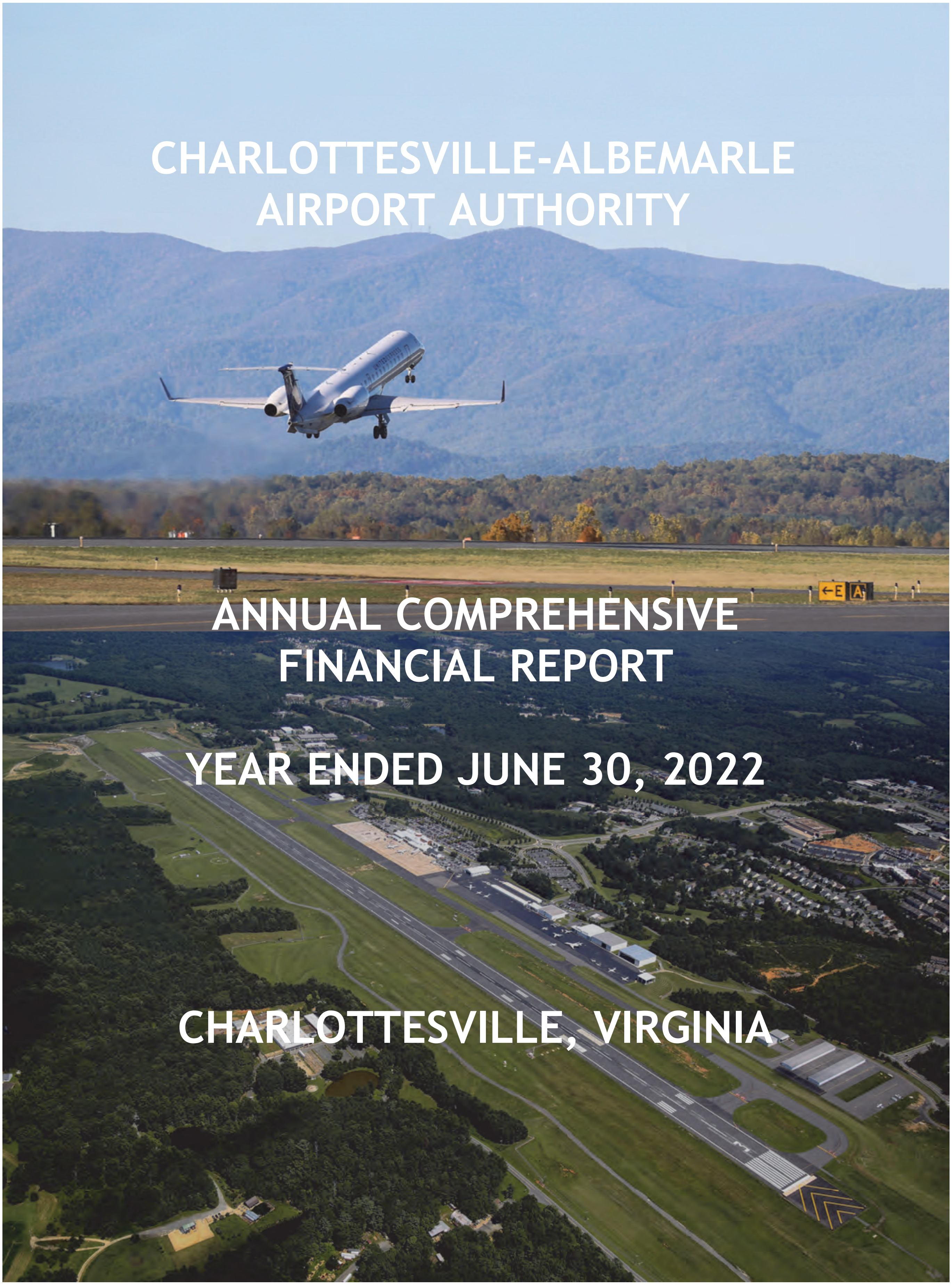

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

CHARLOTTESVILLE, VIRGINIA

Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2022

Prepared by the Administrative Division

Penny D. Shifflett
Chief Financial Officer
www.gocho.com

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

CHO AIRPORT

January 17, 2023

DEAR HONORABLE MEMBERS OF
THE CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY:

I am pleased to submit the fiscal year 2022 Annual Comprehensive Financial Report of the Charlottesville-Albemarle Airport Authority (Authority) for your review and information.

This report is published in accordance with the requirements of the enabling legislation enacted by the Commonwealth of Virginia, creating the Authority and the master bond indenture of trust that 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 the 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 Authority's financial position, management assumes full responsibility for the completeness and reliability of all information presented. In order 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 an absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this report is complete and reliable in all material respects to the best of our knowledge and belief.

The goal of the independent audit is to provide reasonable assurance that the Authority's financial statements for the year ended June 30, 2022, 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. Based on their audit, the independent auditor concluded 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, 2022, conform to GAAP. The independent auditors' report is the first component of the Financial Section of this report.

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), relative to financial funds received from the U.S. Government, the Specifications for Audits of Authorities, Boards, and Commissions issued by the Auditor of Public Accounts of the Commonwealth of Virginia relative to financial funds received from the Commonwealth of Virginia, and also, in conformity with the provisions of the September 2000 Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration for its Passenger Facility Charge Program. The standards governing these provisions require the independent auditor to report on the fair presentation of the financial statements and 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 independent auditors' report 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 ability to meet 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 the surrounding region. The Enabling Act provides that the Authority is authorized to issue revenue bonds for any of its purposes solely from the tolls and revenues pledged for their payment; to fix and revise from time to time and charge and collect rates, fees, rentals, and other charges for the use of the Airport; to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under the Enabling Act, and to do all things necessary and convenient to carry out the powers under the Enabling Act, and to do all acts and things necessary and convenient to carry out the powers expressly granted in the Act. The Authority is also responsible for establishing financial policies. These policies had no significant impact on the current period's financial statements.

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

The Authority consists of three members: the City Manager of Charlottesville, or their principal assistant, as chosen by the City Council of Charlottesville; the County Executive of Albemarle County, or their 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 Charlottesville and Albemarle County residents, as appointed by the City Council and the County Board of Supervisors.

Economic Outlook Report
Stewart Key, Director of Marketing and Air Service

The Charlottesville Albemarle Airport (CHO) is located eight miles north of the City of Charlottesville, Virginia, in the foothills of the awe-inspiring Blue Ridge Mountains. CHO primarily serves a ten-county region with a population of 460,000 covering 4,000 square miles and 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.

This Greater Charlottesville Region continues its legacy of achieving the highest awards as a place to work and live. In 2022 the region received several accolades. Livability honored Charlottesville as one of the Top 100 Best Places to Live in America. 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. Local attractions Boar's Head Resort and Keswick Hall were also recently named in the top 15 Best Resorts in Virginia by U.S. News.

In addition to its highly regarded quality of life, this region possesses a diverse economy supported by strong commercial and business service sectors and light manufacturing, education, and health service industries. It is also anchored by the University of Virginia (UVA) and a thriving heritage tourism sector. The region's most recognizable and distinguishable attractions include Thomas Jefferson's Monticello, the University of Virginia, and the historic Charlottesville downtown area. While Monticello attracts approximately half a million guests each year and is the main tourist attraction for the region, a host of other cultural, entertainment, and additional historical venues, such as the historic homes of American presidents James Monroe and James Madison, also support tourism. These venues include the Charlottesville Pavilion 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 wine industry continues to be 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. An Economic Study completed in 2019 indicated that the wine industry grew 27 percent between 2015-2019.

The University of Virginia (UVA) remains stable regardless of economic conditions. Since the U.S. News & World Report rankings began in 1983, the University of Virginia has never dropped out of the Top 25 overall. UVA also ties for Best Colleges for Veterans at number nine and Best Undergraduate Teaching at number 34.

With over 42,000 employees and students, UVA remains an anchor in the region. 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.

Along with having strong educational assets, the region is home to two of the nation's most prestigious and dynamic hospitals in health care. UVA Health represents an integrated network of primary and specialty care, and it is estimated that UVA Health will likely become a $2 billion-a-year healthcare facility. UVA Health is ranked number one in the "Best Children's Hospital" by U.S. News and World Reports and number one "World's Best Hospitals 2022" guide in Virginia. Across the United States, UVA Medical Center is ranked number 42 and in the top 250 worldwide. Martha Jefferson Hospital, Sentara, is also recognized as among the best healthcare facilities in the United States. 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.

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. The government/defense industry has brought over 3,065 jobs within 261 firms and an estimated $700 million in economic growth to the area.

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

Airport Outlook
Melinda Crawford, Chief Executive Officer

The financial outlook of the Authority is primarily dependent upon the number of commercial passengers and the landed weights of aircraft utilizing CHO. As in prior years, passenger levels, in turn, are dependent upon several factors, including the economic condition of the airlines, which influences the airlines' ability to continue or add new flights or routes; the local and national economy, which affects the consumers' willingness to purchase air travel; and the cost of airline tickets.

In March 2020, the worldwide Coronavirus pandemic became a major factor impacting air traffic at CHO. During fiscal year (FY) 2022, this pandemic continued to significantly negatively impact CHO's operations and the world's aviation industry.

To fully understand the pandemic's impact on this Airport, one must compare the passenger traffic and daily flight data for FY19, FY20, and FY22. CHO served a record-breaking 752,452 total passengers in FY19, or roughly an average of 62,704 passengers per month. CHO continued to see passenger growth during the first eight months of FY20, with passenger traffic increasing by 7.4% year-to-date over the prior year. The airlines supported this passenger growth by providing over 50 daily flight operations with an average of 1,360 daily outbound seats. However, CHO's passenger traffic declined quickly when the pandemic began to spread worldwide in late March 2020. In March 2020, CHO saw a 38,362 reduction or a 55% decline in passenger traffic compared to March 2019. In April 2020, CHO's passenger traffic plummeted by 66,376 from April 2019, with CHO only serving 2,262 total passengers during the entire month of April. This decline was a -97% reduction in passenger traffic from the prior year, causing CHO to fall back to pre-1970 passenger traffic levels. The airlines began to respond to this declining passenger traffic by reducing their operations from approximately 25 outbound flights per day to 10 per day, with daily outbound seat counts dropping to an average of 761.

This trend of drastic passenger reductions was experienced at airports across the country, but the industry began to recover in the late spring of the calendar year (CY) 20. CHO's passenger traffic began to rebound slightly in May 2020, with passenger traffic reduction at -93% of pre-pandemic activity. However, the trend of airlines reducing their service continued into May 2020, with total daily flight operations dropping to 8 per day and total daily outbound seats dropping to an average of 263. It was during this time that CHO's airlines took some destinations out of the schedule and began to limit their flights to their major hubs of American Airlines to Charlotte (CLT), Delta Air Lines to Atlanta (ATL), and United Airlines to Washington DC (IAD).

Recovering passenger counts continued its trend for the remainder of FY20, and this trend of returning passenger traffic and rebounding airlines was observed in FY21 and continued into FY22. In FY21, CHO served 271,950 total enplaning and deplaning passengers. This total activity was a 64% reduction from the total passengers served in FY19 and a 52% reduction from the total passengers served in FY20. In FY22, CHO served 518,854 total enplaning and deplaning passengers. This total activity was a 90% increase from FY21, but the activity remains a 31% decrease from CHO's FY19 pre-pandemic activity. The FY21 increase in passenger traffic was due, in part, to the return of both American Airlines and Delta Airline's New York (LGA) services.

The following comparison is provided to show a snapshot of the impact that the pandemic has had on CHO's operations;

In June 2019, CHO had six destinations, 25 daily departures, 1,365 available daily seats, and an 82% load factor, with CHO serving 753,452 total passengers in FY19.
In June 2020, CHO had three destinations, five daily departures, 291 available daily seats, and a 51% load factor, with CHO serving 563,131 total passengers in FY20.
In June 2021, CHO had five destinations, 14 daily departures, 791 available daily seats, and an 88% load factor, with CHO serving 271,950 total passengers in FY21.
In June 2022, CHO had five destinations, 18 daily departures,1,113 available daily seats, and an 78% load factor, with CHO serving 518,854 total passengers in FY22.

During the early portion of the pandemic, the Authority recognized the financial struggles of its terminal tenants and concessionaires. In response to their hardship, the Authority waived all minimum annual guarantees required for those tenants, but they were still required to pay percentage rent per their agreements. This financial concession continued throughout FY22.

The legislative leaders of our country saw the devastating impact that COVID-19 was having on the entire aviation industry, and they recognized the importance of airports to our nation's economy. To help airports survive the pandemic, they included a generous airport relief package in the March 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act. As a result of the CARES Act, the Authority was awarded an FAA grant for $6,279,972, which could be used to reimburse the Authority for any eligible operating expense incurred since January 20, 2020, and any debt service incurred since March 27, 2020. This financial assistance has allowed the Authority to cover its expenses when Airport revenues have dropped drastically due to the loss of passengers and passenger-dependent revenues such as parking income. The authorization for the CARES Act grant allowed an airport to use all or a portion of its CARES grant to fund capital projects. The Authority elected to use 100% of its CARES Act grant for operations and debt service and will not use any funds for capital projects. As of June 30, 2021, the Authority had drawn the entire $6,279,972 from this CARES Act Grant.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) was signed into law. As a result of the CRRSA Act, the Authority was awarded a grant of $2,929,538 to reimburse for eligible operating expenses. The CRRSA Act also authorized $83,083 to assist in the financial recovery of the Authority's eligible concessionaires. As of August 31, 2021, the Authority had drawn the entire $2,929,538 from the Authority's CRRSA Act Grant, and by June 2022, $81,598.63 had been drawn from the concessionaires' CRRSA Grant.

On March 11, 2021, the American Rescue Plan Act (Rescue Act) was signed into law, and as a result of this law, the Authority was awarded a grant of $4,709,132 for the reimbursement of eligible expenses. The Rescue Act also authorized $332,331 to further assist in the financial recovery of the Authority's eligible concessionaires. Funds from the Rescue Act Grant will be drawn as eligible expenses are incurred.

As illustrated in the Economic Outlook, the region surrounding the Airport provides economic strength and exemplary quality of life, enhancing the area's ability to attract and retain high-quality employers in industries such as health services, education, and tourism. In addition, the region's historical experience in prior recessions demonstrates an economic strength that diminishes the impact during lean years, with an enhanced growth rate during recovery periods. During past national hardships or economic downturns, the strength of the region's economy has been exemplified on at least two occasions at CHO. The first was the impact that the terrorist attack of 9/11 had on the entire country and the aviation industry. Following the attack, airlines realigned their air service, and airports across the country lost scheduled flights and passengers. That did not happen at CHO because passenger traffic only declined during September 2001 but rebounded the following month. In 2008 when most U.S. airports faced a monumental economic recession, many airports again lost flights and passenger traffic. CHO experienced a 1.4% decline in passenger traffic in FY08 but remained stable in FY09. By FY10, CHO was on the way to steady passenger growth. Given CHO's past ability to weather economic downturns and the region's long-term economic potential, we remain confident of CHO's ability to potentially grow and prosper as the nation and the aviation industry recover from this pandemic.

Capital Planning & Major Initiatives

The Authority adopts a six-year capital improvement program each year to dedicate funding for anticipated aviation safety, capacity, preservation, and security projects at CHO. The plan is designed to address deficiencies that have been identified with the Authority's infrastructure/facilities and to implement objectives and priorities 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 design for a project to construct and install two covered walkways and two redundant elevator operating systems was completed in early 2021, and an invitation for bids was released. In April 2021, two bids were received for this construction project, with Kenbridge Construction Company being deemed the most responsive bidder. An FAA grant for $4,136,760 was secured in August 2021 to fund 100% of this project's engineering and construction expenses. The Authority will fund $133,240 for landscaping expenses related to the project. This project is slated to be completed in November 2022.

On November 30, 2020, RFP #2021-01-"Terminal Backup Power and Generator Upgrade" was issued. As a result of this competitive negotiation process, a contract for $428,510 was awarded to GenHub, Inc. dba The Power Connection in March 2021. This project was completed in the fall of 2021. The VDOA funded 80% of this project, with the Authority providing the remaining 20%.

In March 2021, the Authority issued RFP #2021-02-"Removal and Installation of Two, Single Pair Escalators." As a result of this competitive negotiation process, a contract for $1,986,000 was awarded to Schindler Elevator Corporation. This project required the closure of the Gate 5 area, which required the American Airline's passenger waiting area to be relocated to a modular building near lower-level Gate 1. The Tailwind BlueRidge Gift Shop, located in the Gate 5 area, was also relocated to the Gate 4 area. The installation of the new escalators was completed in the fall of 2022, and the American Airlines' passenger holding area and the gift shop were relocated back to the Gate 5 area. The VDOA funded 80% of this project. The Authority provided the remaining 20% from authorized FAA Passenger Facility Charge funding.

The expansion of the air carrier ramp to the north of the terminal required that Taxiway Echo be relocated to the north of its existing location. An FAA grant for $2,665,324 was secured in September 2020 to fund 100% of the design and construction of this project. As part of this project, the Taxiway Echo would be renamed "Taxiway A4" per current FAA standards. Rifenburg Construction Inc. was awarded a contract for $1,945,325 for the project's construction. The project was completed in the fall of 2022.

The FAA also awarded a grant for $291,400 in September 2020 to fund 100% of a design project to convert all airfield runway/taxiway lighting and signage to LED. Delta Airports Consultants completed the design phase of this project in the Spring of 2022. Two construction bids were received for this project, and a contract for $3,778,225 was awarded to Austin Electrical Service Inc, deemed the most responsive bidder. The FAA awarded the following two grants to fund $3,938,152 (90%) of this project:

1. An Airport Improvement Program (AIP) Grant for $1,518,615
2. An Infrastructure Bipartisan Law (BIL) -Airport Infrastructure Grant (AIG) $2,419,537.

The VDOA will fund the remaining 10% of this project, and the estimated completion date of this project is the summer of 2023.

The Authority secured the services of Parrish .and Partners to complete its Terminal Area Master Plan. This $750,000 study project will provide a comprehensive plan for terminal area development. The study was funded 100% by PFC revenues. This project is expected to be completed in the spring of 2023.

In September 2021, the Authority received an FAA grant for $1,701,427. This grant will fund 100% of a project to purchase the following replacement equipment: 1) the Runway De-icer Truck at the cost of $343,100, 2) The Ramp/Runway/Taxiway Loader at the cost of $264,425, 3) an Aircraft Rescue Firefighting vehicle at the cost of $696,718, and 4) an Airfield Snowplow at the cost of $397,184. The purchase of all four pieces of equipment is anticipated to be completed in 2023.

In August 2022, the Authority received an FAA grant for $644,040. This grant will fund 90% of a project to purchase an Airfield Snow Blower. The VDOA will fund the remaining 10% of this project, and the purchase of this equipment is anticipated to be completed in 2023.

Terminal projects continue to be addressed as the original terminal systems age and require refurbishment or replacement. This includes a "Pre-screening Energy Modification Project" that was completed in the fall of 2022. Several terminal systems have also been identified for future improvement or replacement, including upgrading the baggage claim devices and four sets of automatic doors. A project to refurbish the Aircraft Rescue Firefighting Building is also slated to begin in FY23.

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

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

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

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

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

5. After adoption, the Authority may amend the annual budget at any time during the fiscal year. The budget lapses at the end of the fiscal year for all accounts except multi-year construction projects and specific re-appropriations for funds committed at year-end for which goods and/or services have not been received.

Airline Use Agreements

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

Independent Audit

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

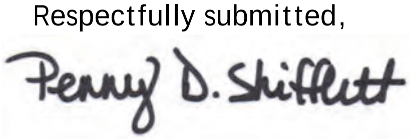
Awards

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 2021 Annual Comprehensive Financial Report (ACFR). This represents thirty-one years that the Authority has received this Certificate. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for the preparation of state and local government financial reports. 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 the award.

Acknowledgments

While preparation of the annual comprehensive financial report is completed by the Chief Executive Officer and the Chief Financial Officer, the participation and performance of all purchasers and managers are crucial for the financial success of the Airport. In addition, the leadership of the Chief Executive Officer and the Authority Board in setting the highest financial standards for professionalism create the framework in which the staff can 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
Chief Financial Officer

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
PRINCIPAL OFFICIALS AS OF JUNE 30, 2022

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY BOARD

Chairman
Donald D. Long, Attorney, Flora Pettit

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

Michael Rogers, Interim Charlottesville City Manager

CHARLOTTESVILLE-ALBEMARLE JOINT AIRPORT COMMISSION

Chairman
Steven Hiss

Vice-Chairman
John Mattern III

Donald D. Long

Roy Van Doorn

Matthew Murray

Brian Johnson

Eric Walden

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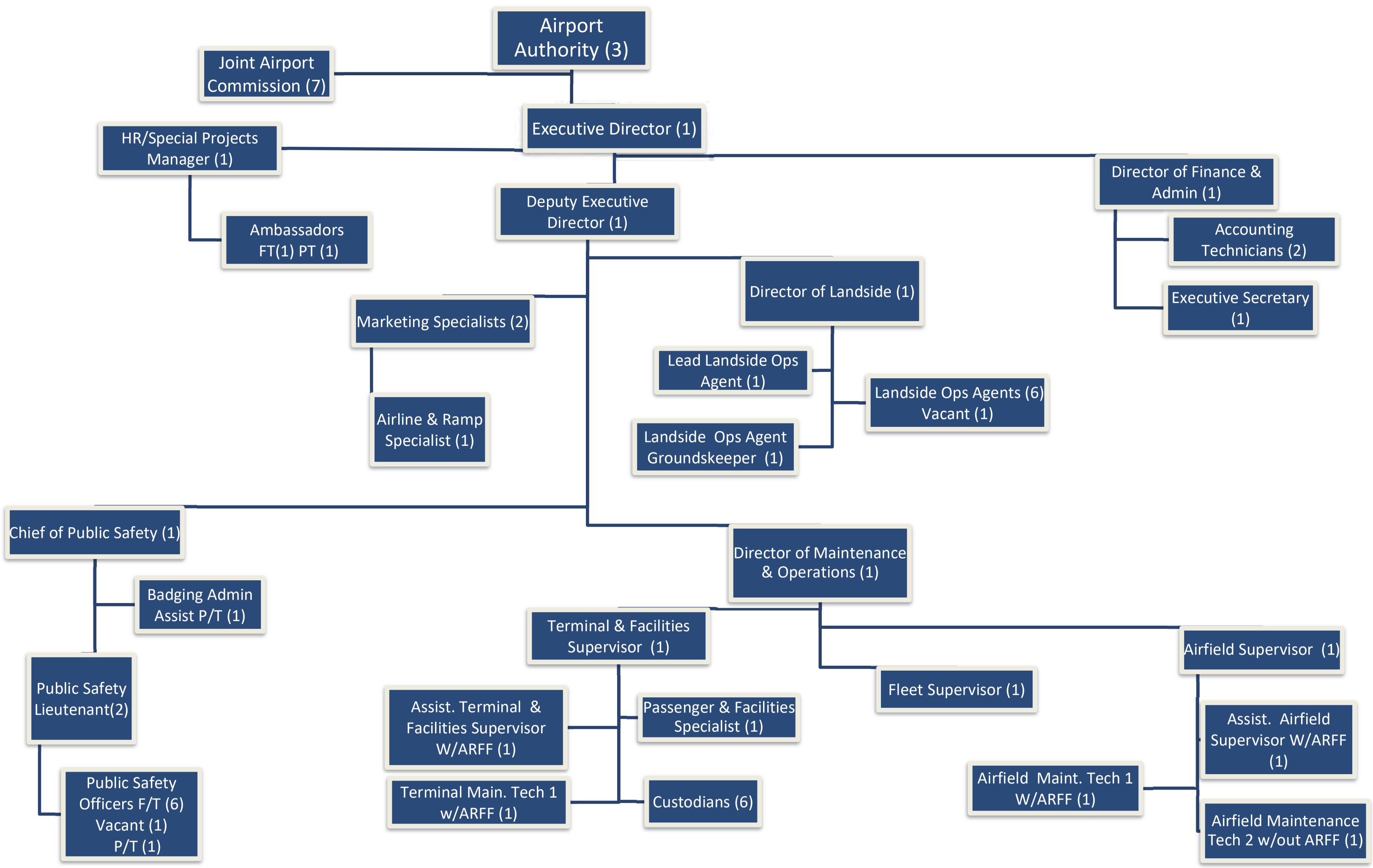
Charlottesville Albemarle Airport FY22 Organizational Chart

46 Full Time (F/T), 3-Part Time (P/T)



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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

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Charlottesville-Albemarle Airport Authority
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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Financial Section

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charlottesville-Albemarle Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principles

As described in Note 15 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement Nos. 87, *Leases,* and 92, *Omnibus 2020.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Charlottesville-Albemarle Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charlottesville-Albemarle Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Charlottesville-Albemarle Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Charlottesville-Albemarle Airport Authority's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 January 17, 2023, on our consideration of Charlottesville-Albemarle Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Charlottesville-Albemarle Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charlottesville-Albemarle Airport Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
January 17, 2023

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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, 2022. 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, 2022, 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, 2022. The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis, recognizing revenue when earned and expenses when incurred.

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

Airport Activities and Highlights

From an operational standpoint, the Authority had a steady increase in activity in relation to the prior fiscal due to the effects of COVID spread worldwide. Passenger enplanements increased 93% to 261,826. Parking revenue increased 121% and airline revenue increased 61%. Both of these revenue streams are directly related to the decrease in passenger traffic.

Airport Activities and Highlights: (Continued)

In FY22, the Authority experienced increases in all categories of aircraft operations due to continued recovery from the pandemic.

	FY 2022	FY 2021	FY 2020
Enplanements (persons)	261,826	135,632	282,282
Aircraft Landed Weights (1000's of lbs)	323,612	203,130	381,308
Operations (take-off & landings):			
Commercial	30,802	24,526	27,152
General Aviation	79,705	75,459	61,253
Military	15,246	12,545	10,717
Total Operations	**125,753**	**112,530**	**99,122**

Financial Highlights

Summary of Operations & Changes in Net Position

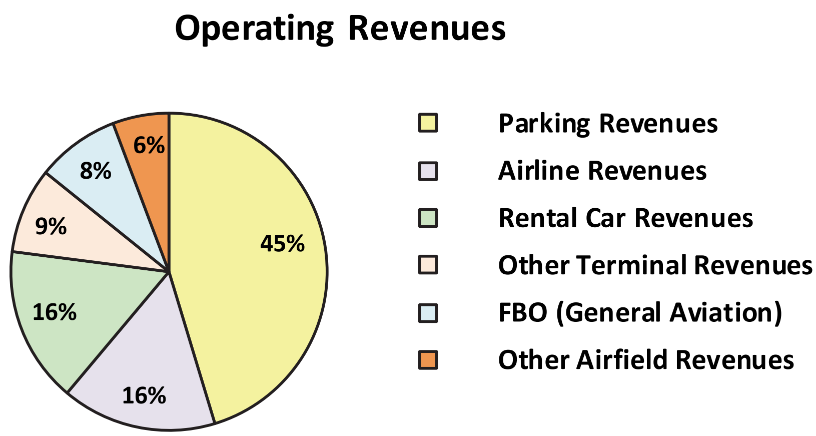
A summary of the Authority's Operations and Changes in Net Position at June 30, 2022 is set forth below:

Summary of Operations & Changes in Net Position	**2022**	**2021**	**2020**
Operations:			
Revenues	$ 6,907,727	$ 4,147,547	$ 7,084,598
Expenses	(6,983,838)	(6,301,373)	(7,131,021)
Income/(loss) before depreciation & nonoperating income/(expenses)	(76,111)	(2,153,826)	(46,423)
Nonoperating income/(expenses)	4,958,656	5,688,391	3,071,791
Income/(loss) before capital contributions & depreciation	4,882,545	3,534,565	3,025,368
Depreciation	(4,736,755)	(4,547,117)	(4,621,108)
Income/(loss) before capital contributions	145,790	(1,012,552)	(1,595,740)
Capital contributions	9,058,379	6,146,249	5,554,461
Net Position:			
Increase in net position	9,204,169	5,133,697	3,958,721
Total net position, beginning of year	126,480,706	121,347,009	117,388,288
Total net position, end of year	**$ 135,684,875**	**$ 126,480,706**	**$ 121,347,009**

The 7.28% increase in net position for FY22 is primarily related an increase in overall activity due to continued recovery from the pandemic as well as an increase in capital project activity.

Operating & Non-operating Revenue Highlights

The following chart shows the major sources and percentage of operating revenues for the fiscal year ended June 30, 2022:



As illustrated in the Statistical section of this document, parking revenue, airline revenue and rental car revenue have remained the primary sources of revenues; parking revenue has increased from 42% of operating revenue in FY 2013 to 46% in FY 2022. Rental car revenue slightly increased from 15% in FY2013 to 16% in FY2022, and airline revenue slightly decreased from 18% in FY2013 to 16% in FY2022.

A summary of revenues for the year ended June 30, 2022 follows:

Summary of Revenues	**2022**	**2021**	**2020**
Operating:			
Parking Revenues	$ 3,129,817	$ 1,414,966	$ 3,388,989
Airline Revenues	1,170,592	680,708	1,307,622
Rental Car Revenues	1,097,975	682,027	936,467
Other Terminal Revenues	613,601	494,482	728,712
FBO (General Aviation)	586,959	467,263	441,374
Other Airfield Revenues	308,783	408,101	281,434
Total Operating Revenues	$ 6,907,727	$ 4,147,547	$ 7,084,598
Nonoperating:			
Interest Income	$ 20,990	$ 11,460	$ 28,203
Gain (loss) on disposal of assets	5,300	-	-
Insurance recovery	-	45,281	8,455
COVID and State grants	5,103,358	5,804,271	3,210,980
Total Nonoperating Revenues	$ 5,129,648	$ 5,861,012	$ 3,247,638
Total Revenues Prior to Capital Contributions	**$ 12,037,375**	**$ 10,008,559**	**$ 10,332,236**
Capital Contributions	9,058,379	6,146,249	5,554,461
Total Revenues	**$ 21,095,754**	**$ 16,154,808**	**$ 15,886,697**

Operating & Non-operating Revenue Highlights

The increases in almost all of the operating revenue items are directly related to the continuing recovery from the pandemic.

Nonoperating revenues decreased 13% attributed to the decrease of federal COVID funding received in FY22 as compared to FY21.

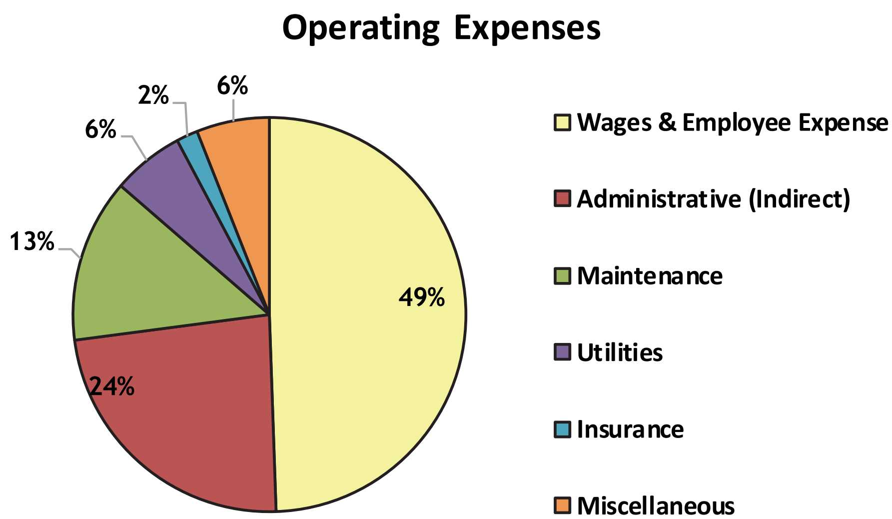
Capital Contributions

Capital contributions increased by 49% in FY22.

Operating & Nonoperating Expense Highlights

The following chart illustrates the major sources and percentage of operating expenses for the fiscal year ended June 30, 2022:

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, 2022 follows:

Summary of Expenses	**2022**	**2021**	**2020**
Operating:			
Wages & Employee Expense	$ 3,453,858	$ 3,117,555	$ 3,003,228
Administrative (Indirect)	1,639,305	1,600,153	1,655,187
Maintenance	936,477	956,502	1,407,754
Utilities	411,166	336,447	370,544
Insurance	123,494	110,274	123,316
Miscellaneous	419,538	180,442	570,992
Total Operating Expenses	$ 6,983,838	$ 6,301,373	$ 7,131,021
Nonoperating:			
Interest Expense	$ 21,030	$ 14,445	$ 18,829
Rental Car Service Facility Expense	149,962	132,842	157,018
Bond issuance costs	-	25,334	-
Total Nonoperating Expenses	$ 170,992	$ 172,621	$ 175,847
Total Expenses	**$ 7,154,830**	**$ 6,473,994**	**$ 7,306,868**

Overall, the Authority has been able to keep expenses relatively steady during the pandemic. The increases noted from FY21 to FY22 in the wages, utilities and insurance categories are attributed to inflation and overall rising costs.

Financial Position Summary

The Statement of Net Position reports the Authority's financial position as of June 30, 2022. It represents the Authority's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $135,684,875 at June 30, 2022, a 7.28% or $9,204,169 increase over June 30, 2021.

A condensed summary of the Authority's total net position at June 30, 2022 is set forth below:

	2022	2021	2020
Assets:			
Current unrestricted assets	$ 14,647,695	$ 10,482,854	$ 5,279,096
Restricted assets	13,843,621	12,287,351	13,718,498
Noncurrent assets	6,234,067	-	-
Capital assets	112,763,727	108,925,109	107,834,790
Total assets	$ 147,489,110	$ 131,695,314	$ 126,832,384
Deferred outflows of resources	$ 909,469	$ 801,473	$ 555,066
Liabilities:			
Current liabilities	$ 1,841,075	$ 1,635,857	$ 3,696,855
Noncurrent liabilities	3,436,637	4,362,499	2,231,745
Total liabilities	$ 5,277,712	$ 5,998,356	$ 5,928,600
Deferred inflows of resources	$ 7,435,992	$ 17,725	$ 111,841
Net Position:			
Net investment in capital assets	$ 109,257,406	$ 105,334,494	$ 106,033,013
Restricted	13,843,605	12,287,335	11,635,927
Unrestricted	12,583,864	8,858,877	3,678,069
Total Net Position	**$ 135,684,875**	**$ 126,480,706**	**$ 121,347,009**

Financial Position Summary: (Continued)

Net Position is comprised of three components as follows:

Investment in capital assets (e.g. land, buildings, equipment, etc.) net of depreciation and less the outstanding indebtedness used to acquire the assets, increased 3.7% which resulted from a land purchase and an increase in capitalized projects. This category represents 81% of the Authority's net position as of June 30, 2022.

Restricted net position (10% of total net position) includes funds that are restricted in use such as the PFC funds, federal and state grant funds, and Customer Facility Charge (CFC) funds less related liabilities. The increase of 12.7% in the restricted cash balance in these funds compared to June 30, 2021 is the result of the accumulation of PFC funds and an increase in restricted funds for Capital Projects.

Unrestricted net position is allocable for any reason by the Airport Authority. Unrestricted net position represents current assets and pension and OPEB related deferred outflows of resources less current liabilities (other than notes payable) less accrued leave less net pension liability, net OPEB liability, and pension and OPEB related deferred inflows of resources. At June 30, 2022, there was a 42% increase in unrestricted net position compared to June 30, 2021. This increase is attributed to the ARPA grant revenue that was recognized in FY22.

Summary of Cash Flow Activities

Net cash provided by the operation of negative $388,642 is a 79%, or $1,432,253 increase from the prior year. This was due to the increase in cash received from the airlines, rental cars, and concessionaires as a result of the continuing recovery from the pandemic.

Airline Signatory Rates and Charges

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

	FY 2022	FY 2021	FY 2020
Landing Fees (1,000 lbs unit)	2.07	2.07	2.07
Average Terminal Rental Rates (s.f.)	22.99	14.13	28.27
Airline Cost per Enplanement	4.18	5.02	4.63

Once the pandemic started affecting all aspects of the travel industry, the airport allowed the airlines to no longer pay a set monthly terminal rental fee and began charging the airlines a monthly rental fee based on enplaned passengers. This methodology appeared to be the most rational formula in that it allowed the cost per enplaned passenger to remain attractive to the airlines which was viewed very favorably by the airlines. The reduction in the average terminal rental rates in FY21 is directly related to this change for the airlines rates and charges. This methodology started during FY20 and remained in effect throughout FY22.

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 2022, the Authority expended $7,563,094 on capital activities. These included construction projects mainly related to the relocation of taxiway E, the parking lot elevator and stairs, and acquisition of vehicles, machinery and equipment. Additional information may be found in the Notes to Financial Statements section of this document, Note 6 – Changes in Capital Assets and Construction in Progress.

Capital acquisitions totaling $4,572,312 were comprised of the following:

Capitalized Item		***Value***
Taxiway E relocation	$	2,329,610
QTA washracks		112,450
Security windown film		121,691
Modular building to terminal		381,155
Terminal generators		421,086
Bush hog		130,121
66 acres land purchase		804,051
ARFF roof replacement		190,583
Other		81,564
Total	**$**	**4,572,311**

Long Term Debt Administration

In 2014, the Authority issued $1,612,000 in taxable Series 2014 Airport Revenue Bonds dated October 30, 2014 maturing annually from 2016 through 2025 with interest of 1.570%. The balance outstanding as of June 30, 2022 was $621,848.

In fiscal year 2016, the Authority was notified of three additional bridge loans from VDOA outstanding. These were related to CS0004-22 for land acquisition in the amount of $316,149; CS0004-26 for EA/BCA in the amount of $365,785; and CS0004-25 for obstruction study in the amount of $52,948. These loans were all forgiven in fiscal year 2022 by the Virginia Department of Aviation.

In 2021, the Authority issued $1,949,031 in Series 2021 Airport Revenue Bonds dated June 3, 2021 maturing annually from 2021 through 2031 with interest of 0.560% for parking lot expansion refinancing. The balance outstanding as of June 30, 2022 was $1,758,935.

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

Passenger Facilities Charge (PFC)

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

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

The last application that was approved by the FAA was PFC Application No 23-25-C-00-CHO in October of 2022. This application authorized the collection of $5,617,814 and is a reimbursement of Virginia State Entitlements used on the ramp expansion and escalator replacement projects. The new current expiration date is now June 1, 2026.

Pension and OPEB Programs

The Authority is a member of the Virginia Retirement System (VRS). VRS is the public employees' retirement plan for Commonwealth of Virginia employees. Municipalities, counties and local public agencies may elect to join VRS. The Authority contributes a percentage of payroll to VRS on behalf of its fulltime employees, the rate set bi-annually by VRS as actuarially determined (8.91% during FY 2022). Employees are also provided group life insurance benefits through VRS. The Authority contributes a percentage of payroll to VRS on behalf of its fulltime employees, the rate set by VRS as actuarially determined (1.34% during FY 2022 (allocated into an employee and employer component using a 60 (.80%)/40 (.54%) split)).

Request for Information

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

Respectfully submitted,

Penny D. Shifflett

Penny D. Shifflett
Chief Financial Officer

BASIC FINANCIAL STATEMENTS

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Net Position

At June 30, 2022

(With Comparative Totals for the Prior Year)

	2022	2021
ASSETS		
Current assets:		
Unrestricted assets:		
Cash and cash equivalents	$ 8,087,762	$ 7,284,901
Prepaid insurance	43,475	-
Prepaid insurance - CFC facility	3,792	-
Leases receivable	402,582	-
Other prepaid items	63,609	3,360
Accounts receivable - net	6,046,475	3,194,593
Total current unrestricted assets	$ 14,647,695	$ 10,482,854
Restricted assets:		
Capital Funds:		
Cash and cash equivalents	$ 888,822	$ 280,151
Receivable	1,185,272	485,195
Passenger Facility Charge Funds:		
Cash and cash equivalents	1,117,482	504,387
Receivable	80,991	164,177
Customer Facility Charge Funds:		
Cash and cash equivalents	2,517,619	2,228,939
Receivable	56,594	61,658
Renewal and Replacement Funds:		
Cash and cash equivalents	158,221	157,902
State Entitlement Funds:		
Cash and cash equivalents	7,527,296	8,110,593
Total current restricted assets	$ 13,532,297	$ 11,993,002
Total current assets	$ 28,179,992	$ 22,475,856
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents:		
Revenue bond funds	$ 110,423	$ 93,649
Debt reserve funds	200,901	200,700
Leases receivable	6,234,067	-
Total noncurrent restricted assets	$ 6,545,391	$ 294,349
Capital assets:		
Land	$ 20,034,631	$ 19,230,590
Construction in progress	6,276,691	2,273,629
Building, improvements and equipment, net of accumulated depreciation	86,421,957	87,380,280
Intangibles, net of accumulated amortization	30,448	40,610
Total capital assets (net of accumulated depreciation and amortization)	$ 112,763,727	$ 108,925,109
Total noncurrent assets	$ 119,309,118	$ 109,219,458
Total assets	$ 147,489,110	$ 131,695,314
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 843,535	$ 722,772
OPEB related items	65,934	78,701
Total deferred outflows of resources	$ 909,469	$ 801,473

Exhibit A

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Statement of Net Position

At June 30, 2022

(With Comparative Totals for the Prior Year)

	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable:		
Operating	$ 223,557	$ 218,821
Unearned revenue	21,929	8,421
Accrued payroll and related liabilities	43,455	140,105
Compensated absences	23,005	19,146
A/P security deposits/performance bonds	32,617	32,617
Revenue bonds payable	365,334	361,626
Due to VDOA--Bridge Loans	-	734,882
Accrued interest	5,578	6,919
Liabilities payable from restricted assets (accounts payable and retainage payable):		
Capital funds	1,125,600	113,320
Total current liabilities	$ 1,841,075	$ 1,635,857
Noncurrent Liabilities:		
Compensated absences	$ 207,045	$ 172,318
Net pension liability	1,075,361	1,602,792
Net OPEB liability	138,782	206,602
Revenue bonds payable	2,015,449	2,380,787
Total noncurrent liabilities	$ 3,436,637	$ 4,362,499
Total liabilities	$ 5,277,712	$ 5,998,356
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 740,460	$ 11,556
OPEB related items	58,883	6,169
Lease related items	6,636,649	-
Total deferred inflows of resources	$ 7,435,992	$ 17,725
NET POSITION		
Net investment in capital assets	$ 109,257,344	$ 105,334,494
Restricted for:		
Capital Projects	$ 2,074,094	$ 765,346
PFC fund	1,198,473	668,564
State Entitlement fund	7,527,296	8,110,593
Renewal & Replacement	158,221	157,902
CFC fund	2,574,213	2,290,597
Bond fund	110,423	93,649
Debt Reserve	200,885	200,684
Total restricted assets	$ 13,843,605	$ 12,287,335
Unrestricted	$ 12,583,926	$ 8,858,877
Total net position	$ 135,684,875	$ 126,480,706

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, 2022
(With Comparative Totals for the Prior Year)

	2022	2021
Operating revenues:		
Parking	$ 3,129,817	$ 1,414,966
Terminal	2,257,802	1,436,837
Airfield	1,520,108	1,295,744
Total operating revenues	$ 6,907,727	$ 4,147,547
Operating expenses:		
Direct operating expenses:		
Parking	$ 1,048,993	$ 841,786
Terminal	2,559,805	2,241,806
Airfield	1,735,733	1,617,628
Total direct operating expenses	$ 5,344,531	$ 4,701,220
Indirect operating expense:		
Administrative	$ 1,639,307	$ 1,600,153
Total operating expenses	$ 6,983,838	$ 6,301,373
Operating income (loss) before depreciation and amortization	$ (76,111)	$ (2,153,826)
Depreciation and amortization	(4,736,755)	(4,547,117)
Operating income (loss)	$ (4,812,866)	$ (6,700,943)
Nonoperating revenues (expenses):		
Interest income	$ 20,990	$ 11,460
CFC expenses	(149,962)	(132,842)
Interest expense	(21,030)	(14,445)
Bond issuance costs	-	(25,334)
Gain (loss) on disposal of assets	5,300	-
Insurance recovery	-	45,281
Federal COVID Grants	4,941,234	5,690,391
State Grants	162,124	113,880
Total nonoperating revenue (expenses)	$ 4,958,656	$ 5,688,391
Net income (loss) before capital contributions	$ 145,790	$ (1,012,552)
Capital contributions:		
Federal construction revenue	$ 4,998,383	$ 3,520,803
State construction revenue	2,403,226	1,584,256
PFC fund	1,062,612	597,421
CFC fund	594,158	443,769
Total capital contributions	$ 9,058,379	$ 6,146,249
Net position		
Increase in net position	$ 9,204,169	$ 5,133,697
Total net position, beginning of year	126,480,706	121,347,009
Total net position, end of year	$ 135,684,875	$ 126,480,706

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, 2022
(With Comparative Totals for the Prior Year)

	2022	2021
Cash flows from operating activities:		
Cash received from providing services	$ 6,877,791	$ 4,115,396
Cash paid to suppliers	(2,573,174)	(2,065,872)
Cash paid to and for employees	(4,642,825)	(3,870,419)
Net cash provided by (used for) operating activities	$ (338,208)	$ (1,820,895)
Cash flows from noncapital financing activities:		
CARES and State Grants	$ 2,294,920	$ 4,987,245
Cash flows from capital and related financing activities:		
Acquisition of land, property and equipment	$ (4,572,312)	$ (1,064,379)
Disposal of property and equipment (including insurance recoveries)	-	45,281
Additions to construction in progress	(2,990,782)	(6,882,951)
Long-term debt proceeds	-	1,949,031
Payment of bridge loans from VDOA	(734,882)	-
Debt service paid	(361,630)	(273,513)
Interest paid on debt	(17,344)	(15,503)
Bond issuance costs	-	(25,334)
Contributions from Virginia Department of Aviation	2,372,289	1,729,111
Contributions from Federal Aviation Administration	4,329,243	4,408,222
Contributions from Passenger Facility Charge (PFC)	1,145,798	473,580
Contributions from Customer Facility Charge (CFC)	599,222	434,607
Net cash provided by (used for) capital and related financing activities	$ (230,398)	$ 778,152
Cash flows from investing activities:		
Investment interest earned	$ 20,990	$ 11,460
Net increase (decrease) in cash and cash equivalents	$ 1,747,304	$ 3,955,962
Cash and cash equivalents at beginning of year (including restricted accounts)	18,861,222	14,905,260
Cash and cash equivalents at end of year (including restricted accounts)	$ 20,608,526	$ 18,861,222
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating loss	$ (4,812,866)	$ (6,700,943)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	$ 4,736,755	$ 4,547,117
CFC operations	(153,480)	(126,725)
Changes in operating assets and liabilities and deferred outflows/ inflows of resources:		
Accounts receivable	(43,444)	(38,872)
Leases receivable	294,527	-
Prepaid items	(103,724)	134,135
Deferred outflows related to pension	(120,763)	(230,134)
Deferred outflows related to OPEB	12,767	(16,273)
Accounts payable - operating	4,736	131,942
Accounts payable - security deposits/performance bonds	-	-
Accrued payroll and related liabilities	(96,650)	21,687
Accrued compensated absences	38,586	12,186
Unearned revenue	13,508	6,721
Net pension liability	(527,431)	508,032
Net OPEB liability	(67,820)	24,348
Deferred inflows related to pension	728,904	(88,682)
Deferred inflows related to OPEB	52,714	(5,434)
Deferred inflows related to leases	(294,527)	-
Total adjustments	$ 4,474,658	$ 4,880,048
Net cash provided by (used for) operating activities	$ (338,208)	$ (1,820,895)
Schedule of noncash capital and related financing activities:		
Increase (decrease) in capital contribution receivables	$ 611,827	$ (899,271)
Increase (decrease) in capital related payables	$ 1,012,280	$ (2,309,893)

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

Charlottesville - Albemarle Airport Authority
Notes to Financial Statements

NOTE 1 - FINANCIAL REPORTING ENTITY:

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

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

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

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

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

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

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

Investments – Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

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

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

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

Revenue Bond Funds – 2014 and 2021 airport revenue refunding bond proceeds held in Escrow Funds.

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

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

CFC Revenue Fund, CFC General Fund and QTA Maintenance Fund - Customer Facility Charge (CFC) collections from rental car concessionaires are deposited in the CFC Revenue 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.

Debt Reserve Funds - funds held in reserve for 2021 Virginia Resources Authority bonds.

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

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

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

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

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

When capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the results of operations. Depreciation expense for the year ended June 30, 2022 was $4,736,755. 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 $10,000 or more, is purchased from the coverage fund, capital fund or revenue, has an estimated useful life of 3 years or more; and, is considered one of the following: a) equipment, b) vehicle, c) building or improvement, d) airfield equipment or improvement, e) hangar or improvement, or f) intangible asset.

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

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

This is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

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

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

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

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

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

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

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

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

Discretionary Fund – Funds that are segregated that are not related, in any way, to the airline agreement.

Net Position – The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

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.

Leases

The Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Authority recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable (lessor).

The Authority monitors changes in circumstances that would require a remeasurement or modification of its leases. The Authority will remeasure the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Regulated Leases

The leases between the Authority and air carriers and other aeronautical users are subject to external laws, regulations, or legal rulings. The Authority recognizes inflows of resources (revenue) based on the payment provisions of the lease contract.

NOTE 3 – RESTRICTED ASSETS:

The income, principal cash and investments shown on the statement of net position at June 30, 2022 consist of the following:

Restricted Assets:		Cash & Cash Equivalents		Receivables		Total Restricted Assets
Capital Projects	$	888,822	$	1,185,272	$	2,074,094
PFC Fund		1,117,482		80,991		1,198,473
State Entitlement Fund		7,527,296		-		7,527,296
Renewal & Replacement		158,221		-		158,221
CFC Fund		2,517,619		57,596		2,575,215
Bond Fund		110,423		-		110,423
Debt Reserve Fund		200,901		-		200,901
Total Restricted Assets	$	12,520,764	$	1,323,859	$	13,844,623

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 local governments and other public bodies 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 Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

NOTE 4 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk (Investments)

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

As of June 30, 2022, all Authority funds were held in interest-bearing accounts and investments were invested pursuant to the Code of Virginia requirements for the investment of public funds.

The Authority's money market mutual funds investments of $110,423 on June 30, 2022 were held in the Authority's name by the Authority's custodial bank. The investments were rated AAAm by Standard & Poor's.

The following is a reconciliation of cash and investments for the fiscal year ended June 30, 2022:

Summary of Cash and Investments:		
Cash on hand and cash items	$	6,500
Carrying value of deposits		20,491,603
Investments		110,423
Total	$	20,608,526
Per Financial Statements:		
Cash and cash equivalents:		
Operating	$	8,087,762
Restricted Capital Projects		888,822
Restricted PFC Fund		1,117,482
Restricted CFC Fund		2,517,619
Restricted Renewal & Replacement		158,221
Restricted Entitlement		7,527,296
Restricted Bond Funds		110,423
Restricted Debt Reserve Funds		200,901
Total per financial statements	$	20,608,526

Interest Rate Risk

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

NOTE 4 – DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements

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

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

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

The Authority has the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
	6/30/2022	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Mutual Funds	$ 110,423	$ 110,423	$ -	$ -

NOTE 5 – ACCOUNTS RECEIVABLE:

Details of changes in Accounts Receivable for the fiscal year ended June 30, 2022 are as follows:

	Non Restricted Assets	Restricted Assets	Total Accounts Receivable
Accounts Receivable			
Operating	$ 6,046,475	$ -	$ 6,046,475
Capital	-	1,185,272	1,185,272
Passenger Facility Charge	-	80,991	80,991
Rental Car Facility Charge	-	56,594	56,594
	$ 6,046,475	$ 1,322,857	$ 7,369,332

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, as well as the CARES and CRRSA grant funds. Operating receivables increased $2,726,008 over fiscal year 2021.

Capital Receivable – Capital increased $700,077 over fiscal year 2021 due to the timing of project expenditures and the related filings of reimbursements. Capital consists of expenditures in construction in progress filed for reimbursement with the State in the amount of $47,882 and the Federal Government in the amount of $1,137,390.

Passenger Facility Charge- Passenger facility charge receivables represent the accrual for funds received in July and August 2022 for the period June 2022.

Rental Car Facility Charge – Customer facility charge receivables represent the accrual for funds received in July 2022 for the period June 2022.

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

Net capital assets increased $3,838,619 as the result of the net project activity and other capital asset purchases exceeding depreciation. It is the Authority's practice for capital projects with land acquisitions to be recorded in the CIP accounts and closed to land upon project completion. Details of changes in capital assets and construction in progress for the fiscal year ended June 30, 2022 follows on the next page.

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

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not depreciated:				
Land	$ 19,230,590	$ 804,041	$ -	$ 20,034,631
Construction in progress:				
QTA Wash Rack	$ -	$ 24,895	$ -	$ 24,895
Relocation of Taxiway E	319,008	2,010,602	2,329,610	-
Terminal Area Plan	528,080	69,438	-	597,518
AF Lighting and Signage Design	227,549	4,520	-	232,069
Terminal Generator Project	64,147	356,940	421,087	-
Pedestrian Access Ramp and Stairs	120,674	-	-	120,674
Pedestrian Access Ramp and Canopy	451,740	-	-	451,740
Parking Stairs and Elevator	326,066	3,071,629	-	3,397,695
Escalator Replacement	-	1,154,281	-	1,154,281
800 MHz Radio	197,830	58,254	-	256,084
Big Terminal Fans	33,405	3,200	-	36,605
Miscellaneous Capital	5,130	-	-	5,130
Total construction in progress	$ 2,273,629	$ 6,753,759	$ 2,750,697	$ 6,276,691
Total capital assets not depreciated	$ 21,504,219	$ 7,557,800	$ 2,750,697	$ 26,311,322
Capital and other assets depreciated:				
Buildings	$ 36,608,063	$ 819,828	$ -	$ 37,427,891
Improvements other than buildings	98,629,207	2,337,946	-	100,967,153
Machinery & equipment	9,980,452	610,496	-	10,590,948
Infrastructure	17,107,507	-	-	17,107,507
Intangibles	1,157,751	-	-	1,157,751
Total capital and other assets depreciated	$ 163,482,980	$ 3,768,270	$ -	$ 167,251,250
Less accumulated depreciation for:				
Buildings	$ 22,801,615	$ 1,052,990	$ -	$ 23,854,605
Improvements other than buildings	38,071,691	2,640,450	-	40,712,141
Machinery & equipment	6,783,666	434,154	-	7,217,820
Infrastructure	7,287,977	598,999	-	7,886,976
Intangibles	1,117,141	10,162	-	1,127,303
Total accumulated depreciation	$ 76,062,090	$ 4,736,755	$ -	$ 80,798,845
Total net capital assets depreciated	$ 87,420,890	$ (968,485)	$ -	$ 86,452,405
Net Capital Assets	$ 108,925,109	$ 6,589,315	$ 2,750,697	$ 112,763,727

NOTE 7 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowings and Placements:				
Revenue Bonds	$ 2,742,413	$ -	$ (361,630)	$ 2,380,783
Bridge Loans VDOA	734,882	-	(734,882)	-
Compensated Absences	191,464	140,116	(101,535)	230,045
Net Pension Liability	1,602,792	1,267,777	(1,795,208)	1,075,361
Net OPEB Liability	206,602	69,730	(137,550)	138,782
Total	$ 5,478,153	$ 1,477,623	$ (3,130,805)	$ 3,824,971

At June 30, 2022, the Authority's long-term obligations consisted of the following:

	Total	Current
Direct Borrowings and Placements:		
$1,612,000 Airport Revenue Bond dated October 30, 2014, interest rate of 1.570% principal payable semi-annually in various incremental amounts, ranging from $79,004 due on July 1, 2016 to $90,944 due in 2025	$ 621,848	$ 174,233
$1,949,031 Airport Revenue Bond for construction of a parking lot expansion dated June 3, 2021, interest rate of 0.56% and principal payable semi-annually in various incremental amounts, ranging from $94,945 due on December 1, 2021 to $99,998 in 2031	1,758,935	191,101
Total Revenue Bonds (Direct Borrowings and Placements)	$ 2,380,783	$ 365,334

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

At June 30, 2022, the Authority's long-term obligations consisted of the following: (Continued)

	Total	Current
Compensated Absences	$ 230,045	$ 23,005
Net Pension Liability	$ 1,075,361	$ -
Net OPEB Liability	$ 138,782	$ -
Total long-term obligations	$ 3,824,971	$ 388,339

Default Provisions and Acceleration Clauses

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

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

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

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

d) Abandonment of the Airport by the Authority; and

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

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

Default Provisions and Acceleration Clauses: (Continued)

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

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

	Direct Borrowings and Placements					
	Series 2014 $1,612,000 Issue		Series 2021 $1,949,031 Issue		Total Debt Summary $3,561,031	
Year Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 174,233	$ 9,083	$ 191,101	$ 9,583	$ 365,334	$ 18,666
2024	176,980	6,336	192,173	8,511	369,153	14,847
2025	179,769	3,547	193,250	7,434	373,019	10,981
2026	90,866	716	194,334	6,350	285,200	7,066
2027	-	-	195,424	5,260	195,424	5,260
2028-2031	-	-	792,653	10,019	792,653	10,019
Total	$ 621,848	$ 19,682	$ 1,758,935	$ 47,157	$ 2,380,783	$ 66,839
Less current portion	174,233		191,101		365,334	
Total long-term obligations	$ 447,615		$ 1,567,834		$ 2,015,449	

Federal Arbitrage Regulations

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

800 MHz Upgrade

The Authority shares an 800MHz radio system with Albemarle County, the City of Charlottesville, the University of Virginia, and other smaller entities. The system is currently undergoing an upgrade with costs to be shared among all parties. The Authority's share of these costs is estimated at $345,600. Costs are being paid as incurred and have totaled approximately $256,084 to date.

NOTE 8 – LEASES RECEIVABLE:

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

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

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

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

Amendment #1 to this lease agreement became effective August 1, 2019. The amendment modified the leased area to reflect operational changes by both parties. Overall, the square footage of space was adjusted along with the rent payment schedule to reflect those changes, but the overall term and other fees remained the same. The amendment also updated that Piedmont Hawthorne Aviation, LLC is d/b/a Signature Flight Support.

NOTE 8 – LEASES RECEIVABLE: (CONTINUED)

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

Expected future payments, which are included in the measurement of the lessor activity at June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 402,582	$ 67,548	$ 470,130
2024	406,891	63,240	470,131
2025	402,909	58,889	461,798
2026	365,313	54,818	420,131
2027	369,222	50,908	420,130
2028-2032	1,865,435	194,893	2,060,328
2033-2037	1,725,250	99,760	1,825,010
2038-2040	1,099,047	14,989	1,114,036
Total	$ 6,636,649	$ 605,045	$ 7,241,694

For the year ended June 30, 2022, the Authority recognized $7,383 of interest income.

NOTE 9 – COMPENSATED ABSENCES:

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

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

NOTE 9 – COMPENSATED ABSENCES: (CONTINUED)

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 $230,050 as of June 30, 2022. Of this amount, 10 percent or $23,005 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, 2022, the potential amount of payout for current employees is $32,250. This is not recorded as a liability due to the uncertainty of the payment.

NOTE 10 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 10 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

NOTE 10 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	16
Inactive members:	
Vested inactive members	2
Non-vested Inactive members	14
Inactive members active elsewhere in VRS	14
Total inactive members	30
Active members	49
Total covered employees	95

Contributions

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2022 was 8.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $222,879 and $200,443 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 10 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

NOTE 10 - PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 10 - PENSION PLAN: (CONTINUED)

Long-term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTE 10 - PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2020	$ 6,993,903	$ 5,391,111	$ 1,602,792
Changes for the year:			
Service cost	$ 246,036	$ -	$ 246,036
Interest	460,016	-	460,016
Changes of assumptions	241,931	-	241,931
Differences between expected and actual experience	316,170	-	316,170
Contributions - employer	-	200,442	(200,442)
Contributions - employee	-	114,033	(114,033)
Net investment income	-	1,480,593	(1,480,593)
Benefit payments, including refunds of employees contributions	(357,711)	(357,711)	-
Administrative expenses	-	(3,624)	3,624
Other changes	-	140	(140)
Net changes	$ 906,442	$ 1,433,873	$ (527,431)
Balances at June 30, 2021	$ 7,900,345	$ 6,824,984	$ 1,075,361

NOTE 10 - PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's Net Pension Liability	$ 2,160,315	$ 1,075,361	$ 188,436

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

For the year ended June 30, 2022, the Authority recognized pension expense of $303,588. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 390,499	$ -
Change of assumptions	230,157	-
Net difference between projected and actual earnings on pension plan investments	-	740,460
Employer contributions subsequent to the measurement date	222,879	-
Total	$ 843,535	$ 740,460

$222,879 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2023	$ 93,996
2024	39,394
2025	(29,540)
2026	(223,654)
Thereafter	-

NOTE 10 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS:

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

Plan Description

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

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

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

Eligible Employees

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $14,763 and $13,308 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of $138,782 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .01190% as compared to .01240% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $12,390. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,828	$ 1,057
Net difference between projected and actual earnings on GLI OPEB program investments	-	33,124
Change in assumptions	7,651	18,988
Changes in proportionate share	27,692	5,664
Employer contributions subsequent to the measurement date	14,763	-
Total	$ 65,934	$ 58,833

$14,763 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (132)
2024	1,408
2025	670
2026	(7,224)
2027	(2,384)
Thereafter	-

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	$	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on,

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Discount Rate: (Continued)

employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	**Current Discount**	**1% Increase**
	(5.75%)	**(6.75%)**	**(7.75%)**
Authority's proportionate share of the GLI Program Net OPEB Liability	$ 202,765	$ 138,782	$ 87,112

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA)

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

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Line of Duty Act (LODA): (Continued)

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Authority's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Authority's LODA premium for the year ended June 30, 2022 was $15,213.

NOTE 12 – RISK MANAGEMENT:

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES:

Federal programs in which the Authority participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of the regulations major programs were tested for compliance with applicable grant requirements. In addition to matters of noncompliance disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in other disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures would be immaterial.

At June 30, 2022, the Authority had two major projects in the construction phase, which are presented in the financial statements as Construction in Progress. Presented is the project, contract amount, expenditures to date and balance of the contract remaining:

	Contract Amounts	Expenditures To Date	Balance of Contracts
Escalator Replacement	$ 1,986,000	$ 993,000	$ 993,000
Parking Lot Elevator & Stairs	4,261,680	2,921,855	1,339,825
Total	$ 6,247,680	$ 3,914,855	$ 2,332,825

NOTE 14 – LITIGATION:

At June 30, 2022, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 15 – ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. There was no restatement of beginning net position as a result of this implementation as it was not practicable to restate the 2021 amounts due to staffing and time constraints. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Amount
Leases receivable	$ 6,931,176
Deferred inflows of resources - lease related items	$ 6,931,176

NOTE 16 – SUBSEQUENT EVENTS:

Grants and Contracts

The following grants have been awarded:

- FAA AIP Grant 3-51-0004-059-2022 executed on 8/11/22 for $1,518,615 for the Construction of the Airfield Lighting and Signage Rehabilitation Project
- FAA AIG Grant 3-51-0004-060-2022 executed on 8/11/22 for $2,419,537 for the Construction of the Airfield Lighting and Signage Rehabilitation Project

The following contracts have been executed:

- Austin Electrical Construction, Inc. in the amount of $3,846,725 was executed on 8/31/22

The status of ongoing projects is as follows:

- The Parking Lot Elevator and Stair replacement project was completed in the fall of 2022.
- The Escalator Project was completed in the Fall of 2022

NOTE 17 – UPCOMING PRONOUNCEMENTS:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 246,036	$ 232,076	$ 159,646	$ 135,013
Interest	460,016	421,647	402,288	379,448
Changes in assumptions	241,931	-	197,101	-
Differences between expected and actual experience	316,170	268,944	49,552	64,179
Benefit payments	(357,711)	(350,762)	(267,113)	(237,594)
Net change in total pension liability	$ 906,442	$ 571,905	$ 541,474	$ 341,046
Total pension liability - beginning	6,993,903	6,421,998	5,880,524	5,539,478
Total pension liability - ending (a)	$ 7,900,345	$ 6,993,903	$ 6,421,998	$ 5,880,524
Plan fiduciary net position				
Contributions - employer	$ 200,442	$ 196,788	$ 172,737	$ 125,053
Contributions - employee	114,033	118,429	102,807	87,651
Net investment income	1,480,593	102,996	336,663	345,801
Benefit payments	(357,711)	(350,762)	(267,113)	(237,594)
Administrator charges	(3,624)	(3,456)	(3,222)	(2,948)
Other	140	(122)	(213)	(309)
Net change in plan fiduciary net position	$ 1,433,873	$ 63,873	$ 341,659	$ 317,654
Plan fiduciary net position - beginning	5,391,111	5,327,238	4,985,579	4,667,925
Plan fiduciary net position - ending (b)	$ 6,824,984	$ 5,391,111	$ 5,327,238	$ 4,985,579
Authority's net pension liability - ending (a) - (b)	$ 1,075,361	$ 1,602,792	$ 1,094,760	$ 894,945
Plan fiduciary net position as a percentage of the total pension liability	86.39%	77.08%	82.95%	84.78%
Covered payroll	$ 2,461,878	$ 2,547,850	$ 2,195,854	$ 1,846,088
Authority's net pension liability as a percentage of covered payroll	43.68%	62.91%	49.86%	48.48%

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

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 160,685	$ 145,571	$ 134,497	$ 131,276
Interest	358,917	348,038	328,487	308,435
Changes in assumptions	(147,508)	-	-	-
Differences between expected and actual experience	255,968	(40,416)	(13,370)	-
Benefit payments	(431,927)	(163,556)	(176,953)	(129,551)
Net change in total pension liability	$ 196,135	$ 289,637	$ 272,661	$ 310,160
Total pension liability - beginning	5,343,343	5,053,706	4,781,045	4,470,885
Total pension liability - ending (a)	$ 5,539,478	$ 5,343,343	$ 5,053,706	$ 4,781,045
Plan fiduciary net position				
Contributions - employer	$ 124,216	$ 149,543	$ 137,753	$ 120,121
Contributions - employee	83,490	81,830	75,656	72,514
Net investment income	531,385	78,062	184,002	544,205
Benefit payments	(431,927)	(163,556)	(176,953)	(129,551)
Administrator charges	(3,254)	(2,565)	(2,456)	(2,845)
Other	(456)	(32)	(40)	29
Net change in plan fiduciary net position	$ 303,454	$ 143,282	$ 217,962	$ 604,473
Plan fiduciary net position - beginning	4,364,471	4,221,189	4,003,227	3,398,754
Plan fiduciary net position - ending (b)	$ 4,667,925	$ 4,364,471	$ 4,221,189	$ 4,003,227
Authority's net pension liability - ending (a) - (b)	$ 871,553	$ 978,872	$ 832,517	$ 777,818
Plan fiduciary net position as a percentage of the total pension liability	84.27%	81.68%	83.53%	83.73%
Covered payroll	$ 1,709,207	$ 1,668,303	$ 1,529,547	$ 1,451,427
Authority's net pension liability as a percentage of covered payroll	50.99%	58.67%	54.43%	53.59%

Schedule of Employer Contributions - VRS Pension Plan
Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 222,879	$ 222,879	$ -	$ 2,733,831	8.15%
2021	200,443	200,443	-	2,461,878	8.14%
2020	196,823	196,823	-	2,547,850	7.73%
2019	172,737	172,737	-	2,195,854	7.87%
2018	125,053	125,053	-	1,846,088	6.77%
2017	121,699	121,699	-	1,709,207	7.12%
2016	151,148	151,148	-	1,668,303	9.06%
2015	138,577	138,577	-	1,529,547	9.06%
2014	120,178	120,178	-	1,451,427	8.28%
2013	105,623	105,623	-	1,275,645	8.28%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Authority's Share of Net OPEB Liability
VRS Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.01190%	$ 138,782	$ 2,461,878	5.64%	67.45%
2020	0.01240%	206,602	2,547,850	8.11%	52.64%
2019	0.01120%	182,254	2,195,854	8.30%	52.00%
2018	0.00971%	147,000	1,846,088	7.96%	51.22%
2017	0.00927%	140,000	1,709,562	8.19%	48.86%

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

Schedule of Employer Contributions
VRS Group Life Insurance (GLI) Plan
Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 14,763	$ 14,763	$ -	$ 2,733,831	0.54%
2021	13,308	13,308	-	2,461,878	0.54%
2020	13,224	13,224	-	2,547,850	0.52%
2019	11,419	11,419	-	2,195,854	0.52%
2018	9,600	9,600	-	1,846,088	0.52%
2017	8,890	8,890	-	1,709,562	0.52%
2016	8,008	8,008	-	1,668,303	0.48%
2015	7,334	7,334	-	1,527,871	0.48%
2014	6,967	6,967	-	1,451,427	0.48%
2013	6,123	6,123	-	1,275,645	0.48%

Notes to Required Supplementary Information
VRS Group Life Insurance (GLI) Plan
Year Ended June 30, 2022

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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OTHER SUPPLEMENTARY INFORMATION

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Administrative Expenses - Allocated

Year Ended June 30, 2022

	Terminal	Parking	Total
Administrative Expenses:			
Payroll	$ 945,040	$ 166,772	$ 1,111,812
Dues and subscriptions	12,090	2,133	14,223
Education	5,148	908	6,056
Travel	32,362	5,711	38,073
Advertising promotion	130,612	23,049	153,661
Professional fees	77,874	13,742	91,616
Human Resource	21,310	3,761	25,071
Insurance	34,878	6,155	41,033
Office expense	45,760	8,075	53,835
Computer	65,754	11,604	77,358
Equipment lease	6,709	1,184	7,893
Utilities-phone	12,400	2,188	14,588
Coronavirus expenses	2,423	428	2,850
Storage facilities	1,052	186	1,238
Total	$ 1,393,412	$ 245,896	$ 1,639,307

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Statistical Section

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statistical Section

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

	2022	2021	2020	2019
Operating revenues				
Airfield	$ 1,565,612	$ 1,295,744	$ 1,509,503	$ 1,632,799
Terminal	2,161,802	1,436,837	2,186,106	2,602,240
Parking	3,129,817	1,414,966	3,388,989	4,584,850
Total operating revenues	$ 6,857,231	$ 4,147,547	$ 7,084,598	$ 8,819,889
Nonoperating revenues				
Interest Income	$ 20,990	$ 11,460	$ 28,203	$ 27,212
Other income	5,300	45,281	8,455	28,151
PFC debt service income	-	-	-	-
COVID and state grants	5,057,854	5,804,271	3,210,980	-
State entitlement reimbursements	-	-	-	190,000
Total nonoperating revenues	$ 5,084,144	$ 5,861,012	$ 3,247,638	$ 245,363
Total Revenues	$ 11,941,375	$ 10,008,559	$ 10,332,236	$ 9,065,252
Operating expenses				
Operations	$ 5,344,514	$ 4,701,220	$ 5,475,834	$ 4,835,264
Administrative	1,639,324	1,600,153	1,655,187	1,679,472
Depreciation & amortization	4,736,755	4,547,117	4,621,108	4,390,045
Total operating expenses	$ 11,720,593	$ 10,848,490	$ 11,752,129	$ 10,904,781
Nonoperating expenses				
Rental Car QTA expenses	$ 149,962	$ 132,842	$ 157,018	$ 147,576
Interest Expense	21,030	14,445	18,829	84,967
Airline Settlement	-	-	-	-
Other expenses	-	25,334	-	-
Total nonoperating expenses	$ 170,992	$ 172,621	$ 175,847	$ 232,543
Total Expenses	$ 11,891,585	$ 11,021,111	$ 11,927,976	$ 11,137,324
Capital Contributions	9,154,379	6,146,249	5,554,461	5,709,064
Increase (Decrease) in Net Position	$ 9,204,169	$ 5,133,697	$ 3,958,721	$ 3,636,992
Net Position at Year-End				
Net investment in capital assets	$ 109,257,406	$ 105,334,494	$ 106,033,013	$ 101,715,374
Restricted	13,843,605	12,287,335	11,635,927	12,910,019
Unrestricted	12,583,864	8,858,877	3,678,069	2,762,895
Total Net Position	$ 135,684,875	$ 126,480,706	$ 121,347,009	$ 117,388,288

Source: Authority's audited financial statements.

Table 1

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Total Annual Revenues, Expenses and Changes in Net Position

Last Ten Fiscal Years

2018	2017	2016	2015	2014	2013
$ 1,431,556	$ 1,328,090	$ 1,225,277	$ 1,024,898	$ 1,027,690	$ 1,002,703
2,242,281	2,100,201	1,736,106	1,729,166	1,718,574	2,027,072
4,344,293	3,380,734	3,124,311	2,972,382	2,692,721	2,192,110
$ 8,018,130	$ 6,809,025	$ 6,085,694	$ 5,726,446	$ 5,438,985	$ 5,221,885
$ 11,757	$ 4,618	$ 6,473	$ 8,493	$ 7,443	$ 14,438
41,495	376,767	457,549	396,716	-	19,904
-	-	-	-	31,575	75,779
-	-	-	-	-	-
285,000	50,000	50,000	150,000	180,000	150,000
$ 338,252	$ 431,385	$ 514,022	$ 555,209	$ 219,018	$ 260,121
$ 8,356,382	$ 7,240,410	$ 6,599,716	$ 6,281,655	$ 5,658,003	$ 5,482,006
$ 3,761,085	$ 3,651,359	$ 3,426,074	$ 3,307,204	$ 3,111,581	$ 2,782,343
1,511,545	1,421,002	1,340,086	1,135,760	1,174,382	1,565,542
4,009,552	4,093,426	3,741,700	3,508,608	3,460,065	2,959,706
$ 9,282,182	$ 9,165,787	$ 8,507,860	$ 7,951,572	$ 7,746,028	$ 7,307,591
$ 139,384	$ 141,409	$ 142,076	$ 155,430	$ 169,466	$ 179,462
123,528	142,697	157,167	202,983	232,742	256,007
-	-	370,725	417,921	335,434	241,515
38,198	-	-	139,539	-	-
$ 301,110	$ 284,106	$ 669,968	$ 915,873	$ 737,642	$ 676,984
$ 9,583,292	$ 9,449,893	$ 9,177,828	$ 8,867,445	$ 8,483,670	$ 7,984,575
11,257,329	5,523,173	7,677,697	4,995,034	9,437,881	11,917,822
$ 10,030,419	$ 3,313,690	$ 5,099,585	$ 2,409,244	$ 6,612,214	$ 9,415,253
$ 101,441,432	$ 92,837,835	$ 92,756,326	$ 90,453,841	$ 88,641,919	$ 83,988,096
11,061,212	10,787,497	8,396,399	4,823,976	4,185,359	3,010,454
1,248,652	249,545	(591,538)	183,785	1,177,090	1,128,487
$ 113,751,296	$ 103,874,877	$ 100,561,187	$ 95,461,602	$ 94,004,368	$ 88,127,037

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Changes in Cash and Cash Equivalents

Last Ten Fiscal Years

	2022	2021	2020
Cash flows from operating activities			
Cash received from providing services	$ 6,827,295	$ 4,115,396	$ 7,202,496
Cash paid to suppliers	(2,573,174)	(2,065,872)	(3,392,416)
Cash paid to and for employers	(4,642,763)	(3,870,419)	(4,115,226)
Net cash provided by (used for) operating activities	$ (388,642)	$ (1,820,895)	$ (305,146)
Cash flows from noncapital financing activities			
COVID and state grants	$ 2,249,416	$ 4,987,245	$ 1,174,725
Net cash provided by (used for) noncapital financing activities	$ 2,249,416	$ 4,987,245	$ 1,174,725
Cash flows from investing activities			
Investment interest earned	$ 20,990	$ 11,460	$ 28,203
Net cash provided by (used for) investing activities	$ 20,990	$ 11,460	$ 28,203
Cash flows from capital and related financing activities			
Interest paid on debt	$ (17,344)	$ (15,503)	$ (23,953)
Acquisition of property and equipment	(4,572,312)	(1,064,379)	(850,144)
Disposal of property and equipment	-	45,281	54,544
Additions to construction in progress	(2,990,844)	(6,882,951)	(5,986,767)
Long-term debt proceeds	-	1,949,031	-
Bridge Loans from VDOA	(734,882)	-	-
Debt service paid	(361,630)	(273,513)	(400,234)
Debt issuance costs	-	(25,334)	-
PFC debt service income	-	-	-
State debt service reimbursement	-	-	-
Airline Settlement	-	-	-
Contributions from Virginia Department of Aviation	2,372,289	1,729,111	1,975,630
Contributions from Federal Aviation Administration	4,329,243	4,408,222	842,548
Contributions from others	96,000	-	-
Contributions from Passenger Facility Charge (PFC)	1,145,798	473,580	1,398,879
Contributions from Customer Facility Charge (CFC)	599,222	434,607	744,838
Net cash provided by (used for) capital and related financing activities	$ (134,460)	$ 778,152	$ (2,244,659)
Increase (decrease) in cash and cash equivalents for the year	$ 1,747,304	$ 3,955,962	$ (1,346,877)
Cash and cash equivalents at beginning of year (including restricted accounts)	18,861,222	14,905,260	16,252,137
Cash and cash equivalents at end of year (including restricted accounts)	$ 20,608,526	$ 18,861,222	$ 14,905,260

Source: Authority's Audited Financial Statements.

Table 2

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Changes in Cash and Cash Equivalents

Last Ten Fiscal Years

2019	2018	2017	2016	2015	2014	2013
$ 8,749,246	$ 7,971,550	$ 6,754,607	$ 6,065,731	$ 5,799,311	$ 5,452,654	$ 5,144,453
(2,810,362)	(2,365,219)	(2,379,061)	(2,238,401)	(2,459,018)	(2,050,921)	(2,461,160)
(3,859,031)	(2,935,243)	(2,780,550)	(2,696,738)	(2,411,806)	(2,242,183)	(1,897,846)
$ 2,079,853	$ 2,671,088	$ 1,594,996	$ 1,130,592	$ 928,487	$ 1,159,550	$ 785,447
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493	$ 7,443	$ 14,438
$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493	$ 7,443	$ 14,438
$ (38,869)	$ (62,040)	$ (84,959)	$ (98,031)	$ (188,223)	$ (221,745)	$ (266,267)
(483,401)	(2,880,955)	(290,925)	(1,160,107)	(1,005,281)	(290,144)	(140,283)
17,744	41,495	6,042	39,628	61,282	-	-
(3,613,684)	(8,434,867)	(2,387,834)	(7,270,584)	(3,381,858)	(9,722,666)	(9,380,838)
-	-	-	1,597,000	15,000	-	-
-	-	(213,986)	-	-	107,812	3,599
(887,733)	(964,678)	(941,759)	(753,798)	(696,907)	(675,827)	(643,744)
-	-	-	-	-	-	-
-	-	-	-	-	31,575	75,779
190,000	285,000	50,000	50,000	150,000	180,000	169,904
-	-	-	-	-	(241,515)	(40,388)
1,520,259	1,793,100	1,970,047	4,859,195	1,728,588	3,126,795	3,343,355
2,044,880	7,301,556	1,333,083	1,200,443	1,639,931	6,025,707	5,694,804
15,549	31,257	(25,257)	-	-	-	-
1,556,540	1,443,029	1,294,736	1,189,674	1,095,487	950,914	826,658
878,695	728,135	663,024	628,164	583,857	542,451	522,280
$ 1,199,980	$ (718,968)	$ 1,372,212	$ 281,584	$ 1,876	$ (186,643)	$ 164,859
$ 3,307,045	$ 1,963,877	$ 2,971,826	$ 1,418,649	$ 938,856	$ 980,350	$ 964,744
12,945,092	10,981,215	8,009,389	6,590,740	5,651,884	4,671,534	3,706,790
$ 16,252,137	$ 12,945,092	$ 10,981,215	$ 8,009,389	$ 6,590,740	$ 5,651,884	$ 4,671,534

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

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

		2022		2021		2020		2019
PRINCIPAL REVENUE SOURCES								
Airline revenues								
Landing Fees	$	669,870	$	420,380	$	786,695	$	946,998
Terminal Rents		500,722		260,328		520,927		705,306
Total airline revenues	$	1,170,592	$	680,708	$	1,307,622	$	1,652,304
Percentage of total revenues		10%		7%		13%		18%
Nonairline revenues								
Parking	$	3,129,817	$	1,414,966	$	3,388,989	$	4,584,850
Rental Car		1,097,975		682,027		936,467		1,124,349
Other		1,509,343		1,369,846		1,451,520		1,458,386
Total nonairline revenues	$	5,737,135	$	3,466,839	$	5,776,976	$	7,167,585
Percentage of total revenues		48%		35%		56%		79%
Nonoperating revenues								
Interest income	$	20,990	$	11,460	$	28,203	$	27,212
COVID and state grants		5,103,358		5,804,271		3,210,980		-
Other income		5,300		45,281		8,455		218,151
Total nonoperating revenues	$	5,129,648	$	5,861,012	$	3,247,638	$	245,363
Percentage of total revenues		43%		59%		31%		3%
Total revenues	$	12,037,375	$	10,008,559	$	10,332,236	$	9,065,252
Enplaned passengers (excluding charters)		261,826		135,632		282,282		378,441
Total revenue per enplaned passenger	$	45.97	$	73.79	$	36.60	$	23.95
Airline cost per enplaned passenger	$	4.47	$	5.02	$	4.63	$	4.37
SIGNATORY AIRLINES RATES AND CHARGES								
Landing Fee (per 1,000 lbs MGLW)	$	2.07	$	2.07	$	2.07	$	2.10
Average Annual Terminal Rental Rate (per s. f.)	$	22.99	$	14.13	$	28.27	$	40.78

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

Table 3

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

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

	2018	2017	2016	2015	2014	2013
$	837,861	$ 743,007	$ 575,993	$ 528,725	$ 519,424	$ 487,995
	704,663	689,730	448,984	578,461	430,834	448,784
$	1,542,524	$ 1,432,737	$ 1,024,977	$ 1,107,186	$ 950,258	$ 936,779
	18%	20%	16%	18%	17%	17%
$	4,344,293	$ 3,380,734	$ 3,124,311	$ 2,972,382	$ 2,692,720	$ 2,192,110
	1,070,117	1,015,613	939,012	875,844	789,511	760,550
	1,061,196	979,942	997,394	771,034	1,006,496	1,332,446
$	6,475,606	$ 5,376,289	$ 5,060,717	$ 4,619,260	$ 4,488,727	$ 4,285,106
	77%	74%	77%	74%	79%	78%
$	11,757	$ 4,618	$ 6,473	$ 8,493	$ 7,443	$ 14,438
	-	-	-	-	-	-
	326,495	426,767	507,549	546,716	211,575	245,683
$	338,252	$ 431,385	$ 514,022	$ 555,209	$ 219,018	$ 260,121
	4%	6%	8%	9%	4%	5%
$	8,356,382	$ 7,240,411	$ 6,599,716	$ 6,281,655	$ 5,658,003	$ 5,482,006
	348,922	315,099	286,030	261,631	238,398	227,874
$	23.95	$ 22.98	$ 23.07	$ 24.01	$ 23.73	$ 24.06
$	4.42	$ 4.55	$ 3.58	$ 4.23	$ 3.99	$ 4.11
$	2.08	$ 2.04	$ 1.95	$ 1.95	$ 1.86	$ 1.84
$	40.75	$ 39.91	$ 23.35	$ 32.55	$ 23.09	$ 21.58

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Parking Rates Per Lot

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Short Term	$ 13	$ 13	$ 13	$ 13	$ 13	$ 10	$ 10	$ 10	$ 10	$ 8
Long Term	13	13	13	13	13	10	10	10	10	8
Economy	9	9	9	9	9	8	8	8	8	8
Overflow	9	9	9	9	9	8	8	-	-	-

Source: Airport Authority Records

Note: Parking rates changed August 15, 2017

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

	2022	2021	2020	2019
NET REVENUES				
Operating Revenues	$ 6,857,231	$ 4,147,547	$ 7,084,598	$ 8,819,889
Interest Income	20,990	11,460	28,203	27,212
Agency Reimbursements	-	-	-	190,000
PFC Income*	-	-	-	-
Other Income***	5,060,154	5,849,552	3,219,435	28,151
Total Revenues	$ 11,938,375	$ 10,008,559	$ 10,332,236	$ 9,065,252
Less: Operating Expenses	$ (6,983,838)	$ (6,301,373)	$ (7,131,021)	$ (6,514,736)
Net Revenues	$ 4,954,537	$ 3,707,186	$ 3,201,215	$ 2,550,516
Aggregate Debt Service**	$ 361,630	$ 215,346	$ 247,375	$ 749,485
Debt Service Coverage***	13.70	17.22	12.94	3.40

Source: Authority's audited financial statements

*Portion of PFC Income allowed for debt coverage calculation

**Net of CFC Debt

*** Without the CARES Act non-operating revenue (which can be used for operating and maintenance expenses as well as certain debt service), the coverage calculation is negative .04 for FY20 and negative 9.21 for FY21.

Table 5

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Revenue Bond Debt Service Coverage

Last Ten Fiscal Years

2018	2017	2016	2015	2014	2013
$ 8,018,130	$ 6,809,025	$ 6,085,694	$ 5,726,446	$ 5,438,985	$ 5,221,885
11,757	4,618	6,473	8,493	7,443	14,438
285,000	50,000	50,000	150,000	180,000	169,904
-	-	-	-	31,575	75,779
41,495	6,042	39,628	61,282	-	-
$ 8,356,382	$ 6,869,685	$ 6,181,795	$ 5,946,221	$ 5,658,003	$ 5,482,006
$ (5,272,629)	$ (5,072,361)	$ (4,766,160)	$ (4,442,964)	$ (4,285,964)	$ (4,347,885)
$ 3,083,753	$ 1,797,324	$ 1,415,635	$ 1,503,257	$ 1,372,039	$ 1,134,121
$ 849,907	$ 849,907	$ 673,249	$ 690,776	$ 703,216	$ 713,606
3.63	2.11	2.10	2.18	1.95	1.59

Table 6

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Ratios of Outstanding Debt Service by Type

Last Ten Fiscal Years

	Bonds	Notes Payable	VDOA Bridge Loans	Total Outstanding Debt	(1) Less Bonds Series 2002 $2,222,078	Net Operational Outstanding Debt	Debt Expense/ Operating Expense	(2) Percentage of Personal Income	(3) Debt Per Enplaned Passenger
2013	$ 4,954,811	$ 12,239	$ 958,276	$ 5,925,326	$ 1,357,955	$ 4,567,371	16%	1.83	26.00
2014	4,100,004	-	958,276	5,058,280	1,036,503	4,021,777	16%	2.30	21.22
2015	3,418,097	-	958,276	4,376,373	898,529	3,477,844	16%	2.79	16.73
2016	4,261,299	-	948,868	5,210,167	743,528	4,466,639	14%	2.53	18.22
2017	3,319,540	-	734,882	4,054,422	581,446	3,472,976	17%	3.42	12.87
2018	2,354,862	-	734,882	3,089,744	415,762	2,673,982	16%	4.91	8.86
2019	1,467,129	-	734,882	2,202,011	246,397	1,955,614	12%	7.14	5.82
2020	1,066,895	-	734,882	1,801,777	73,268	1,728,509	3%	8.91	6.38
2021	2,742,413	-	734,882	3,477,295	-	3,477,295	3%	4.62	25.64
2022	2,380,783	-	-	2,380,783	-	2,380,783	5%	unavailable	9.09

Source: Authority's audited financial statements and records

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

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

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

Table 7

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airline Landed Weights

Last Ten Fiscal Years

(in thousands of pounds)

Scheduled Air Carriers	2022	% Total	2021	2020	2019	2018	2017	2016	2015	2014	2013
US Airways	-	-	-	-	-	-	-	133,784	129,395	128,699	129,014
Delta Airlines	109,699	*33.9%*	56,761	117,203	136,055	106,677	83,132	69,637	68,952	67,781	60,791
United Express	57,849	*17.9%*	41,270	58,497	72,884	53,694	36,353	33,114	36,225	44,160	47,729
American Airlines	156,064	*48.2%*	105,099	205,608	245,067	241,327	244,981	58,609	44,517	28,047	27,565
Allegiant Airlines[1]	-	-	-	-	-	-	-	-	-	3,996	-
Total	323,612		203,130	381,308	454,006	401,698	364,466	295,144	279,089	272,683	265,099

Percentage increase/decrease FY 2022/FY 2021: 59.3%

Source: Airport Authority Records

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

Table 8

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Enplaned Passengers

Last Ten Fiscal Years

	2022	% of Total	2021	2020	2019	2018	2017	2016	2015	2014	2013
USAirways[2]	-	-	-	-	-	-	-	-	121,400	114,356	109,611
Delta Airlines	82,979	*32%*	33,826	83,620	111,172	96,247	84,332	75,266	69,385	58,363	53,174
United Express	49,629	*19%*	25,097	42,056	60,370	46,608	31,761	30,533	30,925	36,499	39,403
American Airlines	129,218	*49%*	76,709	156,606	206,899	206,067	199,006	180,231	39,921	25,956	25,686
Allegiant Airlines[1]	-	-	-	-	-	-	-	-	-	3,224	-
Total	261,826		135,632	282,282	378,441	348,922	315,099	286,030	261,631	238,398	227,874
% Incr/(Dec)	93%		-52%	-25%	8%	11%	10%	9%	10%	5%	-2%

Source: Airport Authority records

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

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Aircraft Operations Summary
Last Ten Fiscal Years

Fiscal Year	Air Carrier	General Aviation	Military	Total
2013	17,382	49,833	5,491	72,706
2014	20,214	50,825	6,028	77,067
2015	20,049	48,307	5,637	73,993
2016	19,782	37,031	5,518	62,331
2017	23,143	39,371	6,344	68,858
2018	27,975	49,310	8,495	85,780
2019	30,980	57,666	8,935	97,581
2020	27,152	61,253	10,717	99,122
2021	24,526	75,459	12,545	112,530
2022	30,802	79,705	15,246	125,753
Average Annual Change	6.56%	5.36%	12.02%	6.28%

Source: Airport Authority records

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Top 50 Origin Destination Markets

Year Ended Quarter 2 2022				Year Ended Quarter 2 2013			
Rank	Airport Code	City	Total Passengers	Rank	Airport Code	City	Total Passengers
1	LGA	New York	25,321	1	ORD	Chicago	30,627
2	ATL	Atlanta	17,064	2	ATL	Atlanta	21,597
3	ORD	Chicago	11,589	3	LGA	New York LGA	17,140
4	CLT	Charlotte	8,660	4	SFO	San Francisco	16,756
5	LAX	Los Angeles	7,259	5	DFW	Dallas/Fort Worth	15,023
6	BOS	Boston	7,108	6	DEN	Denver	13,741
7	DFW	Dallas	5,989	7	LAX	Los Angeles	12,194
8	MCO	Orlando	5,970	8	IAH	Houston	10,590
9	DEN	Denver	5,912	9	CLT	Charlotte	10,073
10	SFO	San Francisco	5,746	10	MCO	Orlando	8,593
11	TPA	Tampa	5,478	11	TPA	Tampa	8,488
12	AUS	Austin	4,999	12	BOS	Boston	8,392
13	IAH	Houston	4,306	13	PHX	Phoenix	8,116
14	PHX	Phoenix	4,300	14	MSP	Minneapolis/St Paul	7,732
15	FLL	Fort Lauderdale	3,925	15	MSY	New Orleans	7,269
16	MSP	Minneapolis	3,750	16	SEA	Seattle	6,966
17	PBI	Palm Beach	3,649	17	BNA	Nashville	6,657
18	LAS	Las Vegas	3,626	18	LAS	Las Vegas	5,624
19	MIA	Miami	3,512	19	MCI	Kansas City	5,597
20	SEA	Seattle	3,283	20	AUS	Austin	5,498
21	BNA	Nashville	3,242	21	FLL	Fort Lauderdale	5,463
22	RSW	Fort Myers	3,239	22	SAN	San Diego	5,327
23	MSY	New Orleans	3,168	23	IND	Indianapolis	5,260
24	SAN	San Diego	3,138	24	JAX	Jacksonville, FL	5,208
25	SLC	Salt Lake City	3,086	25	STL	St Louis	5,028
26	STL	St. Louis	2,678	26	DTW	Detroit	4,939
27	JAX	Jacksonville	2,613	27	RSW	Fort Myers	4,882
28	CHS	Charleston	2,430	28	PHL	Philadelphia	4,773
29	DTW	Detroit	2,345	29	SAT	San Antonio	4,582
30	SAT	San Antonio	2,172	30	PBI	West Palm Beach	4,417
31	MCI	Kansas City	2,021	31	MIA	Miami	4,403
32	IND	Indianapolis	1,946	32	MEM	Memphis	3,639
33	SRQ	Sarasota	1,767	33	PVD	Providence	3,489
34	BDL	Hartford	1,764	34	MKE	Milwaukee	3,369
35	PDX	Portland	1,748	35	SLC	Salt Lake City	3,321
36	MEM	Memphis	1,660	36	PDX	Portland, OR	2,766
37	BHM	Birmingham	1,631	37	BDL	Hartford	2,496
38	OMA	Omaha	1,535	38	CHS	Charleston, SC	2,276
39	MKE	Milwaukee	1,422	39	CMH	Columbus, OH	2,188
40	MSN	Dane County	1,318	40	LHR	London LHR	2,071
41	SMF	Sacramento	1,296	41	EWR	Newark	1,977
42	CUN	Cancun	1,235	42	BHM	Birmingham	1,898
43	PWM	Portland	1,193	43	SRQ	Sarasota/Bradenton	1,895
44	GRR	Grand Rapids	1,181	44	YYZ	Toronto	1,809
45	PHL	Philadelphia	1,164	45	ALB	Albany, NY	1,774
46	SAV	Savannah	1,148	46	SAV	Savannah	1,732
47	PNS	Pensacola	1,122	47	ABQ	Albuquerque	1,708
48	OKC	Oklahoma City	1,120	48	SMF	Sacramento	1,699
49	HNL	Honolulu	1,056	49	OMA	Omaha	1,638
50	VPS	Eglin AFB	974	50	CUN	Cancun	1,624
	Total - Top 50 Domestic Markets		197,858		Total - Top 50 Domestic Markets		324,320
	Total - All Domestic Markets		251,720		Total - All Domestic Markets		428,066

Source: Airline Data Inc.

Source: Airline Data Inc.

Table 11

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Airport Information

Last Ten Fiscal Years

Airport Code: CHO
Location: 8 Miles North of downtown Charlottesville, Virginia
Elevation: 641 feet
FBO: Signature Flight Support

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Acres[4] (+/-):	779	713	713	713	713	705	705	705	705	705
Runways:										
3/21 North/South ILS 3/GPS	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.	6,801 by 150 ft.
Terminal[3]:										
Airlines - sq. ft.	20,038	20,038	20,038	20,038	20,038	20,038	25,294	25,353	25,353	25,353
Rental Car - sq. ft.	660	660	660	660	660	660	270	270	270	270
Tailwind - sq. ft.	2,790	2,790	2,790	2,790	2,790	2,790	2,500	1,600	1,600	1,600
TSA - sq. ft.	725	725	725	725	496	496	496	496	700	700
Total	24,213	24,213	24,213	24,213	23,984	23,984	28,560	27,719	27,923	27,923
# of passenger gates	5	5	5	5	5	5	5	5	5	5
# of loading bridges	1	1	1	1	1	1	1	1	1	1
# of Concessionaires in Terminal[5]	3	3	3	3	3	4	4	4	4	4
# of Rental Car Agencies in Terminal[8]	2	2	3	3	3	3	3	3	3	3
Parking:										
Spaces assigned:[7]										
Short-term	108	108	108	108	108	108	108	108	108	108
Long-term	743	743	743	743	743	743	748	748	748	748
Economy	220	220	220	132	132	132	132	132	132	132
Overflow[1]	439	439	439	196	196	196	216	-	-	-
Small GA Lot[2]	-	-	-	65	65	65	65	-	-	-
Rental Cars/Tenant	295	295	295	303	303	303	303	303	303	303
Employee Lot[1]	69	69	69	146	146	146	146	175	175	175
Total	1,874	1,874	1,874	1,693	1,693	1,693	1,718	1,466	1,466	1,466
Employees:										
Administrative	11	11	12	12	10	9	7	7	7	7
Public Safety	10	9	10	11	6	7	8	8	7	7
Maintenance	15	13	12	12	7	7	7	7	7	6
Operational Facility Assts/CSO	2	2	2	2	2	2	2	0	0	4
Parking	10	9	10	10	9	9	8	8	9	5
Equipment Technician	1	1	1	1	1	1	1	1	1	1
Total f/t employees (2080) hrs. per yr.	49	45	47	48	35	35	33	31	31	30
Hangars:										
T-Hangar Units	4	4	4	4	4	4	4	4	4	4
Conventional Units[6]	6	6	6	6	6	5	5	5	5	5

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

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

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

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

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

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

[7] During FY20, a temporary lot (97 spaces) was created, an employee lot was converted to passenger overflow parking (146 spaces) and an expansion of the economy lot (88 spaces) was completed. The GA lot was converted to employee parking. Eight (8) spaces were removed from rental cars; 4 of those were put to employee parking and the other 4 were taken out of inventory.

[8] Hertz Rental Car filed for bankruptcy in May 2020 and later pulled out of the Airport in September 2020.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Demographic Information

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

	2021	% Change 2021/2020	2020	2019	2018
City of Charlottesville	51,079	*3.3%*	49,447	49,181	49,281
County of Albemarle	114,424	*3.5%*	110,545	109,722	108,639
County of Greene	21,030	*3.5%*	20,323	20,097	19,959
County of Fluvanna	27,556	*1.3%*	27,202	27,038	26,692
County of Madison	13,871	*4.0%*	13,342	13,251	13,278
County of Nelson	14,820	*-0.6%*	14,904	14,794	14,836
Total	242,780	*3.0%*	235,763	234,083	232,685

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

	2022	% Change 2022/2021	2021	2020	2019
City of Charlottesville	3.0	*7.1%*	2.8	9.0	2.8
County of Albemarle	2.3	*9.5%*	2.1	7.5	2.8
County of Greene	2.0	*5.3%*	1.9	7.5	2.5
County of Fluvanna	2.2	*0.0%*	2.2	7.4	2.5
County of Madison	1.8	*12.5%*	1.6	5.0	2.4
County of Nelson	2.4	*9.1%*	2.2	7.5	3.2

Total Personal Income [3] **Fiscal Years Ended June 30**

	2021	% Change 2021/2020	2020	2019	2018
Albemarle/Charlottesville[4]	17,162,532	*40.3%*	12,230,910	12,160,701	11,702,008
County of Greene	1,072,562	*9.7%*	977,817	922,167	877,858
County of Fluvanna	1,486,276	*11.9%*	1,328,328	1,237,266	1,197,011
County of Madison	768,867	*11.9%*	687,012	644,173	649,082
County of Nelson	933,028	*13.2%*	824,342	765,863	752,436
	21,423,265	*33.5%*	16,048,409	15,730,170	15,178,395

Per Capita Income [3] **Fiscal Years Ended June 30**

	2021	% Change 2021/2020	2020	2019	2018
Albemarle/Charlottesville[4]	77,070	*-0.7%*	77,606	77,657	74,613
County of Greene	51,152	*5.3%*	48,573	46,529	44,383
County of Fluvanna	53,612	*10.7%*	48,440	45,334	44,693
County of Madison	55,148	*6.9%*	51,608	48,577	48,822
County of Nelson	63,085	*12.9%*	55,869	51,297	50,717
	300,067	*6.4%*	282,096	269,394	263,228

[1] Source: Weldon Cooper Center for Public Service (July 1, 2021 published on January 28, 2022)

[2] Source: U.S. Bureau of Labor Statistics, December 2021

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

[4] Albemarle County standalone statistic unavailable

[5] Virginia Works (For all except City of Charlottesville September 2022)

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Demographic Information

2017	2016	2015	2014	2013	2012
49,132	49,071	48,210	47,783	46,623	45,073
107,697	105,715	105,051	103,707	102,731	101,575
19,985	19,785	19,840	19,618	18,804	18,856
26,467	26,133	26,162	25,970	25,977	26,033
13,190	13,099	13,099	13,353	13,200	13,472
14,858	14,835	14,993	15,074	14,789	15,078
231,329	228,638	227,355	225,505	222,124	220,087

2018	2017	2016	2015	2014	2013
2.3	3.6	3.5	4.5	4.3	4.3
2.5	3.7	3.7	4.7	4.1	4.4
2.3	3.3	3.1	4.3	4.1	3.8
2.3	3.2	3.3	4.3	3.8	4.2
2.2	3.1	3.3	4.0	3.8	4.0
2.7	3.8	3.5	4.5	4.2	4.6

2017	2016	2015	2014	2013	2012
10,531,351	9,981,222	9,182,721	8,795,194	7,764,329	7,493,869
844,388	798,762	760,363	701,736	791,878	767,362
1,141,266	1,078,644	1,040,445	967,881	1,072,290	1,040,671
624,316	631,172	574,042	541,990	530,597	523,987
720,555	695,591	666,135	629,685	675,564	640,628
13,861,876	13,185,391	12,223,706	11,636,486	10,834,658	10,466,517

2017	2016	2015	2014	2013	2012
67,630	64,938	60,294	58,603	52,693	51,255
43,055	41,320	39,681	36,873	42,112	40,880
43,145	41,218	39,659	37,095	41,278	40,077
47,022	48,152	43,775	41,194	40,197	39,696
48,220	46,700	45,055	42,403	45,680	43,207
249,072	242,328	228,464	216,168	221,960	215,115

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Principal Employers in the Primary Air Trade Area [1]

	As of 2nd Quarter 2022		As of 2nd Quarter 2013
1.	University of Virginia / Blue Ridge Hospital	1.	University of Virginia / Blue Ridge Hospital
2.	County of Albemarle	2.	County of Albemarle
3.	Wal Mart	3.	Wal Mart
4.	Sentara healthcare	4.	Sentara healthcare
5.	UVA Health Services Foundation	5.	UVA Health Services Foundation
6.	City of Charlottesville	6.	City of Charlottesville
7.	Louisa County Public School Board	7.	Louisa County Public School Board
8.	Charlottesville City School Board	8.	Charlottesville City School Board
9.	Dominion Virginia Power	9.	Dominion Virginia Power
10.	US Department of Defense	10.	US Department of Defense
11.	Food Lion	11.	Food Lion
12.	Servicelink Management Com Inc	12.	Servicelink Management Com Inc
13.	Fluvanna County Public Schools Board	13.	Fluvanna County Public Schools Board
14.	State Farm Mutual Automobile Insurance	14.	State Farm Mutual Automobile Insurance
15.	Crutchfield Corporation	15.	Crutchfield Corporation
16.	Wintergreen Resort	16.	Wintergreen Resort
17.	Greene County School Board	17.	Greene County School Board
18.	Region Ten Community Services	18.	Region Ten Community Services
19.	Mmr Constructors Inc	19.	Mmr Constructors Inc
20.	Piedmont Virginia Community College	20.	Piedmont Virginia Community College
21.	Lowes' Home Centers, Inc	21.	Lowes' Home Centers, Inc
22.	Aramark Campus LLC	22.	Aramark Campus LLC
23.	Klockner Pentaplast America	23.	Klockner Pentaplast America
24.	Northrop Grumman Corporation	24.	Northrop Grumman Corporation
25.	Nelson County School Board	25.	Nelson County School Board
26.	Postal Service	26.	Postal Service
27.	Pharmaceutical Research Association	27.	Pharmaceutical Research Association
28.	County of Louisa	28.	County of Louisa
29.	Assoc for Investment Management	29.	Assoc for Investment Management
30.	Rmc Events	30.	Rmc Events
31.	Wegmans Store #07	31.	Wegmans Store #07
32.	Morrison Crothall Support	32.	Morrison Crothall Support
33.	Atlantic Coast Athletic Club	33.	Atlantic Coast Athletic Club
34.	Boar's Head Inn	34.	Boar's Head Inn
35.	Kroger	35.	Kroger
36.	Capital IQ Inc	36.	Capital IQ Inc
37.	Fluvanna Correctional Center	37.	Fluvanna Correctional Center
38.	Tri Dim Filter Corporation	38.	Tri Dim Filter Corporation
39.	Harris Teeter Supermarket	39.	Harris Teeter Supermarket
40.	The Atlantic Group Inc	40.	The Atlantic Group Inc
41.	WillowTree Apps	41.	WillowTree Apps
42.	Thomas Jefferson Memorial	42.	Thomas Jefferson Memorial
43.	Fresh Fields Whole Food Market	43.	Fresh Fields Whole Food Market
44.	Westminster Canterbury of the Blue Ridge	44.	Westminster Canterbury of the Blue Ridge
45.	Hanover Research Council	45.	Hanover Research Council
46.	Faulconer Construction Company	46.	Faulconer Construction Company
47.	Farmington Country Club	47.	Farmington Country Club
48.	UPS	48.	UPS
49.	VDOT	49.	VDOT
50.	GE Fanuc Automation North Corporation	50.	GE Fanuc Automation North Corporation

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

Source: Virginia Employment Commission, Publications, Community Profiles, Planning Regions, 9/17/22

Compliance Section

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Charlottesville-Albemarle Airport Authority as of and for the year ended June 30, 2022, 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 January 17, 2023.

Report on 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) as a basis for designing 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 Charlottesville-Albemarle Airport 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlottesville-Albemarle Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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
January 17, 2023

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

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

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

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

We have audited Charlottesville-Albemarle Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Charlottesville-Albemarle Airport Authority's major federal programs for the year ended June 30, 2022, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration for its passenger facility charge program. 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.

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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Guide. Our responsibilities under those standards, the Uniform Guidance and the Guide, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Charlottesville-Albemarle Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and the passenger facility charge program. Our audit does not provide a legal determination of Charlottesville-Albemarle Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Charlottesville-Albemarle Airport Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Charlottesville-Albemarle Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Charlottesville-Albemarle Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Charlottesville-Albemarle Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Charlottesville-Albemarle Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Charlottesville-Albemarle Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
January 17, 2023

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Department of Transportation:			
FAA Direct Payments:			
Airport Improvement Program	20.106	N/A	$ 4,998,383
COVID-19 Airport Improvement Program (ARPA)	20.106	N/A	4,516,073
COVID-19 Airport Improvement Program (ACRGP)	20.106	N/A	382,203
COVID-19 Airport Improvement Program (ACRGP Concessions)	20.106	N/A	42,958
Total Airport Improvement Program			$ 9,939,617
Total expenditures of federal awards			$ 9,939,617

Basis of Presentation

This schedule includes the federal award activity of Charlottesville-Albemarle Airport Authority under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Summary of Significant Accounting Policies

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

Subrecipients
No awards were passed through to subrecipients.

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no prior audit findings reported.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Passenger Facility Charge Program Receipts and Expenditures
For Each Quarter During the Year Ended June 30, 2022

	1st Quarter Ended Sept 2021	2nd Quarter Ended Dec 2021	3rd Quarter Ended March 2022	4th Quarter Ended June 2022	Year End Total
Receipts					
Passenger facility charges collected	$ 249,521	$ 261,065	$ 316,928	$ 316,528	$ 1,144,042
Interest credited	340	383	467	566	1,756
Total Receipts	$ 249,861	$ 261,448	$ 317,395	$ 317,094	$ 1,145,798
Expenditures					
PFC application 24 (19-24-C-00-CHO):					
Air Carrier Ramp Exp & Lighting Upgrade	$ -	$ -	$ -	$ 68,087	$ 68,087
Escalator Replacements	-	198,600	21,804	-	220,404
Terminal Area Study	-	-	-	244,212	244,212
Total Application 24	$ -	$ 198,600	$ 21,804	$ 312,299	$ 532,703
Total Expenditures	$ -	$ 198,600	$ 21,804	$ 312,299	$ 532,703
Net Passenger Facility Charges Receipts and Expenditures	$ 249,861	$ 62,848	$ 295,591	$ 4,795	$ 613,095
Unexpended passenger facility charges as of June 30, 2021					$ 504,387
Unexpended passenger facility charges as of June 30, 2022					$ 1,117,482

This schedule presents the activity of the passenger facility charge program of the Charlottesville-Albemarle Airport Authority. The schedule is presented using the cash basis of accounting.

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2022

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 Federal Aviation Administration (Guide) for its Passenger Facility Charge Program?	No
Procedures for receiving, holding, and using PFC revenue considered fair and reasonable?	Yes
Quarterly reports fairly present the net transactions within the PFC account?	Yes

Identification of Program:
Part 14 CFR 158 Passenger Facility Charge

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Passenger Facility Charge Findings and Questioned Costs

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

Summary Schedule of Prior Audit Findings
Passenger Facility Charge Program
Year Ended June 30, 2022

There were no Passenger Facility Charges findings reported.