CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
CHARLOTTESVILLE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia

Annual Comprehensive Financial Report
Year Ended June 30, 2024

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, 2024

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CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

November 21, 2024

DEAR CITIZENS AND HONORABLE MEMBERS OF
THE CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY:

I am pleased to submit the fiscal year 2024 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, 2024, 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, 2024, 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.

2024 Economic Conditions and Outlook Report
Christopher White, Chief Operating Officer

The Charlottesville-Albemarle Airport (CHO) serves the west central portion of the Commonwealth of Virginia and is located at the foot of the majestic Blue Ridge Mountains, located eight miles north of the City of Charlottesville, which is the home of Monticello and Thomas Jefferson's University of Virginia. The Charlottesville region has served for two centuries as a hub for higher learning which has also cultivated diverse local industry that benefits from the academic, cultural, and agricultural resources in the area. Many recognizable brands and institutions are represented in the region and take full advantage of the plentiful talent and proximity to major markets. CHO is strategically positioned near the nation's capital in the heart of the mid-Atlantic region midway between Boston and Atlanta and within 250 miles of almost 40 million people. Charlottesville and Albemarle County, CHO's core catchment area, includes innovative industries from advanced manufacturing and biopharmaceuticals to finance and viticulture.

The region's economies remain strong with low unemployment, consistent wage growth, and a growing workforce, with CHO serving as the hub of a well-developed air transportation network. CHO's aviation efforts are primarily fed by ten surrounding counties, including several growing counties across the Blue Ridge mountains in the Shenandoah Valley. The three major legacy air carriers serve CHO's guests with frequent jet service to multiple hubs with convenient one-stop connections to hundreds of destinations.

2.5%
unemployment rate in the metro area

462
acres purchased to protect and grow Rivanna Station

The Greater Charlottesville region continues its legacy of achieving the highest awards as a place to work, live, and retire. Receiving high marks in education, infrastructure, and business climate, Virginia is once again ranked as the top state for business. Evidenced by the many business expansion, relocation, and development projects Virginia and Charlottesville continue to grow. For example, activities at nearby Rivanna Station, home of NGIC and DIA, are accelerating due to significant community investments designed to promote compatible land use and expand the government and private sector geospatial intelligence investments at and around the installation.

One of the most significant contributors to the regional identity and economy is the University of Virginia (UVA). Founded in 1819 by Thomas Jefferson, this public institution in Charlottesville, VA, is ranked twenty-fourth in universities nationwide and number four in Top Public Schools. The University of Virginia is ranked among the top twenty schools for Marketing, Management, Finance, and Nursing. UVA enrollment includes approximately 18,000 undergraduates and 8,500 postgraduates. Among the many businesses and athletes, UVA counts notable students, faculty, and graduates to include eight astronauts, eight Pulitzer Prize recipients, 30 governors, fifty-five Rhodes Scholars, several Nobel Prize laureates, three Supreme Court Justices, multiple Congressman, a President, and Edgar Allen Poe. The University has gifted the region many smart and talented residents that now call Charlottesville home.

#4
best public school in the US

#1
hospital in Virginia

Charlottesville boasts two high-performing hospitals within its city limits offering nationally recognized specialties. The University of Virginia Medical Center is regionally ranked number one in the state, with 8 ranked Children's Specialties as reported by U.S. News and World Report. UVA Medical Center is a teaching hospital that offers general medicine and surgical procedures. Sentara Martha Jefferson Hospital is ranked number 6 in Virginia.

A significant and growing economic generator for the region is the defense sector, with an annual impact of just over 1.2 billion dollars supplying almost 4,000 jobs. Located a short distance from CHO, the U.S. Army's National Ground Intelligence Center and the interagency Defense Intelligence Agency supply scientific and technical intelligence and general military intelligence on foreign ground forces in support of the warfighting commanders, force and material developers, Department of the Army, Department of Defense, and National level decisionmakers. The members of the Department of Defense and their visitors are frequent users of CHO's services.

2024 Economic Conditions and Outlook Report (Continued)

40

wineries along the Monticello Wine Trail

Tourism is a key component of the region's diverse economy. According to recent studies conducted by the Virginia Tourism Corporation, 19% of the 43.6M visitors to VA arrived by airplane in 2023. Between the majestic horse farms, mountain trails, ski slopes, historical sites, and tasting rooms, the Charlottesville region has something to offer everyone. A sector experiencing tremendous success is viticulture (wine making). Virginia is ranked number six in the country with the most wineries, hosting 291 vineyards and generating around $5 billion for the economy. Charlottesville and the surrounding areas are home to many world-class wines with beautiful scenery to enjoy. In Charlottesville and Albemarle County, there are over 40 wineries along the Monticello Wine Trail, one of Thomas Jefferson's many dreams for his mountaintop estate. The Monticello American Viticultural Area has won the Wine Region of the Year in Wine Enthusiast's 2023 Wine Star Awards. A short drive from Charlottesville in Nelson County is Route 151, where in a centralized area, visitors can enjoy local food and 18 different Wineries, Breweries, Cideries, and a few Distilleries.

341

Average daily aircraft operations

As indicated above the economic outlook for CHO and its catchment counties is very positive. Growth of boardings is approaching the peak of 2019 with healthy load factors and above-average yields with the airlines sharing the positive outlook. Traditionally CHO served a predominantly business travel segment, however, the frequency and purpose of air travel changed during the pandemic. Travel to and within our region appears to be gradually shifting to a higher percentage of leisure and blended-purpose travel by comparison to a few years ago. Inflation-adjusted airfares declined in 2024 by 6% versus 2023 and are 8% lower than peer in-state airports. The shift to more discretionary travel has resulted in greater emphasis on the passengers' experience.

The flight schedule in the new year indicates continued incremental capacity and frequency growth with additional daily capacity to existing destinations. The growing activity generated throughout the education, biotechnology, health care, geospatial intelligence, business, government, tourism industries, and others throughout the region will continue to yield opportunities for all forms of aviation to experience growth at the Charlottesville Albemarle Airport.

Airport Outlook
Penny Shifflett, Chief Financial Officer

The aviation industry is experiencing a robust recovery, and CHO stands poised to thrive amidst this growth. With an increase in passenger traffic and strategic planning in infrastructure, CHO anticipates a positive trajectory for operations, customer satisfaction, and regional economic impact.

Recent data indicates a significant uptick in passenger numbers with a 20% increase in travelers compared to last year demonstrating the ability of CHO to rebound after the pandemic. While commercial airline revenue which consists of service landing fees and terminal rental income account for a large portion of the revenues produced at CHO, the revenues generated by the terminal Rental Car and Food/Beverage Concessionaires as well as parking are significant and directly tied to the number of passengers utilizing the airport. This trend is expected to continue, bolstered by increased leisure and business travel.
Strategic plans are being made to upgrade and expand airport facilities. CHO's terminal area development plan will increase capacity and improve operational efficiency. Enhancements to the current infrastructure will streamline the passenger experience while maintaining high safety standards.

CHO is actively engaging with local communities and businesses to promote regional tourism and economic growth. Collaborative marketing campaigns with airlines and tourism boards are in the works to showcase our region's attractions. These partnerships will enhance visibility and boost passenger numbers further.

Airport Outlook (Continued)

The future outlook for CHO is decidedly positive. With growing passenger traffic, improved services and facilities, and strategic planning, CHO is well-positioned to support the ongoing recovery of the aviation sector. By continuing to adapt and innovate, CHO can increase its market share and contribute significantly to the local economy in the years to come.

Capital Planning & Major Initiatives

The Authority adopts a six-year Capital Improvement Program (CIP) 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), Passenger Facility Charges (PFC) calculated in airline ticket purchases, and Customer Facility Charges (CFC) assessed on rental car contracts.

In FY24, the Authority started building on the Terminal Area Master Plan that was completed in FY23. They engaged RS&H, Inc. to update the Airport Layout Plan (ALP) to incorporate a Terminal Area Development Plan addressing additional safety issues identified. The CIP includes an ALP update and an environmental assessment, along with design efforts related to this project.

The Authority is not only planning for future expansion but also acknowledges the need to repair and maintain current facilities. In FY24, ASSA ABLOY installed new automated doors and air curtains. A contract has been awarded to OshKosh AeroTech for $2,367,283 to replace the baggage handling system, with completion expected in FY25. Additionally, a contract has been awarded to Johnson Controls for $514,000 for a Mechanical System Upgrade. This project will involve replacing the existing fuel oil-fired hydronic boilers and domestic water heater with new natural gas-fired equipment. It will also include replacing hydronic pumps, associated piping, flues, and accessories. Furthermore, the project will install natural gas piping from the utility-provided gas meter to the mechanical rooms of the terminal building and the ARFF/ATCT buildings.

One of the maintenance challenges at the airport is Basin C. This basin was originally built as a sediment basin for the runway extension over ten years ago. As construction progressed, it was converted into a water quality basin with an elevated forebay in 2013. However, Basin C has never been approved by Albemarle County as a Best Management Practice (BMP), despite efforts from the contractor involved in the runway extension and a subsequent contractor who worked on the runway overlay project. To address these issues, CHO engaged RS&H, Inc. to develop a corrective plan. An invitation to bid was issued, and a contract has been awarded to Pleasant View Developers, Inc. for $565,225 to resolve the ongoing problems. This project is scheduled to be completed during FY25, which will allow the county to approve Basin C.

The Aircraft Rescue Firefighting Building, constructed in 1976, originally served as the terminal building. Following the construction of the new passenger terminal in 1991, it was remodeled to accommodate the airport's firetrucks. The former terminal space was repurposed into a conference room, office space, and kitchen/break room when the new terminal building was constructed. This facility requires repairs and upgrades. The plan includes creating a functional conference room, updating the kitchen area, and refurbishing the office and storage spaces. An invitation to bid for this project has been issued, and work is expected to begin in FY25.

Airport Outlook (Continued)

Capital Planning & Major Initiatives (Continued)

To keep up with changing technology, CHO contracted with ConvergeOne to perform several Information Technology (IT) upgrades. These projects include the replacement of the network infrastructure, a security platform that will monitor network traffic and educate employees on various cybersecurity threats, an upgrade to Microsoft 365, new phones, and new virtual servers that will improve networking features airport-wide.

To enhance security, CHO is upgrading its security system. This project will improve closed-circuit camera coverage throughout the airport and update access control software and hardware to current standards. It will require heavy coordination with the Transportation Security Administration and the FAA.

The Quick Turn Around (QTA) facility utilized by rental car companies for cleaning and servicing their inventory was constructed in 1992. Last year, the wash bays were replaced, and in the upcoming year, the vacuum and other systems will also be replaced and renovated.

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 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.

Airport Outlook (Continued)

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 2023 Annual Comprehensive Financial Report (ACFR). This represents thirty-three years that the Authority has received this Certificate. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for 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 ACFR, 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 Operating 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

Penny D. Shifflett
Chief Financial Officer

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
PRINCIPAL OFFICIALS AS OF JUNE 30, 2024

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY BOARD

Chairman
Donald D. Long, Attorney, Flora Pettit

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

Samuel Sanders, City Manager, City of Charlottesville

CHARLOTTESVILLE-ALBEMARLE JOINT AIRPORT COMMISSION

Chairman
Steven Hiss

Vice-Chairman
John Mattern III

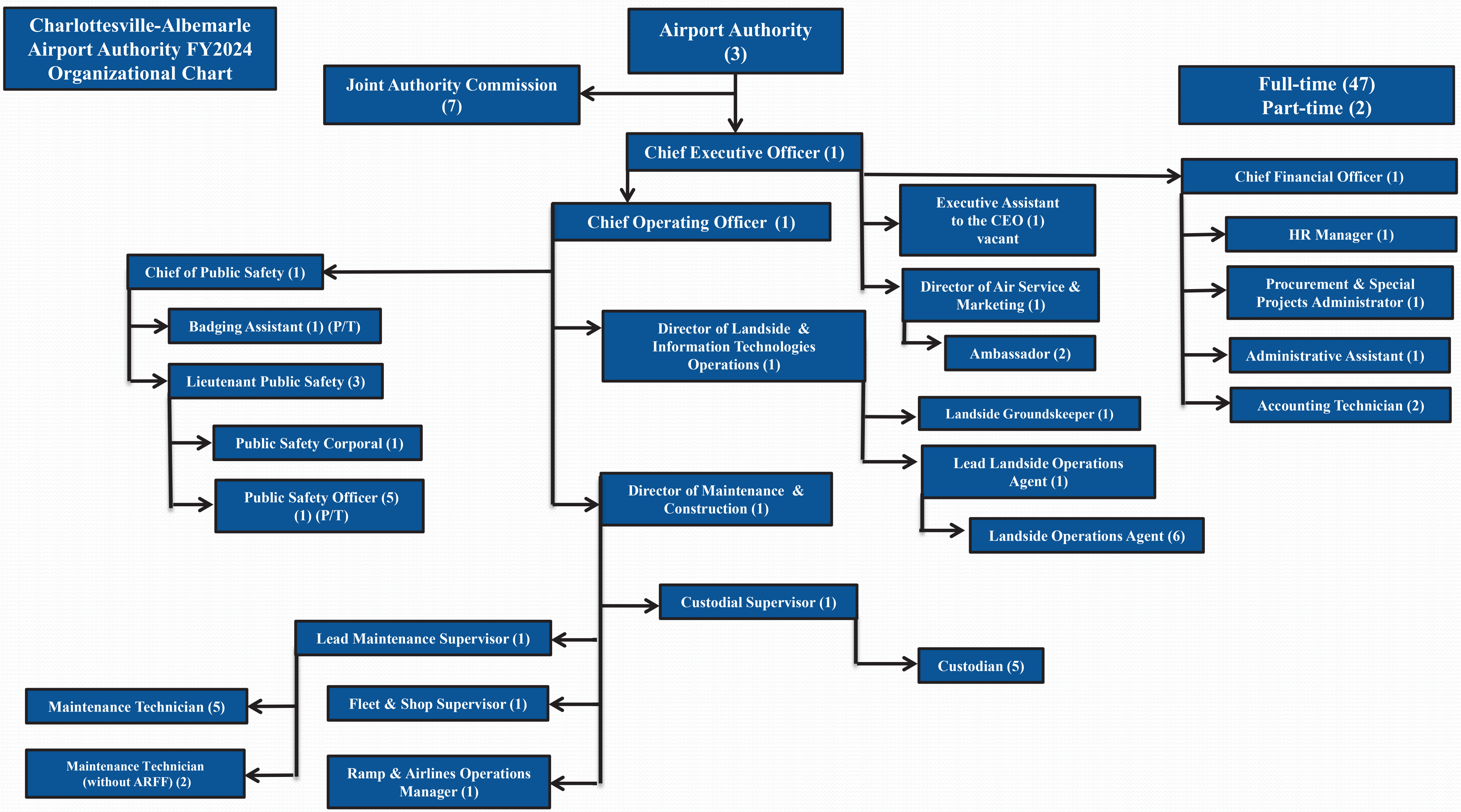
Donald D. Long

Brian Johnson

Roy Van Doorn

John Post

Matthew Murray


Charlottesville-Albemarle Airport Authority FY2024 Organizational Chart
Airport Authority (3)
Joint Authority Commission (7)
Full-time (47)
Part-time (2)
Chief Executive Officer (1)
Chief Operating Officer (1)
Chief Financial Officer (1)
HR Manager (1)
Procurement & Special Projects Administrator (1)
Administrative Assistant (1)
Accounting Technician (2)
Executive Assistant to the CEO (1) vacant
Director of Air Service & Marketing (1)
Ambassador (2)
Chief of Public Safety (1)
Badging Assistant (1) (P/T)
Lieutenant Public Safety (3)
Public Safety Corporal (1)
Public Safety Officer (5) (1) (P/T)
Director of Landside & Information Technologies Operations (1)
Landside Groundskeeper (1)
Lead Landside Operations Agent (1)
Landside Operations Agent (6)
Director of Maintenance & Construction (1)
Custodial Supervisor (1)
Custodian (5)
Lead Maintenance Supervisor (1)
Fleet & Shop Supervisor (1)
Ramp & Airlines Operations Manager (1)
Maintenance Technician (5)
Maintenance Technician (without ARFF) (2)

Charlottesville-Albemarle Airport Authority

Vision

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

Mission

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

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

Values

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

Organizational Goal Categories

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charlottesville-Albemarle Airport Authority
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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, 2024, 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, 2024, 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.

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.

Report on Summarized Comparative Information

We have previously audited the Charlottesville-Albemarle Airport Authority's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is 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 is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, 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.

Charlottesville, Virginia
November 21, 2024

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, 2024. 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, 2024, 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, 2024. 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 20% to 330,418. Parking revenue increased 20% and airline revenue increased 123%. Both of these revenue streams are directly related to the increase in passenger traffic. The increase in airline revenues is also related to FY2024 being the first year after COVID, and the financial support from the federal government ended and the airport reverted to its prior methodology, which seeks cost recovery from the airlines.

Airport Activities and Highlights: (Continued)

In FY24, the Authority experienced increases in enplanements and landed weights due to continued recovery from the pandemic.

	FY 2024	FY 2023	FY 2022
Enplanements (persons)	330,418	275,002	261,826
Aircraft Landed Weights (1000's of lbs)	382,590	340,689	323,612
Operations (take-off & landings):			
Commercial	32,807	29,756	30,802
General Aviation	80,719	77,974	79,705
Military	13,799	13,392	15,246
Total Operations	**127,325**	**121,122**	**125,753**

Financial Highlights

Summary of Operations & Changes in Net Position

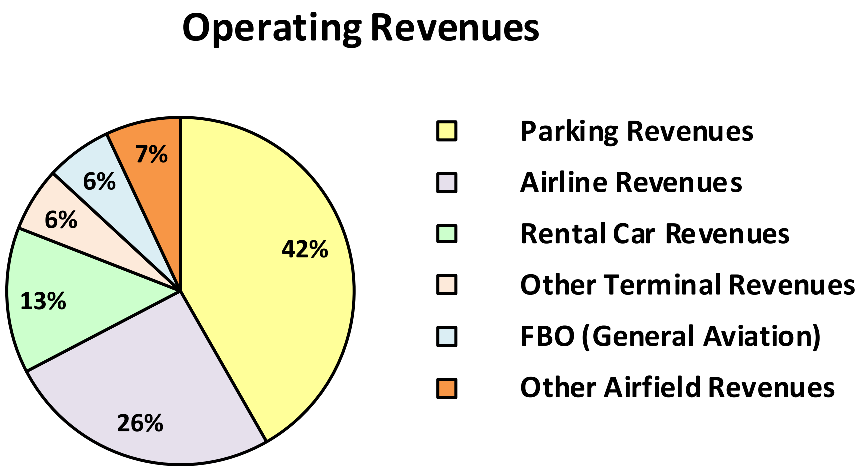
A summary of the Authority's Operations and Changes in Net Position at June 30, 2024 is set forth below:

Summary of Operations & Changes in Net Position	**2024**	**2023**	**2022**
Operations:			
Revenues	$ 10,296,175	$ 7,822,469	$ 6,907,727
Expenses	(8,848,243)	(8,635,203)	(6,983,838)
Income/(loss) before depreciation & nonoperating income/(expenses)	1,447,932	(812,734)	(76,111)
Nonoperating income/(expenses)	499,866	253,948	4,958,656
Income/(loss) before capital contributions & depreciation	1,947,798	(558,786)	4,882,545
Depreciation	(5,129,206)	(5,009,242)	(4,736,755)
Income/(loss) before capital contributions	(3,181,408)	(5,568,028)	145,790
Capital contributions	4,718,146	9,942,263	9,058,379
Net Position:			
Increase in net position	1,536,738	4,374,235	9,204,169
Total net position, beginning of year	140,059,110	135,684,875	126,480,706
Total net position, end of year	**$ 141,595,848**	**$ 140,059,110**	**$ 135,684,875**

The 1.10% increase in net position for FY24 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, 2024:



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 was 52% of operating revenue in FY 2015 to 42% in FY 2024. Rental car revenue slightly decreased from 15% in FY2015 to 13% in FY2024, and airline revenue increased from 19% in FY2015 to 26% in FY2024.

A summary of revenues for the year ended June 30, 2024 follows:

Summary of Revenues		**2024**		**2023**		**2022**
Operating:						
Parking Revenues	$	4,296,437	$	3,571,752	$	3,129,817
Airline Revenues		2,636,806		1,231,771		1,170,592
Rental Car Revenues		1,397,694		1,233,583		1,097,975
Other Terminal Revenues		613,900		534,311		613,601
FBO (General Aviation)		631,769		610,186		586,959
Other Airfield Revenues		719,569		640,866		308,783
Total Operating Revenues	$	10,296,175	$	7,822,469	$	6,907,727
Nonoperating:						
Interest Income	$	595,887	$	76,961	$	20,990
Gain (loss) on disposal of assets		-		-		5,300
Other Income		-		50,330		-
COVID and State grants		101,664		309,835		5,103,358
Total Nonoperating Revenues	$	697,551	$	437,126	$	5,129,648
Total Revenues Prior to Capital Contributions	**$**	**10,993,726**	**$**	**8,259,595**	**$**	**12,037,375**
Capital Contributions		4,718,146		9,942,263		9,058,379
Total Revenues	**$**	**15,711,872**	**$**	**18,201,858**	**$**	**21,095,754**

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

Nonoperating revenues increased 60% attributed to the increase of interest income received in FY24 as compared to FY23.

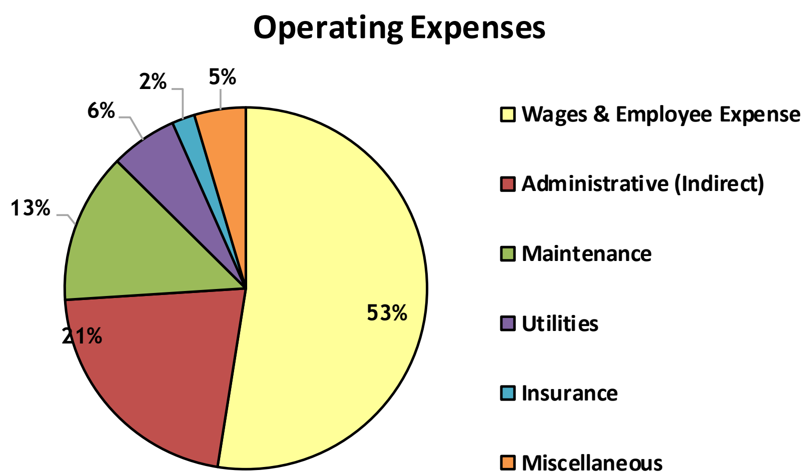
Capital Contributions

Capital contributions decreased by 53% in FY24.

Operating & Nonoperating Expense Highlights

The following chart illustrates the major sources and percentage of operating expenses for the fiscal year ended June 30, 2024:

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, 2024 follows:

Summary of Expenses	**2024**	**2023**	**2022**
Operating:			
Wages & Employee Expense	$ 4,645,751	$ 3,832,042	$ 3,453,858
Administrative (Indirect)	1,900,651	2,232,017	1,639,305
Maintenance	1,188,265	1,503,530	936,477
Utilities	526,780	475,111	411,166
Insurance	179,841	123,906	123,494
Miscellaneous	406,955	468,597	419,538
Total Operating Expenses	$ 8,848,243	$ 8,635,203	$ 6,983,838
Nonoperating:			
Interest Expense	$ 13,705	$ 18,023	$ 21,030
Rental Car Service Facility Expense	183,980	165,155	149,962
Total Nonoperating Expenses	$ 197,685	$ 183,178	$ 170,992
Total Expenses	**$ 9,045,928**	**$ 8,818,381**	**$ 7,154,830**

Overall, the Authority has been able to keep expenses relatively steady during the pandemic. The increases noted from FY23 to FY24 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, 2024. 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 $141,595,848 at June 30, 2024, a 1.10% or $1,536,738 increase over June 30, 2023.

A condensed summary of the Authority's total net position at June 30, 2024 is set forth below:

		2024		2023		2022
Assets:						
Current unrestricted assets	$	15,390,668	$	13,736,875	$	14,647,695
Restricted assets		18,100,950		16,329,602		13,843,621
Noncurrent assets		8,390,347		9,736,727		6,234,067
Capital assets		113,940,910		116,361,589		112,763,727
Total assets	$	155,822,875	$	156,164,793	$	147,489,110
Deferred outflows of resources	$	1,159,081	$	722,231	$	909,469
Liabilities:						
Current liabilities	$	1,181,949	$	1,880,793	$	1,841,075
Noncurrent liabilities		4,227,468		3,535,131		3,436,637
Total liabilities	$	5,409,417	$	5,415,924	$	5,277,712
Deferred inflows of resources	$	9,976,691	$	11,411,990	$	7,435,992
Net Position:						
Net investment in capital assets	$	111,820,210	$	113,242,543	$	109,257,406
Restricted		18,100,950		16,329,586		13,843,605
Unrestricted		11,674,688		10,486,981		12,583,864
Total Net Position	**$**	**141,595,848**	**$**	**140,059,110**	**$**	**135,684,875**

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, decreased 1.14% which resulted from a decrease in capitalized projects. This category represents 79% of the Authority's net position as of June 30, 2024.

Restricted net position (13% 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 11% in the restricted cash balance in these funds compared to June 30, 2023 is the result of the accumulation of PFC and CFC funds.

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, 2024, there was a 10% increase in unrestricted net position compared to June 30, 2023. This increase is attributed to the increase in operating revenues in FY2024.

Summary of Cash Flow Activities

Net cash provided by the operation of positive $1,536,857 is a 313%, or $2,259,721 increase from the prior year. This was due to the increase in cash received from operating revenues in FY2024 compared to FY2023.

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 2024	**FY 2023**	**FY 2022**
Landing Fees (1,000 lbs unit)	3.39	2.07	2.07
Average Terminal Rental Rates (s.f.)	77.26	28.58	27.17
Airline Cost per Enplanement	8.29	4.48	4.47

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. This methodology started during FY20 and remained in effect throughout FY23. The increases in landing fees, terminal rental rates, and airline cost per enplanement for FY2024 are directly related to reverting back to the previous methodology used for budgeting purposes prior to the pandemic.

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 2024, the Authority expended $3,032,509 on capital activities. These included construction projects mainly related to the Airfield lighting and Signage, the Bag Belt Replacement Project, along with numerous capital projects that are smaller in scale. 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 and Construction Activities: (Continued)

Capital acquisitions totaling $645,056 were comprised of the following:

Capitalized Item		***Value***
Natural gas conversion	$	29,156
AF lighting and signage	$	168,826
Loop road guardrail project	$	40,781
Vehicles and equipment	$	280,293
Entrance door replacement		126,000
Total	**$**	**645,056**

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, 2024 was $270,632.

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, 2024 was $1,375,661.

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 (10.78% during FY 2024). 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 2024 (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 Chief Financial Officer, 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, 2024
(With Comparative Totals for the Prior Year)

		2024		2023
ASSETS				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	$	13,370,427	$	11,906,919
Prepaid insurance		6,182		5,853
Prepaid insurance - CFC facility		4,121		3,902
Leases receivable		1,455,484		1,448,321
Other prepaid items		9,752		49,088
Accounts receivable - net		544,702		322,792
Total current unrestricted assets	$	15,390,668	$	13,736,875
Restricted assets:				
Capital Funds:				
Cash and cash equivalents	$	766,928	$	862,648
Receivable		621,968		1,220,101
Passenger Facility Charge Funds:				
Cash and cash equivalents		2,807,564		2,031,808
Receivable		239,748		211,381
Customer Facility Charge Funds:				
Cash and cash equivalents		3,628,277		2,998,106
Receivable		80,273		72,899
Renewal and Replacement Funds:				
Cash and cash equivalents		164,546		159,553
State Entitlement Funds:				
Cash and cash equivalents		9,464,483		8,457,685
Total current restricted assets	$	17,773,787	$	16,014,181
Total current assets	$	33,164,455	$	29,751,056
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents:				
Revenue bond funds	$	119,818	$	114,096
Debt reserve funds		207,345		201,325
Leases receivable		8,390,347		9,736,727
Total noncurrent restricted assets	$	8,717,510	$	10,052,148
Capital assets:				
Land	$	20,034,631	$	20,034,631
Construction in progress		7,189,763		5,126,291
Building, improvements and equipment, net of accumulated depreciation		86,547,201		91,150,084
Subscription asset, net of accumulated depreciation		157,795		30,296
Intangibles, net of accumulated amortization		11,520		20,287
Total capital assets (net of accumulated depreciation and amortization)	$	113,940,910	$	116,361,589
Total noncurrent assets	$	122,658,420	$	126,413,737
Total assets	$	155,822,875	$	156,164,793
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	$	1,097,442	$	660,274
OPEB related items		61,639		61,957
Total deferred outflows of resources	$	1,159,081	$	722,231

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statement of Net Position
At June 30, 2024
(With Comparative Totals for the Prior Year)

	2024	2023
LIABILITIES		
Current liabilities:		
Accounts payable:		
Operating	$ 322,768	$ 263,423
Unearned revenue	21,600	28,089
Accrued payroll and related liabilities	68,068	57,534
Compensated absences	23,171	22,231
Subscription liability	34,178	30,309
A/P security deposits/performance bonds	32,617	32,617
Revenue bonds payable	373,021	369,153
Accrued interest	2,708	4,148
Liabilities payable from restricted assets (accounts payable and retainage payable):		
Capital funds	303,818	1,073,289
Total current liabilities	$ 1,181,949	$ 1,880,793
Noncurrent Liabilities:		
Compensated absences	$ 208,536	$ 200,079
Subscription liability	136,411	-
Net pension liability	2,449,980	1,537,402
Net OPEB liability	159,269	151,355
Revenue bonds payable	1,273,272	1,646,295
Total noncurrent liabilities	$ 4,227,468	$ 3,535,131
Total liabilities	$ 5,409,417	$ 5,415,924
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 105,156	$ 192,119
OPEB related items	25,704	34,823
Lease related items	9,845,831	11,185,048
Total deferred inflows of resources	$ 9,976,691	$ 11,411,990
NET POSITION		
Net investment in capital assets	$ 111,820,210	$ 113,242,543
Restricted for:		
Capital Projects	$ 1,388,896	$ 2,082,749
PFC fund	3,047,312	2,243,189
State Entitlement fund	9,464,483	8,457,685
Renewal & Replacement	164,546	159,553
CFC fund	3,708,550	3,071,005
Bond fund	119,818	114,096
Debt Reserve	207,345	201,325
Total restricted assets	$ 18,100,950	$ 16,329,602
Unrestricted	$ 11,674,688	$ 10,486,965
Total net position	$ 141,595,848	$ 140,059,110

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, 2024
(With Comparative Totals for the Prior Year)

	2024	2023
Operating revenues:		
Parking	$ 4,296,437	$ 3,571,752
Terminal	3,692,666	2,463,271
Airfield	2,307,072	1,787,446
Total operating revenues	$ 10,296,175	$ 7,822,469
Operating expenses:		
Direct operating expenses:		
Parking	$ 1,878,270	$ 1,100,952
Terminal	3,026,243	3,293,682
Airfield	2,043,079	2,008,552
Total direct operating expenses	$ 6,947,592	$ 6,403,186
Indirect operating expense:		
Administrative	$ 1,900,651	$ 2,232,017
Total operating expenses	$ 8,848,243	$ 8,635,203
Operating income (loss) before depreciation and amortization	$ 1,447,932	$ (812,734)
Depreciation and amortization	(5,129,206)	(5,009,242)
Operating income (loss)	$ (3,681,274)	$ (5,821,976)
Nonoperating revenues (expenses):		
Interest income	$ 595,887	$ 76,961
CFC expenses	(183,980)	(165,155)
Other construction revenue	-	17,963
Miscellaneous revenue	-	32,367
Interest expense	(13,705)	(18,023)
Federal COVID Grants	-	193,935
State Grants	101,664	115,900
Total nonoperating revenue (expenses)	$ 499,866	$ 253,948
Net income (loss) before capital contributions	$ (3,181,408)	$ (5,568,028)
Capital contributions:		
Federal construction revenue	$ 587,537	$ 6,321,088
State construction revenue	1,905,358	1,858,032
PFC fund	1,407,149	1,130,890
CFC fund	818,102	632,253
Total capital contributions	$ 4,718,146	$ 9,942,263
Net position		
Increase in net position	$ 1,536,738	$ 4,374,235
Total net position, beginning of year	140,059,110	135,684,875
Total net position, end of year	$ 141,595,848	$ 140,059,110

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, 2024
(With Comparative Totals for the Prior Year)

		2024		2023
Cash flows from operating activities:				
Cash received from providing services	$	10,067,776	$	7,890,593
Cash paid to suppliers		(3,531,959)		(3,479,843)
Cash paid to and for employees		(4,998,960)		(5,133,614)
Net cash provided by (used for) operating activities	$	1,536,857	$	(722,864)
Cash flows from noncapital financing activities:				
CARES and State Grants	$	101,665	$	5,971,554
Cash flows from capital and related financing activities:				
Acquisition of land, property and equipment	$	(645,056)	$	(1,960,246)
Additions to construction in progress		(2,832,943)		(6,703,459)
Debt service paid		(369,155)		(365,335)
Additions to subscription liability		170,589		60,591
Subscription liability payments made		(30,309)		(30,282)
Interest paid on debt		(10,825)		(14,375)
Other income		-		50,330
Contributions from Virginia Department of Aviation		1,905,358		1,936,851
Contributions from Federal Aviation Administration		1,185,670		6,207,440
Contributions from Passenger Facility Charge (PFC)		1,378,782		1,000,500
Contributions from Customer Facility Charge (CFC)		810,728		615,948
Net cash provided by (used for) capital and related financing activities	$	1,562,839	$	797,963
Cash flows from investing activities:				
Investment interest earned	$	595,887	$	76,961
Net increase (decrease) in cash and cash equivalents	$	3,797,248	$	6,123,614
Cash and cash equivalents at beginning of year (including restricted accounts)		26,732,140		20,608,526
Cash and cash equivalents at end of year (including restricted accounts)	$	30,529,388	$	26,732,140
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating loss	$	(3,681,274)	$	(5,821,976)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	$	5,129,206	$	5,009,242
CFC operations		(184,199)		(166,053)
Changes in operating assets and liabilities and deferred outflows/ inflows of resources:				
Accounts receivable		(221,910)		61,964
Leases receivable		1,339,217		(4,548,399)
Prepaid items		34,687		52,143
Deferred outflows related to pension		(437,168)		183,261
Deferred outflows related to OPEB		318		3,977
Accounts payable - operating		59,345		39,866
Accrued payroll and related liabilities		10,534		14,079
Accrued compensated absences		9,397		(7,740)
Unearned revenue		(6,489)		6,160
Net pension liability		912,578		462,041
Net OPEB liability		7,914		12,573
Deferred inflows related to pension		(86,963)		(548,341)
Deferred inflows related to OPEB		(9,119)		(24,060)
Deferred inflows related to leases		(1,339,217)		4,548,399
Total adjustments	$	5,218,131	$	5,099,112
Net cash provided by (used for) operating activities	$	1,536,857	$	(722,864)
Schedule of noncash capital and related financing activities:				
Increase (decrease) in capital contribution receivables	$	(562,392)	$	181,524
Increase (decrease) in capital related payables	$	(769,471)	$	(52,311)

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

Charlottesville - Albemarle Airport Authority
Notes to Financial Statements

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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.

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

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.

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
Lease assets….	2-17 years
Subscription asset…	2 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, 2024 was $5,129,206. 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.

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

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.

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.

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

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.

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 and Subscription-Based IT Arrangements

The Authority has various lease assets and subscription-based IT arrangements (SBITAs) 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. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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).

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

Subscriptions

The Authority recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of $3,500, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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 or subscription 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 and subscriptions.

- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription 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 or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

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

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, 2024 consist of the following:

Restricted Assets:		**Cash & Cash Equivalents**		**Receivables**		**Total Restricted Assets**
Capital Projects	$	766,928	$	621,968	$	1,388,896
PFC Fund		2,807,564		239,748		3,047,312
State Entitlement Fund		9,464,483		-		9,464,483
Renewal & Replacement		164,546		-		164,546
CFC Fund		3,628,277		80,273		3,708,550
Bond Fund		119,818		-		119,818
Debt Reserve Fund		207,345		-		207,345
Total Restricted Assets	$	17,158,961	$	941,989	$	18,100,950

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, 2024, 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 $119,818 on June 30, 2024 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, 2024:

Summary of Cash and Investments:		
Cash on hand and cash items	$	6,500
Carrying value of deposits		30,403,070
Investments		119,818
Total	$	30,529,388
Per Financial Statements:		
Cash and cash equivalents:		
Operating	$	13,370,427
Restricted Capital Projects		766,928
Restricted PFC Fund		2,807,564
Restricted CFC Fund		3,628,277
Restricted Renewal & Replacement		164,546
Restricted Entitlement		9,464,483
Restricted Bond Funds		119,818
Restricted Debt Reserve Funds		207,345
Total per financial statements	$	30,529,388

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, 2024:

		Fair Value Measurements Using		
	6/30/2024	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	$ 119,818	$ 119,818	$ -	$ -

NOTE 5 – ACCOUNTS RECEIVABLE:

Details of changes in Accounts Receivable for the fiscal year ended June 30, 2024 are as follows:

		Non Restricted Assets	Restricted Assets	Total Accounts Receivable
Accounts Receivable				
Operating	$	544,702 $	- $	544,702
Capital		-	621,968	621,968
Passenger Facility Charge		-	239,748	239,748
Rental Car Facility Charge		-	80,273	80,273
	$	544,702 $	941,989 $	1,486,691

Accounts Receivable – Operating consists of invoices to airport tenants including airlines, rental car concessionaires, fixed base operators and other firms doing business at the airport. Operating receivables increased $221,910 from fiscal year 2023.

Capital Receivable – Capital decreased $598,133 over fiscal year 2023 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 Federal Government in the amount of $621,968.

Passenger Facility Charge- Passenger facility charge receivables represent the accrual for funds received in July and August 2024 for the period June 2024.

Rental Car Facility Charge – Customer facility charge receivables represent the accrual for funds received in July 2024 for the period June 2024.

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

Net capital assets decreased $2,420,679 as the result of depreciation exceeding net project activity and other capital asset purchases. It is the Authority's practice for capital projects with land acquisitions to be recorded in the CIP accounts and closed to land upon project completion. Details of changes in capital assets and construction in progress for the fiscal year ended June 30, 2024 follows on the next page.

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not depreciated:				
Land	$ 20,034,631	$ -	$ -	$ 20,034,631
Construction in progress:				
Terminal Area Plan	$ 626,434	$ 9,700	$ -	$ 636,134
AF Lighting and Signage Design	3,988,221	677,401	168,826	4,496,796
800 MHz Radio	286,701	42,295	-	328,996
Big Terminal Fans	33,405	-	-	33,405
Natural Gas Conversion	23,876	5,280	29,156	-
ARFF Building Renovation	6,281	52,850	-	59,131
Basin C	20,825	109,774	-	130,599
Baggage Belt Replacement	-	406,967	-	406,967
Mechanical System Update	-	148,743	-	148,743
AF RW/TW Pavement	20,646	20,075	-	40,721
Security System Update	-	102,448	-	102,448
Terminal Expansion Improvement	-	241,842	-	241,842
Network Refresh	-	290,073	-	290,073
Microsoft Teams	-	52,503	-	52,503
Entrance Door Replacement	-	126,000	126,000	-
Server Room	-	19,099	-	19,099
Apron Pavement Repairs	-	11,679	-	11,679
Airline Ticket Counters	54,358	17,587	-	71,945
SRE Improvements	65,544	53,138	-	118,682
Total construction in progress	$ 5,126,291	$ 2,387,454	$ 323,982	$ 7,189,763
Total capital assets not depreciated	$ 25,160,922	$ 2,387,454	$ 323,982	$ 27,224,394
Capital and other assets depreciated:				
Buildings	$ 39,715,878	$ 155,156	$ -	$ 39,871,034
Improvements other than buildings	100,985,035	-	-	100,985,035
Machinery & equipment	12,456,101	278,528	-	12,734,629
Infrastructure	22,633,398	40,780	-	22,674,178
Subscription asset	60,591	170,589	-	231,180
Intangibles	1,157,751	-	-	1,157,751
Total capital and other assets depreciated	$ 177,008,754	$ 645,053	$ -	$ 177,653,807
Less accumulated depreciation for:				
Buildings	$ 24,922,515	$ 1,087,095	$ -	$ 26,009,610
Improvements other than buildings	43,370,959	2,636,128	-	46,007,087
Machinery & equipment	7,722,993	569,494	-	8,292,487
Infrastructure	8,623,859	784,632	-	9,408,491
Subscription asset	30,296	43,089	-	73,385
Intangibles	1,137,465	8,766	-	1,146,231
Total accumulated depreciation	$ 85,808,087	$ 5,129,204	$ -	$ 90,937,291
Total net capital assets depreciated	$ 91,200,667	$ (4,484,151)	$ -	$ 86,716,516
Net Capital Assets	$ 116,361,589	$ (2,096,697)	$ 323,982	$ 113,940,910

NOTE 7 – LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Direct Borrowings and Placements:				
Revenue Bonds	$ 2,015,448	$ -	$ (369,155)	$ 1,646,293
Compensated Absences	222,310	33,588	(24,191)	231,707
Net Pension Liability	1,537,402	1,811,559	(898,981)	2,449,980
Net OPEB Liability	151,355	96,922	(89,008)	159,269
Subscription liability	30,309	170,589	(30,309)	170,589
Total	$ 3,956,824	$ 2,112,658	$ (1,411,644)	$ 4,657,838

At June 30, 2024, 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	$ 270,632	$ 179,771
$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	1,375,661	193,250
Total Revenue Bonds (Direct Borrowings and Placements)	$ 1,646,293	$ 373,021
Compensated Absences	$ 231,707	$ 23,171
Net Pension Liability	$ 2,449,980	$ -
Net OPEB Liability	$ 159,269	$ -
Subscription liability:		
Body camera, taser and police records software with annual payments of $34,178 through February 2028, with a discount rate of 1.065%.	$ 170,589	$ 34,178
Total long-term obligations	$ 4,657,838	$ 430,370

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

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).

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.

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

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		Subscription Liability	
Year Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 179,771	$ 3,547	$ 193,250	$ 7,434	$ 373,021	$ 10,981	$ 34,178	$ -
2026	90,861	716	194,334	6,350	285,195	7,066	34,057	121
2027	-	-	195,424	5,260	195,424	5,260	34,088	91
2028	-	-	196,520	4,164	196,520	4,164	34,118	61
2029	-	-	197,622	3,062	197,622	3,062	34,148	30
2030-2031	-	-	398,511	2,793	398,511	2,793	-	-
Total	$ 270,632	$ 4,263	$ 1,375,661	$ 29,063	$ 1,646,293	$ 33,326	$ 170,589	$ 303
Less current portion	179,771		193,250		373,021		34,178	
Total long-term obligations	$ 90,861		$ 1,182,411		$ 1,273,272		$ 136,411	

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 $328,996 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 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.

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.

On February 1, 2023, the Authority entered into lease agreements with Avis Budget Car Rental, LLC, Enterprise Leasing Co of Norfolk/Richmond LLC, and The Hertz Corporation. The leases are for a single five-year term. The rental car companies lease counter and office space inside the terminal building, ready return parking lot spaces, and wash and service bays at the Quick Turnaround location. Each rental car company proposed yearly minimum annual guarantees. If operations continue throughout the lease period, the Authority is guaranteed to receive $1M to $1.1M annually.

NOTE 8 – LEASES RECEIVABLE: (CONTINUED)

Expected future payments, which are included in the measurement of the lessor activity at June 30, 2024 are as follows:

Year	Principal	Interest	Total
2025	$ 1,455,484	$ 94,372	$ 1,549,856
2026	1,425,768	79,050	1,504,818
2027	1,440,186	63,799	1,503,985
2028	1,003,191	49,188	1,052,379
2029	602,109	42,955	645,064
2030-2034	1,793,813	155,868	1,949,681
2035-2039	1,762,375	81,296	1,843,671
2040	362,905	6,194	369,099
Total	$ 9,845,831	$ 572,722	$ 10,418,553

For the year ended June 30, 2024, the Authority recognized $54,408 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.

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 $231,707 as of June 30, 2024. Of this amount, 10 percent or $23,171 has been estimated as a current liability.

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.

NOTE 10 – PENSION PLAN: (CONTINUED)

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.

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.

NOTE 10 – PENSION PLAN: (CONTINUED)

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.

Employees Covered by Benefit Terms

As of the June 30, 2022 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	9
Non-vested Inactive members	20
Inactive members active elsewhere in VRS	8
Total inactive members	37
Active members	47
Total covered employees	100

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, 2024 was 10.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 $295,236 and $307,719 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 10 – PENSION PLAN: (CONTINUED)

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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

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

<u>NOTE 10 – PENSION PLAN: (CONTINUED)</u>

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2022 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, 2021. 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, 2022, 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, 2023.

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, 2022 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, 2021. 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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, 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, 2023, 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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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, 2022	$ 8,335,466	$ 6,798,064	$ 1,537,402
Changes for the year:			
Service cost	$ 308,518	$ -	$ 308,518
Interest	569,427	-	569,427
Differences between expected and actual experience	929,286	-	929,286
Contributions - employer	-	307,710	(307,710)
Contributions - employee	-	143,979	(143,979)
Net investment income	-	447,111	(447,111)
Benefit payments, including refunds of employees contributions	(416,052)	(416,052)	-
Administrative expenses	-	(4,328)	4,328
Other changes	-	181	(181)
Net changes	$ 1,391,179	$ 478,601	$ 912,578
Balances at June 30, 2023	$ 9,726,645	$ 7,276,665	$ 2,449,980

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	$ 3,772,883	$ 2,449,980	$ 1,371,909

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

For the year ended June 30, 2024, the Authority recognized pension expense of $683,674. At June 30, 2024, 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	$ 747,817	$ 632
Change of assumptions	54,389	-
Net difference between projected and actual earnings on pension plan investments	-	104,524
Employer contributions subsequent to the measurement date	295,236	-
Total	$ 1,097,442	$ 105,156

$295,236 was 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, 2025. 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	
2025	$ 336,559
2026	142,673
2027	215,253
2028	2,565
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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-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.

<u>NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)</u>

<u>Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)</u>

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 $9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the <u>Code of Virginia</u>, 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, 2023 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 $16,635 and $16,894 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in State Grants of the financial statements.

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, 2024, the entity reported a liability of $159,269 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .01328% as compared to .01260% at June 30, 2022.

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)

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $17,095. 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.

At June 30, 2024, 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	$ 15,907	$ 4,835
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,400
Change in assumptions	3,404	11,035
Changes in proportionate share	25,693	3,434
Employer contributions subsequent to the measurement date	16,635	-
Total	$ 61,639	$ 25,704

$16,635 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, 2025. 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	
2025	$ 7,990
2026	(464)
2027	5,320
2028	3,403
2029	3,051
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, 2022, 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, 2023. 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, 2022 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, 2021. 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, 2022 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, 2021. 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.20%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the 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	$ 236,086	$ 159,269	$ 97,162

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-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, 2024 was $14,412.

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, 2024, 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
Airfield Lighting and Signage-Austin Electic	$ 3,846,725	$ 3,511,758	$ 334,967
Airfield Lighting and Signage-Delta Aiport Consultants	495,000	417,742	77,258
Total	$ 4,341,725	$ 3,929,500	$ 412,225

NOTE 14 – LITIGATION:

At June 30, 2024, 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 – UPCOMING PRONOUNCEMENTS:

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.

Statement No. 102, *Certain Risk Disclosures,* provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements,* improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 308,518	$ 261,995	$ 246,036	$ 232,076	$ 159,646
Interest	569,427	538,671	460,016	421,647	402,288
Changes in assumptions	-	-	241,931	-	197,101
Differences between expected and actual experience	929,286	(1,492)	316,170	268,944	49,552
Benefit payments	(416,052)	(364,053)	(357,711)	(350,762)	(267,113)
Net change in total pension liability	$ 1,391,179	$ 435,121	$ 906,442	$ 571,905	$ 541,474
Total pension liability - beginning	8,335,466	7,900,345	6,993,903	6,421,998	5,880,524
Total pension liability - ending (a)	$ 9,726,645	$ 8,335,466	$ 7,900,345	$ 6,993,903	$ 6,421,998
Plan fiduciary net position					
Contributions - employer	$ 307,710	$ 222,879	$ 200,442	$ 196,788	$ 172,737
Contributions - employee	143,979	127,354	114,033	118,429	102,807
Net investment income	447,111	(9,039)	1,480,593	102,996	336,663
Benefit payments	(416,052)	(364,053)	(357,711)	(350,762)	(267,113)
Administrator charges	(4,328)	(4,221)	(3,624)	(3,456)	(3,222)
Other	181	160	140	(122)	(213)
Net change in plan fiduciary net position	$ 478,601	$ (26,920)	$ 1,433,873	$ 63,873	$ 341,659
Plan fiduciary net position - beginning	6,798,064	6,824,984	5,391,111	5,327,238	4,985,579
Plan fiduciary net position - ending (b)	$ 7,276,665	$ 6,798,064	$ 6,824,984	$ 5,391,111	$ 5,327,238
Authority's net pension liability - ending (a) - (b)	$ 2,449,980	$ 1,537,402	$ 1,075,361	$ 1,602,792	$ 1,094,760
Plan fiduciary net position as a percentage of the total pension liability	74.81%	81.56%	86.39%	77.08%	82.95%
Covered payroll	$ 3,128,512	$ 2,733,831	$ 2,461,878	$ 2,547,850	$ 2,195,854
Authority's net pension liability as a percentage of covered payroll	78.31%	56.24%	43.68%	62.91%	49.86%

Schedule of Changes in Net Pension Liability and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 135,013	$ 160,685	$ 145,571	$ 134,497	$ 131,276
Interest	379,448	358,917	348,038	328,487	308,435
Changes in assumptions	-	(147,508)	-	-	-
Differences between expected and actual experience	64,179	255,968	(40,416)	(13,370)	-
Benefit payments	(237,594)	(431,927)	(163,556)	(176,953)	(129,551)
Net change in total pension liability	$ 341,046	$ 196,135	$ 289,637	$ 272,661	$ 310,160
Total pension liability - beginning	5,539,478	5,343,343	5,053,706	4,781,045	4,470,885
Total pension liability - ending (a)	$ 5,880,524	$ 5,539,478	$ 5,343,343	$ 5,053,706	$ 4,781,045
Plan fiduciary net position					
Contributions - employer	$ 125,053	$ 124,216	$ 149,543	$ 137,753	$ 120,121
Contributions - employee	87,651	83,490	81,830	75,656	72,514
Net investment income	345,801	531,385	78,062	184,002	544,205
Benefit payments	(237,594)	(431,927)	(163,556)	(176,953)	(129,551)
Administrator charges	(2,948)	(3,254)	(2,565)	(2,456)	(2,845)
Other	(309)	(456)	(32)	(40)	29
Net change in plan fiduciary net position	$ 317,654	$ 303,454	$ 143,282	$ 217,962	$ 604,473
Plan fiduciary net position - beginning	4,667,925	4,364,471	4,221,189	4,003,227	3,398,754
Plan fiduciary net position - ending (b)	$ 4,985,579	$ 4,667,925	$ 4,364,471	$ 4,221,189	$ 4,003,227
Authority's net pension liability - ending (a) - (b)	$ 894,945	$ 871,553	$ 978,872	$ 832,517	$ 777,818
Plan fiduciary net position as a percentage of the total pension liability	84.78%	84.27%	81.68%	83.53%	83.73%
Covered payroll	$ 1,846,088	$ 1,709,207	$ 1,668,303	$ 1,529,547	$ 1,451,427
Authority's net pension liability as a percentage of covered payroll	48.48%	50.99%	58.67%	54.43%	53.59%

Schedule of Employer Contributions - VRS Pension Plan
Years Ended June 30, 2015 through June 30, 2024

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)
2024	$ 295,236	$ 295,236	$ -	$ 3,080,534	9.58%
2023	307,719	307,719	-	3,128,512	9.84%
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%

*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, 2022 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, 2021. 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, 2023

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)
2023	0.01328%	$ 159,269	$ 3,128,512	5.09%	69.30%
2022	0.01260%	151,355	2,733,831	5.54%	67.21%
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, 2015 through June 30, 2024

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)
2024	$ 16,635	$ 16,635	$ -	$ 3,080,534	0.54%
2023	16,894	16,894	-	3,128,512	0.54%
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%

Notes to Required Supplementary Information
VRS Group Life Insurance (GLI) Plan
Year Ended June 30, 2024

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, 2022 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, 2021. 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

OTHER SUPPLEMENTARY INFORMATION

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Administrative Expenses - Allocated

Year Ended June 30, 2024

	Terminal	Parking	Total
Administrative Expenses:			
Payroll	$ 524,001	$ 92,471	$ 616,472
Dues and subscriptions	12,485	2,203	14,688
Education	2,509	443	2,952
Travel	40,759	7,193	47,952
Advertising promotion	616,236	108,747	724,983
Professional fees	146,182	25,797	171,979
Human Resource	24,212	4,273	28,485
Insurance	45,990	8,116	54,106
Office expense	49,014	8,650	57,664
Computer	134,109	23,666	157,775
Equipment lease	4,055	715	4,770
Utilities-phone	12,098	2,135	14,233
Storage facilities	3,903	689	4,592
Total	$ 1,615,553	$ 285,098	$ 1,900,651

STATISTICAL SECTION

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Statistical Section

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Financial Trends

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

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Revenue Capacity

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

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Operating Information

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

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

	2024	2023	2022	2021	2020
Operating revenues					
Airfield	$ 2,307,072	$ 1,787,446	$ 1,565,612	$ 1,295,744	$ 1,509,503
Terminal	3,692,666	2,463,271	2,161,802	1,436,837	2,186,106
Parking	4,296,437	3,571,752	3,129,817	1,414,966	3,388,989
Total operating revenues	$ 10,296,175	$ 7,822,469	$ 6,857,231	$ 4,147,547	$ 7,084,598
Nonoperating revenues					
Interest Income	$ 595,887	$ 76,961	$ 20,990	$ 11,460	$ 28,203
Other income	-	50,330	5,300	45,281	8,455
PFC debt service income	-	-	-	-	-
COVID and state grants	101,664	309,835	5,057,854	5,804,271	3,210,980
State entitlement reimbursements	-	-	-	-	-
Total nonoperating revenues	$ 697,551	$ 437,126	$ 5,084,144	$ 5,861,012	$ 3,247,638
Total Revenues	$ 10,993,726	$ 8,259,595	$ 11,941,375	$ 10,008,559	$ 10,332,236
Operating expenses					
Operations	$ 6,947,592	$ 6,403,186	$ 5,344,514	$ 4,701,220	$ 5,475,834
Administrative	1,900,651	2,232,017	1,639,324	1,600,153	1,655,187
Depreciation & amortization	5,129,206	5,009,242	4,736,755	4,547,117	4,621,108
Total operating expenses	$ 13,977,449	$ 13,644,445	$ 11,720,593	$ 10,848,490	$ 11,752,129
Nonoperating expenses					
Rental Car QTA expenses	$ 183,980	$ 165,943	$ 149,962	$ 132,842	$ 157,018
Interest Expense	13,705	17,235	21,030	14,445	18,829
Airline Settlement	-	-	-	-	-
Other expenses	-	-	-	25,334	-
Total nonoperating expenses	$ 197,685	$ 183,178	$ 170,992	$ 172,621	$ 175,847
Total Expenses	$ 14,175,134	$ 13,827,623	$ 11,891,585	$ 11,021,111	$ 11,927,976
Capital Contributions	4,718,146	9,942,263	9,154,379	6,146,249	5,554,461
Increase (Decrease) in Net Position	$ 1,536,738	$ 4,374,235	$ 9,204,169	$ 5,133,697	$ 3,958,721
Net Position at Year-End					
Net investment in capital assets	$ 111,820,210	$ 113,242,543	$ 109,257,406	$ 105,334,494	$ 106,033,013
Restricted	18,100,950	16,329,602	13,843,605	12,287,335	11,635,927
Unrestricted	11,674,688	10,486,965	12,583,864	8,858,877	3,678,069
Total Net Position	$ 141,595,848	$ 140,059,110	$ 135,684,875	$ 126,480,706	$ 121,347,009

Source: Authority's audited financial statements.

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

	2019	2018	2017	2016	2015
Operating revenues					
Airfield	$ 1,632,799	$ 1,431,556	$ 1,328,090	$ 1,225,277	$ 1,024,898
Terminal	2,602,240	2,242,281	2,100,201	1,736,106	1,729,166
Parking	4,584,850	4,344,293	3,380,734	3,124,311	2,972,382
Total operating revenues	$ 8,819,889	$ 8,018,130	$ 6,809,025	$ 6,085,694	$ 5,726,446
Nonoperating revenues					
Interest Income	$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493
Other income	28,151	41,495	376,767	457,549	396,716
PFC debt service income	-	-	-	-	-
COVID and state grants	-	-	-	-	-
State entitlement reimbursements	190,000	285,000	50,000	50,000	150,000
Total nonoperating revenues	$ 245,363	$ 338,252	$ 431,385	$ 514,022	$ 555,209
Total Revenues	$ 9,065,252	$ 8,356,382	$ 7,240,410	$ 6,599,716	$ 6,281,655
Operating expenses					
Operations	$ 4,835,264	$ 3,761,085	$ 3,651,359	$ 3,426,074	$ 3,307,204
Administrative	1,679,472	1,511,545	1,421,002	1,340,086	1,135,760
Depreciation & amortization	4,390,045	4,009,552	4,093,426	3,741,700	3,508,608
Total operating expenses	$ 10,904,781	$ 9,282,182	$ 9,165,787	$ 8,507,860	$ 7,951,572
Nonoperating expenses					
Rental Car QTA expenses	$ 147,576	$ 139,384	$ 141,409	$ 142,076	$ 155,430
Interest Expense	84,967	123,528	142,697	157,167	202,983
Airline Settlement	-	-	-	370,725	417,921
Other expenses	-	38,198	-	-	139,539
Total nonoperating expenses	$ 232,543	$ 301,110	$ 284,106	$ 669,968	$ 915,873
Total Expenses	$ 11,137,324	$ 9,583,292	$ 9,449,893	$ 9,177,828	$ 8,867,445
Capital Contributions	5,709,064	11,257,329	5,523,173	7,677,697	4,995,034
Increase (Decrease) in Net Position	$ 3,636,992	$ 10,030,419	$ 3,313,690	$ 5,099,585	$ 2,409,244
Net Position at Year-End					
Net investment in capital assets	$ 101,715,374	$ 101,441,432	$ 92,837,835	$ 92,756,326	$ 90,453,841
Restricted	12,910,019	11,061,212	10,787,497	8,396,399	4,823,976
Unrestricted	2,762,895	1,248,652	249,545	(591,538)	183,785
Total Net Position	$ 117,388,288	$ 113,751,296	$ 103,874,877	$ 100,561,187	$ 95,461,602

Source: Authority's audited financial statements.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Cash flows from operating activities					
Cash received from providing services	$ 10,067,504	$ 7,890,593	$ 6,827,295	$ 4,115,396	$ 7,202,496
Cash paid to suppliers	(3,531,958)	(3,479,843)	(2,573,174)	(2,065,872)	(3,392,416)
Cash paid to and for employers	(4,998,960)	(5,133,614)	(4,642,763)	(3,870,419)	(4,115,226)
Net cash provided by (used for) operating activities	$ 1,536,586	$ (722,864)	$ (388,642)	$ (1,820,895)	$ (305,146)
Cash flows from noncapital financing activities					
COVID and state grants	$ 101,664	$ 5,971,554	$ 2,249,416	$ 4,987,245	$ 1,174,725
Net cash provided by (used for) noncapital financing activities	$ 101,664	$ 5,971,554	$ 2,249,416	$ 4,987,245	$ 1,174,725
Cash flows from investing activities					
Investment interest earned	$ 595,887	$ 76,961	$ 20,990	$ 11,460	$ 28,203
Net cash provided by (used for) investing activities	$ 595,887	$ 76,961	$ 20,990	$ 11,460	$ 28,203
Cash flows from capital and related financing activities					
Interest paid on debt	$ (10,554)	$ (14,375)	$ (17,344)	$ (15,503)	$ (23,953)
Acquisition of property and equipment	(645,055)	(1,960,246)	(4,572,312)	(1,064,379)	(850,144)
Disposal of property and equipment	-	-	-	45,281	54,544
Additions to construction in progress	(2,832,943)	(6,703,459)	(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	(369,155)	(365,335)	(361,630)	(273,513)	(400,234)
Additions to subscription liability	170,589	60,591	-	-	-
Subscription liability payments made	(30,309)	(30,282)	-	-	-
Debt issuance costs	-	-	-	(25,334)	-
PFC debt service income	-	-	-	-	-
State debt service reimbursement	-	-	-	-	-
Airline Settlement	-	-	-	-	-
Contributions from Virginia Department of Aviation	1,905,358	1,936,851	2,372,289	1,729,111	1,975,630
Contributions from Federal Aviation Administration	1,185,670	6,207,440	4,329,243	4,408,222	842,548
Contributions from others	-	50,330	96,000	-	-
Contributions from Passenger Facility Charge (PFC)	1,378,782	1,000,500	1,145,798	473,580	1,398,879
Contributions from Customer Facility Charge (CFC)	810,728	615,948	599,222	434,607	744,838
Net cash provided by (used for) capital and related financing activities	$ 1,563,111	$ 797,963	$ (134,460)	$ 778,152	$ (2,244,659)
Increase (decrease) in cash and cash equivalents for the year	$ 3,797,248	$ 6,123,614	$ 1,747,304	$ 3,955,962	$ (1,346,877)
Cash and cash equivalents at beginning of year (including restricted accounts)	26,732,140	20,608,526	18,861,222	14,905,260	16,252,137
Cash and cash equivalents at end of year (including restricted accounts)	$ 30,529,388	$ 26,732,140	$ 20,608,526	$ 18,861,222	$ 14,905,260

Source: Authority's Audited Financial Statements.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Cash flows from operating activities					
Cash received from providing services	$ 8,749,246	$ 7,971,550	$ 6,754,607	$ 6,065,731	$ 5,799,311
Cash paid to suppliers	(2,810,362)	(2,365,219)	(2,379,061)	(2,238,401)	(2,459,018)
Cash paid to and for employers	(3,859,031)	(2,935,243)	(2,780,550)	(2,696,738)	(2,411,806)
Net cash provided by (used for) operating activities	$ 2,079,853	$ 2,671,088	$ 1,594,996	$ 1,130,592	$ 928,487
Cash flows from noncapital financing activities					
COVID and state grants	$ -	$ -	$ -	$ -	$ -
Net cash provided by (used for) noncapital financing activities	$ -	$ -	$ -	$ -	$ -
Cash flows from investing activities					
Investment interest earned	$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493
Net cash provided by (used for) investing activities	$ 27,212	$ 11,757	$ 4,618	$ 6,473	$ 8,493
Cash flows from capital and related financing activities					
Interest paid on debt	$ (38,869)	$ (62,040)	$ (84,959)	$ (98,031)	$ (188,223)
Acquisition of property and equipment	(483,401)	(2,880,955)	(290,925)	(1,160,107)	(1,005,281)
Disposal of property and equipment	17,744	41,495	6,042	39,628	61,282
Additions to construction in progress	(3,613,684)	(8,434,867)	(2,387,834)	(7,270,584)	(3,381,858)
Long-term debt proceeds	-	-	-	1,597,000	15,000
Bridge Loans from VDOA	-	-	(213,986)	-	-
Debt service paid	(887,733)	(964,678)	(941,759)	(753,798)	(696,907)
Additions to subscription liability	-	-	-	-	-
Subscription liability payments made	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
PFC debt service income	-	-	-	-	-
State debt service reimbursement	190,000	285,000	50,000	50,000	150,000
Airline Settlement	-	-	-	-	-
Contributions from Virginia Department of Aviation	1,520,259	1,793,100	1,970,047	4,859,195	1,728,588
Contributions from Federal Aviation Administration	2,044,880	7,301,556	1,333,083	1,200,443	1,639,931
Contributions from others	15,549	31,257	(25,257)	-	-
Contributions from Passenger Facility Charge (PFC)	1,556,540	1,443,029	1,294,736	1,189,674	1,095,487
Contributions from Customer Facility Charge (CFC)	878,695	728,135	663,024	628,164	583,857
Net cash provided by (used for) capital and related financing activities	$ 1,199,980	$ (718,968)	$ 1,372,212	$ 281,584	$ 1,876
Increase (decrease) in cash and cash equivalents for the year	$ 3,307,045	$ 1,963,877	$ 2,971,826	$ 1,418,649	$ 938,856
Cash and cash equivalents at beginning of year (including restricted accounts)	12,945,092	10,981,215	8,009,389	6,590,740	5,651,884
Cash and cash equivalents at end of year (including restricted accounts)	$ 16,252,137	$ 12,945,092	$ 10,981,215	$ 8,009,389	$ 6,590,740

Source: Authority's Audited Financial Statements.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Principal Revenue Sources, Cost per Enplaned Passenger and
Scheduled Airline Rates and Charges
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
PRINCIPAL REVENUE SOURCES					
Airline revenues					
Landing Fees	$ 1,297,234	$ 705,229	$ 669,870	$ 420,380	$ 786,695
Terminal Rents	1,440,835	526,542	500,722	260,328	520,927
Total airline revenues	$ 2,738,069	$ 1,231,771	$ 1,170,592	$ 680,708	$ 1,307,622
Percentage of total revenues	25%	15%	10%	7%	13%
Nonairline revenues					
Parking	$ 4,296,437	$ 3,571,752	$ 3,129,817	$ 1,414,966	$ 3,388,989
Rental Car	1,397,694	1,233,583	1,097,975	682,027	936,467
Other	1,863,975	1,785,363	1,509,343	1,369,846	1,451,520
Total nonairline revenues	$ 7,558,106	$ 6,590,698	$ 5,737,135	$ 3,466,839	$ 5,776,976
Percentage of total revenues	69%	80%	48%	35%	56%
Nonoperating revenues					
Interest income	$ 595,887	$ 76,961	$ 20,990	$ 11,460	$ 28,203
COVID and state grants	101,664	309,835	5,103,358	5,804,271	3,210,980
Other income	-	50,330	5,300	45,281	8,455
Total nonoperating revenues	$ 697,551	$ 437,126	$ 5,129,648	$ 5,861,012	$ 3,247,638
Percentage of total revenues	6%	5%	43%	59%	31%
Total revenues	$ 10,993,726	$ 8,259,595	$ 12,037,375	$ 10,008,559	$ 10,332,236
Enplaned passengers (excluding charters)	330,418	275,002	261,826	135,632	282,282
Total revenue per enplaned passenger	$ 33.27	$ 30.03	$ 45.97	$ 73.79	$ 36.60
Airline cost per enplaned passenger	$ 8.29	$ 4.48	$ 4.47	$ 5.02	$ 4.63
SIGNATORY AIRLINES RATES AND CHARGES					
Landing Fee (per 1,000 lbs MGLW)	$ 3.39	$ 2.07	$ 2.07	$ 2.07	$ 2.07
Average Annual Terminal Rental Rate (per s. f.)	$ 77.26	$ 28.58	$ 27.17	$ 14.13	$ 28.27

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

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Principal Revenue Sources, Cost per Enplaned Passenger and
Scheduled Airline Rates and Charges
Last Ten Fiscal Years

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

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

Table 4

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Parking Rates Per Lot
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Short Term	$ 13	$ 13	$ 13	$ 13	$ 13	$ 13	$ 13	$ 10	$ 10	$ 10
Long Term	13	13	13	13	13	13	13	10	10	10
Economy	9	9	9	9	9	9	9	8	8	8
Overflow	9	9	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

	2024	2023	2022	2021	2020
NET REVENUES					
Operating Revenues	$ 10,296,175	$ 7,822,469	$ 6,857,231	$ 4,147,547	$ 7,084,598
Interest Income	595,887	76,961	20,990	11,460	28,203
Agency Reimbursements	-	-	-	-	-
Other Income***	101,664	360,165	5,060,154	5,849,552	3,219,435
Total Revenues	$ 10,993,726	$ 8,259,595	$ 11,938,375	$ 10,008,559	$ 10,332,236
Less: Operating Expenses	$ (8,848,243)	$ (8,635,203)	$ (6,983,838)	$ (6,301,373)	$ (7,131,021)
Federal Covid Relief Grant Funds	-	1,000,000	-	-	-
Adjusted Operating Expenses	$ (8,848,243)	$ (7,635,203)	$ (6,983,838)	$ (6,301,373)	$ (7,131,021)
Net Revenues	$ 2,145,483	$ 624,392	$ 4,954,537	$ 3,707,186	$ 3,201,215
Aggregate Debt Service**	$ 369,155	$ 365,335	$ 361,630	$ 215,346	$ 247,375
Debt Service Coverage***	5.81	1.71	13.70	17.22	12.94

Source: Authority's audited financial statements
*Portion of PFC Income allowed for debt coverage calculation
**Net of CFC Debt
*** In FY20, FY21, and FY22, Federal Grant Funds were received which reimbursed the Airport for eligible operating and maintenance expenses as well as debt service payments. In FY23, $1M of those funds received were used towards eligible operating and maintenance expenses.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Revenue Bond Debt Service Coverage
Last Ten Fiscal Years

	2019	2018	2017	2016	2015
NET REVENUES					
Operating Revenues	$ 8,819,889	$ 8,018,130	$ 6,809,025	$ 6,085,694	$ 5,726,446
Interest Income	27,212	11,757	4,618	6,473	8,493
Agency Reimbursements	190,000	285,000	50,000	50,000	150,000
Other Income***	28,151	41,495	6,042	39,628	61,282
Total Revenues	$ 9,065,252	$ 8,356,382	$ 6,869,685	$ 6,181,795	$ 5,946,221
Less: Operating Expenses	$ (6,514,736)	$ (5,272,629)	$ (5,072,361)	$ (4,766,160)	$ (4,442,964)
Federal Covid Relief Grant Funds	-	-	-	-	-
Adjusted Operating Expenses	$ (6,514,736)	$ (5,272,629)	$ (5,072,361)	$ (4,766,160)	$ (4,442,964)
Net Revenues	$ 2,550,516	$ 3,083,753	$ 1,797,324	$ 1,415,635	$ 1,503,257
Aggregate Debt Service**	$ 749,485	$ 849,907	$ 849,907	$ 673,249	$ 690,776
Debt Service Coverage***	3.40	3.63	2.11	2.10	2.18

Source: Authority's audited financial statements
*Portion of PFC Income allowed for debt coverage calculation
**Net of CFC Debt
*** In FY20, FY21, and FY22, Federal Grant Funds were received which reimbursed the Airport for eligible operating and maintenance expenses as well as debt service payments. In FY23, $1M of those funds received were used towards eligible operating and maintenance expenses.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Ratios of Outstanding Debt Service by Type
Last Ten Fiscal Years

	Bonds	Subscription Liability	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
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%	9.00	9.09
2023	2,015,448	30,309	-	2,045,757	-	2,045,757	4%	unavailable	6.19
2024	1,646,293	170,589	-	1,816,882	-	1,816,882	4%	unavailable	5.50

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	**2024**	***% Total***	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Avelo Airlines [1]	3,054	*0.8%*	2,633	-	-	-	-	-	-	-	-
US Airways	-	-	-	-	-	-	-	-	-	133,784	129,395
Delta Airlines	155,706	*40.7%*	146,347	109,699	56,761	117,203	136,055	106,677	83,132	69,637	68,952
United Express	67,933	*17.8%*	39,381	57,849	41,270	58,497	72,884	53,694	36,353	33,114	36,225
American Airlines	155,897	*40.7%*	152,328	156,064	105,099	205,608	245,067	241,327	244,981	58,609	44,517
Total	382,590		340,689	323,612	203,130	381,308	454,006	401,698	364,466	295,144	279,089

Percentage increase/decrease FY 2023/FY 2022: 18.2%

Source: Airport Authority Records

[1]Avelo Airlines began service in May 2023

Table 8

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Enplaned Passengers

Last Ten Fiscal Years

	2024	*% of Total*	2023	2022	2021	2020	2019	2018	2017	2016	2015
Avelo Airlines[2]	2,023	*1%*	2,216	-	-	-	-	-	-	-	-
USAirways[1]	-	-	-	-	-	-	-	-	-	-	121,400
Delta Airlines	128,554	*39%*	113,414	82,979	33,826	83,620	111,172	96,247	84,332	75,266	69,385
United Express	62,147	*19%*	33,030	49,629	25,097	42,056	60,370	46,608	31,761	30,533	30,925
American Airlines	137,694	*42%*	126,342	129,218	76,709	156,606	206,899	206,067	199,006	180,231	39,921
Total	330,418		275,002	261,826	135,632	282,282	378,441	348,922	315,099	286,030	261,631
% Incr/(Dec)	20%		5%	93%	-52%	-25%	8%	11%	10%	9%	10%

Source: Airport Authority records

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

[2]Avelo Airlines began in May 2023

Table 9

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

Fiscal Year	Air Carrier	General Aviation	Military	Total
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
2023	29,756	77,974	13,392	121,122
2024	32,807	80,719	13,799	127,325
Average Annual Change	5.62%	5.87%	10.46%	6.22%

Source: Airport Authority records

Table 10

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Top 50 Origin Destination Markets

Year Ended Quarter 2 2024				Year Ended Quarter 2 2015			
Rank	**Airport Code**	**City**	**Total Passengers**	**Rank**	**Airport Code**	**City**	**Total Passengers**
1	LGA	New York City - LaGuardia	51,647	1	ORD	Chicago (O'Hare)	39,036
2	ATL	Atlanta	25,958	2	ATL	Atlanta	27,560
3	ORD	Chicago - Ohare	18,689	3	LGA	New York (LGA)	22,191
4	MCO	Orlando	12,943	4	CLT	Charlotte	19,731
5	BOS	Boston	11,560	5	SFO	San Francisco	17,123
6	CLT	Charlotte	10,320	6	DEN	Denver	15,928
7	DEN	Denver	9,618	7	DFW	Dallas/Fort Worth	14,995
8	SFO	San Francisco	9,519	8	LAX	Los Angeles	13,367
9	LAX	Los Angeles	8,902	9	BOS	Boston	11,415
10	AUS	Austin	7,694	10	MCO	Orlando	10,780
11	DFW	Dallas	7,290	11	IAH	Houston	10,614
12	IAH	Houston	7,123	12	TPA	Tampa	10,386
13	TPA	Tampa	6,732	13	SEA	Seattle/Tacoma	9,470
14	PHX	Phoenix	6,273	14	PHX	Phoenix	8,390
15	MIA	Miami	5,705	15	SAN	San Diego	7,744
16	PBI	West Palm Beach	5,329	16	MSY	New Orleans	7,658
17	BNA	Nashville	5,275	17	AUS	Austin	7,143
18	MSY	New Orleans	5,194	18	FLL	Ft. Lauderdale	6,699
19	SEA	Seattle	5,190	19	MSP	Minneapolis/St. Paul	6,511
20	SAN	San Diego	5,168	20	PBI	West Palm Beach	6,171
21	MSP	Minneapolis	5,105	21	BNA	Nashville	5,967
22	LAS	Las Vegas	4,261	22	MIA	Miami	5,875
23	FLL	Fort Lauderdale	4,112	23	RSW	Fort Myers	5,544
24	JAX	Jacksonville	3,945	24	STL	St. Louis	5,447
25	MCI	Kansas City	3,937	25	DTW	Detroit	5,366
26	SLC	Salt Lake City	3,837	26	JAX	Jacksonville	5,229
27	STL	St Louis	3,805	27	PHL	Philadelphia	5,216
28	RSW	Fort Myers	3,645	28	LAS	Las Vegas	5,145
29	IND	Indianapolis	3,525	29	SLC	Salt Lake City	5,144
30	SAT	San Antonio	3,499	30	MCI	Kansas City	4,944
31	CHS	Charleston	3,097	31	SAT	San Antonio	4,761
32	IAD	Washington, DC - Dulles	3,093	32	MKE	Milwaukee	4,514
33	PDX	Portland	2,916	33	PDX	Portland	4,297
34	DTW	Detroit	2,830	34	IND	Indianapolis	4,277
35	MEM	Memphis	2,750	35	BDL	Hartford/Springfield	3,979
36	SRQ	Sarasota	2,664	36	PVD	Providence	3,281
37	MKE	Milwaukee	2,513	37	BHM	Birmingham	3,239
38	BHM	Birmingham	2,495	38	EWR	New York (EWR)	3,176
39	BDL	Hartford	2,170	39	CHS	Charleston	3,111
40	PWM	Portland	2,017	40	SRQ	Sarasota/Bradenton	2,981
41	OMA	Omaha	1,993	41	MEM	Memphis	2,860
42	GRR	Grand Rapids	1,897	42	ABQ	Albuquerque	2,393
43	SAV	Savannah	1,852	43	OMA	Omaha	2,256
44	SNA	John Wayne Airport, CA	1,811	44	PWM	Portland	2,254
45	PNS	Pensacola	1,756	45	CMH	Columbus	2,131
46	CUN	Cancun	1,751	46	OKC	Oklahoma City	2,043
47	PVD	Providence	1,742	47	MSN	Madison	2,028
48	PHL	Philadelphia	1,631	48	TUS	Tucson	1,971
49	OKC	Oklahoma City	1,604	49	SNA	Orange County	1,855
50	ABQ	Albuquerque	1,591	50	ALB	Albany	1,837
	Total - Top 50 Domestic Markets		309,973		Total - Top 50 Domestic Markets		386,032
	Other destinations		84,361		Other destinations		81,390
	Total - All Domestic Markets		394,334		Total - All Domestic Markets		467,422

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Acres[4] (+/-):	779	779	779	713	713	713	713	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	20,038	20,038	25,294	25,353
Rental Car - sq. ft.	660	660	660	660	660	660	660	660	270	270
Tailwind - sq. ft.	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,500	1,600
TSA - sq. ft.	725	725	725	725	725	725	496	496	496	496
Total	24,213	24,213	24,213	24,213	24,213	24,213	23,984	23,984	28,560	27,719
# 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	3	3	4	4	4
# of Rental Car Agencies in Terminal[8]	3	2	2	2	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	743	743	748	748
Economy	220	220	220	220	220	132	132	132	132	132
Overflow[1]	439	439	439	439	439	196	196	196	216	-
Small GA Lot[2]	-	-	-	-	-	65	65	65	65	-
Rental Cars/Tenant	295	295	295	295	295	303	303	303	303	303
Employee Lot[1]	69	69	69	69	69	146	146	146	146	175
Total	1,874	1,874	1,874	1,874	1,874	1,693	1,693	1,693	1,718	1,466
Employees:										
Administrative	11	12	11	11	12	12	10	9	7	7
Public Safety	10	10	10	9	10	11	6	7	8	8
Maintenance	10	10	15	13	12	12	7	7	7	7
Operational Facility Assts/CSO	1	1	2	2	2	2	2	2	2	-
Parking	9	9	10	9	10	10	9	9	8	8
Custodians	6	6	-	-	-	-	-	-	-	-
Equipment Technician	-	-	1	1	1	1	1	1	1	1
Total f/t employees (2080) hrs. per yr.	47	48	49	45	47	48	35	35	33	31
Hangars:										
T-Hangar Units	4	4	4	4	4	4	4	4	4	4
Conventional Units[6]	6	6	6	6	6	6	6	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. In May 2022, the Authority purchased 66 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

	2023	% Change 2023/2022	2022	2021	2020
City of Charlottesville	51,132	*-0.3%*	51,278	51,079	49,447
County of Albemarle	116,148	*0.6%*	115,495	114,424	110,545
County of Greene	21,370	*1.0%*	21,165	21,030	20,323
County of Fluvanna	28,214	*1.3%*	27,843	27,556	27,202
County of Madison	14,026	*0.1%*	14,017	13,871	13,342
County of Nelson	14,713	*-0.7%*	14,813	14,820	14,904
Total	245,603	*0.4%*	244,611	242,780	235,763

Unemployment Rate [2, 4] Fiscal Years Ended June 30

	2024	% Change 2024/2023	2023	2022	2021
City of Charlottesville	2.0	*-25.9%*	2.7	3.0	2.8
County of Albemarle	2.7	*-3.6%*	2.8	2.3	2.1
County of Greene	2.6	*0.0%*	2.6	2.0	1.9
County of Fluvanna	2.5	*0.0%*	2.5	2.2	2.2
County of Madison	2.4	*0.0%*	2.4	1.8	1.6
County of Nelson	2.7	*-3.6%*	2.8	2.4	2.2

Total Personal Income [3] Fiscal Years Ended June 30

	2023	% Change 2023/2022	2022	2021	2020
Albemarle/Charlottesville[4]	16,545,814	*8.4%*	15,268,638	14,081,401	12,230,910
County of Greene	1,187,734	*7.5%*	1,105,238	1,056,833	977,817
County of Fluvanna	1,634,351	*8.3%*	1,509,187	1,457,667	1,328,328
County of Madison	851,333	*6.0%*	803,253	777,051	687,012
County of Nelson	999,787	*6.7%*	937,412	929,771	824,342
	21,219,019	*8.1%*	19,623,728	18,302,723	16,048,409

Per Capita Income [3] Fiscal Years Ended June 30

	2023	% Change 2023/2022	2022	2021	2020
Albemarle/Charlottesville[4]	102,987	*8.0%*	95,359	88,214	77,606
County of Greene	55,760	*6.0%*	52,593	50,316	48,573
County of Fluvanna	57,422	*7.0%*	53,675	52,440	48,440
County of Madison	60,259	*5.1%*	57,342	55,675	51,608
County of Nelson	67,990	*7.0%*	63,566	62,661	55,869
	344,418	*6.8%*	322,535	309,306	282,096

[1] Source: Weldon Cooper Center for Public Service (July 1, 2022 estimates published on January 30, 2023)

[2] Source: U.S. Bureau of Labor Statistics June 2023 (Charlottesville only)

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

[4] Virginia Works (For all except City of Charlottesville June 2023)

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY
Demographic Information

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

	2019	2018	2017	2016	2015	2014
City of Charlottesville	49,181	49,281	49,132	49,071	48,210	47,783
County of Albemarle	109,722	108,639	107,697	105,715	105,051	103,707
County of Greene	20,097	19,959	19,985	19,785	19,840	19,618
County of Fluvanna	27,038	26,692	26,467	26,133	26,162	25,970
County of Madison	13,251	13,278	13,190	13,099	13,099	13,353
County of Nelson	14,794	14,836	14,858	14,835	14,993	15,074
Total	234,083	232,685	231,329	228,638	227,355	225,505

Unemployment Rate [2, 4] Fiscal Years Ended June 30

	2020	2019	2018	2017	2016	2015
City of Charlottesville	9.0	2.8	2.3	3.6	3.5	4.5
County of Albemarle	7.5	2.8	2.5	3.7	3.7	4.7
County of Greene	7.5	2.5	2.3	3.3	3.1	4.3
County of Fluvanna	7.4	2.5	2.3	3.2	3.3	4.3
County of Madison	5.0	2.4	2.2	3.1	3.3	4.0
County of Nelson	7.5	3.2	2.7	3.8	3.5	4.5

Total Personal Income [3] Fiscal Years Ended June 30

	2019	2018	2017	2016	2015	2014
Albemarle/Charlottesville[4]	12,160,701	11,702,008	10,531,351	9,981,222	9,182,721	8,795,194
County of Greene	922,167	877,858	844,388	798,762	760,363	701,736
County of Fluvanna	1,237,266	1,197,011	1,141,266	1,078,644	1,040,445	967,881
County of Madison	644,173	649,082	624,316	631,172	574,042	541,990
County of Nelson	765,863	752,436	720,555	695,591	666,135	629,685
	15,730,170	15,178,395	13,861,876	13,185,391	12,223,706	11,636,486

Per Capita Income [3] Fiscal Years Ended June 30

	2019	2018	2017	2016	2015	2014
Albemarle/Charlottesville[4]	77,657	74,613	67,630	64,938	60,294	58,603
County of Greene	46,529	44,383	43,055	41,320	39,681	36,873
County of Fluvanna	45,334	44,693	43,145	41,218	39,659	37,095
County of Madison	48,577	48,822	47,022	48,152	43,775	41,194
County of Nelson	51,297	50,717	48,220	46,700	45,055	42,403
	269,394	263,228	249,072	242,328	228,464	216,168

[1] Source: Weldon Cooper Center for Public Service (July 1, 2022 estimates published on January 30, 2023)

[2] Source: U.S. Bureau of Labor Statistics June 2023 (Charlottesville only)

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

[4] Virginia Works (For all except City of Charlottesville June 2023)

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

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

	As of 2nd Quarter 2024		As of 2nd Quarter 2015
1.	University of Virginia / Blue Ridge Hospital	1.	University of Virginia / Blue Ridge Hospital
2.	County of Albemarle	2.	University of Virginia Medical Center
3.	Wal Mart	3.	County of Albemarle
4.	Sentara Healthcare	4.	Martha Jefferson Hospital
5.	UVA Health Services Foundation	5.	City of Charlottesville
6.	City of Charlottesville	6.	State Farm Mutual Automobile Insurance
7.	Louisa County Public School Board	7.	UVA Health Services Foundation
8.	Charlottesville City School Board	8.	Charlottesville City School Board
9.	Dominion Virginia Power	9.	U.S. Department of Defense
10.	U.S. Department of Defense	10.	Fluvanna County Public School Board
11.	Food Lion	11.	Walmart
12.	Fluvanna County Public School Board	12.	Lakeland Tours
13.	Crutchfield Corporation	13.	Food Lion
14.	Servicelink Management Com Inc	14.	Region Ten Community Services
15.	Aramark Campus LLC	15.	Servicelink Management Com Inc.
16.	Mmr Constructors Inc	16.	Wintergreen Resort
17.	Region Ten Commuinty Services	17.	Northrop Grumman Corporation
18.	Greene County School Board	18.	Greene County School Board
19.	Lowes' Home Centers, Inc	19.	Piedmont Virginia Community College
20.	Wintergreen Resort	20.	SNL Security LP
21.	Piedmont Virginia Community College	21.	Troy Construction, LLC.
22.	Klockner Pentaplast America	22.	Aramark Campus
23.	Rmc Events	23.	Atlantic Coast Athletic Club
24.	Northrop Grumman Corporation	24.	Nelson County School Board
25.	Nelson County School Board	25.	Buckingham County School Board
26.	Postal Service	26.	Assoc. for Investment Management
27.	Atlantic Coast Athletic Club	27.	Kroger
28.	Boar's Head Inn	28.	GE Fanuc Automation North Corporation
29.	Morrison Crothall Support	29.	Crutchfield Corporation
30.	Wegmans Store #07	30.	Thomas Jefferson Memorial
31.	State Farm Mutual Automobile Insurance	31.	Postal Service
32.	County of Louisa	32.	Buckingham Correctional Center
33.	Thomas Jefferson Memorial	33.	Harris Teeter Supermarket
34.	Farmington Country Club	34.	Fluvanna Correctional Center
35.	Fluvanna Correctional Center	35.	Boar's Head Inn
36.	ADP Totalsource Co XXII Inc		
37.	Westminster Canterbury of the Blue Ridge		
38.	Kroger		
39.	McDonald's		
40.	Assoc for Investment Management		
41.	Harris Teeter Supermarket		
42.	Crown Orchard Company		
43.	Integrity Cleaning Service LLC		
44.	Pharmaceutical Research Association		
45.	U.P.S		
46.	Historic Hotels of Albema		
47.	Faulconer Construction Company		
48.	VDOT		
49.	WillowTree Apps		
50.	Three Notch'd Brewing Company		

[(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, 6/6/2024

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, 2024, 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 November 21, 2024.

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 or significant deficiencies may exist that were not 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.

Charlottesville, Virginia
November 21, 2024

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Passenger Facility Charge (PFC) Program

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

Report on Compliance for the Passenger Facility Charge Program

Opinion on 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 *Passenger Facility Charge Audit Guide for Public Agencies (Guide),* issued by the Federal Aviation Administration, that could have a direct and material effect on the Commission's Passenger Facility Charge Program for the year ended June 30, 2024.

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 its passenger facility charge program for the year ended June 30, 2024.

Basis for Opinion on 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 Guide. Our responsibilities under those standards 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 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 passenger facility charge program.

Auditors' Responsibility 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,* 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 the passenger facility charge program.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* 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 Guide, 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 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 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 the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

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 Guide. Accordingly, this report is not suitable for any other purpose.

Schedule of Passenger Facility Charge Program Receipts and Expenditures

We have audited the financial statements of the Charlottesville-Albemarle Airport Authority as of and for the year ended June 30, 2024, and have issued our report thereon dated November 21, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying Schedule of Passenger Facility Charge Program Receipts and Expenditures for the year ended June 30, 2024, is presented for the purpose of additional analysis as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 and is not a required part of the financial statements referred to above. The Schedule of Passenger Facility Charge Program Receipts and Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charge Program Receipts and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Charlottesville, Virginia
November 21, 2024

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Passenger Facility Charge Program Receipts and Expenditures
For Each Quarter During the Year Ended June 30, 2024

	1st Quarter Ended Sept 2023	2nd Quarter Ended Dec 2023	3rd Quarter Ended March 2024	4th Quarter Ended June 2024	Year End Total
Receipts					
Passenger facility charges collected	$ 323,344	$ 342,915	$ 279,601	$ 359,418	$ 1,305,278
Interest credited	11,403	19,822	19,865	22,415	73,505
Total Receipts	$ 334,747	$ 362,737	$ 299,466	$ 381,833	$ 1,378,783
Expenditures					
PFC application 24 (19-24-C-00-CHO):					
Inbound and Outbound Bag Belt	$ 21,464	$ 209,376	$ 139,405	$ -	$ 370,245
Escalator Replacements	198,855	-	-	-	198,855
Airline Ticket Counter Rehab	12,950	5,950	5,327	-	24,227
Terminal Area Study	-	9,700	-	-	9,700
Total Application 24	$ 233,269	$ 225,026	$ 144,732	$ -	$ 603,027
Total Expenditures	$ 233,269	$ 225,026	$ 144,732	$ -	$ 603,027
Net Passenger Facility Charges Receipts and Expenditures	$ 101,478	$ 137,711	$ 154,734	$ 381,833	$ 775,756
Unexpended passenger facility charges as of June 30, 2023					$ 2,031,807
Unexpended passenger facility charges as of June 30, 2024					$ 2,807,563

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, 2024

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.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Summary Schedule of Prior Audit Findings
Passenger Facility Charge Program
Year Ended June 30, 2024

There were no Passenger Facility Charges findings reported.