Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2014

Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2014

Prepared by the Administrative Division

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

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Introductory Section

December 30, 2014

DEAR HONORABLE MEMBERS OF THE CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY:

I am pleased to submit for your review and information the fiscal year 2014 Comprehensive Annual Financial Report of the Charlottesville-Albemarle Airport Authority (Authority).

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

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

The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the year ended June 30, 2014 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion and that the Authority's financial statements for the year ended June 30, 2014 are in conformity with GAAP. The independent auditors' report is the first component of the Financial Section of this report.

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, relative to financial funds received from the U.S. Government, the Specifications for Audits of Authorities, Boards, and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia relative to financial funds received from the Commonwealth of Virginia, and also, in conformity with the provisions of the November 1994 Passenger Facility Charge Reporting Guide for Public Agencies issued by the Federal Aviation Administration for its Passenger Facility Charge Program. The standards governing these provisions require the independent auditor not only to report on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. See the independent auditors' reports presented in the Compliance Section of this report for further information and discussion of these standards.

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

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

The Authority

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

The Authority is organized for the purpose of acquiring, constructing, reconstructing, maintaining, repairing and operating an airport to serve the needs of the City of Charlottesville, Virginia (City), the County of Albemarle, Virginia (County), and surrounding region. The Enabling Act provides that the Authority is authorized to issue revenue bonds for any of its purposes solely from the tolls and revenues pledged for their payment; to fix and revise from time to time and charge and collect rates, fees, rentals and other charges for the use of the Airport; to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Enabling Act; and to do all things necessary and convenient to carry out the powers under the Enabling Act; and to do all acts and things necessary and convenient to carry out the powers expressly granted in the Act. Prior to the creation of the Authority, the City and the County jointly operated the Airport through the Charlottesville-Albemarle Airport Board (Board). In October 1984, the Board conveyed the Airport to the Authority. By joint resolutions, the governing bodies of the City and County dissolved the Board, and the Authority commenced Airport operations. Neither the City nor the County are required to approve issuance of bonds or incurrence of indebtedness by the Authority.

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

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

The Charlottesville Albemarle Airport (CHO) is located eight miles north of the City of Charlottesville, Virginia in the foothills of the majestic Blue Ridge Mountains. CHO primarily serves a nine county region that includes a population of 460,000 residents covering 4,000 square miles and includes portions of the Shenandoah National Park and the famed Blue Ridge Parkway. Located halfway between Boston and Atlanta the region is business-minded with a diversity of industries including manufacturing, medical services, life sciences, and technology. In 2013, the region generated 1.0 million commercial air passengers with 558,000 using alternate airports.

This Greater Charlottesville Region continues its legacy of achieving the highest awards as a place to work and live. In 2014, the region received several accolades. Time Magazine named Charlottesville as one of the best college towns. USA Today featured the area, recognizing it as having some of the brightest fall foliage in the United States. Esquire Magazine named Virginia "The Food Region of 2014". The Economist ranked the University of Virginia's Darden School of Business as number 3 on its list of best MBA programs in the world. Former Presidential homes, Monticello, Ash Lawn-Highland and Montpelier were recently highlighted by Family Travel Magazine citing Charlottesville as a wonderful place to learn about American history. Thomas Jefferson's Monticello was deemed one of the 25 Best Historic Homes in America by Traditional Home. Brandpoint, a company that provides copyright-free, high-quality content for editors, ad directors, bloggers and publishers, recently ranked the University of Virginia #1 on their list of "America's Most Iconic College Campuses" citing its designation of a UNESCO World Heritage Site. Local attraction, Keswick Hall, was recently named a top ten southern resort by USA Today/10Best.

In addition to its highly regarded quality of life, this region possesses a very diverse economy supported by strong commercial and business service sectors as well as light manufacturing, education, and health service industries anchored by the University of Virginia and a thriving heritage tourism sector. The most recognizable and distinguishable attractions in the region include Thomas Jefferson's Monticello, the University of Virginia, the historic Charlottesville downtown area and Michie Tavern, Ash Lawn and Montpelier. While Monticello attracts approximately a half of a million guests each year and is the main tourist attraction for the region, a host of other cultural and entertainment venues attract additional visitors. These venues include the Charlottesville Pavilion located on the east end of the historic Charlottesville Downtown Mall, the renovated Paramount Theatre, and the very successful John Paul Jones Arena that attracts internationally renowned music and entertainment artists throughout the year.

Virginia's emerging wine industry continues to be quite prominent in the regional economy, and the Commonwealth is one of the largest producers of wine in the United States. Over half of Virginia's 2,000 vineyard acres grow within the Monticello Viticultural Area (AVA), all within CHO's service area.

The University of Virginia (UVA) remains stable regardless of economic conditions. Since the U.S. News & World Report rankings began in 1983, UVA has never dropped out of the Top 25 overall. At the undergraduate level, it currently ranks tied for #23 overall and #2 among public universities.

With over 30,000 employees and students, UVA remains an anchor in the region moderating many recessionary economic forces. The development of two research parks, the University of Virginia Research Park and Fontaine Research Park continues through the University of Virginia Foundation. The Foundation is focused on creating business and research partnerships between the private sector and the University.

In the field of health care, the region is home to two of the nation's most prestigious and dynamic hospitals. The University of Virginia Medical Center represents an integrated network of primary and specialty care. It is estimated that the UVA Medical Center will likely become a $1 billion a year health care facility. Martha Jefferson Hospital, a newly relocated community hospital facility is also recognized as being among the best health-care facilities in the United States. Collectively, the University of Virginia Health System and Martha Jefferson Hospital support almost 7,000 jobs and rank among the top employers for this region. Because of their missions, services and propensity to generate significant employment opportunities, both entities will continue to be catalysts for economic activity in the area.

The government/defense industry brings an estimated $110 million in economic growth to the area. Over the last several years, the Defense Intelligence Agency has been relocating much of its intelligence analysis function to the Albemarle County facility now occupied by the National Ground Intelligence Center. This has brought over 800 jobs and $64 million dollars in salaries to the local community.

The economic activity generated through the health care, biotechnology, government and travel/tourism industries in this region will continue to yield opportunities for all forms of aviation to prosper and grow at the Charlottesville-Albemarle Airport.

Airport Outlook
Melinda Crawford, Executive Director

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

A 2011 Virginia Airport System Economic Impact Study prepared by the Virginia Department of Aviation reports that every $1.00 spent at Virginia public-use airports returns an additional $3.48 in economic activity throughout Virginia's economy. Specifically, the study reports that CHO generates 1,267 jobs paying $40,667,000 in wages with total economic activity in the region valued at $128,684,000. Much of CHO's economic impact on the region is highlighted in a new advertising campaign which promotes CHO as "Your Airport".

CHO reached a record-breaking high of 470,562 passengers in FY 2014, an increase of 3.6% over FY 2013. With these strong numbers, CHO has seen an overall increase of over 22% in enplaned passenger growth for the period of FY 2005 through FY 2014, a period when many similar-sized airports have experienced significant declines in passenger traffic. This increase in passenger traffic can be attributable, in part, to Allegiant Airlines serving CHO from November 2013 to February 2014 with two-times-per-week service to Orlando, Florida. Shortly after Allegiant's exit from the market, American Airlines increased its presence at CHO by adding daily flights to LaGuardia.

The outlook for the regional economy remains strong, and although it is difficult to predict "seat capacity" during FY 2015, CHO's high load factors has made it a prime candidate for Delta's plan to add Boeing 717-200 service in some of its smaller airports. As part of Delta's plan and in response to an average 90% load factors on its CHO-Atlanta service, Delta has indicated that it will begin 717-service from CHO in September, 2014. The seat configuration on Delta's new 717-200 aircraft will provide for approximately 110 seats per flight and will offer CHO's passengers a first/business class option. CHO's overall load factors remain at 78% which are at historically peak levels. Most of CHO's connecting markets maintain load factors above 60%. CHO's Atlanta service averages a monthly load factor of 90% while American's service to Chicago remains strong with an average monthly load factor of 81%. These strong numbers position CHO to engage current airlines in the possibility of increasing frequency or capacity to its current markets and possibly adding new destinations.

In addition, the region's historical experience in prior recessions demonstrates an economic strength that diminishes the impact during lean years, with an enhanced growth rate during recovery periods. A local recovery is apparent as passenger traffic remains steady and local fares remain competitive. Therefore, the region's long-term economic potential is certain to provide an opportunity for CHO to remain stable and potentially grow and prosper as the aviation industry further stabilizes.

Capital Planning & Major Initiatives

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

The FY 2013 Capital Plan completed the Runway 21 Extension Project in relation to securing funding. The date for substantial completion of the Runway 21 Extension Project is anticipated to occur in September, 2014. This project began in 2008 and the certification by FAA of the navigational aid improvements is the primary aspect of the project that remains pending. The FY 2014 Capital Plan began the design phase for a parking lot expansion project and a terminal improvement project. The parking lot expansion project will add approximately 200 new parking spaces and will be funded by the issuance of general revenue bonds through the Virginia Resource Authority which closed on October 30, 2014. The anticipated project completion date for the parking expansion project is June, 2015. The terminal improvement project will include expansion and improvement of the terminal to allow for more passenger seating space, bathroom rehabilitation and expansion, security checkpoint reconfiguration and new concession areas. This project will be funded by the Virginia Department of Aviation, airport funds and possibly PFC funds. This project has an anticipated completion date in the summer of 2016. During FY 2014, CHO applied for an FAA grant that was subsequently received in FY 2015 to assist with the funding of the design of a runway/taxiway rehab project. This project will refurbish the existing runway/taxiway pavement which was last rehabbed in the late 1990's.

Financial Controls

Accounting and Budgetary Controls

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

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

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

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

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

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

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

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

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

Airline Use Agreements

The Authority executes and maintains an Airline-Airport Use and Lease Agreement with each of its commercial service airlines. The agreement is comprised of a revenue/deficit sharing arrangement whereby all year-end net income deficits are debited to airlines. Other than the annual revenue covenant coverage appropriation to the Authority, the fiscal year budget is calculated to result in a break-even posture. All operational debt service is included in the airline rates. The use agreement allows a majority-in-interest vote for eligible airlines for capital improvement appropriations in excess of the annual operating budget and specifically defined costs. The current use agreement expired June 30, 2009. A replacement agreement has not been completed, but continues in negotiation. Both the airlines and the airport continue to operate within the terms established by the agreement and the airlines continue to provide the required insurance, bonds, etc. It is anticipated a new agreement will be signed during FY 2015 with an effective begin date of 7/1/16.

Independent Audit

State statutes and federal regulations require that an annual audit be conducted for the Authority by an independent certified public accountant. The accounting firm of Robinson, Farmer, Cox Associates has been retained by the Authority for this purpose. In addition to meeting the requirements set forth in statutes, this audit is also designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report while reports relating to the single audit and the passenger facility charge program are located in the compliance section.

Management's Discussion and Analysis

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its 2013 Comprehensive Annual Financial Report (CAFR). This represents twenty-three years that the Authority has received this Certificate. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to established program standards. The Authority is confident that this report continues to conform to the Certificate of Achievement program requirements, and will be submitted to GFOA for consideration for award.

Acknowledgments

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

Respectfully submitted,

Penny D. Shifflett

Director of Finance

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
PRINCIPAL OFFICIALS AS OF JUNE 30, 2014

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY BOARD

Chairman
Dr. William J. Kehoe, University of Virginia

Vice-Chairman
Thomas C. Foley, Executive, County of Albemarle

Aubrey Watts, COO, City of Charlottesville

CHARLOTTESVILLE-ALBEMARLE JOINT AIRPORT COMMISSION

Chairman
Bill Schrader

Vice-Chairman
Donald Long

Rit Venerus

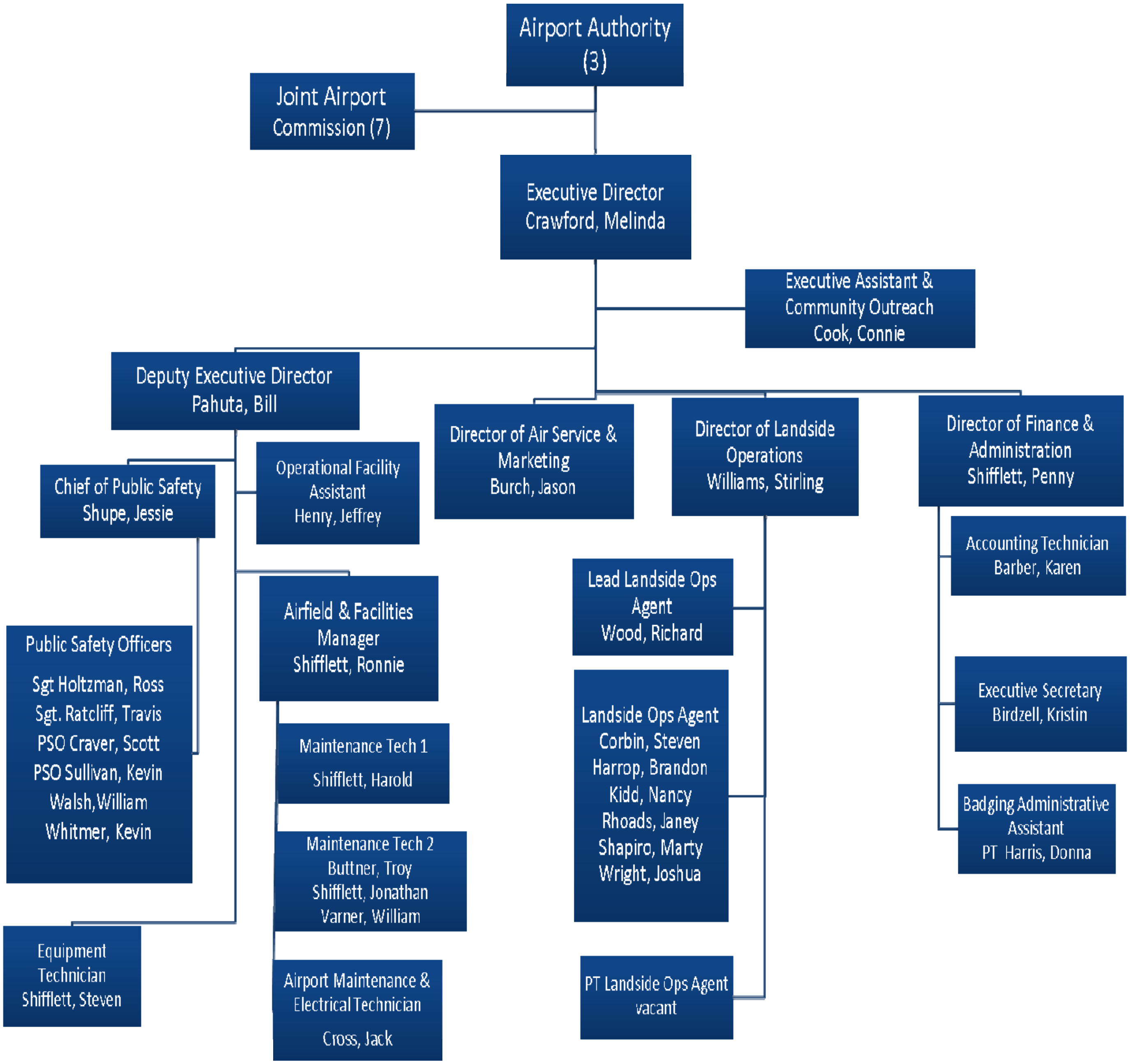
Gregory Edwards

Dr. William J. Kehoe

George Benford

John Post

Charlottesville-Albemarle Airport Authority
Organizational Chart
As of June 30, 2014



Charlottesville-Albemarle Airport Authority

Vision

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

Mission

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

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

Values

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

Organizational Goal Categories

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charlottesville-Albemarle Airport Authority, Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Charlottesville-Albemarle Airport Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Charlottesville-Albemarle Airport Authority, as of June 30, 2014, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of pension funding progress on pages 18-26 and 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Charlottesville-Albemarle Airport Authority's basic financial statements. The introductory section, other supplementary information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of passenger facility charges collected and expended as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited Charlottesville-Albemarle Airport Authority's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 30, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of Charlottesville-Albemarle Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charlottesville-Albemarle Airport Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 30, 2014

MANAGEMENTS' DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) provides an introduction and overview to the Authority's financial statements for the fiscal year ended June 30, 2014. It is unaudited and should be read in conjunction with the financial statements, and notes thereto, which follow in this section.

Basic Financial Statements

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

The Statement of Net Position depicts the Authority's financial position on June 30, 2014, the end of the Authority's fiscal year. The Statement shows all of the financial assets and liabilities of the Authority. Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

The Statement of Revenues, Expenses and Changes in Net Position reports operating revenues, operating expenses, nonoperating revenues, nonoperating expenses, contributed capital and changes in net position during the fiscal year ended June 30, 2014. The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis, recognizing revenue when earned and expenses when incurred.

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

Airport Activities and Highlights

From an operational standpoint, the Authority had a steady flow of activity in relation to prior fiscal year. Passenger enplanements increased 5% to 238,938 after a slight decline in FY 2013. Some of this increase is attributed to the introduction of Allegiant Airline service in November 2013. This service ended in February 2014 and resulted in 3,224 enplanements. Rental car revenue increased 4%. The rental car companies are in the third year of a three-year contract where minimum annual guarantees increased slightly. Parking revenue increased over 22% due to an increase in the daily parking rate which took effect on August 15, 2013. The daily rate went from $8 a day to $10 a day in all lots except one. That lot was originally called the Overflow Lot and was renamed as the Economy Lot with the rates remaining at $8 a day for those spaces.

Commercial, general aviation, and military activity all increased in FY 2014 which, in turn, generated increased revenues from fuel sales at Landmark Aviation, our Fixed Base Operator.

	FY 2014	FY 2013	FY 2012
Enplanements (persons)	238,398	227,874	231,907
Aircraft Landed Weights (1000's of lbs)	272,683	265,099	286,754
Operations (take-off & landings):			
Commercial	20,214	17,382	18,619
General Aviation	50,825	49,833	57,667
Military	6,028	5,491	5,408
Total Operations	**77,067**	**72,706**	**81,694**

Financial Highlights

Summary of Operations & Changes in Net Position

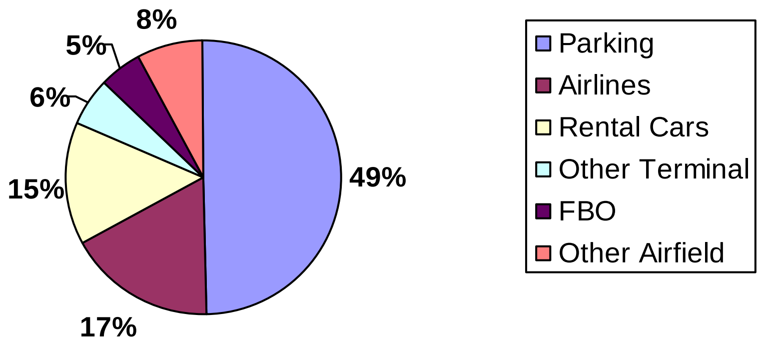
A summary of the Authority's Operations and Changes in Net Position at June 30, 2014 is set forth below:

Summary of Operations & Changes in Net Position	**2014**	**2013**	**2012**
Operations:			
Revenues	$5,438,985	$5,221,885	$4,576,972
Expenses	$4,285,963	4,347,885	3,788,084
Income/(loss) before depreciation & nonoperating income/(expenses)	$1,153,022	$874,000	$788,888
Nonoperating income/(expenses)	(518,624)	(416,863)	(193,177)
Income/(loss) before capital contributions & depreciation	$634,398	$457,137	$595,711
Depreciation	(2,736,440)	(2,959,706)	(3,007,771)
Income/(loss) before capital contributions	(2,102,042)	(2,502,569)	(2,412,060)
Capital contributions	$9,437,881	$11,917,822	$6,536,431
Net Position:			
Increase in net position	$7,335,839	$9,415,253	$4,124,371
Total net position, beginning of year	$88,127,037	$78,711,784	$74,396,195
Total net position, end of year	**$95,462,876**	**$88,127,037**	**78,520,566**

The 8% increase in net position is due to capital contributions associated with federal and state grant reimbursements for capital improvement projects underway during FY 2014. Beginning balances were restated in 2013 by $191,218 to reflect an updated amortization schedule for the Airport Special Facilities Revenue Bond.

Operating & Non-operating Revenue Highlights

The following chart shows the major sources and percentage of operating revenues for the fiscal year ended June 30, 2014:



As illustrated in the Statistical section of this document, the primary sources of revenue have undergone a modest change over the past ten years. While parking revenue, airline revenue and rental car revenue have remained the primary sources of revenues; parking revenue has grown from 39 percent of revenue in FY 2005 to 49 percent of operating revenues in FY 2014. Correspondingly, airline revenue has decreased from 26 percent of revenue in FY 2005 to 17 percent of operating revenues in FY 2014.

A summary of revenues for the year ended June 30, 2014 follows:

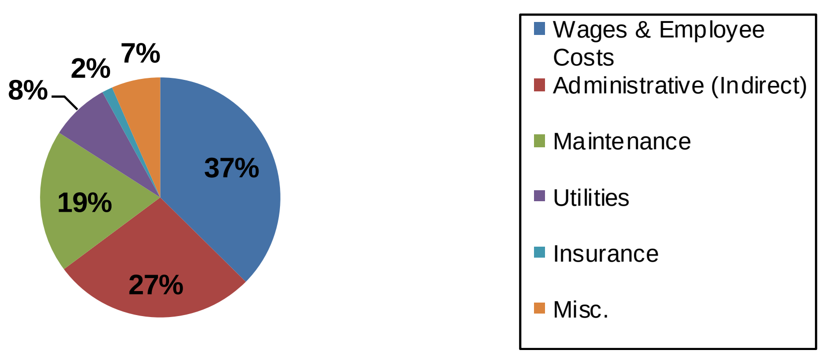
Summary of Revenues	**2014**	**2013**	**2012**
Operating:			
Parking Revenues	$2,692,720	$2,192,110	$2,205,473
Airline Revenues	950,258	936,779	839,157
Rental Car Revenues	789,511	760,550	761,187
Other Terminal Revenues	305,912	280,053	253,737
FBO (General Aviation)	284,405	269,975	243,484
Other Airfield Revenues	416,179	782,418	273,934
Total Operating Revenues	$5,438,985	$5,221,885	$4,576,972
Nonoperating:			
Interest Income	$7,443	$14,438	$16,247
PFC Debt Service Income	31,575	75,779	75,779
Agency Reimbursements	180,000	169,904	219,903
Total Nonoperating Revenues	$219,018	$260,121	$311,929
Total Revenues Prior to Capital Contributions	**$5,658,003**	**$5,482,006**	**$4,888,901**
Capital Contributions	$9,437,881	$11,917,822	$6,536,431
Total Revenues	**$15,095,884**	**$17,399,828**	**$11,425,332**

Parking revenue increased due to a rate increase implemented on August 15, 2013. Overall airline revenue remained steady. The Airport continues to strive to maintain competitive airline rates and charges as a means of sustaining commercial air service. Rental car revenue increased slightly being in the third year of a three year contractual arrangement where the minimum annual guarantee increased. Other Airfield revenues were high in 2013 due to the Airport receiving a $500,000 payment from the Department of Transportation related to a Small Community Air Service Development Program Grant which the Airport used to obtain service to Chicago that commenced in June 2011.

Nonoperating revenues decreased 16%. The PFC debt service income decreased this year as this particular allocation reached it maximum amount in November 2013 per the PFC application.

Operating & Nonoperating Expense Highlights

The following chart illustrates the major sources and percentage of operating expenses for the fiscal year ended June 30, 2014:



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

A summary of the expenses for the year ended June 30, 2014 follows:

Summary of Expenses	**2014**	**2013**	**2012**
Operating:			
Wages & Employee Expense	1,602,728	$1,491,211	$1,389,087
Administrative (Indirect)	1,174,382	1,565,542	982,347
Maintenance	826,332	700,634	860,258
Utilities	340,481	327,164	277,973
Insurance	61,111	59,403	75,218
Miscellaneous	280,929	203,931	203,201
Total Operating Expenses	$4,285,963	$4,347,885	$3,788,084
Nonoperating:			
Interest Expense	$232,742	$256,007	$280,151
Rental Car Service Facility Expense	169,466	179,462	184,567
Airline Settlement	335,434	241,515	40,388
Total Nonoperating Expenses	$737,642	$676,984	$505,106
Total Expenses	**$5,023,605**	**$5,024,869**	**$4,293,190**

Total expenses remained steady. Certain line items within this total fluctuated for various reasons. The larger items that contributed to the increase were wages and employee expense and administrative expenses. Wages increased 7 percent due to the Authority approving raises in 2014 for staff to bring them more in line with industry standards. Administrative expenses decreased 25 percent due to the 2013 American Airlines invoice for marketing and revenue guaranty related to service to Chicago that commenced in June 2011. This is in direct correlation to the increase in revenue related to the $500,000 Small Community Air Service Development Program Grant from the Department of Transportation.

Financial Position Summary

The Statement of Net Position reports the Authority's financial position as of June 30, 2014. It represents the Authority's assets and deferred outflows of resources after deducting liabilities. Assets and deferred outflows of resources exceeded liabilities by $95,462,876 at June 30, 2014, an 8 percent increase, or $7,335,839 over June 30, 2013, the result of the increase in capital assets associated with the ongoing capital improvement program.

A condensed summary of the Authority's total net position at June 30, 2014 is set forth below:

	2014	2013	2012
Assets:			
Current unrestricted assets	$2,046,377	$1,842,321	$1,607,422
Restricted assets	5,281,586	5,912,690	3,429,563
Capital assets	94,066,436	88,574,756	79,212,486
Deferred outflow of resources	357,388	432,628	507,867
Total assets and deferred outflows of resources	$101,751,787	$96,762,395	$84,757,338
Liabilities:			
Current liabilities	$2,570,716	$4,212,489	$1,099,762
Noncurrent liabilities	3,718,195	4,422,869	5,137,010
Total liabilities	**$6,288,911**	**$8,635,358**	**$6,236,772**
Net Position:			
Net investment in capital assets	$90,100,426	$83,988,096	$73,977,560
Restricted	4,185,359	3,010,454	3,328,689
Unrestricted	1,177,091	1,128,487	1,214,317
Total Net Position	**$95,462,876**	**$88,127,037**	**$78,520,566**

Net Position is comprised of three components as follows:

Investment in capital assets (e.g. land, buildings, equipment, etc.) net of depreciation and less the outstanding indebtedness used to acquire the assets, increased 7 percent as the result of the value of construction placed in service and equipment purchased. This category represents 94 percent of the Authority's net position as of June 30, 2014.

Restricted net position (4 percent of total net position) includes funds that are restricted in use such as the Passenger Facility Charge (PFC) funds, federal and state grant funds, and Customer Facility Charge (CFC) funds less related liabilities. The increase of 39 percent in the total restricted cash balance in these funds compared to June 30, 2013 is the result of funds being allocated for upcoming construction and other projects for the Airport and for the rental car facilities.

Unrestricted net position is allocable for any reason by the Airport Authority. Unrestricted net position represents current assets less current liabilities (other than notes payable) less accrued leave. At June 30, 2014, there was a 4 percent increase in unrestricted net position compared to June 30, 2013.

Summary of Cash Flow Activities

Net cash provided by the operation increased 48 percent, or $374,104. This is mainly due to the increase in parking revenue. Net cash used in capital financing activities increased $351,502 as the result of continuing activity related to the Runway 21 Extension Project. While the cash provided by operations increased and the cash used by capital financing activities also increased, there was an overall increase in cash and cash equivalents for the year of $980,351. This is an increase of 1.6 percent over the prior year. Cash and cash equivalents at year-end totaled $5,651,885 which is a 21 percent increase over FY 2013.

Airline Signatory Rates and Charges

The Authority and its commercial service airlines negotiated a renewal of the signatory airline use agreement originally executed in fiscal year 2002, utilizing a full residual rate-making methodology. This agreement allows the Authority to include debt service in the rates and charges and to invoice airlines for any year-end deficit to meet bond and operating requirements. Net income above the budgeted amount is returned to the airlines in the form of an airline settlement at the conclusion of the fiscal year. The contract renewal expired June 30, 2009, and a renewal of the agreement is being re-negotiated. It is anticipated a new agreement will be in effect beginning FY 2016. Rates and charges for the signatory airlines over the last 36 months are as follows:

	FY 2014	FY 2013	FY 2012
Landing Fees (1,000 lbs unit)	1.86	1.84	1.78
Average Terminal Rental Rates (s.f.)	23.09	21.58	22.82
Airline Cost per Enplanement	3.99	4.11	3.62

The airline cost per enplanement is calculated by dividing operating revenue derived from airline fees by the fiscal year passenger enplanements, a routine aviation statistic utilized in the industry for comparison purposes.

Financial Statements

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

Capital Acquisitions and Construction Activities

During FY 2014, the Authority expended $8,228,121 on capital activities. These included construction projects mainly related to the runway extension and terminal renovation, and acquisition of machinery and equipment. Additional information may be found in the Notes to Financial Statements section of this document, Note 6 – Changes in Capital Assets and Construction in Progress.

Capital acquisitions totaling $315,144 were comprised of the following:

Capitalized Item	***Value***
Large Pax Loading Ramp	$83,258
Stairs for Ramp	16,870
Ops Tahoe	34,244
PSO Tahoe	41,308
DeIcer Upgrade	18,797
Tahoe Marketing CHO Mobile/Upgrades	17,035
2 Golf Carts	19,655
Parking Shuttle	52,648
Donated ARFF Shuttle	25,000
Vending Machine	6,329
Total	**$315,144**

Long Term Debt Administration

In 2004, the County of Albemarle acquired debt for a radio system in the amount of $7,000,000 on behalf of the County, the City of Charlottesville, the University of Virginia, and the Charlottesville-Albemarle Airport Authority. 3.01 percent of the debt service is the responsibility of the Charlottesville - Albemarle Airport Authority. This debt matures annually from 2004 through 2013. The balance outstanding as of June 30, 2013 was $12,239. This debt was retired in 2014.

In 2002, the Authority issued $2,222,078 in taxable Series 2002 Special Facilities Revenue Bonds dated July 3, 2002 maturing annually from 2002 through 2020 with interest of 5.78 percent. The pledge of revenue for repayment of the debt is the Customer Facility Charge (CFC) collected and remitted by the rental car concessionaires. The balance outstanding as of June 30, 2014 was $1,036,503.

In 2004, the Authority issued $6,703,274 in taxable Series 2004 Refunding Bonds dated April 14, 2004 maturing annually from 2004 through 2019. The balance outstanding as of June 30, 2014 was $2,701,811.

In 2006, the Authority issued $710,000 in taxable Series 2006 Airport Revenue Bonds dated April 1, 2006 maturing annually from 2006 through 2020 for the construction of a pay surface parking lot. The balance outstanding as of June 30, 2014 was $361,690.

In April 2010, the Authority obtained a bridge loan from the Virginia Department of Aviation (VDOA) Project CS0004-37 for land acquisition related to the RW Ext 21 Project. Bridge loans with VDOA are due to be repaid within four years from the start of the grant. An extension can be obtained. One was obtained for this loan as the land acquisition part of this project is still ongoing. This is a long term liability and the amount outstanding at June 30, 2014 was $115,582.

In November 2012, the Authority obtained a bridge loan from VDOA Project CS0004-41 for land easements and fee settlements related to the RW Ext 21 Project. The amount outstanding at June 30, 2014 was $107,812.

Additional information on the Authority's Bonds can be found in Note 7 – Long-Term Obligations in the Notes to the Financial Statements.

Passenger Facilities Charge (PFC)

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

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

In December 2009, the PFC application expired and a new one was approved by the FAA in June 2010. The new commencement date for collections was August 2010 at a rate of $4.50. The current PFC expires in August 2016.

Pension Program

The Authority is a member of the Virginia Retirement System (VRS). VRS is the public employees' retirement plan for Commonwealth of Virginia employees. Municipalities, counties and local public agencies may elect to join VRS. The Authority contributes a percentage of payroll to VRS on behalf of its fulltime employees, the rate set bi-annually by VRS as actuarially determined (8.28% during FY 2014).

Request for Information

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

Respectfully submitted,

Penny D. Shifflett

Penny D. Shifflett
Director of Finance

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statement of Net Position
At June 30, 2014
(With Comparative Totals for the Prior Year)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2014	2013
Current assets:		
Cash and cash equivalents	$ 1,709,117	$ 1,438,339
Prepaid insurance	24,726	84,380
Prepaid insurance - CFC facility	3,218	4,534
Other prepaid expenses	5,930	1,500
Accounts receivable - net	303,386	313,568
Total current unrestricted assets	$ 2,046,377	$ 1,842,321
Restricted assets:		
Capital Funds:		
Cash and cash equivalents	$ 199,302	$ 540,329
Receivable	1,131,478	2,494,113
Passenger Facility Charge Funds:		
Cash and cash equivalents	1,265,077	1,284,963
Receivable	163,398	142,266
Customer Facility Charge Funds:		
Cash and cash equivalents	1,418,846	1,188,945
Receivable	43,942	43,116
Renewal and Replacement Funds:		
Cash and cash equivalents	150,696	150,094
State Entitlement Funds:		
Cash and cash equivalents	842,905	2,923
Total current restricted assets	$ 5,215,644	$ 5,846,749
Total current assets	$ 7,262,021	$ 7,689,070
Noncurrent assets:		
Restricted assets:		
Revenue Bond Funds:		
Cash and cash equivalents	$ 65,942	$ 65,941
Capital assets:		
Land	$ 16,937,410	$ 16,937,410
Construction in progress	39,013,820	31,100,843
Building, improvements and equipment, net of accumulated depreciation	37,799,417	40,109,808
Intangibles, net of accumulated amortization	315,789	426,695
Total capital assets (net of accumulated depreciation and amortization)	$ 94,066,436	$ 88,574,756
Total noncurrent assets	$ 94,132,378	$ 88,640,697
Total assets	$ 101,394,399	$ 96,329,767
Deferred outflows of resources:		
Loss on refunding of debt	$ 357,388	$ 432,628

Exhibit A

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Net Position

At June 30, 2014

(With Comparative Totals for the Prior Year)

LIABILITIES AND NET POSITION

	2014	2013
Current liabilities:		
Accounts payable:		
Operating	$ 646,131	$ 534,274
Unearned revenue	3,487	0
Accrued payroll and related liabilities	50,392	56,144
Accrued compensated absences	10,189	9,642
A/P security deposits/performance bonds	51,000	27,000
Note payable County of Albemarle-800 Mhz	0	12,239
Revenue bonds payable	696,908	650,773
Accrued interest	16,381	20,181
Liabilities payable from restricted assets (accounts payable and retainage payable):		
Capital funds	1,096,227	2,902,236
Total current liabilities	$ 2,570,716	$ 4,212,489
Noncurrent Liabilities:		
Accrued compensated absences	$ 91,705	$ 86,775
Due to VDOA--Bridge Loans	223,394	223,274
Revenue bonds payable	3,403,096	4,112,820
Total noncurrent liabilities	$ 3,718,195	$ 4,422,869
Total liabilities	$ 6,288,911	$ 8,635,358
Net Position:		
Net investment in capital assets	$ 90,100,426	$ 83,988,096
Restricted for:		
Capital Projects	$ 234,553	$ 132,206
PFC fund	1,428,475	1,427,229
State Entitlement fund	842,905	2,923
Renewal & Replacement	150,696	150,094
CFC fund	1,462,788	1,232,061
Bond fund	65,942	65,941
Total restricted assets	$ 4,185,359	$ 3,010,454
Unrestricted	$ 1,177,091	$ 1,128,487
Total net position	$ 95,462,876	$ 88,127,037

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

Exhibit B

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2014
(With Comparative Totals for the Prior Year)

	2014	2013
Operating revenues:		
Parking	$ 2,692,721	$ 2,192,110
Terminal	1,718,574	2,027,072
Airfield	1,027,690	1,002,703
Total operating revenues	$ 5,438,985	$ 5,221,885
Operating expenses:		
Direct operating expenses:		
Parking	$ 616,510	$ 484,631
Terminal	1,467,194	1,328,151
Airfield	1,027,878	969,561
Total direct operating expenses	$ 3,111,581	$ 2,782,343
Indirect operating expense:		
Administrative	$ 1,174,382	$ 1,565,542
Total operating expenses	$ 4,285,963	$ 4,347,885
Operating income before depreciation and amortization	$ 1,153,022	$ 874,000
Depreciation and amortization	(2,736,440)	(2,959,706)
Operating income (loss)	$ (1,583,418)	$ (2,085,706)
Nonoperating revenues (expenses):		
Interest income	$ 7,443	$ 14,438
CFC expenses	(169,466)	(179,462)
Interest expense	(232,742)	(256,007)
PFC debt service income	31,575	75,779
State radio debt service income	0	19,904
State entitlement debt service income	180,000	150,000
Airline settlement	(335,434)	(241,515)
Total nonoperating revenue (expenses)	$ (518,624)	$ (416,863)
Net income (loss) before capital contributions	$ (2,102,042)	$ (2,502,569)
Capital contributions:		
Federal construction revenue	$ 4,699,159	$ 7,486,803
State construction revenue	3,198,399	3,045,829
PFC fund	972,046	863,818
CFC fund	543,277	521,372
Other Contributions	25,000	0
Total capital contributions	$ 9,437,881	$ 11,917,822
Net position		
Increase in net position	$ 7,335,839	$ 9,415,253
Total net position, beginning of year-as restated	$ 88,127,037	$ 78,711,784
Total net position, end of year	$ 95,462,876	$ 88,127,037

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

Exhibit C

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2014
(With Comparative Totals for the Prior Year)

		2014		2013
Cash flows from operating activities:				
Cash received from providing services	$	5,452,654	$	5,144,453
Cash paid to suppliers		(2,050,920)		(2,461,160)
Cash paid to and for employees		(2,242,183)		(1,897,846)
Net cash provided by (used for) operating activities	$	1,159,551	$	785,447
Cash flows from capital and related financing activities:				
Interest paid on debt	$	(221,745)	$	(266,267)
Acquisition of property and equipment		(290,144)		(140,283)
Additions to construction in progress		(9,722,666)		(9,380,838)
Bridge loans from VDOA		107,812		3,599
Debt service paid		(675,827)		(643,744)
State debt service reimbursement		180,000		169,904
Airline settlement		(241,515)		(40,388)
PFC debt service income		31,575		75,779
Contributions from Virginia Department of Aviation		3,126,795		3,343,355
Contributions from Federal Aviation Administration		6,025,707		5,694,804
Contributions from Passenger Facility Charge (PFC)		950,914		826,658
Contributions from Customer Facility Charge (CFC)		542,451		522,280
Net cash provided by (used for) capital and related financing activities	$	(186,643)	$	164,859
Cash flows from investing activities:				
Investment interest earned	$	7,443	$	14,438
Net increase (decrease) in cash and cash equivalents		980,351		964,744
Cash and cash equivalents at beginning of year (including restricted accounts)		4,671,534		3,706,790
Cash and cash equivalents at end of year (including restricted accounts)	$	5,651,885	$	4,671,534
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating loss	$	(1,583,418)	$	(2,085,706)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	$	2,736,440	$	2,959,706
CFC operations		(104,027)		(98,864)
Changes in operating assets and liabilities:				
Accounts receivable		10,182		(30,932)
Prepaid expenses		55,224		(78,361)
Accounts payable - operating		17,938		106,657
Accounts payable - security deposits/performance bonds		24,000		-
Accrued payroll and related liabilities		(5,752)		30,471
Accrued compensated absences		5,477		28,976
Unearned revenue		3,487		(46,500)
Total adjustments	$	2,742,969		2,871,153
Net cash provided by (used for) operating activities	$	1,159,551	$	785,447
Schedule of non-cash capital and related financing activities:				
Contribution of shuttle	$	25,000	$	-

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

Charlottesville - Albemarle Airport Authority
Notes to Financial Statements

NOTE 1 - FINANCIAL REPORTING ENTITY:

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

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

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

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

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

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

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

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

Revenue – Funds used for the daily operations of the Airport Authority.

Coverage Fund – Reserve account established by Indenture of Trust and Airline Use Agreement where the Authority deposits coverage payments from airlines. The Authority may designate use of the funds for capital projects or equipment acquisition.

Investments – Investments consist primarily of U.S. Government Treasury obligations and are stated at fair value.

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

Capital Assets – Capital Assets are carried at original historical cost or at fair market value when donated. Depreciation (including amortization of intangible assets) is computed on the straight-line method over the following estimated lives:

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

When capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the results of operations. Depreciation expense for the year ended June 30, 2014 was $2,736,440. The Authority's current Capital Asset Classification is that any asset or any addition to an asset or improvement of an asset shall be classified as a depreciable asset if the value of the purchase is $5,000 or more, is purchased from the coverage fund, capital fund or revenue, has an estimated useful life of 3 years or more; and, is considered one of the following: a) equipment, b) vehicle, c) building or improvement, d) airfield equipment or improvement, e) hangar or improvement, f) intangible asset.

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

Deferred Outflow of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Amortization expense for the year ended June 30, 2014 was $75,240.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2014.

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

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

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

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

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

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

Revenue Bond Funds – 2004 airport revenue refunding bond proceeds held in an Escrow Fund.

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

State Entitlement Fund – The Authority receives annual entitlement fund allocations from the Virginia Department of Aviation which are required to be maintained in a separate, interest-bearing account. The use of the funds is restricted for purposes established by the Virginia Aviation Board.

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

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

NOTE 3 – RESTRICTED ASSETS:

The income, principal cash and investments shown on the statement of net position at June 30, 2014 consist of the following:

Restricted Assets:	**Cash & Cash Equivalents**	**Receivables**	**Total Restricted Assets**
Capital Projects	$199,302	$1,131,478	$ 1,330,780
PFC Fund	1,265,077	163,398	1,428,475
State Entitlement Fund	842,905	-	842,905
Renewal & Replacement	150,696	-	150,696
CFC Fund	1,418,846	43,942	1,462,788
Bond Fund	65,942	-	65,942
Total Restricted Assets	$3,942,768	$1,338,818	$5,281,586

NOTE 4 – DEPOSITS AND INVESTMENTS:

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

Investments: Statutes authorize the Authority to invest in: obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Developments (World Bank), the Asian Development Bank, and the African Development Bank; prime quality commercial paper and certain corporate notes; banker's acceptances; repurchase agreements; and State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The Authority adopted a formal investment policy in 2014. In addition to the requirements set forth by the Code of Virginia, all bond investments are governed by the Authority's Indenture of Trust. The Indenture requires that all money held in funds or accounts established under the Indenture shall be separately invested and reinvested pursuant to the Code of Virginia requirements for the investment of public funds. In addition, the Indenture sets forth the evaluation of the investments as well as securities for deposits.

As of June 30, 2014, all Authority funds were held in interest-bearing accounts and investments were invested pursuant to the Code of Virginia requirements for the investment of public funds.

The Authority's unrated money market mutual funds investments of $65,942 on June 30, 2014 were held in the Authority's name by the Authority's custodial bank.

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NOTE 4 – DEPOSITS AND INVESTMENTS: (continued)

The following is a reconciliation of cash and investments for the fiscal year ended June 30, 2014:

Summary of Cash and Investments:		
Cash on hand and cash items	$	5,800
Carrying value of deposits		5,580,143
Investments		65,942
Total	$	5,651,885
Per Financial Statements:		
Cash and cash equivalents:		
Operating	$	1,709,117
Restricted Capital Projects		199,302
Restricted PFC Fund		1,265,077
Restricted CFC Fund		1,418,846
Restricted Renewal & Replacement		150,696
Restricted Entitlement		842,905
Restricted Bond Funds		65,942
Total per financial statements	$	5,651,885

Interest Rate Risk

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

NOTE 5 –ACCOUNTS RECEIVABLE:

Details of changes in Accounts Receivable for the fiscal year ended June 30, 2014 are as follows:

	Non Restricted Assets	Restricted Assets	Total Accounts Receivable
Accounts Receivable			
Operating	$ 303,386	$ -	$ 303,386
Capital	-	1,131,478	1,131,478
Passenger Facility Charge	-	163,398	163,398
Rental Car Facility Charge	-	43,942	43,942
	$ 303,386	$ 1,338,818	$ 1,642,204

Accounts Receivable – Operating consists of invoices to airport tenants including airlines, rental car concessionaires, fixed base operators and other firms doing business at the airport. Operating receivables decreased $10,182 from fiscal year 2013.

Capital Receivable – Capital decreased $1,362,635 from fiscal year 2013 due to the timing of project expenditures and the related filings of reimbursements. Capital consists of expenditures

NOTE 5 – ACCOUNTS RECEIVABLE: (continued)

in construction in progress filed for reimbursement with the State in the amount of $386,077 and the Federal Government in the amount of $745,401.

Passenger Facility Charge- Passenger facility charge receivables represent the accrual for funds received in July and August 2014 for the period June 2014.

Rental Car Facility Charge – Customer facility charge receivables represent the accrual for funds received in July 2014 for the period June 2014.

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

Net capital assets increased $5,491,680 as the result of several construction projects. Details of changes in capital assets and construction in progress for the fiscal year ended June 30, 2014 follows on the next page as previously discussed in the Letter of Transmittal.

It is the Authority's practice for capital projects with land acquisitions to be recorded in the CIP accounts and closed to land upon project completion.

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets not depreciated:				
Land	$ 16,937,410	$ -	$ -	$ 16,937,410
Construction in progress:				
AIP 37 RPZ land	$ 279,117	$ -	$ -	$ 279,117
Runway 21 Phase 1A	8,242,439	-	-	8,242,439
Runway 21 Phase 1B	7,335,987	-	-	7,335,987
Runway 21 Final Design Ph 2-4	2,027,013	94,548	-	2,121,561
Runway 21 Phase 2 Paving	5,102,487	74,725	323,871	4,853,341
Runway 21 Phase 3 ERSA	5,825,460	2,318,254	427,776	7,715,938
Runway 21 Phase 4 Taxiway	638,508	5,533,357	105,581	6,066,284
Runway 21 Phase 5 Navaids	-	262,157	-	262,157
Offset Localizer	1,531,689	-	-	1,531,689
Air Carrier Apron Repair	-	105,581	-	105,581
Terminal Seating	-	84,650	-	84,650
Parking Lot Expansion	-	156,609	2,100	154,509
Terminal Renovation/Expansion	-	230,536	100,044	130,492
Runway Rehabilitation	-	3,440	-	3,440
Snow Removal Equipment Bldg.	117,793	-	-	117,793
Dance Studio Relocation	-	8,492	-	8,492
Miscellaneous Capital	350	-	-	350
Total Construction in progress	$ 31,100,843	$ 8,872,349	$ 959,372	$ 39,013,820
Total capital assets not depreciated	$ 48,038,253	$ 8,872,349	$ 959,372	$ 55,951,230
Capital and other assets depreciated:				
Buildings	$ 29,890,435	$ -	$ -	$ 29,890,435
Improvements other than buildings	36,370,836	100,128	-	36,470,964
Machinery & equipment	5,803,481	215,016	-	6,018,497
Infrastructure	12,176,100	-	-	12,176,100
Intangibles	1,089,663	-	-	1,089,663
Total capital assets depreciated	$ 85,330,515	$ 315,144	$ -	$ 85,645,659
Less accumulated depreciation for:				
Buildings	$ (15,409,286)	$ (775,107)	$ -	$ (16,184,393)
Improvements other than buildings	(20,439,026)	(1,218,918)	-	(21,657,944)
Machinery & equipment	(4,871,432)	(235,798)	-	(5,107,230)
Infrastructure	(3,411,300)	(395,712)	-	(3,807,012)
Intangibles	(662,968)	(110,906)	-	(773,874)
Total accumulated depreciation	$ (44,794,012)	$ (2,736,441)	$ -	$ (47,530,453)
Total net capital assets depreciated	$ 40,536,503	$ (2,421,297)	$ -	$ 38,115,206
Net Capital Assets	$ 88,574,756	$ 6,451,052	$ 959,372	$ 94,066,436

Note: The deletions in the Capital and other assets depreciated section reflect transfers made between categories. Nothing was disposed.

NOTE 7 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions for the year ended June 30, 2014.

	Beginning Balance	Additions	Reductions	Ending Balance
Revenue Bonds	$ 4,763,592	$ -	$ (663,588)	$ 4,100,004
Intergovernmental N/P	12,239	-	(12,239)	-
Bridge Loans VDOA	223,274	120	-	223,394
Compensated Absences	96,417	85,872	(80,395)	101,894
	$ 5,095,522	$ 85,992	$ (756,222)	$ 4,425,292

Note: Beginning balances were restated by $191,218 to reflect an updated amortization schedule for the Airport Special Facilities Revenue Bond.

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NOTE 7 – LONG-TERM OBLIGATIONS: (continued)

At June 30, 2014, the Authority's long-term obligations consisted of the following:

		Total & Current
$2,222,078 Airport Special Facilities Revenue Bond dated July 3, 2002, interest rate of 5.789% principal payable monthly in various incremental amounts, ranging from $11,196 due on July 1, 2014 to $16,063 in 2020	$	1,036,503
$6,703,274 Airport Revenue Refunding Bond dated April 14, 2004, interest rate of 4.75% and principal payable monthly in various incremental amounts, ranging from $41,532 due on July 1, 2014 to $52,020 in 2019		2,701,811
$710,000 Airport Revenue Bond dated April 1, 2006, interest rate of 4.15% and principal payable semi-annually in various incremental amounts, ranging from $24,026 due on June 1, 2014 to $31,378 in 2020		361,690
Total Revenue Bonds	$	4,100,004
Less Current Portion		(696,908)
Long Term Obligation	$	3,403,096
Bridge Loans from Virginia Department of Aviation (VDOA) related to RW Ext. Project.		
CS0004-37 Grant Agreement effective April 9, 2010. Amount loaned as of FY14:	$	115,582
CS0004-41 Grant Agreement effective November 7, 2012. Amount loaned as of FY14:		107,812
Long Term Obligation *	$	223,394
Compensated Absences	$	101,894
Less Current Portion		(10,189)
Long Term Obligation	$	91,705
Total long-term obligations	$	3,718,195

* Bridge loans through VDOA have a repayment period of 4 years from start date. An extension can be requested and one has been granted for CS0004-37 as the project will not be completed during the payback period, thus making this a long term obligation.

NOTE 7 – LONG-TERM OBLIGATIONS: (continued):

Prior Year Defeasance of Debt

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

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

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

Federal Arbitrage Regulations

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

The Long Term Debt Service Schedule can be seen on the following page.

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NOTE 7 – LONG-TERM OBLIGATIONS (Continued):

Long Term Debt Schedule

Year Ended June 30	Series 2002 $2,222,078 Issue Principal	Series 2002 $2,222,078 Issue Interest	Series 2004 $6,703,274 Issue Principal	Series 2004 $6,703,274 Issue Interest	Series 2006 $710,000 Issue Principal	Series 2006 $710,000 Issue Interest
2015	137,975	56,381	509,376	117,341	49,557	14,501
2016	146,178	48,178	534,105	92,612	51,635	12,423
2017	154,868	39,487	560,035	66,683	53,801	10,258
2018	164,075	30,280	587,223	39,494	56,056	8,002
2019	173,830	20,526	511,072	11,192	58,407	5,652
2020-2024	259,577	11,243	-	-	92,234	3,854
Total	$ 1,036,503	$ 206,095	$ 2,701,811	$ 327,322	$ 361,690	$ 54,690
Less current portion	137,975		509,376		49,557	
Total long-term obligations	$ 898,528		$ 2,192,435		$ 312,133	

Year Ended June 30	Total Debt Summary $9,635,352 Principal	Total Debt Summary $9,635,352 Interest
2015	$ 696,908	$ 188,223
2016	731,918	153,213
2017	768,704	116,428
2018	807,354	77,776
2019	743,309	37,370
2020-2024	351,811	15,097
Total	$ 4,100,004	$ 588,107
Less current portion	$ 696,908	
Total long-term obligations	$ 3,403,096	

NOTE 8 – LEASES:

The Authority's leasing operations consist of the leasing of office and terminal space to airlines and other tenants. As a recipient of federal grants, the Airport Authority is prohibited from entering into long-term agreements and leases. All leases are subject to public procurement requirements, and each has a different mechanism for determining rates and charges.

Each year, lease payments are set to sufficiently fund expenses in the adopted operating budget, including debt service expense and the revenue covenant coverage expense.

The cost of leased space is not determinable because the leased portions of assets are not significant to the total square footage of the facility.

NOTE 9-RETIREMENT PLAN:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

   The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

   If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

   Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

NOTE 9-RETIREMENT PLAN (continued)

A. **Plan Description (Continued)**

VRS – PLAN 1 (CONTINUED)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

   Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

   An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

NOTE 9-RETIREMENT PLAN: (continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

10. **Normal Retirement Age -** Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

    Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. **Eligibility -** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

    For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

    - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
    - The member retires on disability.
    - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
    - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.

NOTE 9-RETIREMENT PLAN: (continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

    Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

    VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

   The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

A. Plan Description (Continued)

VRS − PLAN 2 (CONTINUED)

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1−Refer to Section 4.

5. **Creditable Service** – Same as VRS Plan 1− Refer to Section 5.

6. **Vesting** – Same as VRS Plan 1−Refer to Section 6.

7. **Calculating the Benefit** – Same as VRS Plan 1−Refer to Section 7.

8. **Average Final Compensation -** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

9. **Service Retirement Multiplier -** Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

10. **Normal Retirement Age -** Normal Social Security retirement age.

11. **Earliest Unreduced Retirement Eligibility -** Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

    Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility -** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement -** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

14. **Eligibility** – Same as VRS Plan 1−Refer to Section 14.

15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1−Refer to Section 15.

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

16. **Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

    Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

    VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service** – Same as VRS Plan 1−Refer to Section 17.

HYBRID RETIREMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

    - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

    - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

    - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

    - State employees*

    - School division employees

    - Political subdivision employees*

    - Judges appointed or elected to an original term on or after January 1, 2014

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

   - Members of the State Police Officers' Retirement System (SPORS)
   - Members of the Virginia Law Officers' Retirement System (VaLORS)
   - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

   Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

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

   Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1−Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation – Same as VRS Plan 2−Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

9. **Service Retirement Multiplier** - The retirement multiplier is 1.0%.

   For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. **Normal Retirement Age**

    Defined Benefit Component – Same as VRS Plan 2−Refer to Section 10.

    Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. **Earliest Unreduced Retirement Eligibility**

    Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

    Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. **Earliest Reduced Retirement Eligibility**

    Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

    Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. **Cost-of-Living Adjustment (COLA) in Retirement**

    Defined Benefit Component – Same as VRS Plan 2−Refer to Section 13.

    Defined Contribution Component – Not Applicable.

14. **Eligibility** – Same as VRS Plan 1 and VRS Plan 2−Refer to Section 14.

15. **Exceptions to COLA Effective Dates** – Same as VRS Plan 1 and VRS Plan 2−Refer to Section 15.

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

16. **Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

    State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

    Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. **Purchase of Prior Service**

    Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2−Refer to Section 17.

    Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended 2014 was 8.28% of annual covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the Authority's annual pension cost of $120,163 was equal to the Authority's required and actual contributions.

Three Year Trend Information

Fiscal Year Ended		Annual Pension Cost (APC 1)	Percentage of APC Contributed		Net Pension Obligation
June 30, 2012	$	63,003	100%	$	-
June 30, 2013	$	104,557	100%	$	-
June 30, 2014	$	120,163	100%	$	-

1-Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Authority's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the Authority's plan was 72.28% funded. The actuarial accrued liability for benefits was $4,470,985 and the actuarial value of assets was $3,231,566, resulting in an unfunded actuarial accrued liability (UAAL) of $1,239,419. The covered payroll (annual payroll of active employees covered by the plan) was $1,356,859 and ratio of the UAAL to the covered payroll was 91.34%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 10 – COMPENSATED ABSENCES:

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

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

Authority employees earn annual leave at rates determined by length of service. Sick leave is earned at the rate of eight hours per month. No benefits or pay are received for unused sick leave upon termination. Accumulated annual leave and earned compensation is paid upon termination. The Authority has outstanding accrued annual leave pay totaling $101,894 as of June 30, 2014. Of this amount, 10 percent or $10,189 has been estimated as a current liability.

The Authority has a policy that upon separation on good terms, full time employees with 5 or more years of service will receive $125 for each year of service, for a maximum of 30 years. As of June 30, 2014, the potential amount of payout for current employees is $28,500. This is not recorded as a liability due to the uncertainty of the payment.

NOTE 11 – RISK MANAGEMENT:

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES:

Federal programs in which the Authority participates were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Pursuant to the provisions of the circular all major programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures would be immaterial.

NOTE 12 – COMMITMENTS AND CONTINGENCIES: (continued)

At June 30, 2014, the Authority had one major project in the design phase and two in the construction phase, which are presented in the financial statements as Construction in Progress. Presented is a list of those projects, contract amounts, expenditures to date and balance of contracts remaining:

		Contract Amounts		Expenditures To Date		Balance of Contracts
Terminal Rehab/Renovation Design	$	434,975	$	130,493	$	304,482
R/W 21 Phase 3		5,573,214		5,285,186		288,028
R/W 21 Phase 4-5		2,722,855		1,837,976		884,879
Total	$	8,731,044	$	7,253,655	$	1,477,389

NOTE 13 – LITIGATION:

At June 30, 2014, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 14 – SUBSEQUENT EVENTS:

On August 28, 2014, the Authority purchased the leasehold agreement with Aviation Development Group (ADG) for $320,000. In the original "Deed of Lease" agreement dated March 24, 1997, the Authority authorized the lease of approximately 45,870 sq. ft. of property to ADG for the installation, construction, establishment and operation of no more than four 60' x 60' buildings for airplane storage. This lease was for a term of 25 years and provided the Tenant with a single seven-year additional term option. ADG later constructed Hangar Unit D2 (a 60' x 60' box hangar) in 1997, built Hangar Unit D3 (a second 65' x 60' box hangar) in 2007, and developed additional site locations for the future construction of two similar sized box hangars (Hangar Unit D1 & Hangar Unit D4). ADG then entered into a sublease agreement with Jackson Air Charter which expires on November 1, 2017, and the monthly income for this hangar (Unit D3) is $1,700. ADG was able to rent the older Unit D2 for approximately one year and asked if the Authority would be interested in renting that hangar back from them for the purpose of storing CHO equipment used for airfield maintenance. Rather than lease the vacant hangar, it was determined that the Authority's purchase of the leasehold agreement would be of greater benefit. ADG agreed to the proposal and, as per the agreement, suggested a sale price of $320,000. The Authority had the site appraised and it was deemed that the offered price was below the appraised value. Staff secured the Board's approval of the purchase and explained that the purchase provided the Airport with much needed storage space for airfield maintenance equipment as well as increased rental revenue from the assumption of the existing sublease agreement for one of the hangars.

NOTE 14 – SUBSEQUENT EVENTS: (continued)

In August 2014, the Authority released a request for proposals for a Restaurant/General Retail/Vending Concession Agreement. Due to issues associated with a bid process, the concession contract has not been awarded. It is anticipated that the contract will be awarded in January 2015.

In September 2014, the Authority accepted a Federal Aviation Administration grant in the amount of $1,024,650 for the design of the Runway/Taxiway Rehabilitation Project. The Board also approved a contract with Delta Airport Consultants for the design of the project in an amount not-to-exceed $ 1,109,014. The project will consist of removing the existing pavement, making any required improvements to the base material, and then a complete overlay of the entire pavement surface of the existing runway and associated taxiway system. Due to the complexity of rehabbing the Authority's sole runway, the design process for this project is anticipated to take approximately one year as it requires a great deal of coordination with the airlines and other stakeholders.

On October 30, 2014, the Authority issued bonds through the Virginia Resource Authority in the amount of $1,612,000 at an annual interest rate of 1.57% for 10 years. The bond funds, which will be repaid with general airport revenues, will allow for the construction of approximately 200 new parking spaces. General Excavation Incorporated was awarded the construction contract for this project with Delta Airport Consultants providing the construction administration services for the project. The construction is anticipated to begin in the late spring of 2016 with an 85 day construction schedule. When this parking expansion project is completed, the Authority will have approximately 1,200 parking spaces available for passengers.

In December 2014, the Authority accepted a grant from the Virginia Department of Aviation in the amount of $3,869,787 for 89.5% funding of the 2014 Terminal Improvement Project. The Authority also awarded a construction contract for this project to Kenbridge Construction Company in the amount of $4,025,400 ($3,995,000 for the base bid and $30,400 for bid alternative #2 for the repair of the existing terrazzo) the apparent lowest and most responsive bidder. Delta Airport Consultants' work order for construction administration services in the amount not-to-exceed $211,792 was also approved. This 2014 Terminal Improvement Project will allow for the construction of new concourse seating areas, new restrooms, a new business center, and a new second floor retail/vending area. The project will also include the rehabilitation of existing restrooms throughout the terminal and the reconfiguration of the existing Transportation Security Administration passenger screening area. Work on the project is anticipated to begin in January 2015, and the construction process is estimated to take 420 days to complete.

*NOTE 15— UPCOMING PRONOUNCEMENTS***:**

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Authority believes the implementation of Statement No. 68 will significantly impact the Authority's net position; however, no formal study or estimate of the impact of this standard has been performed.

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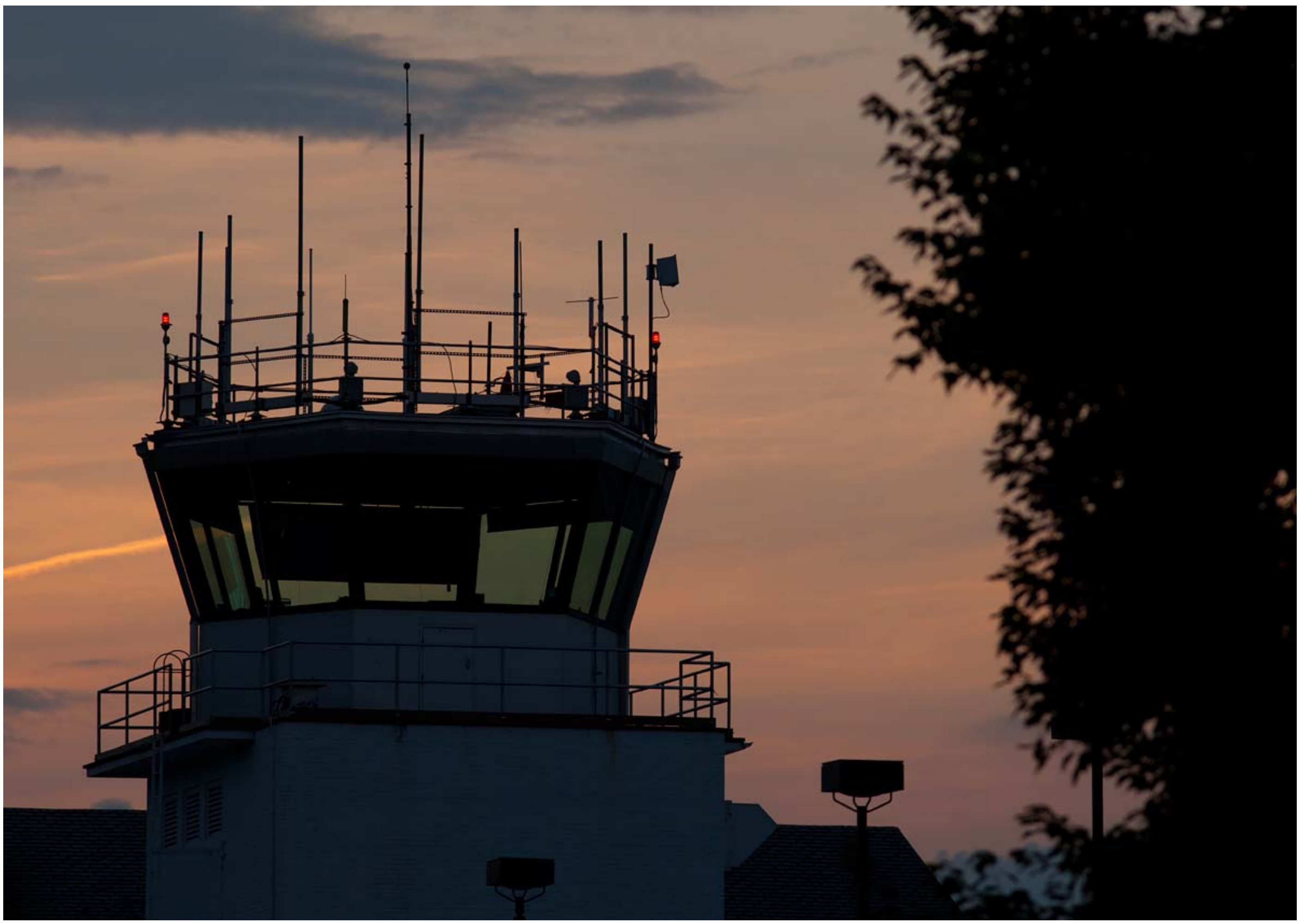
REQUIRED SUPPLEMENTARY INFORMATION



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Charlottesville-Albemarle Airport Authority
Schedule of Pension Funding Progress
Participation in Virginia Retirement System

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2009	2,686,303	3,007,348	321,044	89.32%	1,050,271	30.57%
June 30, 2010	2,845,973	3,648,542	802,569	78.00%	1,077,830	74.46%
June 30, 2011	2,968,351	3,843,260	874,909	77.24%	1,011,075	86.53%
June 30, 2012	3,027,070	3,784,374	757,304	79.99%	1,097,275	69.02%
June 30, 2013	3,231,566	4,470,985	1,239,419	72.28%	1,356,859	91.34%

The trend information is presented for five years only.

Data as prepared for the Authority by the Virginia Retirement System.

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Other Supplementary Information

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Administrative Expenses - Allocated

Year Ended June 30, 2014

	Terminal	Parking	Total
Administrative Expenses:			
Payroll	$ 475,137	$ 83,848	$ 558,985
Dues and subscriptions	10,122	1,786	11,909
Education	3,545	626	4,171
Travel	12,766	2,253	15,018
Advertising Promotion	290,941	51,342	342,283
Professional fees	72,799	12,847	85,646
Human Resource	20,550	3,626	24,177
Insurance	29,370	5,183	34,553
Office expense	19,692	3,475	23,167
Computer	47,064	8,305	55,369
Equipment lease	3,949	697	4,646
Utilities-phone	12,289	2,169	14,458
Total	$ 998,225	$ 176,157	$ 1,174,382
	85%	15%	100%

Schedule 2

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Reconciliation of Statement of Revenues, Expenses and Changes in Net Position
to June 30, 2014 Authority Monthly Profit & Loss Statement

		2014
Operating revenues:		
Airline Landing fees	$	519,424
Airline Rents		430,834
Fuel fees		61,304
Rental Car Revenue		789,511
Rents		201,609
Miscellaneous Concession Fees		71,008
Parking Revenues		2,692,720
Food, Gift and Vending		33,295
Fixed Base Operation		284,405
Agency Reimbursements		107,661
Miscellaneous		247,214
Total operating revenues	$	5,438,985
Operating expenses:		
Payroll	$	2,161,713
Contractual Services		19,975
Maintenance		441,824
Maintenance - equipment		69,747
Vehicle gas and oil		72,213
ARFF		31,138
Snow removal		57,024
Utilities		354,939
Insurance		95,664
Education and travel		44,413
Safety		115,701
Supplies and office expense		25,944
IT Expense, Equipment Lease		60,015
Janitorial		154,386
Promotion & Air Service Development		342,283
Professional Fees		85,646
Uniforms		11,605
Miscellaneous		141,733
Total operating expenses	$	4,285,963
Operating income before depreciation & amortization	$	1,153,022
Nonoperating revenues (expenses):		
Interest income	$	7,443
Interest expense		(232,742)
PFC transfer		31,575
Capitalized Parking Lot Expansion		(154,509)
Debt service adjustment		(470,355)
State entitlement debt service income		180,000
Coverage Fund Transfer		(179,000)
Total nonoperating revenue (expenses)	$	(817,588)
Airline Settlement	$	335,434

Statistical Section

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statistical Section

Contents	Pages

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Total Annual Revenues, Expenses and Changes in Net Position
For Years Ended June 30

	2014	2013	2012	2011
Operating revenues				
Airfield	$ 1,027,690	$ 1,002,703	$ 878,886	$ 875,078
Terminal	1,718,574	2,027,072	1,492,613	1,696,058
Parking	2,692,721	2,192,110	2,205,473	2,001,761
Total operating revenues	$ 5,438,985	$ 5,221,885	$ 4,576,972	$ 4,572,897
Nonoperating revenues				
Interest Income	$ 7,443	$ 14,438	$ 16,247	$ 32,048
Other income	-	19,904	19,903	19,903
PFC debt service income	31,575	75,779	75,779	75,779
State entitlement reimbursements	180,000	150,000	200,000	150,000
Total nonoperating revenues	$ 219,018	$ 260,121	$ 311,929	$ 277,730
Total Revenues	**$** 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627
Operating expenses				
Operations	$ 3,111,581	$ 2,782,343	$ 2,805,737	$ 2,580,515
Administrative	1,174,382	1,565,542	982,347	1,063,871
Depreciation & amortization	2,736,440	2,959,706	3,007,771	3,100,566
Total operating expenses	$ 7,022,403	$ 7,307,591	$ 6,795,855	$ 6,744,952
Nonoperating expenses				
Rental Car QTA expenses	$ 169,466	$ 179,462	$ 184,567	$ 197,516
Interest Expense	232,742	256,007	280,151	303,214
Airline Settlement	335,434	241,515	40,388	186,485
Total nonoperating expenses	$ 737,642	$ 676,984	$ 505,106	$ 687,215
Total Expenses	**$** 7,760,045	$ 7,984,575	$ 7,300,961	$ 7,432,167
Capital Contributions	9,437,881	11,917,822	6,536,431	8,630,865
Increase (Decrease) in Net Position	**$** 7,335,839	$ 9,415,253	$ 4,124,371	$ 6,049,325
Net Position at Year-End				
Net investment in capital assets	$ 90,100,426	$ 83,988,096	$ 73,977,560	$ 72,091,435
Restricted	4,185,359	3,010,454	3,328,689	1,295,013
Unrestricted	1,177,091	1,128,487	1,214,317	1,009,747
Total Net Position	**$** 95,462,876	$ 88,127,037	$ 78,520,566	$ 74,396,195

Source: Authority's audited financial statements.

Table One

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Total Annual Revenues, Expenses and Changes in Net Position
For Years Ended June 30

2010	2009	2008	2007	2006	2005
$ 746,636	$ 742,401	$ 854,018	$ 771,295	$ 812,002	$ 787,658
1,705,861	1,652,550	1,510,598	1,696,962	1,491,161	1,528,351
1,621,417	1,600,779	1,734,476	1,732,821	1,658,415	1,518,591
$ 4,073,914	$ 3,995,730	$ 4,099,092	$ 4,201,078	$ 3,961,578	$ 3,834,600
$ 31,883	$ 19,629	$ 103,852	$ 172,350	$ 132,350	$ 22,797
58,431	-	-	-	1,000	600
75,779	75,779	75,779	75,779	75,779	75,779
249,903	249,903	144,903	249,903	198,653	19,903
$ 415,996	$ 345,311	$ 324,534	$ 498,032	$ 407,782	$ 119,079
$ 4,489,910	$ 4,341,041	$ 4,423,626	$ 4,699,110	$ 4,369,360	$ 3,953,679
$ 2,441,050	$ 2,385,976	$ 2,603,191	$ 2,416,251	$ 2,311,190	$ 2,075,183
1,062,538	878,808	787,170	1,215,424	969,933	864,828
2,993,505	2,883,062	2,713,812	2,317,274	2,163,738	1,930,455
$ 6,497,093	$ 6,147,846	$ 6,104,173	$ 5,948,949	$ 5,444,861	$ 4,870,466
$ 186,401	$ 194,229	$ 206,014	$ 110,377	$ 72,259	$ 65,307
325,205	346,209	366,260	386,743	381,036	390,301
50,469	63,967	69,666	69,221	76,493	96,789
$ 562,075	$ 604,405	$ 641,940	$ 566,341	$ 529,788	$ 552,397
$ 7,059,168	$ 6,752,251	$ 6,746,113	$ 6,515,290	$ 5,974,649	$ 5,422,863
3,608,297	3,798,360	5,941,692	8,624,393	10,557,229	7,132,278
$ 1,039,039	$ 1,387,150	$ 3,619,205	$ 6,808,213	$ 8,951,939	$ 5,663,094
$ 65,433,945	$ 63,453,097	$ 62,130,360	$ 57,205,397	$ 52,430,437	$ 44,131,581
2,004,322	2,795,443	2,843,220	3,692,524	4,530,027	3,296,227
908,602	1,059,290	947,100	1,403,556	(73,022)	507,695
$ 68,346,869	$ 67,307,830	$ 65,920,680	$ 62,301,477	$ 56,887,442	$ 47,935,503

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Changes in Cash and Cash Equivalents
Fiscal Year Ended June 30

	2014	2013	2012
Cash Flows from operating activities			
Cash received from providing services	$ 5,452,654	$ 5,144,453	$ 4,648,998
Cash paid to suppliers	(2,050,920)	(2,461,160)	(2,005,564)
Cash paid to and for employers	(2,242,183)	(1,897,846)	(1,932,329)
Net cash provided by (used for) operating activities	$ 1,159,551	$ 785,447	$ 711,105
Cash Flows from investing activities			
Investment interest earned	$ 7,443	$ 14,438	$ 16,247
Sale of investments	-	-	-
Net cash provided by (used for) investing activities	$ 7,443	$ 14,438	$ 16,247
Cash flows from capital and related financing activities			
Interest paid on debt	$ (221,745)	$ (266,267)	$ (296,471)
Acquisition of property and equipment	(290,144)	(140,283)	(202,414)
Disposal of property and equipment	-	-	-
Additions to construction in progress	(9,722,666)	(9,380,838)	(6,678,361)
Long-term debt proceeds	-	-	-
Bridge Loans from VDOA	107,812	3,599	85,524
Debt Service Paid	(675,827)	(643,744)	(613,541)
PFC debt service income	31,575	75,779	75,779
State debt service reimbursement	180,000	169,904	219,903
Airline Settlement	(241,515)	(40,388)	(186,485)
Other income	-	-	-
Contributions from Virginia Department of Aviation	3,126,795	3,343,355	2,600,232
Contributions from Virginia Department of Transporatation	-	-	-
Contributions from Federal Aviation Administration	6,025,707	5,694,804	3,060,198
Contributions from others	-	-	-
Contributions from Passenger Facility Charge (PFC)	950,914	826,658	866,746
Contributions from Customer Facility Charge (CFC)	542,451	522,280	525,267
Net cash provided by (used for) capital and related financing activities	$ (186,643)	$ 164,859	$ (629,147)
Increase (decrease) in cash and cash equivalents for the year	$ 980,351	$ 964,744	$ 98,205
Cash and cash equivalents at beginning of year (including restricted accounts)	4,671,534	3,706,790	3,608,585
Cash and cash equivalents at end of year (including restricted accounts)	$ 5,651,885	$ 4,671,534	$ 3,706,790

Source: Authority's Audited Financial Statements.

Table Two

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Changes in Cash and Cash Equivalents
Fiscal Year Ended June 30

2011	2010	2009	2008	2007	2006	2005
$ 4,475,981	$ 3,996,819	$ 3,905,494	$ 4,141,882	$ 4,192,034	$ 4,028,735	$ 3,783,642
(1,822,557)	(1,809,366)	(1,542,617)	(1,812,712)	(1,941,141)	(2,017,767)	(1,669,912)
(1,704,683)	(1,801,350)	(1,737,953)	(1,747,619)	(1,851,924)	(1,349,964)	(1,201,203)
$ 948,741	$ 386,103	$ 624,924	$ 581,551	$ 398,969	$ 661,004	$ 912,527
$ 32,048	$ 32,105	$ 19,407	$ 103,852	$ 172,350	$ 132,350	$ 22,797
-	-	-	-	-	-	202,270
$ 32,048	$ 32,105	$ 19,407	$ 103,852	$ 172,350	$ 132,350	$ 225,067
$ (325,241)	$ (352,648)	$ (378,756)	$ (403,627)	$ (427,321)	$ (427,473)	$ (316,687)
(139,112)	(64,230)	(123,412)	(773,293)	(194,527)	(710,790)	(131,443)
-	-	-	-	-	1,000	-
(8,047,018)	(3,460,914)	(4,022,413)	(5,687,367)	(9,064,988)	(10,211,101)	(6,273,260)
-	-	-	-	-	710,000	5,697
-	-	-	-	-	-	-
(584,770)	(557,364)	(531,256)	(506,384)	(484,589)	(445,819)	(410,146)
75,779	75,779	75,779	75,779	75,779	75,779	75,779
169,903	249,903	249,903	144,903	249,903	198,653	19,903
(50,469)	-	-	-	-	-	-
-	-	-	-	-	-	600
5,154,750	1,158,672	1,029,131	2,074,422	2,223,581	2,807,988	919,543
113,776	9,733	-	-	-	-	-
2,059,476	1,308,008	1,117,292	3,311,622	5,997,281	6,564,573	5,179,541
23,017	7,880	739	-	85,624	5,906	-
627,088	353,211	656,356	682,049	764,639	768,248	654,609
403,519	424,596	335,310	373,360	344,292	410,515	378,585
$ (519,302)	$ (847,374)	$ (1,591,327)	$ (708,536)	$ (430,326)	$ (252,521)	$ 102,721
$ 461,487	$ (429,166)	$ (946,996)	$ (23,133)	$ 140,993	$ 540,833	$ 1,240,315
3,147,098	3,576,264	4,523,260	4,546,393	4,405,400	3,864,567	2,624,252
$ 3,608,585	$ 3,147,098	$ 3,576,264	$ 4,523,260	$ 4,546,393	$ 4,405,400	$ 3,864,567

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Principal Revenue Sources, Cost per Enplaned Passenger and
Scheduled Airlines Rates and Charges
For Years Ended June 30

	2014	2013	2012	2011
PRINCIPAL REVENUE SOURCES				
Airline revenues				
Landing Fees	$ 519,424	$ 487,995	$ 410,214	$ 446,621
Terminal Rents	430,834	448,784	428,943	443,901
Total airline revenues	$ 950,258	$ 936,779	$ 839,157	$ 890,522
Percentage of total revenues	17%	17%	18%	19%
Nonairline revenues				
Parking	$ 2,692,720	$ 2,192,110	$ 2,205,473	$ 2,001,761
Rental Car	789,511	760,550	761,187	1,006,860
Other	1,006,496	1,332,446	771,155	673,754
Total nonairline revenues	$ 4,488,727	$ 4,285,106	$ 3,737,815	$ 3,682,375
Percentage of total revenues	79%	78%	76%	76%
Nonoperating revenues				
Interest income	$ 7,443	$ 14,438	$ 16,247	$ 32,048
Other income	211,575	245,683	295,682	245,682
Total nonoperating revenues	$ 219,018	$ 260,121	$ 311,929	$ 277,730
Percentage of total revenues	4%	5%	6%	6%
Total revenues	$ 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627
Enplaned passengers (excluding charters)	238,398	227,874	231,907	203,404
Total revenue per enplaned passenger	$ 23.73	$ 24.06	$ 21.08	$ 23.85
Airline cost per enplaned passenger	$ 3.99	$ 4.11	$ 3.62	$ 4.38

SIGNATORY AIRLINES RATES AND CHARGES

	2014	2013	2012	2011
Landing Fee (per 1,000 lbs MGLW)	$ 1.86	$ 1.84	$ 1.78	$ 1.77
Average Annual Terminal Rental Rate (per s. f.)	$ 23.09	$ 21.58	$ 22.82	$ 22.78

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

Table Three

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Revenue Sources, Cost per Enplaned Passenger and
Scheduled Airlines Rates and Charges
For Years Ended June 30

2010	2009	2008	2007	2006	2005
$ 389,948	$ 401,028	$ 460,408	$ 404,054	$ 462,721	$ 448,874
460,565	490,750	505,191	496,143	547,317	589,706
$ 850,513	$ 891,778	$ 965,599	$ 900,197	$ 1,010,038	$ 1,038,580
19%	21%	22%	19%	23%	26%
$ 1,621,417	$ 1,600,779	$ 1,734,476	$ 1,732,821	$ 1,658,415	$ 1,518,591
907,184	827,169	756,212	710,716	655,294	655,746
694,800	676,004	642,805	857,344	637,831	621,683
$ 3,223,401	$ 3,103,952	$ 3,133,493	$ 3,300,881	$ 2,951,540	$ 2,796,020
72%	72%	71%	70%	68%	71%
$ 31,883	$ 19,629	$ 103,852	$ 172,350	$ 132,350	$ 22,797
384,113	325,682	220,682	325,682	275,432	96,282
$ 415,996	$ 345,311	$ 324,534	$ 498,032	$ 407,782	$ 119,079
9%	8%	7%	11%	9%	3%
$ 4,489,910	$ 4,341,041	$ 4,423,626	$ 4,699,110	$ 4,369,360	$ 3,953,679
183,543	173,823	177,494	183,392	190,500	194,676
$ 24.46	$ 24.97	$ 24.92	$ 25.62	$ 22.94	$ 20.31
$ 4.63	$ 5.13	$ 5.24	$ 4.91	$ 5.30	$ 5.33
$ 1.58	$ 1.59	$ 1.55	$ 1.33	$ 1.37	$ 1.41
$ 23.64	$ 23.68	$ 24.43	$ 25.94	$ 29.05	$ 33.37

Table Four

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Parking Rates Per Lot

Fiscal Years Ended June 30

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Short Term	$10	$8	$8	$8	$12	$12	$12	$9.5	$9.5	$9.5
Long Term	$10	$8	$8	$8	$7	$7	$7	$7	$7	$6
Economy	$8	$8	$8	$8	$7	$7	$7	$7	-	-

Source: Airport Authority Records

Note: Overflow parking was not available until 2007.

Note: August 15, 2013 rate change and the Overflow lot became the Economy Lot.

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

For Years Ended June 30

	2014	2013	2012	2011
NET REVENUES				
Operating Revenues	$ 5,438,985	$ 5,221,885	$ 4,576,972	$ 4,572,897
Interest Income	7,443	14,438	16,247	32,048
Agency Reimbursements	180,000	169,904	219,903	169,903
PFC Income*	31,575	75,779	75,779	75,779
Other Income	0	0	0	0
Total Revenues	$ 5,658,003	$ 5,482,006	$ 4,888,901	$ 4,850,627
Less: Operating Expenses	$ (4,285,963)	$ (4,347,885)	$ (3,788,084)	$ (3,644,386)
Net Revenues	$ 1,372,040	$ 1,134,121	$ 1,100,817	$ 1,206,241
Aggregate Debt Service	$ 703,216	$ 713,606	$ 715,655	$ 715,655
Debt Service Coverage	1.95	1.59	1.54	1.69

Source: Authority's audited financial statements.

*Portion of PFC Income allowed for debt coverage calculation.

Table Five

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

For Years Ended June 30

2010	2009	2008	2007	2006	2005
$ 4,073,914	$ 3,995,730	$ 4,099,092	$ 4,201,078	$ 3,961,578	$ 3,834,600
31,883	19,629	103,852	172,350	132,350	22,797
249,903	249,903	144,903	249,903	198,653	19,903
75,779	75,779	75,779	75,779	75,779	75,779
58,431	0	0	0	1,000	600
$ 4,489,910	$ 4,341,041	$ 4,423,626	$ 4,699,110	$ 4,369,360	$ 3,953,679
$ (3,503,588)	$ (3,264,784)	$ (3,390,361)	$ (3,631,675)	$ (3,281,123)	$ (2,940,011)
$ 986,322	$ 1,076,257	$ 1,033,265	$ 1,067,435	$ 1,088,237	$ 1,013,668
$ 715,655	$ 715,655	$ 715,655	$ 715,655	$ 674,950	$ 651,597
1.38	1.50	1.44	1.49	1.61	1.56

Table Six

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Ratios of Outstanding Debt Service by Type

Fiscal Year Ended June 30

	Bonds	Notes Payable	VDOA Bridge Loans	Total Outstanding Debt	(1) Less Bonds Series 2002 $2,222,078	Net Operational Outstanding Debt	Debt Expense/ Operating Expense	(2) Percentage of Personal Income	(3) Debt Per Enplaned Passenger
2005	11,989,838	211,475	-	12,201,313	3,320,245	8,881,068	22%	0.60	62.67
2006	12,097,614	186,595	-	12,284,209	3,125,889	9,158,320	21%	0.65	64.48
2007	11,212,484	161,716	-	11,374,200	2,931,535	8,442,665	20%	0.75	62.02
2008	10,327,350	136,836	-	10,464,186	2,737,178	7,727,008	21%	0.87	58.96
2009	9,442,219	111,957	-	9,554,176	2,542,822	7,011,354	22%	0.92	54.96
2010	8,557,085	87,077	-	8,644,162	2,348,465	6,295,697	20%	1.04	47.10
2011	7,671,952	59,255	-	7,731,207	2,154,109	5,577,098	20%	1.23	38.01
2012	6,786,823	37,319	109,262	6,933,404	1,959,754	4,973,650	19%	1.51	29.90
2013	4,954,811	12,239	223,274	5,190,324	1,357,955	3,832,369	16%	2.09	22.78
2014	4,100,004	-	223,394	4,323,398	1,036,503	3,286,895	16%	unavailable	18.14

Source: Authority's audited financial statements and records

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

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

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

Table Seven

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airline Landed Weights, Last Ten Fiscal Years

(in thousands of pounds)

Scheduled Air Carriers	2014	% *Total*	2013	2012	2011	2010	2009	2008	2007	2006	2005
US Airways	128,699	*47.2%*	129,014	165,013	164,390	143,813	150,988	154,214	151,072	163,716	177,051
Delta Airlines	67,781	*24.9%*	60,791	49,162	51,512	65,518	43,287	71,393	80,511	103,212	132,663
United Express	44,160	*16.2%*	47,729	40,576	40,480	40,024	39,709	41,213	39,862	38,477	54,305
American Airlines[1]	28,047	*10.3%*	27,565	32,003	1,111	-	-	-	-	-	-
Allegiant Airlines[3]	3,996	*1.5%*	-	-	-	-	-	-	-	-	-
Northwest Airlink[2]	-	-	-	-	-	-	22,617	20,520	20,492	25,599	4,873
Total	272,683		265,099	286,754	257,493	249,355	256,601	287,340	291,937	331,004	368,892

Percentage increase/decrease FY 2014/FY 2013: 3%

Source: Airport Authority Records

[1]American commenced service June 9, 2011

[2]Northwest merged with Delta Airlines effective March 1, 2009

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

Table Eight

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Enplaned Passengers

Fiscal Year Ended June 30,

	2014	*% of Total*	2013	2012	2011	2010	2009	2008	2007	2006	2005
USAirways	114,356	*48%*	109,611	126,243	126,798	100,322	96,254	84,329	84,422	85,092	97,114
Delta Airlines	58,363	*24%*	53,174	45,630	44,589	52,973	34,309	50,009	53,149	61,119	58,925
United Express	36,499	*15%*	39,403	35,780	30,418	30,248	27,695	29,585	31,336	28,605	34,560
American Airlines[1]	25,956	*11%*	25,686	24,254	1,599	-	-	-	-	-	-
Allegiant Airlines[3]	3,224	*1%*	-	-	-	-	-	-	-	-	-
Northwest Airlink[2]	-	*0%*		-	-	-	15,565	13,571	14,485	15,684	4,077
Total	238,398		227,874	231,907	203,404	183,543	173,823	177,494	183,392	190,500	194,676
% Incr/(Dec)	5%		-2%	14%	11%	6%	-2%	-3%	-4%	-2%	12%

Source: Airport Authority records

[1]Commenced service June 9, 2011

[2]Merged with Delta Airlines March 1, 2009

[3]Commenced service in November 2013, ended in February 2014

Table Nine

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Aircraft Operations Summary, Last Ten Fiscal Years

Fiscal Year	Air Carrier	General Aviation	Military	Total
2005	21,101	45,364	4,336	70,801
2006	21,510	41,892	3,236	66,638
2007	20,544	47,104	3,094	70,742
2008	23,434	59,477	4,534	87,445
2009	21,837	58,819	4,670	85,326
2010	20,072	58,381	5,380	83,833
2011	18,718	56,263	5,180	80,161
2012	18,619	57,667	5,408	81,694
2013	17,382	49,833	5,491	72,706
2014	20,214	50,825	6,028	77,067
Average Annual Change	-0.48%	1.27%	3.73%	0.95%

Source: Airport Authority records

Charlottesville-Albemarle Airport
Top 50 Origin Destination Markets
Year Ended Quarter 2 2014

Rank	Airport Code	City	Total Passengers
1	ORD	Chicago O'Hare	32,741
2	ATL	Atlanta	24,880
3	LGA	New York LGA	20,687
4	DEN	Denver	14,776
5	SFO	San Francisco	14,762
6	DFW	Dallas/Fort Worth	14,069
7	IAH	Houston Bush	11,851
8	LAX	Los Angeles	11,837
9	CLT	Charlotte	11,300
10	MCO	Orlando	9,987
11	BOS	Boston	8,964
12	PHX	Phoenix	8,249
13	TPA	Tampa	7,558
14	MSY	New Orleans	7,412
15	SEA	Seattle	7,205
16	MIA	Miami	6,587
17	MSP	Minneapolis/St Paul	6,429
18	SFB	Orlando	6,192
19	SAN	San Diego	6,140
20	PBI	West Palm Beach	5,716
21	PHL	Philadelphia	5,696
22	LAS	Las Vegas	5,564
23	FLL	Fort Lauderdale	5,551
24	AUS	Austin	5,484
25	DTW	Detroit	5,395
26	STL	St Louis	5,298
27	RSW	Fort Myers	5,085
28	MCI	Kansas City	4,999
29	BNA	Nashville	4,781
30	JAX	Jacksonville, FL	4,619
31	SAT	San Antonio	4,367
32	MKE	Milwaukee	4,258
33	SLC	Salt Lake City	4,151
34	IND	Indianapolis	4,037
35	PDX	Portland, OR	3,220
36	MEM	Memphis	3,067
37	CHS	Charleston, SC	2,888
38	EWR	Newark	2,810
39	PVD	Providence	2,540
40	BDL	Hartford	2,474
41	BHM	Birmingham	2,425
42	LHR	London Heathrow	2,289
43	SRQ	Sarasota/Bradenton	2,253
44	YYZ	Toronto	2,222
45	CMH	Columbus, OH	2,169
46	PWM	Portland, ME	1,934
47	LIT	Little Rock	1,928
48	SMF	Sacramento	1,868
49	OKC	Oklahoma City	1,802
50	PNS	Pensacola	1,744
	Other		110,608
	Total		454,868

Source: US DOT O&D Passenger Survey, FMg database, YE 2Q 2014 via Diio online portal
Note: Data includes domestic and international
Note: Earliest comparative information was obtained from FY2006 Comprehensive Annual Financial Report

Table Ten

Charlottesville-Albemarle Airport
Top 50 Origin-Destination Markets
Year Ended Quarter 4 2006

Rank	Airport Code	City	Total Passengers
1	LGA	New York	23,250
2	ATL	Atlanta	21,490
3	ORD	Chicago	13,630
4	BOS	Boston	11,400
5	CLT	Charlotte	9,170
6	SFO	San Francisco	8,220
7	MCO	Orlando	8,210
8	DTW	Detroit	7,810
9	CVG	Cincinnati	7,760
10	LAX	Los Angeles	7,590
11	DEN	Denver	7,550
12	DFW	Dallas-Fort Worth	6,910
13	MSP	Minneapolis	6,610
14	TPA	Tampa	6,370
15	BNA	Nashville	5,360
16	LAS	Las Vegas	5,000
17	MIA	Miami	4,850
18	SEA	Seattle	4,820
19	PHL	Philadelphia	4,740
20	PHX	Phoenix	4,640
21	SAN	San Diego	4,470
22	IND	Indianapolis	4,270
23	IAH	Houston	4,110
24	STL	St Louis	4,070
25	MCI	Kansas City	3,950
26	JAX	Jacksonville	3,870
27	FLL	Fort Lauderdale	3,800
28	PBI	West Palm Beach	3,800
29	SLC	Salt Lake City	3,670
30	BDL	Hartford	3,630
31	MSY	New Orleans	3,560
32	AUS	Austin	3,250
33	BHM	Birmingham	3,250
34	SAT	San Antonio	3,220
35	MEM	Memphis	3,200
36	MKE	Milwaukee	2,830
37	PDX	Portland	2,670
38	MHT	Manchester	2,610
39	PVD	Providence	2,570
40	CMH	Columbus	2,500
41	RSW	Fort Myers	2,350
42	PWM	Portland	2,190
43	CLE	Cleveland	2,160
44	CHS	Charleston	2,120
45	ABQ	Albuquerque	2,030
46	EWR	Newark	2,020
47	HSV	Huntsville	1,820
48	ALB	Albany	1,800
49	LIT	Little Rock	1,770
50	TLH	Tallahassee	1,620
	Grand Total		**264,560**

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

Table Eleven

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airport Information

Fiscal Year Ended June 30

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

		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Acres (+/-):		705	705	705	705	705	705	702	661	661	642
Runways:	3/21 North/South ILS 3/GPS	6801	6801	6001	6001	6001	6001	6001	6001	6001	6001
		by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.	by 150 ft.
Terminal:	Airlines -sq ft	25,353	25,353	25,353	25,353	25,353	25,353	25,353	23,336	23,336	22,084
	Rental Car - sq ft	270	270	270	270	270	270	270	270	270	270
	Market - sq ft	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
	TSA - sq ft	700	700	700	700	700	700	700	700	700	400
	Total	27,923	27,923	27,923	27,923	27,923	27,923	27,923	25,906	25,906	24,354
	# of passenger gates	5	5	5	5	5	5	5	5	5	5
	# of loading bridges	1	1	1	1	1	1	1	1	1	1
	# of Concessionaires in Terminal	3	3	3	4	4	4	4	4	4	4
	# of Rental Car Agencies in Terminal	3	3	3	3	3	3	3	3	3	3
Parking:	Spaces assigned:										
	Short-term	108	108	108	108	108	108	108	108	108	108
	Long-term	748	748	748	748	748	748	748	748	748	748
	Over flow lot	132	132	132	132	132	132	132	132	0	0
	Rental Cars	303	303	303	303	303	303	303	303	303	303
	Employees	175	175	175	175	175	175	175	175	175	175
	Total	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,334	1,334
Cargo:	None										
Employees:	Administrative	7	7	6	6	6	5	5	5	6	6
	Public Safety	7	7	7	7	6	6	6	7	7	7
	Maintenance	7	6	6	5	7	7	8	8	7	7
	CSO	0	4	4	4	4	3	4	2	3	4
	Parking	9	5	5	5	5	5	5	6	5	4
	Equipment Technician	1	1	1	1	1	1	1	1	1	1
	Total f/t employees (2080) hrs per yr	31	30	29	28	29	27	29	29	29	29
Hangars:	T-Hangar Units	4	4	4	4	4	4	4	4	4	3
	Conventional Units	5	5	5	5	5	5	5	5	4	4

Table Twelve

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

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

	2013[6]	% Change 2013/2012	2012	2011	2010	2009	2008	2007	2006	2005	2004
City of Charlottesville	46,623	*3.4%*	45,073	44,471	43,475	43,054	42,130	41,538	41,066	40,597	40,281
County of Albemarle	102,731	*1.1%*	101,575	100,780	98,970	98,071	97,081	95,009	93,852	91,676	89,491
County of Greene	19,320	*2.5%*	18,856	19,402	18,403	18,237	18,131	17,972	17,607	17,155	16,895
County of Fluvanna	26,019	*-0.1%*	26,033	25,989	25,691	25,576	25,461	25,134	24,638	24,318	23,451
County of Madison	13,333	*-1.0%*	13,472	13,424	13,308	13,358	13,332	13,429	13,291	13,106	12,902
County of Nelson	15,031	*-0.3%*	15,078	15,097	15,016	15,090	15,050	14,993	14,809	14,828	14,699
Total	223,057	*1.3%*	220,087	219,163	214,863	213,386	211,185	208,075	205,263	201,680	197,719

Unemployment Rate [2]
Fiscal Years Ended June 30

	2014	% Change 2014/2013	2013[5]	2012	2011	2010	2009	2008	2007	2006	2005
City of Charlottesville	5.4	*25.6%*	4.3	6.6	6.3	6.9	6.6	3.9	3.1	3.2	3.8
County of Albemarle	4.8	*9.1%*	4.4	4.8	5.1	5.4	5.2	3.0	2.2	2.4	2.8
County of Greene	4.3	*13.2%*	3.8	5.2	5.0	5.9	5.9	3.3	2.1	2.3	2.9
County of Fluvanna	4.6	*9.5%*	4.2	4.8	4.9	5.8	5.8	3.3	2.4	2.4	3.0
County of Madison	4.3	*7.5%*	4.0	4.8	5.0	6.2	6.2	3.8	2.7	2.6	3.0
County of Nelson	4.8	*4.3%*	4.6	5.3	5.5	6.2	6.5	3.6	2.7	2.7	3.2

Total Personal Income [3]
Fiscal Years Ended

	2013[6]	% Change 2013/2012	2012	2011	2010	2009	2008	2007	2006	2005	2004
Albemarle/Charlottesville[4]	7,764,329	*3.6%*	7,493,869	6,778,562	6,421,082	6,213,020	6,545,468	6,251,318	5,860,761	5,322,475	4,988,774
County of Greene	791,878	*3.2%*	767,362	710,441	666,063	640,318	643,028	590,973	547,950	495,969	433,886
County of Fluvanna	1,072,290	*3.0%*	1,040,671	951,419	894,204	883,986	883,083	814,673	759,028	683,257	625,938
County of Madison	530,597	*1.3%*	523,987	479,209	457,332	446,445	447,494	390,567	379,962	365,791	347,146
County of Nelson	675,564	*5.5%*	640,628	601,790	570,682	561,482	568,823	522,617	495,016	456,847	422,540
	10,834,658		10,466,517	9,521,421	9,009,363	8,745,251	9,087,896	8,570,148	8,042,717	7,324,339	6,818,284

Per Capita Income [3]
Fiscal Years Ended June 30

	2013[6]	% Change 2013/2012	2012	2011	2010	2009	2008	2007	2006	2005	2004
Albemarle/Charlottesville[4]	52,963	*3.3%*	51,255	47,052	44,987	44,025	47,018	45,781	43,439	40,239	38,443
County of Greene	42,112	*3.0%*	40,880	38,073	36,093	35,011	34,900	33,141	31,220	28,877	25,666
County of Fluvanna	41,278	*3.0%*	40,077	36,507	34,710	34,561	34,517	32,259	30,621	27,934	26,536
County of Madison	40,197	*1.3%*	39,696	36,389	34,394	33,422	32,783	28,511	28,114	27,509	26,583
County of Nelson	45,680	*5.7%*	43,207	39,862	38,005	37,209	37,115	36,078	34,131	31,380	29,315
	222,230		215,115	197,883	188,189	184,228	186,333	175,770	167,525	155,939	146,543

1 Source: Weldon Cooper Center for Public Service

2 Source: U.S. Bureau of Labor Statistics

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

4 Albemarle County standalone statistic unavailable

5 The most historical information available on this site was for October 2013

6 2014 information not available

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Employers in the Primary Air Trade Area [(1)]

as of 1st Quarter, 2014

1. University of Virginia / Blue Ridge Hospital
2. University of Virginia Medical Center
3. County of Albemarle
4. Martha Jefferson Hospital
5. City of Charlottesville
6. UVA Health Services Foundation
7. State Farm Mutual Automobile Insurance
8. Charlottesville City School Board
9. Wintergreen Partners
10. U.S. Department of Defense
11. Fluvanna County Public School Board
12. Walmart
13. Northrop Grumman Corporation
14. Food Lion
15. Sevicelink Management Com Inc
16. Region Ten Community Services
17. Greene County School Board
18. Piedmont Virginia Community College
19. Klockner Pentaplast America
20. SNL Security LP
21. Atlantic Coast Athletic Club
22. Nelson County School Board
23. Lakeland Tours
24. GE Fanuc Automation North Corporation
25. Kroger
26. Assoc for Investment Management
27. Athena Innovative Solutions Inc
28. Crutchfield Corporation
29. State Farm Fire and Casualty Insurance
30. Thomas Jefferson Memorial
31. Fluvanna Correctional Center
32. Harris Teeter Supermarket
33. Rmc Events
34. Boar's Head Inn
35. Pharmaceutical Research Association

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

Source: Virginia Employment Commission,

Quarterly Census of Employment and Wages (QCEW), 1st Quarter (January, February, March) 2014.

2nd Quarter information not yet available.

Earliest comparative information was obtained from FY2006 Comprehensive Annual Financial Report.

Table Thirteen

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Principal Employers in the Primary Air Trade Area [(1)]
as of 2nd Quarter 2006

1. University of Virginia
2. University of Virginia Health Sciences
3. County of Albemarle
4. Martha Jefferson Hospital
5. City of Charlottesville
6. Northrop Grumman Corporation
7. State Farm
8. National Ground Intelligence Center
9. Aramark Educational Group, Inc
10. Greene County Schools
11. Sam's Club
12. Food Lion
13. Pharmaceutical Research Association
14. Matthew Bender & Company
15. GE Fanuc Automation Manufacturing
16. Region Ten Community Services
17. Piedmont Virginia Community College
18. U.S. Postal Service
19. Crutchfield Corporation
20. Lakeland Tours
21. Americare Plus
22. Boar's Head Inn
23. Farmington Country Club
24. Kroger
25. FIC Staff Services
26. Thomas Jefferson Foundation
27. Lowes
28. SNL Security LP
29. Atlantic Coast Athletic Club
30. Westminister Canterbury of the Blue Ridge
31. McDonalds
32. Tiger Fuel Company
33. CFA Institute
34. Sodexho Service
35. Trinity Mission Healthcare & Rehabilitation

(1) Primary trade area is defined as Charlottesville, Albemarle and Greene
Source: Virginia Employment Commission

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Charlottesville-Albemarle Airport Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Charlottesville-Albemarle Airport Authority's basic financial statements and have issued our report thereon dated December 30, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlottesville-Albemarle Airport Authority's financial statements are free 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
December 30, 2014

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and the Passenger Facility Charge (PFC) Program

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

Report on Compliance for Each Major Federal Program

We have audited Charlottesville-Albemarle Airport Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Charlottesville-Albemarle Airport Authority's major federal programs for the year ended June 30, 2014, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration. Charlottesville-Albemarle Airport Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and those applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Charlottesville-Albemarle Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Charlottesville-Albemarle Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Charlottesville-Albemarle Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, and the passenger facility charge program, for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Charlottesville-Albemarle Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Charlottesville-Albemarle Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, and internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 OMB Circular A-133 and the Guide. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 30, 2014

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Transportation:				
Direct Payments:				
Airport Improvement Program	20.106	N/A	$	4,699,159
Total expenditures of federal awards			$	4,699,159

This schedule presents the activity of all federally assisted programs of Charlottesville-Albemarle Airport Authority. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included herein. The schedule is presented using the accrual basis of accounting, which is described in note 2 to the financial statements.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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 Section 510(a) of OMB Circular A-133?	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	$300,000
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.

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2014

There were no federal award findings reported.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited
Year Ended June 30, 2014

Unexpended passenger facility charges as of July 1, 2013			$	1,284,963
Collections:				
Passenger facility charges collected	$	998,364		
Interest credited		5,257		1,003,621
Passenger facility charges expended for approved projects:				
Terminal building debt service	$	31,575		
SRE Design		23,559		
Taxiway A		63,280		
Land acquisition		26,953		
Runway 21 phase 3 non-AIP		240,139		
Runway 21 phase 4 state		150,000		
Runway 21 phase 4 AIP/state		425,812		
Runway 21 phase 5		19,941		
Air Carrier Apron Repair		21,116		(1,002,375)
Unexpended passenger facility charges as of June 30, 2014			$	1,286,209
Reconciliation to cash as reported on the Statement of Net Position:				
Change in accounts receivable			$	(21,132)
Cash balance per Statement of Net Position			$	1,265,077

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Passenger Facility Charge

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

Identification of Program:
Part 14 CFR 158 Passenger Facility Charge

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Passenger Facility Charge Findings and Questioned Costs

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Prior Year Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2014

There were no Passenger Facility Charges findings reported.