Rates – Largest Ten Locality Employers with Public Safety 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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%

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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%

Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2016 actuarial valuation results which were rolled forward to the measurement date of June 30, 2017. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.
- The extension of health care benefits for dependent children to age 26.
- The expansion of the definition of presumption of death or disability to include infectious diseases.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Net LODA OPEB Liability

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

		LODA Program
Total LODA OPEB Liability	$	315,395
Plan Fiduciary Net Position		1,889
Employers' Net OPEB Liability (Asset)	$	313,506
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability		0.60%

The total LODA 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 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Sensitivity of the Commission's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net LODA OPEB liability using the 2018 discount rate of 3.89%, as well as what the Commission's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate. The 2017 share is presented using the discount rate of 3.56% as well as the one percentage point decrease (2.56%) and one percentage point increase of 4.56%.

		Discount Rate		
		1% Decrease	Current	1% Increase
Commission's proportionate share of the total LODA Net OPEB Liability	2018	$ 842,000	$ 735,000	$ 649,000
	2017	611,000	539,000	479,000

Sensitivity of the Commission's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the Commission's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the Commission's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

		Health Care Trend Rates		
		1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Commission's proportionate share of the total LODA Net OPEB Liability	2018	$ 626,000	$ 735,000	$ 871,000
	2017	458,000	539,000	641,000

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program 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.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP)

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

The specific information for the VLDP OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Contributions

The contribution requirements for active Hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the years ended June 30, 2019 and June 30, 2018 was 0.72% and 0.60%, respectively of covered employee compensation for employees in the VRS Political Subdivision Employee VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and June 30, 2015, respectively. The actuarially determined rate 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 from the Commission to the VRS Political Subdivision Employee VDLP were $12,008 and $8,732 for the years ended June 30, 2019 and June 30, 2018, respectively.

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2019 and June 30, 2018, the Commission reported a liability of $5,000 and $3,000, respectively for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2018 and June 30, 2017, respectively and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of that date. The Commission's proportion of the Net VLDP OPEB Liability was based on the Commission's actuarially determined employer contributions to the VLDP OPEB plan for the years ended June 30, 2018 and June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Commission's proportion of the VLDP was 0.59935% as compared to 0.58804% at June 30, 2017 and 0.54229% at June 30, 2016.

For the years ended June 30, 2019 and June 30, 2018, the Commission recognized VLDP OPEB expense of $10,000 and $6,000, respectively. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	-
Change in assumptions	-	1,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	12,008	-
Total	$ 12,008	$ 1,000

At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on VLDP OPEB plan investments	-	-
Change in assumptions	-	1,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	8,732	-
Total	$ 8,732	$ 1,000

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (continued)

$12,008 and $8,732 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2020 and June 30, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Year Ended June 30	2019	Year Ended June 30	2018
2020	$ (1,000)	2019	$ (1,000)
2021	-	2020	-
2022	-	2021	-
2023	-	2022	-
2024	-	2023	-
Thereafter	-	Thereafter	-

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP 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%
Salary increases, including inflation	3.5%-5.35%
Investment rate of return	7.0%, net of plan investment expenses, including inflation*

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

Mortality Rates – Largest Ten Locality Employers – General and Non-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 95% of rates; females 105% of rates.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Actuarial Assumptions: (continued)

Mortality Rates – Largest Ten Locality Employers – General and Non-Hazardous Duty Employees (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 Life Mortality Table 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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Actuarial Assumptions: (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 and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Political Subdivision Employee VLDP is as follows (amounts expressed in thousands):

	Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	$ 1,588
Plan Fiduciary Net Position	816
Political Subdivision net VLDP OPEB Liability (Asset)	$ 772
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	51.39%

The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP 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 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS 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%.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the Commission for the VLDP 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, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB 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 VLDP OPEB liability.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Sensitivity of the Commission's Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net VLDP OPEB liability using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net VLDP 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%)
Commission's proportionate share of the Net VLDP OPEB Liability	2018 $	5,000 $	5,000 $	4,000
	2017	4,000	3,000	3,000

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position 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 13. OPEB PLANS SUMMARY

The below table summarizes the OPEB plans aggregate totals of net OPEB liabilities, deferred outflows of resources, deferred inflows of resources and OPEB expense:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Health Insurance Credit Program (Note 9)	$ 19,195	$ (8,497)	$ (124,590)	$ 14,195
Group Life Insurance Program (Note10):	121,590	(64,000)	(689,000)	13,000
Line of Duty Act Program (Note11)	213,877	(162,000)	(735,000)	59,000
Virginia Local Disability Program (Note 12)	12,008	(1,000)	(5,000)	10,000
Totals at June 30, 2019	$ 366,670	$ (235,497)	$ (1,553,590)	$ 96,195

Note 13. OPEB PLANS SUMMARY (continued)

		Deferred Outflows		Deferred Inflows		Net OPEB Liability		OPEB Expense
VRS OPEB Plans:								
Health Insurance Credit Program (Note 9)	$	17,946		9,579		126,796		15,125
Group Life Insurance Program (Note10):		52,885		72,000		647,000		9,000
Line of Duty Act Program (Note11)		24,964		142,000		539,000		37,000
Virginia Local Disability Program (Note 12)		8,732		1,000		3,000		6,000
Totals at June 30, 2018	$	104,527	$	224,579	$	1,315,796	$	67,125

Note 14. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

Note 15. DEFERRED COMPENSATION PLAN

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of $19,000 for the year 2019; with participants age 50 and older allowed to defer a maximum of $25,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. All plan assets are held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. Accordingly the related assets and liabilities associated with the plan are not reported as part of the Commission's financial information.

Note 16. COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Commission management does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the financial position of the Commission. As of June 30, 2019, the Commission had construction commitments of approximately $48.4 million, of which approximately $13.6 million will be paid from federal and state grants.

Note 17. SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND INTERNATIONAL AIRPORT®

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Capital Region Airport Commission
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
VRS PENSION PLAN
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 951,396	$ 914,853	$ 947,517	$ 867,611	$ 870,607
Interest	2,360,261	2,289,579	2,166,414	2,103,636	1,980,695
Changes of benefit terms	402,011	-	-	-	-
Differences between expected and actual experience	(1,116,875)	(470,663)	139,420	(733,014)	-
Changes in assumptions	-	(313,362)	-	-	-
Benefit payments, including refunds of employee contributions	(1,385,500)	(1,435,808)	(1,551,901)	(1,130,913)	(1,059,085)
Net change in total pension liability	$ 1,211,293	$ 984,599	$ 1,701,450	$ 1,107,320	$ 1,792,217
Total pension liability - beginning	34,410,771	33,426,172	31,724,722	30,617,402	28,825,185
Total pension liability - ending (a)	$ 35,622,064	$ 34,410,771	$ 33,426,172	$ 31,724,722	$ 30,617,402
Plan fiduciary net position					
Contributions - employer	$ 820,043	$ 725,003	$ 823,513	$ 818,481	$ 831,532
Contributions - employee	410,902	379,833	387,582	378,639	366,404
Net investment income	2,409,834	3,564,329	508,986	1,284,659	3,798,506
Benefit payments, including refunds of employee contributions	(1,385,500)	(1,435,808)	(1,551,901)	(1,130,913)	(1,059,085)
Administrative expense	(20,544)	(20,502)	(18,229)	(17,267)	(20,146)
Other	(2,155)	(3,175)	(215)	(271)	200
Net change in plan fiduciary net position	$ 2,232,580	$ 3,209,680	$ 149,736	$ 1,333,328	$ 3,917,411
Plan fiduciary net position - beginning	32,487,480	29,277,800	29,128,064	27,794,736	23,877,325
Plan fiduciary net position - ending (b)	$ 34,720,060	$ 32,487,480	$ 29,277,800	$ 29,128,064	$ 27,794,736
Commission's net pension liability (asset) - ending (a) - (b)	$ 902,004	$ 1,923,291	$ 4,148,372	$ 2,596,658	$ 2,822,666
Plan fiduciary net position as a percentage of the total pension liability	97.47%	94.41%	87.59%	91.82%	90.78%
Covered payroll	$ 8,509,044	$ 7,819,559	$ 7,318,266	$ 7,739,286	$ 7,327,589
Commission's net pension liability (asset) as a percentage of covered payroll	10.60%	24.60%	56.69%	33.55%	38.52%

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

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VRS PENSION PLAN
For the 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	$ 695,525	$ 695,525	$ -	$ 8,888,823	7.82%
2018	837,690	837,690	-	8,509,044	9.84%
2017	740,837	740,837	-	7,819,559	9.47%
2016	810,132	810,132	-	7,318,266	11.07%
2015	856,739	856,739	-	7,739,286	11.07%
2014	831,381	831,681	-	7,327,589	11.35%
2013	805,152	805,152	-	7,093,850	11.35%
2012	533,974	533,974	-	6,759,167	7.90%
2011	522,388	522,388	-	6,612,509	7.90%
2010	431,421	431,421	-	6,536,675	6.60%

Capital Region Airport Commission
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
Withdrawal Rates	Adjusted rates to better fit experience at each year age
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%

Capital Region Airport Commission
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
HEALTH INSURANCE CREDIT (HIC) PROGRAM
For the Measurement Dates of June 30, 2018 and 2017

		2018	2017
Total HIC OPEB Liability			
Service cost	$	7,363	7,515
Interest		9,655	9,551
Changes of benefit terms		-	-
Differences between expected and actual experience		533	-
Changes in assumptions		-	(10,627)
Benefit payments		(10,044)	117
Net change in total HIC OPEB liability	$	7,507	6,556
Total HIC OPEB Liability - beginning		142,953	136,397
Total HIC OPEB Liability - ending (a)	$	150,460	142,953
Plan fiduciary net position			
Contributions - employer	$	17,946	15,147
Net investment income		1,857	928
Benefit payments		(10,044)	117
Administrative expense		(46)	(35)
Other		-	-
Net change in plan fiduciary net position	$	9,713	16,157
Plan fiduciary net position - beginning		16,157	-
Plan fiduciary net position - ending (b)	$	25,870	16,157
Commission's net HIC OPEB liability - ending (a) - (b)	$	124,590	126,796
Plan fiduciary net position as a percentage of the total HIC OPEB liability		17.19%	11.30%
Covered payroll	$	8,545,428	7,196,592
Commission's net HIC OPEB liability as a percentage of covered payroll		1.46%	1.76%

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.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEALTH INSURANCE CREDIT (HIC) PROGRAM
For the 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	$ 18,732	$ 18,732	$ -	$ 8,920,207	0.21%
2018	17,946	17,946	-	8,545,428	0.21%
2017	15,147	15,147	-	7,196,592	0.21%

Schedule is intended to show information for 10 years. Participation was effective August 1, 2016 therefore no prior information. However, additional years will be included as they become available.

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
HEALTH INSURANCE CREDIT (HIC) 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%

Capital Region Airport Commission
SCHEDULE OF SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE (GLI) 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	0.04539%	$ 689,000	$ 8,637,145	7.98%	51.22%
2017	0.04295%	647,000	7,921,717	8.17%	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.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE (GLI) PROGRAM
For the 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	$ 46,590	$ 46,590	$ -	$ 8,959,555	0.52%
2018	44,885	44,885	-	8,637,145	0.52%
2017	41,192	41,192	-	7,921,717	0.52%
2016	36,527	36,527	-	7,605,435	0.48%
2015	35,963	35,963	-	7,484,696	0.48%
2014	35,464	35,464	-	7,386,518	0.48%
2013	37,597	37,597	-	7,093,850	0.53%
2012	18,926	18,926	-	6,759,167	0.28%
2011	18,515	18,515	-	6,612,509	0.28%
2010	18,303	18,303	-	6,536,675	0.28%

Changes of Benefit Terms

There have been no actuarially material changes to the System benefit.

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	Updated to a more current mortality table - RP-2014 projected
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	Updated to a more current mortality table - RP-2014 projected
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	Updated to a more current mortality table - RP-2014 projected
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each
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	Updated to a more current mortality table - RP-2014 projected
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Capital Region Airport Commission
SCHEDULE OF SHARE OF NET OPEB LIABILITY
LINE OF DUTY ACT (LODA) PROGRAM
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered-Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2018	0.23438%	$ 735,000	$ 867,901	84.69%	0.60%
2017	0.20517%	539,000	868,213	62.08%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

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.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LINE OF DUTY ACT (LODA) PROGRAM
For the 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)	Covered-Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2019	$ 33,877	$ 33,877	$ -	$ 979,888	3.46%
2018	24,964	24,964	-	867,901	2.88%
2017	22,000	22,000	-	868,213	2.53%
2016	23,348	23,348	-	923,374	2.53%
2015	20,754	20,754	-	852,862	2.43%
2014	22,445	22,445	-	891,946	2.52%
2013	18,966	18,966	-	839,745	2.26%
2012	10,057	10,057	-	844,461	1.19%
2011	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions.

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LINE OF DUTY ACT (LODA) 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:

Employees in the Largest Ten Locality Employers with Public Safety 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%

Employees in the Non-Largest Ten Locality Employers with Public Safety 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%

Capital Region Airport Commission
SCHEDULE OF SHARE OF NET OPEB LIABILITY
VIRGINIA LOCAL DISABILITY (VLDP) PROGRAM
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2018	0.59935%	$ 5,000	$ 1,455,262	0.34%	51.39%
2017	0.58804%	3,000	1,094,433	0.27%	38.40%

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.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VIRGINIA LOCAL DISABILITY (VLDP) PROGRAM
For the 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	$ 12,008	$ 12,008	$ -	$ 1,667,813	0.72%
2018	8,732	8,732	-	1,455,262	0.60%
2017	6,570	6,570	-	1,094,433	0.60%
2016	4,019	4,019	-	669,772	0.60%
2015	1,944	1,944	-	323,953	0.60%
2014	88	88	-	14,635	0.60%

Schedule is intended to show information for 10 years. The Commission did not participate in the program until the new hybrid retirement plan in 2014.

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA LOCAL DISABILITY (VLDP) 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 and Non-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 and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year 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 and Non-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 and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2019 and 2018

	2019	2018
Parking		
Terminal	$ 18,054,134	$ 16,142,803
Economy and shuttle	4,572,153	4,078,926
Valet	633,290	584,400
Parking meter and violations	28,545	14,559
	23,288,122	20,820,688
Landing Fees		
Major	1,956,534	1,550,767
Regional	1,571,782	1,612,834
Scheduled freighter	703,758	598,279
Other	435,041	260,913
	4,667,115	4,022,793
Concession		
Rental car	6,564,922	6,050,206
Food and beverage	1,664,137	1,451,249
Ground transportation fees	1,202,941	974,589
In-flight catering, etc.	18,076	16,097
Retail sales	1,908,114	1,235,358
Off-airport concession fees	78,622	68,967
Terminal advertising	1,262,256	1,098,553
Fuel flowage fees	179,120	179,317
Other	37,846	30,482
	12,916,034	11,104,818
Rental		
Airline terminal	6,957,771	6,783,273
Land	1,135,405	1,216,494
Other buildings	2,977,281	2,892,750
	11,070,457	10,892,517
Apron Fees	759,106	647,825
Other		
Utilities	128,467	130,354
Other	262,969	185,005
	391,436	315,359
Total	$ 53,092,270	$ 47,804,000

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2019 and 2018

	2019	2018
Personnel		
Salaries		
Regular	$ 9,522,067	$ 9,395,475
Overtime	561,986	406,786
Fringe benefits		
Payroll taxes	733,945	693,061
Group insurance, life and health	1,919,699	1,806,845
Retirement & Disability	202,527	97,939
Other	68,255	56,648
	13,008,479	12,456,754
Utilities		
Electricity	2,320,478	2,163,856
Heating fuel	177,867	178,985
Telephone	117,692	113,840
Water and sewer	294,309	317,627
	2,910,346	2,774,308
Professional Services		
Legal and accounting	614,239	426,416
Consulting services	472,074	560,777
Marketing and promotion	663,125	684,755
	1,749,438	1,671,948
Parking		
Terminal	2,172,767	2,020,446
Economy and shuttle	1,985,414	1,928,713
	4,158,181	3,949,159
Maintenance		
Building	694,362	611,844
Equipment	628,822	683,394
Other	652,345	381,938
	1,975,529	1,677,176
Insurance	764,300	746,877
Supplies	596,828	601,562
Other		
Conference and travel	69,878	65,034
Snow removal	133,565	146,241
Other	526,403	421,894
	729,846	633,169
Total	$ 25,892,947	$ 24,510,953

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget	Actual	Variance with Budget Positive (Negative)
Parking			
Terminal	$ 15,767,070	$ 18,054,134	$ 2,287,064
Economy and shuttle	4,019,081	4,572,153	553,072
Valet	607,040	633,290	26,250
Parking meter and violations	14,920	28,545	13,625
	20,408,111	23,288,122	2,880,011
Landing Fees			
Major	1,785,928	1,956,534	170,606
Regional	1,276,499	1,571,782	295,283
Scheduled freighter	654,120	703,758	49,638
Other	150,415	435,041	284,626
	3,866,962	4,667,115	800,153
Concession			
Rental car	5,871,598	6,564,922	693,324
Food and beverage	1,342,001	1,664,137	322,136
Ground transportation fees	928,100	1,202,941	274,841
In-flight catering, etc.	15,100	18,076	2,976
Retail sales	1,220,800	1,908,114	687,314
Off airport concession fees	69,700	78,622	8,922
Terminal advertising	1,100,000	1,262,256	162,256
Fuel flowage fees	183,400	179,120	(4,280)
Other	28,700	37,846	9,146
	10,759,399	12,916,034	2,156,635
Rental			
Airline terminal	7,137,764	6,957,771	(179,993)
Land	1,170,979	1,135,405	(35,574)
Other buildings	2,828,890	2,977,281	148,391
	11,137,633	11,070,457	(67,176)
Apron Fees	686,357	759,106	72,749
Other			
Utilities	135,400	128,467	(6,933)
Other	208,600	262,969	54,369
	344,000	391,436	47,436
Total	$ 47,202,462	$ 53,092,270	$ 5,889,808

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	$ 9,729,297	$ 9,522,067	$ 207,230
Overtime	338,000	561,986	(223,986)
Fringe benefits			
Payroll taxes	760,688	733,945	26,743
Group insurance, life and health	1,860,199	1,919,699	(59,500)
Retirement & disability	867,440	202,527	664,913
Other personnel expense	92,600	68,255	24,345
	13,648,224	13,008,479	639,745
Utilities			
Electricity	2,143,000	2,320,478	(177,478)
Heating fuel	178,201	177,867	334
Telephone	118,950	117,692	1,258
Water and sewer	350,000	294,309	55,691
	2,790,151	2,910,346	(120,195)
Professional Services			
Legal and accounting	438,000	614,239	(176,239)
Consulting services	517,000	472,074	44,926
Marketing and promotion	661,600	663,125	(1,525)
	1,616,600	1,749,438	(132,838)
Parking			
Terminal	2,035,000	2,172,767	(137,767)
Economy and shuttle	2,050,000	1,985,414	64,586
	4,085,000	4,158,181	(73,181)
Maintenance			
Building	664,450	694,362	(29,912)
Equipment	597,750	628,822	(31,072)
Other	549,900	652,345	(102,445)
	1,812,100	1,975,529	(163,429)
Insurance	780,000	764,300	15,700
Supplies	672,950	596,828	76,122
Other			
Conference and travel	69,800	69,878	(78)
Snow removal	150,000	133,565	16,435
Other	517,460	526,403	(8,943)
	737,260	729,846	7,414
Total	$ 26,142,285	$ 25,892,947	$ 249,338

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2019

	2016 Bonds						
	Revenue Account	Debt Service	Equipment and Capital Outlay Account	Operation and Maintenance Account	Operation and Maintenance Reserve Account	Subordinated Indebtedness Fund	Surplus Account
BEGINNING BALANCE	$ -	$ 5,780,170	$ 41,258,573	$ 6,866,275	$ 2,125,553	$ 67,057	$ 5,265,648
RECEIPTS							
Deposits from Commission	53,185,715	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-
Interest earned	-	-	-	-	30,000	-	36,578
	53,185,715	-	-	-	30,000	-	36,578
DISBURSEMENTS							
Disbursements to Commission	-	-	550	26,258,457	-	-	-
Principal curtailment on long-term deb	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	8,749,980	6,158,474	-	-	-	-
	-	8,749,980	6,159,024	26,258,457	-	-	-
TRANSFERS							
Transfer of interest earned to revenue account	-	715	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(53,185,715)	8,784,684	19,251,455	26,059,290	5	-	201,000
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(53,185,715)	8,785,399	19,251,455	26,059,290	(421)	-	201,000
ENDING BALANCE	$ -	$ 5,815,589	$ 54,351,003	$ 6,667,108	$ 2,155,133	$ 67,057	$ 5,503,226

Note: The Operation and Maintenance Account for the 2016 Bonds is available to support operations and is included in unrestricted assets. The Surplus Account may be used for any legal purpose of the Commission and is also included in unrestricted assets. The remaining $94,629,690 is reflected as restricted assets.

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2019

1995 Bonds	2008 Rev Bonds		2013 Rev Bonds	2016 Rev Bonds		PFC Bonds	CFC Bonds	
Debt Service Reserve	Debt Service Reserve	Cost of Issuance	Debt Service Reserve	Debt Service Reserve	Cost of Issuance	General Purpose Fund	General Purpose Fund	Total
$ 4,678	$ 246,830	$ 346	$ 2,606,082	$ 3,057,804	$ 134,168	$ 11,902,004	$ 11,943,598	$ 91,258,786
-	-	-	-	-	-	-	-	53,185,715
-	-	-	-	-	-	8,200,700	2,600,800	10,801,500
-	-	-	-	(17,845)	-	-	-	(17,845)
-		-	57,074	55,528	-	39,099	239,644	457,923
-	-	-	57,074	37,683	-	8,239,799	2,840,444	64,427,293
-	-	-	-	-	-	4,813,788	267,776	31,340,571
-	-	-	-	-	-	3,295,838	-	3,295,838
-	-	-	-	-	-	66,143	-	66,143
-	-	-	-	-	-	-	-	14,908,454
-	-	-	-	-	-	8,175,769	267,776	49,611,007
-	-	-	-	-	-	-	-	715
(4,678)	(246,830)	(346)	-	-	-	-	(114,396)	744,469
-	-	-	(11,572)	(8,235)	-	-	-	(20,233)
(4,678)	(246,830)	(346)	(11,572)	(8,235)	-	-	(114,396)	724,951
$ -	$ -	$ -	$ 2,651,585	$ 3,087,253	$ 134,168	$ 11,966,034	$ 14,401,870	$ 106,800,024

Capital Region Airport Commission
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2019

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
2016 Bonds			
Bond account-debt service	Money market fund	0.0	5,815,589
Equipment and capital outlay	Money market fund	0.0	54,351,003
Operation and maintenance account	Cash deposits	1.0	6,667,108
Operation and maintenance reserve	Money market fund	0.0	1,404,068
Operation and maintenance reserve	Municipal obligation	4.0	750,660
Subordinated indebtedness	Money market fund	1.0	67,058
Surplus, issuer discretionary	Cash deposits	1.0	5,503,226
			74,558,712
2013 Rev Bonds			
Debt service reserve	Federal obligations	0.2	2,561,896
Debt service reserve	Money Market Fund	1.5	131,837
			2,693,733
2016 Rev Bonds			
Debt service reserve	Federal obligations	1.0	3,032,719
Debt service reserve	Money Market Fund	0.0	20,291
Cost of Issuance	Money Market Fund	0.0	134,168
			3,187,178
PFC Bonds			
General purpose fund	Money market fund	0.0	11,966,034
			11,966,034
CFC Bonds			
General purpose fund	Money market fund	0.0	14,401,870
			14,401,870
			$ 106,807,527

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

Current assets:	
Cash and cash equivalents	$ 12,170,334
Restricted assets:	
Cash and cash equivalents	88,291,918
Investments	6,345,275
	$ 106,807,527

Note: Includes fair market value adjustment of $ 7,501

Capital Region Airport Commission
SCHEDULE OF STATE ENTITLEMENT FUNDS
Year Ended June 30, 2019

State Entitlement Funding For Open Projects Prior Periods	$ 8,472,240	
Less: Prior Period Expenditures	4,964,362	
Begining Balance Open Projects Prior Periods		3,507,878
FY 2019 Project Funding	2,068,348	
Less: FY 2019 Expenditures	3,246,513	
State Entitlement Funds Balance 6/30/2019		$ 2,329,713

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STATISTICAL SECTION

Capital Region Airport Commission
Statistical Section

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This schedule includes information for an understanding of the Airport's financial position.

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Revenue Capacity

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

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Debt Capacity

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

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Demographic and Economic Information

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

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Capital Region Airport Commission
NET POSITION AND CHANGES IN NET POSITION
Ten Years Ended June 30, 2019
(dollars in thousands)

	Fiscal Year									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Operating revenues										
Apron fees	$ 759	$ 648	$ 558	$ 562	$ 574	$ 601	$ 588	$ 638	$ 624	$ 509
Concession	12,916	11,105	10,478	9,518	9,254	8,264	7,956	7,863	7,152	7,055
Landing fees	4,667	4,023	3,462	3,338	3,218	2,885	2,855	3,007	2,976	2,837
Other	391	315	284	317	268	315	258	181	166	177
Parking	23,288	20,821	20,292	20,009	19,617	18,424	17,799	17,959	18,320	17,993
Rental	11,071	10,892	10,244	10,119	10,151	10,034	9,936	9,476	9,630	9,428
Total operating revenues	53,092	47,804	45,318	43,863	43,082	40,523	39,392	39,124	38,868	37,999
Nonoperating revenues										
Customer Facility Charges	2,508	2,324	2,326	3,975	3,314	525	975	1,716	1,511	1,380
Interest income	1,523	626	206	143	128	187	136	198	250	338
Passenger Facility Charges	8,940	7,876	7,518	7,022	7,063	6,790	6,589	6,571	6,829	6,949
Total nonoperating revenues	12,971	10,826	10,050	11,140	10,505	7,502	7,700	8,485	8,590	8,667
Total Revenues	66,063	58,630	55,368	55,003	53,587	48,025	47,092	47,609	47,458	46,666
Operating expenses										
Depreciation	27,036	24,426	23,400	24,063	22,825	22,195	21,222	20,609	19,644	18,492
Insurance	764	747	710	745	849	844	848	669	798	810
Maintenance	1,976	1,677	1,726	1,527	1,556	1,541	1,651	1,464	1,539	1,864
Other	730	633	619	445	543	573	408	369	558	545
Parking	4,158	3,949	3,291	3,044	3,034	2,876	2,912	3,052	3,019	2,834
Personnel	13,009	12,457	11,293	10,470	10,534	10,224	10,279	9,484	9,173	9,380
Professional services	1,749	1,672	1,752	1,615	1,748	1,450	1,223	1,384	1,658	1,001
Supplies	597	602	588	590	724	692	763	806	686	597
Utilities	2,910	2,774	2,602	2,503	2,586	2,524	2,537	2,509	2,348	2,081
Total operating expenses	52,929	48,937	45,981	45,002	44,399	42,919	41,843	40,346	39,423	37,604
Nonoperating expenses										
Interest expense	3,033	2,564	2,758	2,625	4,065	3,556	4,557	5,193	5,580	3,793
Other, net	(136)	95	478	599	488	682	992	3,170	861	786
Total nonoperating expenses	2,897	2,659	3,236	3,224	4,553	4,238	5,549	8,363	6,441	4,579
Total Expenses	55,826	51,596	49,217	48,226	48,952	47,157	47,392	48,709	45,864	42,183
Capital grants and contributions	8,785	6,681	11,136	16,295	14,830	13,439	12,660	9,825	5,594	5,879
Increase (decrease) in Net Position	$ 19,022	$ 13,715	$ 17,287	$ 23,072	$ 19,465	$ 14,307	$ 12,360	$ 8,725	$ 7,188	$ 10,362
Net Position at Year-End										
Net Investment in capital assets	$ 356,384	$ 349,515	$ 345,759	$ 328,487	$ 297,177	$ 284,350	$ 282,629	$ 272,217	$ 268,968	$ 274,025
Restricted	88,258	75,610	73,773	72,742	83,867	74,244	66,011	60,776	56,480	41,370
Unrestricted	17,940	18,434	11,777	12,794	9,908	17,010	12,658	15,945	14,765	17,630
Total Net Position	$ 462,582	$ 443,559	$ 431,309	$ 414,023	$ 390,952	$ 375,604	$ 361,298	$ 348,938	$ 340,213	$ 333,025

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.
Fiscal year 2014 balances were not restated to reflect GASB 68 implementation in FY2015.
Fiscal year 2017 SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.
Fiscal year 2017 balances were not restated to reflect GASB 75 implementation in FY2018.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2019
(dollars in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airline revenues										
Landing fees	$ 4,667	$ 4,023	$ 3,462	$ 3,338	$ 3,218	$ 2,885	$ 2,855	$ 3,007	$ 2,976	$ 2,837
Apron fees	759	648	558	562	574	601	588	638	624	509
Total airline revenues	5,426	4,671	4,020	3,900	3,792	3,486	3,443	3,645	3,600	3,346
Percentage of total revenues	8.2%	8.0%	7.3%	7.1%	7.1%	7.3%	7.3%	7.7%	7.6%	7.1%
Nonairline revenues										
Parking	23,288	20,821	20,292	20,009	19,617	18,424	17,799	17,959	18,320	17,993
Rental	11,071	10,892	10,244	10,119	10,151	10,034	9,936	9,476	9,630	9,428
Concession	12,916	11,105	10,478	9,518	9,254	8,264	7,956	7,863	7,152	7,055
Other	391	315	284	317	268	315	258	181	166	178
Total nonairline revenues	47,666	43,133	41,298	39,963	39,290	37,037	35,949	35,479	35,268	34,654
Percentage of total revenues	72.2%	73.6%	74.6%	72.7%	73.3%	77.1%	76.3%	74.5%	74.3%	74.3%
Nonoperating revenues										
Passenger Facility Charges	8,940	7,876	7,518	7,022	7,063	6,790	6,589	6,571	6,829	6,949
Customer Facility Charges	2,508	2,324	2,325	3,975	3,314	525	975	1,716	1,511	1,380
Interest Income	1,523	626	206	143	128	187	136	198	250	338
Total nonoperating revenues	12,971	10,826	10,049	11,140	10,505	7,502	7,700	8,485	8,590	8,667
Percentage of total revenues	19.6%	18.5%	18.1%	20.3%	19.6%	15.6%	16.4%	17.8%	18.1%	18.6%
Total revenues	$ 66,063	$ 58,630	$ 55,367	$ 55,003	$ 53,587	$ 48,025	$ 47,092	$ 47,609	$ 47,458	$ 46,667
Enplaned passengers (excluding charters)	2,090,430	1,887,230	1,763,939	1,744,438	1,706,272	1,627,469	1,581,348	1,595,180	1,640,642	1,640,314
Total revenue per enplaned passengers	$ 31.60	$ 31.07	$ 31.39	$ 31.53	$ 31.41	$ 29.51	$ 29.78	$ 29.85	$ 28.93	$ 28.45

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

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2019

	Fiscal Year 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Parking:										
Terminal	$ 18,054,134	$ 16,142,803	$ 15,781,372	$ 15,559,847	$ 15,194,814	$ 14,258,972	$ 13,785,664	$ 13,931,741	$ 14,256,654	$ 13,808,197
Economy and shuttle	4,572,154	4,078,927	3,899,428	3,862,348	3,845,567	3,610,259	3,481,463	3,474,623	3,493,000	3,607,957
Valet	633,290	584,400	581,778	576,964	572,467	549,864	525,664	546,265	562,929	572,419
Parking meter and violations	28,545	14,559	29,194	9,443	4,454	4,824	5,596	6,311	7,888	4,425
	$ 23,288,122	$ 20,820,688	$ 20,291,772	$ 20,008,602	$ 19,617,302	$ 18,423,919	$ 17,798,387	$ 17,958,940	$ 18,320,471	$ 17,992,998

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2019

	2019		2018		2017		2016		2015		2014		2013		2012		2011		2010	
	Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum	
	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day
Lot:																				
Garage/long-term	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12	$ 3	$ 12
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Economy A	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6	2	6
Economy B	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6	2	6
Economy C	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6	2	6
Valet	N/A	21	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20

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

REVENUE RATES
Ten Years Ended June 30, 2019

	Fiscal Year 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Apron fees (per square foot)	$1.17	$1.14	$1.10	$1.11	$1.16	$1.23	$1.23	$1.21	$1.21	$1.21
Landing Fees (per 1,000 lbs un	1.38	1.34	1.32	1.32	1.26	1.26	1.23	1.24	1.19	1.22
Terminal Rental (square foot)	37.12	35.10	32.81	32.48	36.11	35.84	35.12	34.19	34.17	33.50

Capital Region Airport Commission
REVENUE BOND COVERAGE
Ten Years Ended June 30, 2019

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage: Debt Service on Bonds	Coverage: Debt Service
2019	$ 54,238,186	$ 25,489,367	$ 28,748,819	$ 8,784,679	$ 15,028,679	3.27	1.91
2018	47,107,174	26,684,371	20,422,803	8,815,280	16,401,780	2.32	1.25
2017	44,393,303	23,725,872	20,667,431	8,842,830	16,429,330	2.34	1.26
2016	44,388,482	19,387,414	25,001,068	9,107,280	15,159,280	2.75	1.65
2015	41,520,397	21,164,337	20,356,060	8,997,379	13,489,704	2.26	1.51
2014	40,671,411	20,203,214	20,468,197	10,176,079	14,165,679	2.01	1.44
2013	37,911,029	20,871,776	17,039,253	10,036,138	13,831,834	1.70	1.23
2012	38,501,617	18,978,548	19,523,070	10,393,706	14,400,706	1.88	1.36
2011	38,252,195	19,373,169	18,879,026	10,611,131	14,687,131	1.78	1.29
2010	37,757,074	21,008,694	16,748,379	10,615,280	14,728,529	1.58	1.14

Note: The amounts above are determined in accordance with applicable provisions of the Commission's Master Revenue Bond Resolution (the "Resolution"). Revenue and expense as reported in the statements of revenues, expenses and net position have been adjusted as required by the Resolution. Pursuant to the Resolution, debt service on bonds include only debt service on airport revenue bonds increased by a multiple of 1.00 times, whereas, debt service includes debt service on all debt and certain deposits required to be made by the Resolution.

Capital Region Airport Commission
OUTSTANDING DEBT
Ten Years Ended June 30, 2019
(dollars in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Airport Revenue Bonds:										
Series 2001 A&B	$ 17,409	$ 19,861	$ 22,236	$ 24,537	$ 26,767	$ 28,926	$ 31,018	$ 33,044	$ 34,962	$ 36,673
Series 2004 A	-	-	-	-	-	2,130	4,155	6,085	7,920	9,670
Series 2005 A	-	-	-	-	1,680	2,195	2,695	26,130	26,595	27,045
Series 2008 A	-	1,245	2,445	3,590	46,405	47,455	48,470	49,450	50,395	51,310
Series 2013 A	15,935	17,955	19,940	21,780	21,825	21,870	21,870	-	-	-
Series 2016 A	39,305	39,305	39,305	39,305	-	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	-	-	-	-	13,475	14,220	14,935	15,625	16,295	16,940
Series 2005 B	-	-	-	-	15,435	18,410	19,005	19,580	20,135	20,675
Series 2016 A	1,826	3,629	5,408	7,165	-	-	-	-	-	-
Series 2016 B	1,513	3,006	4,480	5,935	-	-	-	-	-	-
Car Rental Garage Revenue Bond	-	-	-	-	1,230	2,380	2,380	2,380	5,400	6,280
Line of Credit	-	-	-	-	339	-	-	-	-	-
	75,988	85,001	93,814	102,312	127,156	137,586	144,528	152,294	161,702	168,593
Add: Bond premium, net	6,866	7,397	7,928	8,328	2,585	2,711	3,049	866	1,031	1,218
Less: Debt issuance costs, net	-	-	-	-	-	-	-	-	(4,022)	(4,433)
Total Long-Term Debt	$ 82,854	$ 92,398	$ 101,742	$ 110,640	$ 129,741	$ 140,297	$ 147,577	$ 153,160	$ 158,711	$ 165,378
Enplaned passengers (excluding charters)	2,090	1,887	1,764	1,744	1,706	1,627	1,581	1,595	1,641	1,640
Total Long-Term Debt per enplaned passenger	$39.64	$48.97	$57.68	$63.44	$76.05	$86.23	$93.34	$96.03	$96.72	$100.84

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

Accordingly this table has been restated for 2013 and 2012.

Capital Region Airport Commission
MAJOR CUSTOMERS

Year Ended June 30, 2019			Year Ended June 30, 2010		
Company	Revenue	Percent of Operating Revenue	Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	$ 2,703,961	5.1%	Delta Airlines, Inc.	$ 1,698,191	4.5%
American Airlines, Inc.	2,337,846	4.4	US Airways, Inc.	1,405,713	3.7
Delaware North Company	1,743,849	3.3	The Hertz Corporation	1,344,601	3.5
The Hudson Group	1,467,092	2.8	National / Alamo Rent A Car, Inc.	958,174	2.5
The Hertz Corporation	1,406,238	2.6	Avis Rent A Car Company	934,687	2.5

ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2019

	Annual Percent Change in Enplanements		
Year	Richmond	Small Hubs	United States
2019	11.5%	8.0%	4.6%
2018	6.6	7.3	4.1
2017	2.1	4.6	2.7
2016	2.8	3.3	5.3
2015	5.2	1.1	3.7
2014	2.9	5.8	2.7
2013	(0.9)	0.9	0.5
2012	(2.6)	6.3	0.6
2011	0.1	(10.0)	1.3
2010	(2.5)	(4.8)	1.9

Notes: Calendar year data except for 2019, which is fiscal year data.
As defined by the FAA, a small hub enplanes .05 to .249 percent of the total U.S. passengers.

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

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2019

	2019	Share of Total 2019	2018	Share of Total 2018	2017	2016	2015	2014	2013	2012	2011	2010
Major Airlines												
AirTran Airways	-	-	-	-	-	-	-	155,199	155,937	151,031	147,825	152,852
American Airlines	332,083	15.5	252,754	13.2	272,104	219,704	108,253	117,787	111,183	118,303	121,523	113,082
American Eagle Airlines	-	-	-	-	-	-	-	58,949	72,417	79,021	84,255	64,187
Continental Airlines	-	-	-	-	-	-	-	-	-	79,032	124,349	123,513
Delta Airlines	438,633	20.5	414,231	21.6	410,604	401,455	370,744	344,697	337,549	324,690	310,789	270,066
JetBlue Airways	237,812	11.1	230,124	12.0	207,612	187,185	171,310	136,659	124,539	116,545	129,566	160,784
Northwest Airlines	-	-	-	-	-	-	-	-	-	-	-	107
Southwest Airlines	120,796	5.6	122,807	6.4	125,335	151,463	167,187	-	-	-	-	-
Spirit Airlines	93,206	4.4	24,262	1.3	-	-	-	-	-	-	-	-
United Airlines	62,261	2.9	70,026	3.6	43,740	39,778	38,130	38,153	33,371	32,079	38,844	47,922
US Airways	-	-	-	-	-	57,687	139,603	130,968	103,197	95,599	88,912	103,443
Total Major Airlines	1,284,791	60.0	1,114,204	58.1	1,059,395	1,057,272	995,227	982,412	938,193	996,300	1,046,063	1,035,956
Regional Airlines												
Air Canada	-	-	-	-	-	-	-	-	4,927	6,157	6,731	6,564
Air Wisconsin	27,364	1.3	34,161	1.8	21,604	66,503	121,014	105,583	81,501	144,638	152,087	113,190
Atlantic Southeast	-	-	-	-	-	-	-	-	-	934	863	21,211
Chautauqua	-	-	-	-	-	-	26,477	57,868	62,224	35,495	35,387	71,793
ComAir/Delta Connection	-	-	-	-	-	-	-	-	3,771	24,032	52,216	53,106
CommutAir	51,759	2.4	43,385	2.2	23,705	35,082	13,726	-	-	-	-	-
Compass	-	-	-	-	-	-	-	-	-	7,215	22,176	7,229
Endeavor Airlines	98,072	4.6	54,254	2.8	28,123	5,098	16,833	42,411	83,652	81,623	47,595	30,123
Envoy Air	85,037	4.0	72,643	3.8	70,052	71,254	60,180	-	-	-	-	-
Express Jet	76,470	3.6	242,721	12.6	267,564	262,672	256,926	262,836	208,385	121,025	20,233	-
GoJet	46,012	2.2	15,774	0.8	9,256	8,453	30,595	26,971	39,594	29,123	27,863	23,957
Mesa	40,485	1.9	7,775	0.4	12,660	743	56,278	82,056	74,682	54,432	45,278	27,893
Mesaba	-	-	-	-	-	-	-	-	-	7,514	6,374	20,397
Piedmont	80,154	3.7	66,394	3.5	63,006	31,007	13,512	17,502	33,126	6,652	9,994	18,063
PSA	69,917	3.3	110,510	5.8	74,469	71,017	44,100	7,571	23,800	23,556	34,118	31,725
Republic	59,943	2.8	69,375	3.6	38,029	36,604	15,183	1,556	2,926	26,983	53,192	84,493
Shuttle America	-	-	150	-	8,389	39,822	16,023	2,063	2,981	62	2,418	19
SkyWest	165,860	7.7	39,929	2.1	39,273	17,723	-	62	88	653	-	-
Trans States	4,566	0.2	15,955	0.8	48,414	41,188	40,198	38,578	21,498	28,786	78,054	94,595
Total Regional Airlines	805,639	37.5	773,026	40.1	704,544	687,166	711,045	645,057	643,155	598,880	594,579	604,358
Charters	52,410	2.5	35,198	1.8	40,306	23,086	12,439	5,567	5,861	6,136	3,820	3,466
Totals	2,142,840	100.0%	1,922,428	100.0%	1,804,245	1,767,524	1,718,711	1,633,036	1,587,209	1,601,316	1,644,462	1,643,780

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2019
Landed Weight (1,000 Pound Units)

	2019	Share of Total 2019	2018	Share of Total 2018	2017	2016	2015	2014	2013	2012	2011	2010
Major Airlines												
AirTran Airways	-	-	-	-	-	-	15,704	148,664	181,656	184,792	172,888	183,712
American Airlines	383,848	15.0	301,507	13.3	328,171	259,580	114,970	130,534	128,100	135,298	137,264	134,180
American Eagle Airlines	-	-	-	-	-	-	-	69,609	76,148	83,748	91,333	67,051
Continental Airlines	-	-	-	-	-	-	-	-	-	1,667	1,447	89,000
Delta Airlines	475,892	18.6	452,206	19.9	444,476	430,890	409,299	392,582	398,489	405,770	380,426	319,496
JetBlue Airways	300,362	11.7	276,795	12.2	235,580	216,026	194,685	163,062	145,116	136,127	158,826	208,769
Northwest Airlines	-	-	-	-	-	-	-	-	-	-	-	961
Southwest Airlines	136,102	5.3	138,757	6.1	136,222	166,260	165,408	29,702	-	-	-	-
Spirit Airlines	102,976	4.0	29,728	1.3	-	-	-	-	-	-	-	-
United Airlines	79,427	3.1	80,874	3.6	47,746	47,261	51,035	53,118	47,791	48,130	68,335	76,006
US Airways	-	-	-	-	-	77,352	180,410	170,405	137,273	143,046	134,919	155,556
Total Major Airlines	1,478,607	57.7	1,279,867	44.8	1,192,195	1,197,369	1,131,511	1,157,676	1,114,573	1,138,578	1,145,438	1,234,731
Regional Airlines												
Aero Mexico	-	-	-	-	-	-	864	968	-	-	-	-
Air Canada	-	-	-	-	-	-	-	-	8,516	9,562	9,982	17,687
Air Wisconsin	29,751	1.2	38,681	1.7	29,610	109,745	152,092	128,968	97,854	197,400	196,413	135,266
Allegiant Airlines	47,646	1.9	29,750	1.3	35,993	20,955	6,559	279	1,850	2,503	4,082	3,835
Atlantic Southeast	-	-	-	-	-	-	-	-	-	1,513	1,798	25,145
Bahamair	-	-	-	-	-	-	992	1,488	2,736	1,872	-	-
Chautauqua	-	-	-	-	-	-	30,167	71,845	76,163	43,783	43,104	81,915
ComAir/Delta Connection	-	-	-	-	-	-	-	-	4,376	29,061	65,644	69,560
CommutAir	51,392	2.0	51,080	2.2	28,344	39,652	16,113	-	-	-	-	-
Compass Airlines	-	-	-	-	-	-	-	-	-	-	33,412	8,539
Endeavor Air	141,379	5.5	72,562	3.2	37,884	7,128	27,736	-	-	-	-	-
Envoy Air	118,528	4.6	94,466	4.2	83,990	71,730	66,104	-	-	-	-	-
Express Jet	90,133	3.5	310,580	13.7	354,876	345,343	333,068	332,115	240,983	235,324	166,404	58,114
Freedom Airlines	-	-	-	-	-	-	-	-	-	-	3,783	15,045
GoJet Airlines	60,054	2.3	19,519	0.9	10,734	10,275	50,920	45,359	60,300	39,463	35,376	37,185
Interjet Vacation Express	-	-	-	-	-	852	1,846	-	-	-	-	-
Mesa Airlines	50,403	2.0	9,703	0.4	22,565	7,217	61,380	90,807	82,489	60,772	43,112	12,856
Mesaba Airlines	-	-	-	-	-	-	-	-	-	9,008	9,750	21,853
OneJet	-	-	3,095	0.1	1,870	-	-	-	-	-	-	-
Piedmont Airlines	91,359	3.6	73,808	3.2	75,303	43,986	16,524	21,545	39,585	9,144	12,551	23,402
Pinnacle Airlines	-	-	-	-	-	-	-	58,568	108,779	111,078	63,867	36,720
PSA Airlines	86,384	3.4	127,768	5.6	85,437	102,572	51,981	9,461	26,661	26,119	37,372	34,304
Republic Airlines	87,893	3.4	98,799	4.3	46,440	65,928	19,207	3,326	3,292	33,453	63,270	104,077
Shuttle America	-	-	364	-	10,998	49,746	20,697	4,906	5,998	220	3,962	217
SkyWest Airlines	221,202	8.7	46,619	2.0	42,465	19,953	181	134	94	913	-	-
Trans States Airlines	4,730	0.2	18,574	0.8	54,985	188,926	43,545	44,934	27,375	45,259	86,794	99,905
Vision Airlines	-	-	-	-	-	-	-	-	-	932	-	-
Total Regional Airlines	1,080,854	42.3	995,368	55.2	921,494	1,084,008	899,976	814,703	787,051	857,379	880,676	785,625
Total Airline Weight	2,559,461	100.0%	2,275,235	100.0%	2,113,689	2,281,377	2,031,487	1,972,379	1,901,624	1,995,957	2,026,114	2,020,356

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2019
Landed Weight (1,000 Pound Units)

	2019	Share of Total 2019	2018	Share of Total 2018	2017	2016	2015	2014	2013	2012	2011	2010
Cargo Carriers												
ABX Air	-	-	849,000	0.1%	-	-	-	-	-	-	-	-
AirNet Systems	-	-	-	-	-	-	662,300	3,303,100	3,131,300	2,995,000	4,589,800	4,675,800
Ameriflight	-	-	620,300	0.1	2,261,600	2,913,276	4,019,194	4,091,288	876,794	806,000	803,600	756,600
DHL Express	66,912,000	13.1	71,536,000	13.8	43,248,000	-	-	-	-	-	-	-
Federal Express	221,335,000	43.4	227,030,800	43.9	228,513,000	231,232,500	224,045,300	217,493,600	200,056,200	175,671,800	174,001,400	144,392,100
Mountain Air Cargo	-	-	-	-		47,068	-	47,068	8,500	17,000	125,480	187,140
UPS	221,722,240	43.5	217,636,800	42.1	198,852,800	184,282,160	179,381,040	176,286,160	174,765,520	178,608,000	177,643,760	160,848,720
Total Cargo Weight	509,969,240	100.0%	517,672,900	100.0%	472,875,400	418,475,004	408,107,834	401,221,216	378,838,314	358,097,800	357,164,040	310,860,360
Total Landed Weight	512,528,701		519,948,135		474,989,089	420,756,381	410,139,321	403,193,595	380,739,938	360,093,757	359,190,153	312,880,716

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2018 and 2017

2018				2017			
Rank	Market	Trip Length	O&D Passengers	Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	285,811	1	Boston	SH	292,730
2	Atlanta	SH	274,861	2	Atlanta	SH	252,130
3	Orlando	MH	259,402	3	Orlando	MH	198,931
4	New York/Newark	SH	252,079	4	New York/Newark	SH	195,866
5	Fort Lauderdale	MH	175,968	5	Chicago	MH	152,837
6	Chicago	MH	163,892	6	Dallas/Fort Worth	MH	119,427
7	Dallas/Fort Worth	MH	125,053	7	Fort Lauderdale	MH	107,830
8	Tampa	MH	88,513	8	Tampa	MH	83,673
9	Denver	MH	88,332	9	Denver	MH	78,621
10	Los Angeles	LH	86,276	10	Los Angeles	LH	77,480
11	Houston	MH	75,163	11	Las Vegas	LH	71,113
12	Las Vegas	LH	73,869	12	Houston	MH	66,865
13	San Francisco	LH	68,872	13	San Francisco	LH	57,302
14	Nashville	SH	61,568	14	Phoenix	LH	53,350
15	Minneapolis/St Paul	MH	61,288	15	Minneapolis/St Paul	MH	49,356
16	Miami	MH	58,606	16	San Diego	LH	46,506
17	Phoenix	LH	55,605	17	Charlotte	SH	46,469
18	Austin	MH	52,631	18	Detroit	MH	45,355
19	Detroit	MH	52,157	19	Austin	MH	45,343
20	New Orleans	MH	52,019	20	Miami	MH	44,913
21	Seattle/Tacoma	LH	51,354	21	New Orleans	MH	44,826
22	Charlotte	SH	50,839	22	Seattle/Tacoma	LH	44,334
23	San Diego	LH	49,385	23	Nashville	SH	41,223
24	San Antonio	MH	39,867	24	Philadelphia	SH	37,740
25	Philadelphia	SH	39,811	25	St. Louis	MH	35,197
	Total		2,643,221		Total		2,289,417

Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2015-2018

	CALENDAR YEAR				Percentage Change		
Primary Trade Area	**2018**	**2017**	**2016**	**2015**	**2017 2018**	**2016 2017**	**2015 2016**
United States	327,167,434	325,719,178	323,127,513	321,418,820	0.4	0.8	0.5
Virginia total	8,517,685	8,470,020	8,411,808	8,382,993	0.6	0.7	0.3
Richmond MSA*	1,359,801	1,346,878	1,333,755	1,322,813	1.0	1.0	0.8
Richmond-Petersburg MSA	1,234,211	1,222,642	1,210,779	1,200,463	0.9	1.0	0.9
Richmond City	228,783	227,032	223,170	220,289	0.8	1.7	1.3
Henrico County	329,261	327,898	326,501	325,155	0.4	0.4	0.4
Chesterfield County	348,556	343,599	339,009	335,687	1.4	1.4	1.0
Hanover County	107,239	105,923	104,392	103,227	1.2	1.5	1.1
Petersburg City	31,567	31,750	31,882	32,477	(0.6)	(0.4)	(1.8)
Hopewell City	22,596	22,621	22,735	22,378	(0.1)	(0.5)	1.6
Colonial Heights City	17,833	17,830	17,772	17,820	0.0	0.3	(0.3)
Charles City County	6,941	7,004	7,071	7,040	(0.9)	(0.9)	0.4
Dinwiddie County	28,529	28,208	28,144	27,852	1.1	0.2	1.0
Goochland County	23,244	22,685	22,668	22,253	2.5	0.1	1.9
New Kent County	22,391	21,682	21,147	20,392	3.3	2.5	3.7
Powhatan County	29,189	28,601	28,443	28,031	2.1	0.6	1.5
Prince George County	38,082	37,809	37,845	37,862	0.7	(0.1)	0.0
Amelia County	13,013	13,020	12,913	12,903	(0.1)	0.8	0.1
Caroline County	30,772	30,461	30,178	29,984	1.0	0.9	0.6
Cumberland County	9,809	9,811	9,652	9,719	0.0	1.6	(0.7)
King and Queen County	7,042	7,003	7,159	7,158	0.6	(2.2)	0.0
King William County	16,939	16,708	16,334	16,269	1.4	2.3	0.4
Louisa County	36,778	35,860	35,236	34,602	2.6	1.8	1.8
Sussex County	11,237	11,373	11,504	11,715	(1.2)	(1.1)	(1.8)

Sources: Estimates by Census Bureau, July 2019
*February 2013 Office of Management and Budget (OMB) metropolitan definition

Capital Region Airport Commission
PERSONAL INCOME
Calendar Years 2008-2017

Millions of Dollars	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
United States	$16,878,800	$15,912,777	$15,463,981	$14,683,147	$14,151,427	$13,729,063	$12,949,905	$12,353,577	$12,168,161	$12,225,589
Virginia	466,743	445,462	436,350	419,185	403,425	396,005	373,312	355,193	347,284	343,580
Richmond-Petersburg MSA	70,660	66,245	64,152	59,326	57,452	55,678	54,641	52,004	50,966	51,918
Annual growth rate	6.7%	2.3%	5.1%	3.6%	1.9%	4.1%	5.8%	3.0%	(2.0%)	2.3%

Note: 2017 is the most recent year available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, June 25, 2019

PER CAPITA INCOME
Calendar Years 2008-2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
United States	$51,869	$49,204	$48,190	$46,049	$44,765	$ 43,735	$41,560	$39,937	$39,635	$40,166
Virginia	55,137	52,941	52,148	50,345	48,838	48,377	46,107	44,267	44,057	44,075
Richmond-Petersburg MSA	51,475	51,685	50,460	47,083	46,118	45,194	43,046	41,260	41,161	42,309
Percent of national average	99.2%	105.0%	104.7%	102.2%	103.0%	103.3%	103.6%	103.3%	103.9%	105.3%

Note: 2017 is the most recent year available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, June 25, 2019

Capital Region Airport Commission
EMPLOYMENT DATA WITHIN VIRGINIA

Major Public Employers	Average Number of Employees
Local Governments	55,300
Commonwealth of Virginia	39,100
Federal Government	17,300

Source: Virginia Employment Commission, Current Employment Statistics Program, 2018 Annual Averages

EMPLOYMENT BY INDUSTRY
(Non-Agricultural)

	Annual Average		Percent Change	Percent Total	
	2018	2008	2008	2018	2008
Total Employment	677,600	619,900	9.3%	100.0%	100.0%
By Industry:					
Government	111,600	109,000	2.4	16.5	17.6
Wholesale and retail trade	95,100	95,500	0.1	14.0	15.4
Manufacturing	32,000	38,700	(17.3)	4.7	6.2
Financial activities	50,900	43,900	15.9	7.5	7.1
Construction and mining	39,500	41,400	(4.6)	5.8	6.7
Transportation and utilities	28,300	18,600	52.2	4.2	3.0
Information	7,300	10,400	(29.8)	1.1	1.7
Professional and business services	115,900	98,900	17.2	17.1	16.0
Educational and health services	99,400	80,400	23.6	14.7	13.0
Leisure and hospitality services	65,400	52,300	25.0	9.7	8.4
Other services	32,200	30,900	4.2	4.8	5.0

Source: Virginia Employment Commission, Current Employment Statistics Program

UNEMPLOYMENT RATES
Calendar Years 2009-2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
United States	3.9%	4.4%	4.9%	5.3%	6.2%	7.4%	8.1%	8.9%	9.8%	9.3%
Virginia	3.0	3.8	4.0	4.4	5.2	5.5	5.9	6.2	6.9	6.7
Richmond-Petersburg MSA	3.2	3.9	4.1	4.6	5.5	5.9	6.4	6.9	7.7	7.5

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

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2019

	Full Time Equivalent Employees									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Police	32	29	27	27	27	25	27	23	29	24
Communications/ Operations	20	21	20	15	12	12	12	12	8	12
Aircraft Rescues & Fire Fighting	18	17	18	15	17	16	18	18	18	19
Custodial Services	48	47	48	45	46	45	47	45	47	46
Utilities/Ground Maintenance	18	18	16	15	14	15	15	16	15	14
Equipment/Automotive Maintenance	6	6	6	6	6	6	5	5	5	5
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Electronic Systems	5	5	5	4	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	3	3	3	3
Electrical Maintenance	3	3	2	2	2	2	2	2	2	2
Finance and Administrative Services	9	8	9	9	9	7	8	8	8	11
Ground Transportation	1	1	1	1	1	1	1	1	1	1
Information Systems	3	3	3	3	3	3	3	3	3	3
Executive/Marketing	9	9	9	9	9	9	9	9	9	5
Baggage System	11	11	11	11	11	11	11	11	10	10
Total Employees	188	183	180	167	166	161	167	162	164	161

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time equivalent employment is calculated by dividing total labor hours by 2,080.
Several departments have been reclassified which resulted in variances.

Capital Region Airport Commission
CARGO CARRIER
Period Ended June 30, 2019

	Pounds of Cargo									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Cargo Carrier:										
Air Net Systems	-	-	6,750,000	-	129,870	613,886	552,764	656,162	761,196	795,955
AmeriFlight	440,000	420,255	480,772	149,181	750,667	1,386,840	226,225	212,165	223,434	219,970
DHL	7,890,000	7,890,000	-	-	-	-	-	-	-	-
Federal Express	80,914,220	79,247,203	82,317,990	74,625,547	68,943,364	67,509,310	71,588,803	59,848,214	59,712,374	56,575,502
UPS	49,409,333	49,024,371	45,916,736	46,726,830	44,995,819	43,024,627	41,578,577	39,683,396	23,780,038	24,211,667
Total	138,653,553	136,581,829	135,465,498	121,501,558	114,819,720	112,534,663	113,946,369	100,399,937	84,477,042	81,803,094
Percentage change	1.5%	0.8%	11.5%	5.8%	2.0%	(1.2%)	13.5%	18.8%	3.3%	(11.8%)

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2019

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2019	45,671	23,090	30,556	4,786	104,103
2018	41,729	22,935	28,729	5,923	99,316
2017	36,942	24,922	26,380	5,327	93,571
2016	34,998	27,478	28,418	6,433	97,327
2015	34,671	30,013	30,298	7,351	102,333
2014	31,530	34,078	24,586	5,579	95,773
2013	27,551	38,219	24,976	6,747	97,493
2012	24,557	43,032	26,092	6,276	99,957
2011	26,474	42,894	28,577	8,405	106,350
2010	27,491	26,498	41,102	6,921	102,012
Average Annual Change	5.5%	0.3%	(2.0%)	(2.0%)	0.3%

Capital Region Airport Commission
INSURANCE COVERAGE
Period Ended June 30, 2019

Type/Carrier	Coverage	Limit
Airport liability/ACE/ Lloyd's	Public liability including aircraft products/completed operations	$100,000,000
Automobile liability/Great Northern Insurance Co.	Bodily injury or property damage resulting from ownership maintenanc or use of any automobile	$1,000,000 combined single limit bodily injury and property damage
	Excess auto liability(off premises)	$50,000,000
Workers' compensation and employer's liability/Amtrust	Worker's compensation	Statutory and $1,000,000 employer's liability
	Excess employees liability (excluding disease)	$100,000,000
Public officials and employer's liability/Virginia State Public Officials self-insurance pool	Civil claims for wrongful acts	$1,000,000 each loss unlimited aggregate $3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	$494,280,107 blanket real and personal property including EDP, mobile radios and valuable papers $35,000,000 business income
Equipment/Great Northern Insurance	Scheduled equipment	$3,186,930 scheduled equipment $300,000 miscellaneous equipment $100,000 unscheduled equipment $100,000 leased/rental equipment $100,000 newly acquired equipment
Blanket crime/Federal Insurance Company	Employee Theft Premises In Transit Depositor Forgery Coverage Computer Theft and Funds Transfer	$1,000,000 limit/$2,500 deductible

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

Capital Region Airport Commission
CAPITAL ASSET INFORMATION
As of June 30, 2019

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

COMPLIANCE SECTION

RICHMOND INTERNATIONAL AIRPORT®

Now you're going places.

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2019

Federal Grantor/CFDA Grantor's Program Title	Federal CFDA Number	Project Number	Total Federal Expenditures
Department of Transportation:			
FAA Direct Payments:			
Airport Improvement Program	20.106	3-51-0043-64	$ 3,266,271
Department of Justice:			
Equitable Sharing Agreement			
Department of Justice:			
Asset Forfeiture Program	16.922	OMB Number 1123-0011	73,986
Total Expenditures of Federal Awards			$ 3,340,257

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 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 Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

Summary of Significant Accounting Policies

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

The Commission has not elected to use the 10% de minimis indirect cost rate.

Contingent Liabilities-Grants

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

Subrecipients

No awards were passed through to subrecipients.

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

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

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 30, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited Capital Region Airport Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capital Region Airport Commission's major federal programs for the year ended June 30, 2019. Capital Region Airport Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Capital Region Airport Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 30, 2019

CAPITAL REGION AIRPORT COMMISSION

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.

Section IV - Prior Year Findings and Questioned Costs

There were no prior year findings reported.