Board of Commissioners
Meeting Packet

Thursday, November 21, 2024, 1:00 p.m.

2024

Norfolk Airport Authority

NORFOLK INTERNATIONAL AIRPORT

2200 Norview Avenue
NAA Board Room
Norfolk, Virginia 23518
(757) 857-3351

Peter G. Decker III, Esquire Chair

Mark A. Perryman, Assoc. AIA, President & CEO and Board Secretary

Norfolk Airport Authority

Board of Commissioners Meeting
Thursday, November 21, 2023
Lunch: 12:30 p.m.
Meeting: 1:00 p.m.

AGENDA

1. **CALL TO ORDER**

2. **APPROVAL OF PREVIOUS BOARD MEETING MINUTES**
   - Thursday, September 26, 2024

3. **PUBLIC COMMENTS**

4. **CEO & STAFF REPORT**

5. **NAA BOC CHAIR REPORT**

6. **COMMITTEE REPORTS**
   - None

7. **OLD BUSINESS**
   - None

8. **CLOSED MEETING**

9. **NEW BUSINESS**
   - Acceptance of Annual Financial Statements
   - Approval of Updated Air Service Development Policy

10. **ADJOURNMENT**

Norfolk Airport Authority

Board of Commissioners Meeting Minutes Thursday, September 26, 2024, 1:00 pm.

The Norfolk Airport Authority (NAA) Board of Commissioners Meeting was held on Thursday, September 26, 2024, at the Norfolk International Airport (NIA), in the NAA Board Room, Main Passenger Terminal. Peter Decker, III Chair presided.

Commissioners' Present:	Peter G. Decker III, Esquire, Chair Susan C. Pilato, Vice-Chair Michael B. Burnette, Treasurer Mel Price Peggy H. Newby, RN, BSN, CAOHC, CPC-A Bruce B. Smith Charles 'Chip' W. Rock, Rear Admiral, USN, Retired (virtually) Evans Poston
Commissioners Absent:	Joel English
Staff Present:	Anthony Rondeau, Executive Vice President & Chief Development Officer Chris Jones, Chief Marketing & Communications Officer Jarred M. Roenker, CPA, Vice President & Chief Financial Officer Mark A. Perryman, Assoc. AIA, President & CEO & Board Secretary Mark A. Trank, Senior Vice President & General Counsel Shannon Day, Administration Office Supervisor Shelia D. Ward, Ph.D., Vice President & Chief Operations Steven C. Sterling, Executive Vice President & Chief of Staff & Board Assistant Secretary
Others Present:	Susan Sheaffer, Marketing/Media Manager (Staff of the Day)

Welcome and call to Order, Susan C. Pilato (Vice-Chair);

Susan C. Pilato, Vice-Chair, determined that a quorum was present and called the meeting to order at 1:03 pm.

REGULAR AGENDA

Approval of Minutes;

Chair Decker entertained a motion by Commissioner Burnette to approve the minutes of the Board meeting held on July 25, 2024, which motion was seconded by Commissioner Newby and then unanimously approved.

Public Comments:

None

CEO Report Mark A. Perryman. President & CEO;

Mr. Perryman's presentation is attached.

Featured NAA Staff of the Day:

Mr. Jones introduced Susan Sheaffer, Marketing/Media Manager.

Board Chair Report:

Chair Decker acknowledged President and CEO Mark Perryman's Visit Norfolk "Tourism Works Award Winner" for 2024. He also thanked Commissioner Bruce Smith for his involvement in bringing Fight Night back to the Scope. Chair Decker also congratulated the Airport for its great work, reflected in the growth in passenger traffic at ORF, which is fantastic.

Committee Reports:

Finance and Audit Committee:

- Authority operating expenses are under budget and revenues are ahead of budget.

Facilities Development Committee:

- Runway 5/23 Rehabilitation
    - Concrete extensions to be completed in two phases
    - Estimated cost of construction is $40 million for both phases of construction
- Moving Walkways
    - Construction – August 2024 – February 2025
    - BIL ATP funds will pay for 80% of the construction cost

- Interior Wayfinding
    - Contract Awarded to W.M. Jordan
    - Anticipated schedule
        - Kicked off September 19th
        - 3 months mockups
        - 6 months construction
    - Estimated cost - $3.0 Million
- Park & Wait Lot
    - New 80 space Park & Wait Lot
    - Cost $1.19 Million
    - Construction started February 2024
    - Completion December 2024
- Alpha Concourse Gate Expansion
    - 3 Hold rooms/Gates/New Restrooms/Pet Relief Area
    - Estimated Cost $30 Million
    - Groundbreaking June 10, 2024
    - Completion December 2025
- CBP International Arrivals Facility
    - Estimated Cost $30 Million
        - $3.0 million Congressionally directed spending (CDS)
        - $6.0 million BILATP grant received
    - Groundbreaking June 10, 2024
    - Completion December 2025
- Airport Hotel
    - Negotiations complete
        - Contract signed
        - Due diligence complete
    - Working with City on TDFP map amendment
    - Groundbreaking Winter 2024/2025
    - Completion Summer 2026
- Terminal Development
    - Project scope
        - Linear Ticket Lobby
        - Consolidated Checked Bag inspection
        - Expanded Baggage make up area
        - New shipping and receiving area
        - Consolidated TSA Checkpoint
    - Earliest possible schedule
        - CMaR under contract Summer 2025
        - Construction starts Summer of 2026
        - Construction completed by end of 2028

Old Business: Motion to Increase FY25 Capital Budget by $8.0 Million

- Request to increase the capital budget to supplement the previously approved ConRAC Design Development expenses

- Providing additional funding approval at this time will shorten the project delivery schedule by approximately nine months
- The additional budget requested will fund preconstruction phases services by the Construction Manager and completion of construction documents by the design team
- The Construction Manager will use the construction documents to provide a Guaranteed Maximum Price of construction for the ConRAC
- Construction is not expected to start until September 2025 and therefore construction funding will be requested during the FY26 budget process

Commissioner Price moved to approve the recommended $8.0 million increase in the FY25 Capital budget for the reasons stated by staff, seconded by Commissioner Poston. The motion was approved unanimously.

Closed Meeting {1:38 p.m.}:

Vice-Chair Pilato read the following motion that the Board of the Norfolk Airport Authority convene in a closed meeting pursuant to Section 2.2-3711. A. of the Code of Virginia under:

> ***subsection 3 –*** *to discuss the acquisition of real property for a public purpose, or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority;*
> ***subsection 8 –*** *to consult with staff and the Authority's legal counsel regarding specific matters involving a state environmental permit, and requiring the provision of legal advice by such counsel; and*
> ***subsection 29*** *- to discuss interlocal agreements involving the Authority and the expenditure of public funds, and discussion of the terms or scope of such agreements, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.*

Commissioner Poston moved for adoption of the motion and Commissioner Burnette seconded the motion, and the vote to approve was unanimous. Following the vote, the Authority convened in a closed meeting.

Reconvene Open Meeting {2:30 p.m.}:

Following the closed meeting, Chair Decker reconvened the open meeting. Commissioner Price moved for the adoption of the following Resolution and Certification:

> *Now, therefore, be it resolved that the Board of the Norfolk Airport Authority hereby certifies that to the best of each Commissioner's knowledge (i) only public business matters lawfully exempted from open meeting requirements under the Virginia Code, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the closed meeting.*

Chair Decker seconded the motion. The motion was approved by roll call vote as follows:

Commissioner	Vote	Commissioner	Vote
Bruce Smith	√	Susan Pilato	√
Mel Price	√	Peter Decker	√
Peggy Newby	√	Evans Poston	√
Charles Rock (Virtually)	√	Michael Burnette	√

New Business:

General Counsel Mark A. Trank read a Resolution Approving the Selection of Towne Bank as the New Financial Institution for the Authority, Designating Certain Employees with Authorization to Sign Checks and Approve Electronic Payments Against the Authority's Bank Accounts, and Authorizing the President and Chief Executive Officer to Negotiate and Execute a Mutually Acceptable Agreement and Other Documents with TowneBank.

The Board unanimously approved the Resolution.

President/CEO Perryman introduced and presented the Annual PFM Investment Report.

Adjournment {2:39 pm}:

There being no further business, Chair Decker moved that the meeting adjourn.
Commissioner Price seconded the motion, which was unanimously approved. The next meeting is scheduled for Thursday, November 21, 2024, at 1:00 pm.

Peter G. Decker III, Esquire
Chair

Mark A. Perryman, Assoc. AIA
President & CEO and Board Secretary

In the Community

Oct. 4, 11 – Sentara 3D Mobile Mammography screenings offered onsite at ORF

Oct. 12 – Community drive-in movie night near airfield – “Disney’s *Planes* by the Planes”

Oct. 12 – Official gameday sponsor of Norfolk State University football

Oct. 16 – *Inside Business* Top 40 Under 40 recognition for CFO Jarred Roenker

Oct. 26 – Children’s STEM event at Virginia Science Center with NAA Police

Oct. 26 – Chaired holiday travel panel at ACI-NA Marketing/Communications Conference

Oct. 27 – NAA Police participated in charity plane pull for Mission: POW-MIA

Oct. 31 – Completion of monthlong Breast Cancer Awareness Fundraiser by Dispatch staff

Nov. 5 – Girls in Aviation Day led by ORF Operations

Nov. 7 – TSA media event at ORF to raise awareness of prohibited items

Nov. 11 – Veterans Day luncheon with guest speaker U.S. Navy Capt. Janet Days

Nov. 12 – Transform ORF presentation to Virginia Beach City Council

Nov. 14 – Hampton Roads Chamber BRAVO! Leadership award for Mark Perryman

Nov. 18-22 – Supporting NASA test flights for research into sustainable aviation fuel

ORF

NORFOLK AIRPORT AUTHORITY

Financial Statements
For the Period Ended
September 30, 2024

Norfolk Airport Authority
Norfolk International Airport
Statement of Revenues and Expenses
September 30, 2024

	Current Month Amount	YTD Actual Amount	Prior YTD Amount	Variance YTD / Prior YTD
Operating Revenues				
Parking	2,465,249	7,708,493	6,449,538	1,258,955
Rental Cars	694,485	2,790,113	2,876,416	(86,303)
Landing Fees	996,970	3,140,425	2,822,131	318,294
Rent	1,544,496	4,693,814	4,026,776	667,038
Concessions	597,040	1,953,920	1,679,670	274,250
Other	21,765	70,000	66,521	3,479
Total Operating Revenues	6,320,005	20,356,765	17,921,052	2,435,713
Operating Expenses				
Salaries, wages and Benefits	1,987,897	6,591,342	5,838,037	753,305
Advertising and promotion	60,926	141,632	183,851	(42,219)
Utilities	241,281	831,896	931,907	(100,011)
Insurance	94,798	309,156	289,795	19,361
Payment to City of Norfolk	220,800	662,800	662,500	300
Stormwater and Sanitation	26,586	214,847	314,221	(99,374)
Professional Services	70,358	175,409	148,156	27,253
Maintenance and Repairs	273,494	690,913	659,481	31,432
Administrative Expenses	85,295	244,140	209,237	34,903
Services	546,747	1,507,668	1,106,072	401,596
Other	24,815	90,829	-	90,829
Total Operating Expenses	3,632,997	11,460,632	10,343,257	1,117,375
Operating Income	2,687,008	8,896,133	7,577,795	1,318,338
Non-operating other revenue (expenses):				
Federal grant revenues	8,670,471	8,670,471	8,745,597	(75,126)
State Grant Revenues	-	-	-	-
Passenger facility charges	687,224	1,686,192	2,432,391	(746,199)
Customer facility charges	630,135	2,093,218	973,492	1,119,726
State grant interest income	31,901	105,013	164,277	(59,264)
PFC interest income	2,251	9,711	57,148	(47,437)
Offsite Rentals	34,346	102,739	83,559	19,180
Interest income	408,400	1,214,431	660,136	554,295
Interest expense	(278,671)	(836,012)	(885,276)	49,264
Net Non-Operating Income	10,186,057	13,045,763	12,231,324	814,439
Net Income before Depreciation	12,873,065	21,941,896	19,809,119	2,132,777
Depreciation	1,500,000	4,500,000	4,200,000	300,000
Net Change	11,373,065	17,441,896	15,609,119	1,832,777

Norfolk Airport Authority
Budget Variance Analysis
For the Three Months ended September 30, 2024

Operating Revenue - ahead of budget (favorable) by $1,684,266 or 9.0%

- Parking - ahead of budget by $540,993 or 7.5% due to seasonality and growth in hourly lot revenue.
- Rental Cars - ahead of budget by $362,613 or 14.9% due to seasonality and higher customer usage of rental cars.
- Landing Fees - ahead of budget by $194,175 or 6.6% due to seasonality. Landing fees will be trued up at the end of year reconciliation.
- Rent - ahead of budget by $163,813 or 3.6% due to stronger than expected usage of common use gates.
- Concessions - ahead of budget by $420,921 or 27.5% due to better than expected food sales, FBO revenues, and rideshare usage.
- Other - ahead of budget by $1,751 or 2.6%.

Operating Expense - ahead of budget (favorable) by $1,121,406 or 8.9%

- Salaries, wages and benefits - under budget by $599,986 or 8.4% due to open positions.
- Advertising and promotions - under budget by $157,618 or 52.7% due to timing of advertising.
- Utilities - under budget by $114,637 or 12.1% due to seasonality.
- Insurance - under budget by $3,344 or 1.1% due to insurance rate changes.
- Payment to City of Norfolk - over budget by -$300 or 0.0%.
- Stormwater and Sanitation - under budget by $112,653 or 34.4% due to our reduced stormwater payment initiative.
- Professional Services - under budget by $8,341 or 4.5% due to timing of services used.
- Maintenance and Repairs - under budget by $237,199 or 25.6% due to lower necessary maintenance requirements.
- Administrative Expenses - under budget by $34,230 or 25.9% due to lower education and tuition expenses.
- Supplies - under budget by $39,689 or 18.7% due to lower usage.
- Services - over budget by -$261,506 or -21.0% due to increased credit card processing fees with higher parking revenues and waste disposal fees

Operating Income - ahead of budget (favorable) by $2,805,672 or 46.1%

Norfolk Airport Authority
Budget vs Actual
For the Three Months Ended 09/30/2024

	YTD Actual	YTD Budget	Favorable (Unfavorable)	Percent
Parking				
Parking Lots	7,537,153	7,000,000	537,153	7.7%
Employee Parking	171,340	167,500	3,840	2.3%
Parking	7,708,493	7,167,500	540,993	7.5%
Rental Cars	2,790,113	2,427,500	362,613	14.9%
Landing Fees	3,140,425	2,946,250	194,175	6.6%
Rent				
Buildng Rent	717,758	711,250	6,508	0.9%
Ground Rent	132,982	141,000	(8,018)	-5.7%
Common Use Gates	549,693	412,500	137,193	33.3%
Fuel Farm	100,819	102,750	(1,931)	-1.9%
Air Cargo	70,935	68,750	2,185	3.2%
Airline Space	3,121,025	3,092,500	28,525	0.9%
Conference Center	601	1,250	(649)	-51.9%
Rent	4,693,813	4,530,000	163,813	3.6%
Concessions				
In-Flight Catering	20,461	26,250	(5,789)	-22.1%
FBO	250,000	137,500	112,500	81.8%
Advertising	92,145	93,750	(1,605)	-1.7%
Food Services	660,991	526,250	134,741	25.6%
Retail	500,914	415,000	85,914	20.7%
ATM Concessions	5,711	6,000	(289)	-4.8%
Vending Machines	7,773	5,500	2,273	41.3%
Rideshare	411,936	318,750	93,186	29.2%
Other Ground Transportation	3,990	4,000	(10)	-0.3%
Concessions	1,953,921	1,533,000	420,921	27.5%
Other				
Miscellaneous	45,651	45,000	651	1.4%
Security Reimbursements	24,350	23,250	1,100	4.7%
Other	70,001	68,250	1,751	2.6%
Total Operating Revenue	20,356,766	18,672,500	1,684,266	9.0%

Norfolk Airport Authority
Budget vs Actual
For the Three Months Ended 09/30/2024

	YTD Actual	YTD Budget	Favorable (Unfavorable)	Percent
Salaries, wages and benefits				
Salaries and wages	4,725,115	5,193,241	468,126	9.0%
Employee Bonuses	155,784	155,798	14	0.0%
Health Insurance	647,054	740,321	93,267	12.6%
Sick Time Redeemed	66,392	25,000	(41,392)	-165.6%
Social Security	349,817	389,420	39,603	10.2%
State Insurance	49,340	63,607	14,267	22.4%
State Retirement	571,153	597,254	26,101	4.4%
Unemployment	-	-	-	0.0%
Salaries, wages and benefits	6,564,655	7,164,641	599,986	8.4%
Advertising and promotions	141,632	299,250	157,618	52.7%
Utilities				
Electricity	692,159	753,625	61,466	8.2%
Heating	20,467	80,375	59,908	74.5%
Telephones	45,080	52,293	7,213	13.8%
Water	74,190	60,240	(13,950)	-23.2%
Utilities	831,896	946,533	114,637	12.1%
Insurance	309,156	312,500	3,344	1.1%
Payment to City of Norfolk	662,800	662,500	(300)	0.0%
Stormwater and Sanitation	214,847	327,500	112,653	34.4%
Professional Services				
Consultant Fees	159,477	150,000	(9,477)	-6.3%
Legal Fees	1,370	25,000	23,630	94.5%
Signs	14,562	8,750	(5,812)	-66.4%
Professional Services	175,409	183,750	8,341	4.5%
Maintenance and Repairs				
Maintenance and Repairs	570,194	771,800	201,606	26.1%
M/R - Fuel Farm	44,569	62,500	17,931	28.7%
Tools and Equipment	76,150	93,812	17,662	18.8%
Maintenance and Repairs	690,913	928,112	237,199	25.6%
Administrative Expenses				
Education and Tuition	26,686	54,500	27,814	51.0%
Employee and Community Relations	36,248	40,788	4,540	11.1%
Postage	1,724	3,025	1,301	43.0%
Publication and dues	33,220	33,795	575	1.7%
Administrative Expenses	97,878	132,108	34,230	25.9%
Supplies	172,949	212,638	39,689	18.7%
Services	1,507,668	1,246,162	(261,506)	-21.0%
Other				
Equipment and office rent	3,354	7,750	4,396	56.7%
Fuel and Lubricants	28,081	58,689	30,608	52.2%
Laundary and Uniforms Cleaning	10,324	12,792	2,468	19.3%
Miscellaneous	73	125	52	41.6%
Safety Apparel and Equipment	7,061	23,875	16,814	70.4%
Travel	23,653	34,425	10,772	31.3%
Uniforms	18,283	28,688	10,405	36.3%
Other	90,829	166,344	75,515	45.4%
Total Operating Expenses	11,460,632	12,582,038	1,121,406	8.9%
Total Operating Income	8,896,134	6,090,462	2,805,672	46.1%

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Administration				
Salaries And Wages	$203,378	$708,849	$698,580	$145,410
Employee Bonuses	$6,986	$20,956	$20,958	$5,663
Sick Time Redeemed	$9,313	$15,396	$5,750	$2,166
Advertising And Promotion	$0	$0	$1,750	$0
Interest Expense	$278,671	$836,012	$0	$295,092
Consultant Fees	$50,449	$113,692	$87,500	$1,925
Education And Tuition	$4,921	$9,231	$10,000	$1,865
Employee & Community Relations	$4,717	$20,068	$15,000	$10,599
Fuel And Lubricants	$0	$95	$250	$40
Health Insurance	$16,037	$52,796	$59,000	$15,232
Depreciation Expense	$1,500,000	$4,500,000	$0	$1,300,000
Insurance	$94,798	$309,156	$312,500	$97,146
Laundry And Uniform Services	$0	$0	$250	$0
Legal Fees	$1,370	$1,370	$25,000	-$1,470
Maintenance and Repairs	$633	$4,553	$3,750	$1,774
Miscellaneous	$0	$24	$0	$0
Postage	$0	$923	$2,750	$2,383
Publication And Dues	$4,976	$22,352	$25,000	$7,785
Services	$114,840	$173,540	$137,500	$25,031
Social Security	$11,821	$45,891	$40,750	$9,480
State Insurance	$2,579	$7,669	$7,250	$2,101
State Retirement	$40,383	$122,668	$89,775	$29,000
Supplies	$117	$1,475	$6,500	$719
Taxes	-$36	$7	$0	$0
Telephone	$12,561	$37,815	$42,500	$13,782
Tools And Equipment	$25,072	$28,376	$12,500	$3,107
Travel	$2,526	$9,013	$11,250	$853
Uniforms	$116	$287	$250	$0
Pension Expense	$0	$92	$0	$0
Total	$2,386,228	$7,042,306	$1,616,313	$1,969,682
Capital Expenditures	$0	$0	$0	$0
Total Administration	$2,386,228	$7,042,306	$1,616,313	$1,969,682

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Human Resources				
Salaries And Wages	$37,395	$132,251	$126,743	$27,887
Employee Bonuses	$1,267	$3,806	$3,802	$1,163
Advertising And Promotion	$540	$810	$7,500	$0
Consultant Fees	$0	$18,467	$6,250	$0
Education And Tuition	$2,000	$5,645	$16,000	$0
Employee & Community Relations	$310	$310	$9,000	$100
Health Insurance	$5,028	$16,333	$19,767	$5,918
Maintenance and Repairs	$0	$0	$375	$0
Publication And Dues	$528	$948	$318	$420
Services	$19,368	$47,196	$18,380	$6,605
Social Security	$2,754	$10,078	$9,565	$2,208
State Insurance	$398	$1,191	$1,563	$361
State Retirement	$4,589	$12,999	$13,495	$3,378
Supplies	$410	$962	$1,450	$0
Telephone	$89	$266	$300	$0
Uniforms	$0	$0	$63	$0
Sick Time Redeemed	$0	$4,274	$1,250	$2,237
Tools And Equipment	$0	$0	$500	$1,341
Pension Expense	$0	$0	$0	$0
Travel	$0	$91	$625	$0
Total	$74,676	$255,626	$236,945	$51,617
Capital Expenditures	$0	$0	$0	$0
Total Human Resources	$74,676	$255,626	$236,945	$51,617

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Market Development				
Salaries And Wages	$56,609	$193,012	$208,722	$26,860
Employee Bonuses	$2,087	$6,264	$6,262	$913
Advertising And Promotion	$59,976	$139,449	$275,000	$14,186
Sick Time Redeemed	$0	$0	$500	$0
Consultant Fees	$14,743	$27,318	$25,000	$5,950
Education And Tuition	-$1,100	$2,957	$2,325	$0
Employee & Community Relations	$1,608	$12,191	$6,250	$627
Health Insurance	$5,845	$18,347	$16,850	$2,765
Maintenance and Repairs	$0	$0	$25	$2
Miscellaneous	$49	$49	$63	$0
Publication And Dues	$286	$2,938	$5,000	$2,057
Services	$8,491	$19,288	$16,250	$1,345
Signs	$0	$351	$500	$0
Social Security	$4,331	$14,787	$16,035	$2,093
State Insurance	$724	$2,171	$2,745	$399
State Retirement	$8,358	$23,965	$24,142	$3,899
Supplies	$355	$1,246	$500	$218
Uniforms	$0	$236	$0	$0
Telephone	$111	$381	$375	$0
Tools And Equipment	$0	$2,440	$500	$0
Travel	$1,475	$5,542	$1,875	$0
Total	$163,947	$472,931	$608,919	$61,313
Capital Expenditures	$0	$0	$0	$0
Total Market Development	$163,947	$472,931	$608,919	$61,313

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Ambassadors				
Advertising And Promotion	$0	$105	$3,750	$2,749
Education And Tuition	$0	$0	$500	$0
Employee & Community Relations	$0	$1,111	$4,250	$0
Miscellaneous	$0	$0	$63	$0
Maintenance and Repairs	$0	$0	$125	$0
Postage	$0	$0	$25	$0
Publication And Dues	$0	$0	$75	$0
Services	$0	$876	$250	$804
Supplies	$432	$1,253	$1,125	$490
Telephone	$49	$148	$162	$0
Tools And Equipment	$0	$10	$500	$0
Travel	$0	$0	$750	$0
Uniforms	$0	$2,938	$1,000	$39
Total	$481	$6,440	$12,575	$4,082
Capital Expenditures	$0	$0	$0	$0
Total Ambassadors	$481	$6,440	$12,575	$4,082

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Field				
Salaries And Wages	$87,207	$299,675	$338,358	$74,780
Employee Bonuses	$3,384	$10,147	$10,151	$3,101
Consultant Fees	$0	$0	$5,000	$0
Sick Time Redeemed	$1,820	$8,427	$3,750	$0
Education And Tuition	$695	$1,457	$2,000	$70
Electricity	$6,465	$20,704	$36,750	$7,819
Employee & Community Relations	$0	$0	$1,000	$0
Equipment And Office Rent	$0	$2,240	$2,750	$0
Fuel And Lubricants	$1,517	$11,835	$14,500	$3,567
Heating	$132	$395	$6,000	$130
Health Insurance	$18,643	$61,881	$66,042	$18,138
Payment To City	$33,400	$100,300	$0	$33,412
Laundry And Uniform Services	$0	$0	$0	$1,825
Maintenance and Repairs	$1,762	$22,327	$55,000	$7,473
M/R - Fuel Farm	$0	$0	$0	$15,051
Publication and Dues	$0	$275	$0	$0
Safety Apparel And Equipment	$1,273	$1,341	$2,000	$0
Stormwater and Sanitation	$6,938	$131,578	$184,500	$67,203
Services	$18,684	$26,278	$25,000	$5,452
Signs	$0	$0	$2,000	$0
Social Security	$6,626	$22,943	$26,009	$5,625
State Insurance	$1,098	$3,282	$4,402	$1,145
State Retirement	$12,500	$35,309	$40,402	$11,675
Supplies	$201	$3,267	$18,750	$1,330
Telephone	$229	$803	$750	$0
Tools And Equipment	$3,661	$3,750	$4,500	$64
Travel	$0	$0	$3,000	$0
Uniforms	$136	$4,074	$5,000	$966
Water	$105	$443	$500	$142
Total	$206,477	$772,730	$858,112	$258,967
Capital Expenditures	$19,767	$19,767	$0	$0
Total Field	$226,244	$792,497	$858,112	$258,967

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Terminal				
Salaries And Wages	$92,669	$310,367	$372,531	$90,814
Employee Bonuses	$3,725	$11,179	$11,176	$3,124
Consultant Fees	$0	$0	$2,500	$0
Sick Time Redeemed	$0	$0	$2,500	$0
Education And Tuition	$0	$935	$1,500	$0
Electricity	$144,153	$603,046	$656,750	$238,836
Equipment And Office Rent	$0	$1,114	$5,000	$3,252
Employee & Community Relations	$131	$131	$750	$0
Fuel And Lubricants	$729	$2,300	$4,500	$1,684
Heating	$8,929	$19,492	$66,250	$7,689
Health Insurance	$14,969	$42,194	$46,490	$12,158
Payment To City	$45,300	$136,200	$0	$45,337
Laundry And Uniform Services	$2,349	$7,200	$6,042	$2,092
Maintenance and Repairs	$159,407	$437,336	$387,500	$118,679
Safety Apparel And Equipment	$0	$933	$1,625	$0
Stormwater and Sanitation	$16,183	$45,807	$90,250	$43,540
Services	$31,725	$96,138	$53,750	$22,450
Signs	$950	$1,315	$2,500	$0
Social Security	$6,935	$23,210	$27,943	$6,797
State Insurance	$1,117	$3,174	$4,506	$1,256
State Retirement	$12,856	$34,467	$39,640	$12,293
Supplies	$20,489	$34,138	$40,000	$5,168
Telephone	$176	$529	$1,375	$0
Tools And Equipment	$652	$1,281	$6,250	$75
Travel	$838	$838	$2,500	$892
Uniforms	$0	$539	$1,900	-$372
Pension Expense	$0	$92	$0	$0
Water	$42,212	$70,211	$56,350	$22,076
Total	$606,492	$1,884,165	$1,892,079	$637,839
Capital Expenditures	$0	$91,447	$0	$0
Total Departures Terminal	$606,492	$1,975,612	$1,892,079	$637,839

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Passenger Loading Bridges				
Salaries And Wages	$12,645	$41,221	$43,979	$0
Employee Bonuses	$440	$1,318	$1,320	$204
Health Insurance	$924	$3,273	$2,340	$0
Safety Apparel And Equipment	$0	$0	$0	$0
Social Security	$962	$3,145	$3,593	$0
State Insurance	$161	$484	$569	$0
State Retirement	$1,852	$5,379	$5,250	$0
Maintenance and Repairs	$0	$7,755	$31,250	$12,143
Services	$0	$0	$6,250	$1,600
Supplies	$1,734	$6,394	$15,000	$0
Tools And Equipment	$10	$10	$2,000	$0
Total	$18,730	$68,979	$111,551	$13,947
Capital Expenditures	$0	$0	$0	$0
Total Passenger Loading Bridges	$18,730	$68,979	$111,551	$13,947

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
IT				
Salaries and Wages	$19,562	$69,129	$95,788	$19,966
Employee Bonuses	$958	$2,873	$2,874	$837
Consultant Fees	$0	$0	$2,500	$0
Sick Time Redeemed	$0	$0	$500	$0
Education And Tuition	$0	$0	$2,500	$0
Employee & Community Relations	$0	$0	$125	$0
Fuel And Lubricants	$25	$25	$250	$0
Health Insurance	$3,002	$9,880	$13,906	$4,132
Services	$47,176	$161,381	$77,500	$12,113
Social Security	$1,418	$5,016	$7,648	$1,489
State Insurance	$231	$694	$1,160	$305
State Retirement	$2,670	$7,590	$10,518	$3,058
Maintenance and Repairs	$12,908	$15,240	$125	$750
Telephone	$262	$785	$600	$0
Tools And Equipment	$624	$19,283	$18,750	$4,043
Travel	$0	$0	$750	$0
Uniforms	$208	$208	$375	$0
Supplies	$6,420	$6,420	$7,500	$0
Total	$95,463	$298,523	$243,368	$46,693
Capital Expenditures	$0	$0	$0	$0
Total Arrivals Terminal	$95,463	$298,523	$243,368	$46,693

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Police				
Salaries And Wages	$278,630	$949,590	$1,061,723	$240,462
Employee Bonuses	$10,617	$31,854	$31,852	$9,061
Consultant Fees	$0	$0	$10,000	$0
Sick Time Redeemed	$0	$13,519	$2,500	$8,924
Education And Tuition	$0	$3,651	$8,425	$1,944
Employee & Community Relations	$0	$40	$1,175	$0
Fuel And Lubricants	$1,462	$4,686	$6,000	$1,806
Health Insurance	$44,226	$142,677	$174,480	$44,304
Maintenance and Repairs	$1,070	-$11,695	$85,525	$27,430
Publication And Dues	$1,972	$6,157	$700	$0
Safety Apparel And Equipment	$0	$0	$7,000	$536
Services	$187,942	$531,181	$498,987	$137,275
Social Security	$20,692	$71,434	$82,409	$18,411
State Insurance	$3,267	$9,800	$13,835	$3,303
State Retirement	$36,734	$103,780	$126,225	$33,805
Supplies	$758	$9,447	$18,750	$1,252
Telephone	$404	$1,112	$1,475	$0
Tools And Equipment	$0	$284	$13,000	$297
Travel	$1,890	$2,638	$5,000	$525
Pension Expense	$0	$362	$0	$0
Uniforms	$1,881	$2,665	$5,500	$3,383
Total Police	$591,544	$1,873,182	$2,154,560	$532,718
Capital Expenditures	$0	$0	$0	$0
Total Police	$591,544	$1,873,182	$2,154,560	$532,718

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Canine				
Salaries And Wages	$22,836	$77,490	$91,663	$21,043
Employee Bonuses	$917	$2,747	$2,750	$717
Sick Time Redeemed	$0	$0	$750	$0
Education And Tuition	$0	$0	$563	$0
Employee & Community Relations	$0	$0	$38	$0
Fuel And Lubricants	$726	$2,617	$3,750	$1,090
Health Insurance	$2,502	$7,755	$12,629	$3,803
Maintenance and Repairs	$0	$112	$1,250	$468
Publication And Dues	$0	$0	$90	$0
Safety Apparel And Equipment	$0	$0	$875	$0
Services	$132	$1,578	$1,625	$189
Social Security	$1,710	$5,802	$6,894	$1,551
State Insurance	$253	$758	$1,023	$281
State Retirement	$2,836	$7,999	$9,438	$2,879
Supplies	$425	$793	$1,250	$231
Telephone	$276	$763	$1,050	$0
Tools And Equipment	$994	$994	$1,000	$0
Travel	$0	$0	$925	$0
Uniforms	$0	$0	$612	$365
Total	$33,606	$109,408	$138,173	$32,618
Capital Expenditures	$0	$0	$0	$0
Total Canine	$33,606	$109,408	$138,173	$32,618

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Fire				
Salaries And Wages	$178,712	$612,486	$642,779	$169,192
Employee Bonuses	$6,428	$19,281	$19,283	$5,837
Consultant Fees	$0	$0	$8,750	$0
Sick Time Redeemed	$0	$751	$2,500	$0
Education And Tuition	$600	$600	$3,750	$813
Electricity	$765	$2,501	$2,625	$1,103
Employee & Community Relations	$410	$410	$625	$0
Fuel And Lubricants	$503	$1,383	$21,250	$291
Heating	$239	$580	$8,125	$0
Health Insurance	$27,980	$89,395	$87,361	$29,089
Maintenance and Repairs	$17,904	$46,216	$62,500	$2,745
Publication And Dues	$0	$0	$500	$0
Safety Apparel And Equipment	$3,667	$3,743	$6,750	$0
Services	$7,407	$19,461	$21,000	$3,732
Social Security	$13,184	$45,233	$48,242	$12,472
State Insurance	$2,128	$6,380	$7,969	$2,275
State Retirement	$23,887	$67,364	$73,550	$23,327
Supplies	$1,023	$3,773	$7,000	$1,344
Telephone	$334	$1,003	$972	$0
Tools And Equipment	$60	$585	$9,500	$3,892
Travel	$52	$1,587	$2,500	$1,400
Stormwater and Sanitation	$401	$3,117	$4,250	$1,394
Water	$261	$826	$1,890	$246
Uniforms	$0	$429	$3,500	$0
Total	$285,946	$927,103	$1,047,171	$259,152
Capital Expenditures	$0	$0	$0	$0
Total Fire	$285,946	$927,103	$1,047,171	$259,152

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Parking				
Salaries And Wages	$213,624	$720,887	$813,161	$285,864
Employee Bonuses	$8,132	$24,391	$24,395	$7,417
Advertising And Promotion	$410	$1,268	$11,250	$270
Consultant Fees	$0	$0	$2,500	$0
Sick Time Redeemed	$0	$2,234	$2,500	$1,182
Education And Tuition	$0	$500	$3,750	$0
Electricity	$23,002	$65,908	$57,500	$14,047
Employee & Community Relations	$240	$792	$1,075	$0
Fuel And Lubricants	$359	$1,038	$3,200	$783
Safety Apparel And Equipment	$0	$0	$4,500	$0
Health Insurance	$35,008	$107,754	$129,801	$35,295
Payment To City	$142,100	$426,300	$0	$142,084
Maintenance and Repairs	$7,007	$15,659	$87,500	$935
Postage	$389	$631	$0	$0
Publication And Dues	$0	$0	$300	$0
Stormwater and Sanitation	$3,064	$34,346	$48,500	$16,382
Services	$94,742	$376,514	$287,500	$96,447
Signs	$2,847	$12,897	$3,750	$662
Social Security	$16,142	$54,621	$66,024	$21,690
State Insurance	$2,511	$7,417	$9,878	$2,454
State Retirement	$28,785	$80,437	$87,117	$24,163
Supplies	$359	$2,192	$13,750	$882
Telephone	$222	$665	$660	$0
Tools And Equipment	$0	$7,842	$10,250	$580
Travel	$0	$0	$2,000	$0
Pension Expense	$0	$183	$0	$0
Uniforms	$112	$914	$8,800	$0
Water	$19	$2,710	$1,500	$2,563
Total	$579,072	$1,948,096	$1,681,161	$653,702
Capital Expenditures	$0	$3,700	$0	$0
Total Parking	$579,072	$1,951,796	$1,681,161	$653,702

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Ops				
Salaries And Wages	$52,375	$183,272	$268,862	$38,067
Employee Bonuses	$2,689	$8,062	$8,066	$1,663
Sick Time Redeemed	$17,976	$19,052	$0	$0
Education And Tuition	$0	$1,710	$2,438	$0
Employee & Community Relations	$0	$368	$750	$0
Fuel And Lubricants	$1,240	$4,102	$4,989	$802
Health Insurance	$9,124	$26,608	$36,186	$6,189
Maintenance and Repairs	$20,422	$30,081	$54,875	$9,317
M/R - Fuel Farm	$13,220	$44,569	$62,500	$0
Postage	$170	$170	$250	$0
Publication And Dues	$0	$550	$687	$0
Safety Apparel And Equipment	$0	$549	$750	$0
Services	$10,279	$29,468	$52,170	$4,046
Social Security	$5,245	$15,038	$19,948	$2,811
State Insurance	$603	$1,806	$3,223	$511
State Retirement	$7,019	$19,838	$28,659	$5,029
Supplies	$534	$1,005	$6,063	$578
Telephone	$190	$519	$1,749	$3
Tools And Equipment	$6,314	$6,314	$10,812	$0
Travel	$772	$3,990	$2,500	$0
Uniforms	$0	$5,665	$687	$104
Total	$148,173	$402,736	$566,164	$69,119
Capital Expenditures	$0	$0	$0	$0
Total Ops	$148,173	$402,736	$566,164	$69,119

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
Janitorial				
Salaries And Wages	$122,132	$426,886	$430,352	$118,115
Employee Bonuses	$4,304	$12,906	$12,911	$3,992
Sick Time Redeemed	$0	$2,738	$2,500	$785
Education And Tuition	$0	$0	$750	$0
Employee & Community Relations	$827	$827	$750	$63
Health Insurance	$21,142	$68,162	$75,470	$23,062
Laundry And Uniform Services	$911	$3,124	$6,500	$2,156
Maintenance and Repairs	$366	$2,610	$2,000	$971
Publication And Dues	$0	$0	$1,125	$0
Safety Apparel And Equipment	$0	$495	$375	$0
Services	$5,960	$24,770	$50,000	-$1,150
Social Security	$9,290	$32,620	$34,362	$9,007
State Insurance	$1,502	$4,515	$5,484	$1,646
State Retirement	$17,381	$49,360	$49,043	$16,339
Supplies	$35,474	$100,584	$75,000	$23,833
Tools And Equipment	$1,408	$4,982	$3,750	$51
Uniforms	$0	$330	$1,000	$0
Telephone	$98	$293	$325	$0
Pension Expense	$0	$92	$0	$0
Travel	$0	$46	$750	$1,432
Total	$220,796	$735,338	$752,447	$200,303
Capital Expenditures	$0	$0	$0	$0
Total Janitorial	$220,796	$735,338	$752,447	$200,303
Total All Expenses	$5,431,398	$16,912,478	$11,919,536	$4,791,752
Total Capital Expenditures	$19,767	$114,914	$0	$0
Total All Departments	$5,451,165	$17,027,392	$11,919,536	$4,791,752

Norfolk Airport Authority
Departmental Expenses
For The Period Ending September 30, 2024

	Current Month Amount	YTD Actual Amount	YTD Budget Amount	Prior YTD Amount
All Departments				
Salaries And Wages	$1,377,775	$4,725,115	$5,193,241	$1,258,460
Employee Bonuses	$51,934	$155,784	$155,798	$43,692
Sick Time Redeemed	$29,109	$66,392	$25,000	$15,295
Advertising And Promotion	$60,926	$141,632	$299,250	$17,205
Interest Expense	$278,671	$836,012	$0	$295,092
Consultant Fees	$65,192	$159,477	$150,000	$7,875
Education And Tuition	$7,116	$26,686	$54,500	$4,692
Electricity	$174,385	$692,159	$753,625	$261,806
Employee & Community Relations	$8,242	$36,248	$40,788	$11,389
Equipment And Office Rent	$0	$3,354	$7,750	$3,252
Fuel And Lubricants	$6,560	$28,081	$58,689	$10,063
Heating	$9,300	$20,467	$80,375	$7,819
Health Insurance	$204,430	$647,054	$740,321	$200,083
Insurance	$94,798	$309,156	$312,500	$97,146
Payment To City	$220,800	$662,800	$662,500	$220,833
Laundry And Uniform Services	$3,261	$10,324	$12,792	$6,072
Legal Fees	$1,370	$1,370	$25,000	-$1,470
Maintenance and Repairs	$221,479	$570,194	$771,800	$182,687
M/R - Fuel Farm	$13,220	$44,569	$62,500	$15,051
Miscellaneous	$49	$73	$125	$0
Postage	$559	$1,724	$3,025	$2,383
Publication And Dues	$7,762	$33,220	$33,795	$10,262
Safety Apparel And Equipment	$4,940	$7,061	$23,875	$536
Stormwater and Sanitation	$26,586	$214,847	$327,500	$128,519
Services	$546,747	$1,507,668	$1,246,162	$315,938
Signs	$3,796	$14,562	$8,750	$662
Social Security	$101,110	$349,817	$389,420	$93,634
State Insurance	$16,573	$49,340	$63,607	$16,037
State Retirement	$199,850	$571,153	$597,254	$168,845
Supplies	$68,731	$172,949	$212,638	$36,045
Telephone	$15,000	$45,080	$52,293	$13,785
Tools And Equipment	$38,795	$76,150	$93,812	$13,450
Travel	$7,553	$23,653	$34,425	$5,103
Uniforms	$2,453	$18,283	$28,688	$4,484
Water	$42,596	$74,190	$60,240	$25,028
Depreciation Expense	$1,500,000	$4,500,000	$0	$1,300,000
Pension Expense	$0	$911	$0	$0
Taxes	-$36	$7	$0	$0
Total Expenses	$5,411,631	$16,797,564	$12,582,036	$4,791,752

Norfolk Airport Authority
Capital Expenditures
Fiscal Year 2025

Local Funding

Month		Description	Amount	Monthly Total
July				-
August	Parking	Charger for Parking Vehicle	3,700.00	
	Fuel Farm	Wireless Bridge	17,828.00	
	Terminal	FIDS Switch Replacement	91,447.00	112,975.00
September	Field	Break Room Cabinets	19,767.00	19,767.00
				132,742.00

Norfolk Airport Authority

CPE Analysis

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
Enplanements	**246,288**	**239,693**	**205,137**										**691,118**
Landing fees	986,888	994,927	914,452										2,896,267
Airline rent	1,297,062	1,222,708	1,257,524										3,777,294
Total airline cost	2,283,950	2,217,635	2,171,976	-	-	-	-	-	-	-	-	-	6,673,561
Cost per enplanement	**$ 9.27**	**$ 9.25**	**$ 10.59**										**$ 9.66**

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total
Enplanements	**234,377**	**222,987**	**194,510**	**201,186**	**193,379**	**193,043**	**149,776**	**149,074**	**189,003**	**191,762**	**220,661**	**242,777**	**2,382,535**
Landing fees	893,493	881,024	801,779	803,215	741,562	726,362	646,088	667,228	744,161	794,224	880,213	923,297	9,502,646
Airline rent	1,108,209	1,094,539	1,010,765	932,177	1,000,360	1,021,376	1,013,711	1,012,771	1,067,451	1,065,913	1,112,803	1,152,629	12,592,704
Total airline cost	2,001,702	1,975,563	1,812,544	1,735,392	1,741,922	1,747,738	1,659,799	1,679,999	1,811,612	1,860,137	1,993,016	2,075,926	22,095,350
Cost per enplanement	**$ 8.54**	**$ 8.86**	**$ 9.32**	**$ 8.63**	**$ 9.01**	**$ 9.05**	**$ 11.08**	**$ 11.27**	**$ 9.59**	**$ 9.70**	**$ 9.03**	**$ 8.55**	**$ 9.27**

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
Enplanements	**215,622**	**200,232**	**176,684**	**178,430**	**165,497**	**165,587**	**134,306**	**132,124**	**166,096**	**184,674**	**202,023**	**215,819**	**2,137,094**
Landing fees	705,217	684,546	620,672	679,031	638,750	545,938	513,791	560,221	567,881	600,692	636,998	699,470	7,453,207
Airline rent	518,197	504,315	487,020	485,755	493,045	515,316	476,705	483,228	468,034	491,686	482,947	528,640	5,934,888
Total airline cost	1,223,414	1,188,861	1,107,692	1,164,786	1,131,795	1,061,254	990,496	1,043,449	1,035,915	1,092,378	1,119,945	1,228,110	13,388,095
Cost per enplanement	**$ 5.67**	**$ 5.94**	**$ 6.27**	**$ 6.53**	**$ 6.84**	**$ 6.41**	**$ 7.37**	**$ 7.90**	**$ 6.24**	**$ 5.92**	**$ 5.54**	**$ 5.69**	**$ 6.26**

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
Enplanements	**191,837**	**182,820**	**153,646**	**161,669**	**164,322**	**164,534**	**107,471**	**116,093**	**158,262**	**173,552**	**195,243**	**201,438**	**1,970,887**
Landing fees	581,736	586,224	536,669	557,780	575,962	550,131	475,086	472,045	577,931	602,426	641,502	683,726	6,841,218
Airline rent	368,358	363,819	341,878	356,443	354,624	357,400	346,134	354,742	354,536	361,804	369,966	380,625	4,310,329
Total airline cost	950,094	950,043	878,547	914,223	930,586	907,531	821,220	826,787	932,467	964,230	1,011,468	1,064,351	11,151,547
Cost per enplanement	**$ 4.95**	**$ 5.20**	**$ 5.72**	**$ 5.65**	**$ 5.66**	**$ 5.52**	**$ 7.64**	**$ 7.12**	**$ 5.89**	**$ 5.56**	**$ 5.18**	**$ 5.28**	**$ 5.66**

NORFOLK AIRPORT AUTHORITY

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
SUPPLEMENTARY INFORMATION, AND
COMPLIANCE SECTION

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

NORFOLK AIRPORT AUTHORITY
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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Commissioners
Norfolk Airport Authority
Norfolk, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Norfolk Airport Authority (the "Authority"), as of and for the years ended June 30, 2024 and 2023, 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 respective financial position of the Authority, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and 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* (the "*Specifications*"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and *Specifications* are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe 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.

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 the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Passenger Facility Charge Revenues and Expenditures as required by the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration are presented for purposes of additional analysis and are 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 8, 2024

The management of the Norfolk Airport Authority (the "Authority") offers readers of its basic financial statements the following narrative overview and analysis of financial activities as of and for the year ended June 30, 2024 and 2023. The following should be read in conjunction with the basic financial statements and notes thereto.

Basic Financial Statements and the Authority Background

The Authority's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is a similar basis of accounting as employed by most private-sector enterprises.

The following components are included in the Authority's financial statements:

The statements of net position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority, with the resulting differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses, and changes in net position reports revenues and expenses, classified as operating and nonoperating, for the period. The resulting change in net position for the period is combined with the beginning of the year total net position balance in order to reconcile to the end of the year total net position.

The statements of cash flows reports the cash flows experienced by the Authority from operating activities, capital and related financing activities, and investing activities. The net result of the cash provided by or used in these activities for the period, added to the beginning of the year cash balance, is reconciled to the cash balance presented on the statements of net position.

The notes to the basic financial statements explain and provide additional information on the data presented in the basic financial statements as of and for the years ended June 30, 2024 and 2023.

The Authority was formed in 1988 to account for the operations of the Norfolk International Airport (the "Airport"). The Airport is the primary origination and destination airport serving the Virginia Beach-Norfolk, VA-NC Combined Statistical Area. Revenues generated by Airport operations are used to meet all operating expenses and to provide for payment of all principal and interest on debt of the Authority. The Authority is authorized to finance projects by issuing bonds or obtaining loans in its own name.

Throughout this report, airlines that lease space from the Authority on a long-term basis are referred to as signatory airlines. Other airlines operate on a per use basis at the Airport and are referred to as non-signatory airlines.

Financial and Activity Highlights

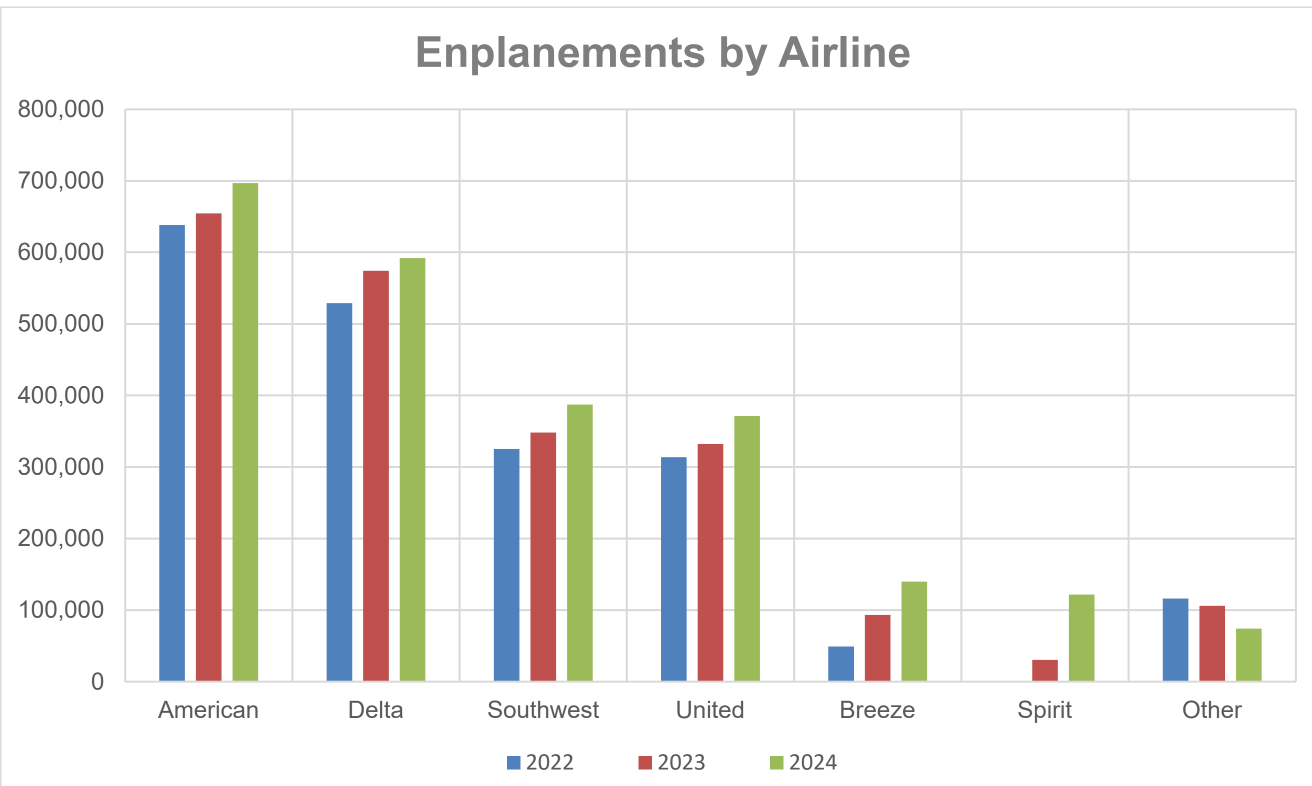
FY 2024 was another record setting year, with passenger traffic continuing to grow at a high pace. The Airport continued to see success in attracting new flight options from airlines and these options have been well utilized by our passengers. In total, 4,765,412 and 4,283,779 passengers used the Airport during FY 2024 and FY 2023 respectively, which were an increase of 11.2% and 8.5% over the previous years, respectively. With the debut of Spirit Airlines flights from the Airport in March 2023, eight airlines serve the market.

The airport has experienced a consistently high level of growth over the past nine years. Since FY 2015, the Airport has added four airlines and has grown passenger traffic by 63.8%.

A summary of the market share by enplanements of each of the air carriers operating at the Airport for the years ended June 30, 2024 and 2023 is shown below:

	2024			2023			2022	
American	696,735	29.2%	American	654,412	30.6%	American	638,158	32.4%
Delta	592,028	24.8%	Delta	574,396	26.8%	Delta	528,763	26.8%
Southwest	387,265	16.3%	Southwest	348,139	16.3%	Southwest	325,066	16.5%
United	371,187	15.6%	United	332,299	15.5%	United	313,458	15.9%
Breeze	139,887	5.9%	Breeze	93,170	4.4%	Allegiant	64,190	3.2%
Spirit	121,740	5.1%	Spirit	30,335	1.4%	Frontier	50,395	2.6%
Frontier	36,709	1.5%	Frontier	57,407	2.7%	Breeze	49,169	2.5%
Allegiant	35,617	1.5%	Allegiant	47,144	2.2%	Other	1,688	0.1%
Other	1,837	0.1%	Other	1,360	0.1%			
Total	2,383,005	100.0%	Total	2,138,662	100.0%	Total	1,970,887	100.0%

The following chart presents the change in enplanements by airline for the last three fiscal years.



The Airport has experienced consistent growth over the last three fiscal years, with all six of the signatory airlines adding passengers each year.

As mentioned above, FY 2024 set the record for most passengers to ever utilize the Airport. This marks the third year in a row that the Airport has set the record for annual passenger activity. In addition to the movement of passengers, the Airport contains the only air cargo facility within the metro area. Currently, there are two cargo airlines operating at the Airport, FedEx and UPS.

In response to COVID-19, the federal government passed several aid packages which provided funding to airports. These were the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA"), and the American Rescue Plan Act of 2021 ("ARPA"). Through these acts, the Authority was granted funding which can be used for any legal purpose of the Authority. The Authority is using these grants to pay all debt service, certain employee payroll costs, and to provide tenant rent relief over several fiscal years. The following presents the Authority's usage of these funds by fiscal year.

	2020	2021	2022	2023	Total
CARES	$ 50,556,595	$ 13,790,675	$ 1,000,000	$ -	$ 65,347,270
CRRSA	-	426,391	5,771,698	-	6,198,089
ARPA	-	-	7,404,333	9,400,140	16,804,473
Total	$ 50,556,595	$ 14,217,066	$ 14,176,031	$ 9,400,140	$ 88,349,832

Using these federal funds, the Authority's rates and charges to the airlines are reduced as they serve as a credit in the rates and charges calculation. Due to the application of these federal funds, airline rates and charges were reduced by approximately $0.3 million in FY 2023. FY 2023 was the final year in which federal funds were applied to the rates and charges. No funding was applied to the rates and charges in FY 2024.

Revenues

A summary of the major revenues for the years ended June 30, 2024 and 2023 are shown below:

	Year		Percent
	2024	2023	Change
Operating Revenues:			
Parking	$ 25,400,835	$ 23,074,850	10.1%
Landing fees	10,032,771	8,194,451	22.4%
Rent	15,888,765	8,692,778	82.8%
Rental cars	9,736,423	8,584,322	13.4%
Concessions	4,668,475	2,954,938	58.0%
Other	1,725,624	1,503,302	14.8%
Total Operating Revenues	67,452,893	53,004,641	27.3%
Nonoperating Revenues and Capital Contributions, Net:			
Federal, State, and State grants interest	11,926,515	19,488,894	-38.8%
Passenger facility charges and interest	10,056,982	8,998,940	11.8%
Customer facility charges	4,962,370	3,166,267	56.7%
Interest income	3,603,810	2,072,333	73.9%
Other income	328,317	330,691	-0.7%
Total Nonoperating Revenues and Capital Contributions	30,877,994	34,057,125	-9.3%
Total Revenues	$ 98,330,887	$ 87,061,766	12.9%

Overall, the total operating revenues of the Authority were $67.5 million in FY 2024, an increase of $14.4 million, or 27.3% as compared with FY 2023. There were two primary drivers of this increase in operating revenues. The first was a new Use and Lease Agreement ("ULA") with the airlines operating at the Airport. This new ULA increased the rents charged to signatory and non-signatory airlines, and brought their cost of operating at the Airport closer to the average of peer airports. The second driver of increased operating revenues was the increase in passenger traffic experienced at the Airport.

Parking fees are the largest single source of operating revenues for the Authority, which increased $2.3 million or 10.1% due to increased passenger traffic. Rental revenue experienced the larges change during year, increasing by $7.2 million, or 82.8% due to the higher rental rates in the new ULA.

Landing fees increased by $1.8 million, or 22.4% due to higher landing fee rates, and a reduction in the quantity of abated landed weight from airline incentives.

Rental car revenue increased by $1.2 million or 13.4%. This was primarily driven by an increase in passenger activity. Concessions revenue increased by $1.7 million or 58.0% due to increased hours of food and beverage locations throughout the Airport. Other operating revenues increased by $0.2 million, or 14.8% due to an increase in passenger traffic.

Total nonoperating revenues of $30.9 million decreased by $3.2 million, or 9.3%. Passenger Facility Charges ("PFCs") and interest increased by $1.1 million, or 11.8% due to higher passenger activity and higher interest rates. Customer Facility Charges ("CFCs") increased $1.8 million, or 56.7% due to an increase in the CFC rate and higher passenger activity. Interest income increased by $1.5 million, or 73.9% due to higher interest rates.

A summary of the major revenues for the years ended June 30, 2023 and 2022 are shown below:

	Year		Percent
	2023	**2022**	**Change**
Operating Revenues:			
Parking	$ 23,074,850	$ 18,418,315	25.3%
Landing fees	8,194,451	7,890,044	3.9%
Rent	8,692,778	7,078,387	22.8%
Rental cars	8,584,322	8,761,848	-2.0%
Concessions	2,954,938	3,535,814	-16.4%
Other	1,503,302	1,028,343	46.2%
Total Operating Revenues	53,004,641	46,712,751	13.5%
Nonoperating Revenues, Net:			
Federal, State, and State grants interest	19,488,894	14,366,713	35.7%
Passenger facility charges and interest	8,998,940	8,253,761	9.0%
Customer facility charges	3,166,267	2,724,476	16.2%
Interest income	2,072,333	117,146	1669.0%
Other income	330,691	323,455	2.2%
Total Nonoperating Revenues	34,057,125	25,785,551	32.1%
Total Revenues	$ 87,061,766	$ 72,498,302	20.1%

Overall, the total operating revenues of the Authority were $53.0 million in FY 2023, an increase of $6.3 million, or 13.5% as compared with 2022. This was primarily driven by the increase in passenger traffic experienced at the Airport.

The largest drivers of this increase in operating revenues were parking revenue, which increased $4.7 million or 25.3%, and rental revenue, which increased $1.6 million, or 22.8%. Parking revenues increased due to the increase in passenger traffic, while rent increased due to a reduction in credits applied to rental rates from the application of federal funding. Under the terms of the signatory airlines lease agreements, federal funding serves as a reduction of the Authority's expenses.

Landing fees increased by $0.3 million, or 3.9% due to a reduction in credits applied to rental rates from the application of federal funding. Other operating revenues increased by $0.5 million, or 46.2% due to an increase in passenger traffic, and an increase in the per trip fee assessed to rideshare transactions.

Rental car revenue and concessions revenues decreased by $0.2 million or 2.0%, and $0.6 million or 16.4%, respectively. Decreases to rental car and concessions revenues are due to application of ARPA concessions grants. ARPA funding is recognized as a federal grant, and decreases rent and fees to the Authority from the entities operating at the Airport. Without the application of ARPA funds, rental car revenue would have increased by $0.1 million or 1.7%, and concessions revenues would have increased by $0.8 million or 22.7%.

Total nonoperating revenues of $34.1 million increased by $1.1 million, or 4.1%. This was primarily driven by a decrease in federal and state grants and interest by $4.2 million, or 29.3%. This was a result of less federal COVID-19 funding being drawn. Passenger Facility Charges ("PFCs") and Customer Facility Charges ("CFCs") increased by $0.7 million, or 9.0% and $0.4 million, or 16.2%, respectively, due to higher passenger activity. Interest income increased by $2.0 million or 1,669.0% due to higher interest rates and larger balances invested in securities.

Expenses

A summary of the major expenses for the years ended June 30, 2024 and 2023 are shown below:

	Year		Percent
	2024	**2023**	**Change**
Operating Expenses:			
Salaries and fringe benefits	$ 22,348,232	$ 19,608,251	14.0%
City tax assessment	2,650,000	2,650,000	0.0%
Maintenance and repairs	3,080,859	3,717,484	-17.1%
Depreciation and amortization	17,263,646	17,193,370	0.4%
Other expenses	13,586,611	13,134,230	3.4%
Total Operating Expenses	58,929,348	56,303,335	4.7%
Nonoperating Expenses:			
Interest expense	1,981,589	2,049,094	-3.3%
Total Nonoperating Expenses	1,981,589	2,049,094	-3.3%
Total Expenses	$ 60,910,937	$ 58,352,429	4.4%

Total operating expenses of the Authority were $58.9 million in FY 2024, an increase of $2.6 million, or 4.7% compared with FY 2023. Salaries and fringe benefits increased by $2.7 million, or 14.0% due to pay rate increases for Authority employees and an expansion of the workforce. Depreciation and amortization expenses increased by $0.1 million, or 0.4% due to new capital assets being placed in service. Maintenance and repairs decreased by $0.6 million, or 17.1% due to less required maintenance. Other expenses increased by $0.2 million, or 3.4% due to higher costs.

Total nonoperating expenses were $2.0 million, a decrease of $0.1 million, or 3.3% due to lower outstanding debt balances.

A summary of the major expenses for the years ended June 30, 2023 and 2022 are shown below:

	Year		Percent
	2023	**2022**	**Change**
Operating Expenses:			
Salaries and fringe benefits	$ 19,608,251	$ 18,883,546	3.8%
City tax assessment	2,650,000	2,650,000	0.0%
Maintenance and repairs	3,717,484	3,339,243	11.3%
Depreciation	17,193,370	16,319,865	5.4%
Other expenses	13,134,230	11,291,588	16.3%
Total Operating Expenses	56,303,335	52,484,242	7.3%
Nonoperating Expenses:			
Interest expense	2,049,094	2,139,634	-4.2%
Total Nonoperating Expenses	2,049,094	2,139,634	-4.2%
Total Expenses	$ 58,352,429	$ 54,623,876	6.8%

Total operating expenses of the Authority were $56.3 million in FY 2023, an increase of $3.8 million, or 7.3% compared with 2022. Salaries and fringe benefits increased by $0.7 million, or 3.8% due to pay rate increases for Authority employees. Depreciation and amortization expenses increased by $0.9 million, or 5.4% due to several new capital assets being placed in service, and the start of amortization. Maintenance and repairs and other expenses increased by $0.4 million, or 11.3% and $1.8 million, or 16.3% respectively, due to higher costs.

Total nonoperating expenses were $2.0 million, a decrease of $0.1 million, or 4.2% due to lower outstanding debt balances.

Net Position

A summary of the major components of the statements of net position as of June 30, 2024 and 2023 is as follows:

	Year		Percent
	2024	**2023**	**Change**
Current assets	$ 84,616,706	$ 84,493,309	0.1%
Restricted assets	20,406,986	24,322,880	-16.1%
Capital assets, net	327,121,435	295,854,772	10.6%
Other noncurrent assets	2,624,230	3,891,003	-32.6%
Total Assets	434,769,357	408,561,964	6.4%
Deferred Outflows of Resources	3,284,361	3,133,531	4.8%
Current liabilities	10,280,985	13,221,046	-22.2%
Amounts payable from restricted assets	7,546,084	7,630,538	-1.1%
Long-term liabilities	84,473,580	89,395,598	-5.5%
Total Liabilities	102,300,649	110,247,182	-7.2%
Deferred Inflows of Resources	6,373,847	9,489,041	-32.8%
Net investment in capital assets	241,510,373	204,244,749	18.2%
Restricted net position	20,406,986	24,322,880	-16.1%
Unrestricted net position	67,461,863	63,391,643	6.4%
Total Net Position	$ 329,379,222	$ 291,959,272	12.8%

Current assets as of June 30, 2024 were $84.6 million, an increase of $0.1 million, or 0.1%, which was driven by an increase in operating capital. Restricted assets were $20.4 million, a decrease of $3.9 million, or 16.1% due to timing of capital project spending. Capital assets, net were $327.1 million, an increase of $31.3 million, or 10.6%. Other noncurrent assets of $2.6 million, decreased $ 1.3 million, or 32.6% due to leases receivable timing.

Deferred outflows of resources were $3.3 million, an increase of $0.2 million, or 4.8% due to actuarial adjustments related to the Authority's pension and other postemployment benefits ("OPEB") plans.

Current liabilities were $10.3 million, a decrease of $2.9 million, or 22.2%. This decrease was primarily due to timing of construction activity. Amounts payable from restricted assets were $7.5 million, a decrease of $0.1 million, or 1.1% due to the timing of debt service payments. Long-term liabilities were $84.5 million, a decrease of $5.0 million, or 5.5%. This decrease was driven by scheduled debt service payments.

Deferred inflows of resources were $6.4 million, a decrease of $3.1 million, or 32.8% due to actuarial adjustments related to the Authority's pension and OPEB plans.

Net position was $329.4 million, an increase of $37.4 million, or 12.8%. This increase was primarily driven by the operations of the Authority and the grants, PFCs, and CFCs received by the Authority during the year.

A summary of the major components of the statements of net position as of June 30, 2023 and 2022 is as follows:

	Year		Percent
	2023	2022	Change
Current assets	$ 84,493,309	$ 66,068,755	27.9%
Restricted assets	24,322,880	23,198,789	4.8%
Capital assets, net	295,854,772	285,179,557	3.7%
Other noncurrent assets	3,891,003	6,621,369	-41.2%
Total Assets	408,561,964	381,068,470	7.2%
Deferred Outflows of Resources	3,133,531	3,789,906	-17.3%
Current liabilities	13,221,046	5,606,251	135.8%
Amounts payable from restricted assets	7,630,538	11,230,037	-32.1%
Long-term liabilities	89,395,598	89,372,202	0.0%
Total Liabilities	110,247,182	106,208,490	3.8%
Deferred Inflows of Resources	9,489,041	15,399,952	-38.4%
Net investment in capital assets	204,244,749	188,201,145	8.5%
Restricted net position	24,322,880	23,167,845	5.0%
Unrestricted net position	63,391,643	51,880,944	22.2%
Total Net Position	$ 291,959,272	$ 263,249,934	10.9%

Current assets as of June 30, 2023 were $84.5 million, an increase of $18.4 million, or 27.9%, which was driven by an increase in operating capital. Restricted assets were $24.3 million, an increase of $1.1 million, or 4.8% due to holding additional funds reserved for future capital assets additions. Capital assets, net were $295.9 million, an increase of $10.7 million, or 3.7%. Other noncurrent assets of $3.9 million, decreased $ 2.7 million, or 41.2% due to leases receivable timing.

Deferred outflows of resources were $3.1 million, a decrease of $0.7 million, or 17.3% due to actuarial adjustments related to the Authority's pension and other postemployment benefits ("OPEB") plans.

Current liabilities were $13.2 million, an increase of $7.6 million, or 135.8%. This increase was primarily due to timing of construction activity. Amounts payable from restricted assets were $7.6 million, a decrease of $3.6 million, or 32.1% due to the timing of debt service payments. Long-term liabilities were $89.4 million, an increase of $0.1 million, or 0.0%. This increase was driven by an increase in the actuarial calculated liability.

Deferred inflows of resources were $9.5 million, a decrease of $5.9 million, or 38.4% due to actuarially calculated pension adjustments.

Net position was $292.0 million, an increase of $28.7 million, or 10.9%. This increase was primarily driven by the grants, PFCs, and CFCs received by the Authority during the year, partially offset by the year's operating loss.

Capital Assets

Capital assets include land, construction in progress, buildings, structures, improvements, roads and runways, equipment, and capitalized interest during construction periods before adoption of GASB Statement No. 89 in FY 2018. Capital assets are net of related accumulated depreciation. Significant capital asset additions in the current period included the rehabilitation of the primary runway's south portion. A summary of capital assets by category and the associated accumulated depreciation as of June 30, 2024, 2023, and 2022, as well as a schedule of additions and retirements for the years ended June 30, 2024, 2023, and 2022, are included as follows:

	June 30		
	2024	**2023**	**2022**
Summary of Capital Assets:			
Land	$ 15,771,497	$ 15,771,497	$ 15,771,497
Buildings, structures, and improvements	420,517,589	407,433,032	403,779,463
Roads and runways	100,987,606	87,094,059	86,897,984
Equipment	40,771,586	50,170,290	49,482,869
Construction in progress	50,774,263	31,822,231	8,942,608
Right-to-use IT subscription	371,947	371,947	-
	629,194,488	592,663,056	564,874,421
Accumulated depreciation and amortization	(302,073,053)	(296,808,284)	(279,694,864)
Total	$ 327,121,435	$ 295,854,772	$ 285,179,557

Schedule of additions and retirements:

	June 30		
	2024	**2023**	**2022**
Capital assets, beginning of year	$ 295,854,772	$ 285,179,557	$ 281,756,301
Additions	48,530,309	27,868,584	19,743,121
Depreciation and amortization	(17,263,646)	(17,193,369)	(16,319,865)
Capital assets, end of year	$ 327,121,435	$ 295,854,772	$ 285,179,557

The major projects underway as of June 30, 2024 include the rehabilitation of the primary runway's south portion and the design of the future terminal redevelopment. Approval was granted within the FY 2025 budget for capital expenditures worth approximately $113.0 million. Approximately 55% of these expenditures will be funded via PFCs, federal grants, state grants, and CFCs. See Note 5 within the notes to basic financial statements section for further information.

Capital Financing and Debt Management

The Authority finances capital projects through a combination of revenues, federal and state grants, PFCs, CFCs, and revenue bonds.

The Authority's Series 2021 and 2019 bonds are rated A3 (stable outlook) by Moody's and A (stable outlook) by Standard & Poor's.

The Authority, through its Master Indenture of Trust, has agreed to maintain debt service coverage of not less than 1.25. Debt service coverage is calculated as defined in the Master Indenture of Trust. Historically, the Authority has maintained a coverage ratio significantly higher than its requirement. For FY 2024, the debt service coverage was 4.76. For FY 2023, the debt service coverage was 4.11, or 2.89 without federal COVID funding. See Note 6 within the notes to basic financial statements section for further information.

Economic Factors

The Airport is located on the border of the cities of Norfolk and Virginia Beach and is the primary airport serving the Virginia Beach-Chesapeake, VA-NC CSA, which is the 35th largest CSA in the country. The area contains a dynamic mix of economic activity. Included within its boundaries are the Port of Virginia, tourism destinations in Virginia Beach and the North Carolina Outer Banks, and a significant military presence anchored by Naval Station Norfolk – the largest naval base in the world. Additionally, the region is the headquarters for two Fortune 500 companies.

The strong growth of passenger traffic has continued into FY 2025, with Q1 passenger activity increasing 6.2% over FY 2024 Q1 results. The airlines operating at the Airport continue to add additional flights and destinations. In October 2024, Breeze will begin flying to Phoenix, and in February 2025 Breeze will also begin flying to New Haven, CT. Both of those routes are new direct flight markets for the Airport.

Contacting the Authority's Financial Management

This financial report is designed to provide interested parties with a general overview of the Authority's finances. Should you have any questions about this report or need additional information, please contact the Norfolk Airport Authority, Attention: Jarred Roenker, Chief Financial Officer, 2200 Norview Avenue, Norfolk, VA 23518-5807. Alternatively, information about the operation of the Authority can be obtained via the internet at www.norfolkairport.com.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 56,124,220	$ 50,839,802
Investments	21,269,786	21,391,259
Accounts receivable, net	4,220,728	3,761,792
Lease receivable	1,738,244	1,893,574
Grants receivable	261,790	6,283,769
Prepaid expenses	1,001,938	323,113
Total Current Assets	84,616,706	84,493,309
Restricted Assets:		
Cash and cash equivalents	11,663,448	17,873,816
Investments	7,059,365	4,811,002
Passenger facility charges receivable	1,684,173	1,638,062
Total Restricted Assets	20,406,986	24,322,880
Capital Assets:		
Land	15,771,497	15,771,497
Buildings, structures, and improvements	420,517,589	407,433,032
Roads and runways	100,987,606	87,094,059
Equipment	40,771,586	50,170,290
Construction in progress	50,774,263	31,822,231
Right-to-use IT subscription	371,947	371,947
Total Capital Assets, Net	629,194,488	592,663,056
Less accumulated depreciation and amortization	(302,073,053)	(296,808,284)
Total Capital Assets	327,121,435	295,854,772
Lease receivable	2,624,230	3,891,003
Total Assets	$ 434,769,357	$ 408,561,964
Deferred Outflows of Resources:		
Deferred amount on refunding	$ 11,155	$ 17,021
Deferred outflows related to pensions	2,645,653	2,430,931
Deferred outflows related to OPEB plans	627,553	685,579
Total Deferred Outflows of Resources	$ 3,284,361	$ 3,133,531

The accompanying notes to the financial statements are an integral part of these statements.

JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 6,121,517	$ 6,361,226
Accrued leave and wages	2,989,261	2,771,277
Other accrued expenses	982,397	3,720,986
Other liabilities	187,810	367,557
Total Current Liabilities	10,280,985	13,221,046
Amounts Payable from Restricted Assets:		
Accrued interest	1,795,751	1,864,466
Current portion of bonds payable	5,750,333	5,766,072
Total Amounts Payable from Restricted Assets	7,546,084	7,630,538
Long-Term Liabilities:		
Bonds payable, less current portion	77,764,009	83,514,343
Net pension liability	4,441,155	3,632,540
Net OPEB liability	1,940,189	1,880,489
Other long-term liabilities	328,227	368,226
Total Long-Term Liabilities	84,473,580	89,395,598
Total Liabilities	$ 102,300,649	$ 110,247,182
Deferred Inflows of Resources:		
Deferred amount on refunding	$ 182,763	$ 231,657
Deferred inflows related to pensions	1,298,286	2,919,849
Deferred inflows related to OPEB plans	673,643	752,301
Deferred inflows for leases	4,219,155	5,585,234
Total Deferred Inflows of Resources	$ 6,373,847	$ 9,489,041
Net Position:		
Net investment in capital assets	$ 241,510,373	$ 204,244,749
Restricted for:		
Capital projects	13,022,267	17,150,125
Debt service	7,384,719	7,172,755
Unrestricted	67,461,863	63,391,643
Total Net Position	$ 329,379,222	$ 291,959,272

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues:		
Parking	$ 25,400,835	$ 23,074,850
Landing fees	10,032,771	8,194,451
Rent	15,888,765	8,692,778
Rental cars	9,736,423	8,584,322
Concessions	4,668,475	2,954,938
Other	1,725,624	1,503,302
Total Operating Revenues	67,452,893	53,004,641
Operating Expenses:		
Salaries and fringe benefits	22,348,232	19,608,251
Depreciation and amortization	17,263,646	17,193,369
Utilities	3,642,070	3,558,827
Maintenance and repairs	3,080,859	3,717,484
Administrative	1,003,646	879,418
Professional services	511,170	625,129
Advertising and promotion	999,149	998,084
Insurance	1,158,667	911,042
Security and other services	4,581,498	4,431,163
Sanitation	1,196,629	1,195,662
City tax assessment	2,650,000	2,650,000
Other	493,782	534,905
Total Operating Expenses	58,929,348	56,303,334
Operating Income (Loss)	8,523,545	(3,298,693)
Nonoperating Revenues (Expenses):		
Federal grant revenues	50,500	9,551,640
State grant revenues	50,000	35,000
Passenger facility charges	9,783,076	8,889,520
Customer facility charges	4,962,370	3,166,267
State grant interest income	603,513	568,619
Passenger facility charges interest income	273,906	109,420
Interest income	3,603,810	2,072,333
Other income	328,317	330,691
Interest expense	(1,981,589)	(2,049,094)
Total Nonoperating Revenues	17,673,903	22,674,396
Change in net position before capital grants	26,197,448	19,375,703
Capital grants	11,222,502	9,333,635
Change in net position	37,419,950	28,709,338
Net position, beginning of year	291,959,272	263,249,934
Net position, end of year	$ 329,379,222	$ 291,959,272

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Collections from customers	$ 67,049,981	$ 51,343,792
Payments to employees for services	(25,857,439)	(17,772,442)
Payments for city tax assessment	(2,650,000)	(2,650,000)
Payments to suppliers	(14,959,584)	(18,626,267)
Net cash flows from operating activities	23,582,958	12,295,083
Cash flows from capital and related financing activities:		
Principal payments on bonds	(4,235,000)	(3,935,000)
Acquisition of capital assets	(51,425,369)	(20,711,748)
Interest paid on debt	(3,575,511)	(3,711,188)
Passenger facility charges	9,736,965	8,049,980
Customer facility charges	4,962,370	3,166,267
Federal and state grants received	17,344,981	13,636,146
Net cash flows from capital and related financing activities	(27,191,564)	(3,505,543)
Cash flows from investing activities:		
Interest income	4,809,546	3,081,064
Purchases of investments	(15,906,398)	(99,886,965)
Proceeds from maturities of investments	13,779,508	84,107,047
Net cash flows from investing activities	2,682,656	(12,698,854)
Net change in cash and restricted cash	(925,950)	(3,909,314)
Cash and restricted cash, beginning of year	68,713,618	72,622,932
Cash and restricted cash, end of year	$ 67,787,668	$ 68,713,618
Cash and cash equivalents are presented in the accompanying statements of net position as follows:		
Cash	$ 56,124,220	$ 50,839,802
Restricted cash	11,663,448	17,873,816
	$ 67,787,668	$ 68,713,618

The accompanying notes to the financial statements are an integral part of these statements.

NORFOLK AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of operating loss to net cash flows from operating activities:		
Operating income (loss)	$ 8,523,545	$ (3,298,693)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	17,263,646	17,193,369
Loss on disposal of capital assets	-	116,954
Decrease (increase) in operating assets:		
Accounts receivable	(458,936)	(1,719,626)
Leases receivable	56,024	58,777
Prepaid expenses	(678,825)	(2,297)
Other assets	(122,925)	1,174,086
Increase (decrease) in operating liabilities:		
Accounts payable	2,778,276	(2,773,364)
Accrued leave and wages	217,984	82,476
Other accrued expenses	(2,738,589)	3,250,695
Net pension liability	(1,027,670)	(1,527,624)
Net OPEB liability	39,068	30,262
Other liabilities	(219,746)	(237,187)
Deferred amount on refunding	(48,894)	(52,745)
Net cash flows from operating activities	$ 23,582,958	$ 12,295,083
Supplemental disclosure of noncash capital and related financing activities:		
The Authority incurred noncash capital expenditures related to construction in progress that are included in accounts payable	$ 4,773,147	$ 7,791,132

The accompanying notes to the financial statements are an integral part of these statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Purpose

The Norfolk Airport Authority (the "Authority") was formed on April 4, 1988 from the Norfolk Port and Industrial Authority to account for the operations of the Norfolk International Airport (the "Airport"). The Authority is an independent subdivision of the Commonwealth of Virginia. Revenues generated by Airport operations are used to meet all operating expenses and to provide for payment of all principal and interest on debt of the Authority. The Authority is authorized to finance projects by issuing bonds or obtaining loans in its own name.

(b) Basis of Accounting

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority uses the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Current assets include cash and amounts convertible to cash during the next normal operating cycle, or one year. Current liabilities include those obligations to be liquidated with current assets. The Authority generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Authority may defer the use of restricted assets based on a review of the specific transaction.

(c) Revenue Recognition

Rentals and concession fees are generated from airlines, parking structures and lots, food service, rental cars, fixed-base operators, and other commercial operators and are included in the applicable operating revenue accounts. Concession revenue is recognized based on the Authority's share of reported concessionaire revenue.

(d) Cash and Cash Equivalents

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

(e) Accounts Receivable

Accounts receivable are reported when earned, net of estimated uncollectible amounts. An allowance for doubtful accounts is established based on management estimates of uncollectible revenue billings, if any. As a customer's balance is deemed uncollectible, the receivable is offset against this allowance. Subsequent receipt of a receivable previously written off is applied to this allowance. There was no allowance for doubtful accounts as of June 30, 2024 or 2023.

(f) Leases Receivable

The Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

(1) Summary of Significant Accounting Policies (continued)

(g) Capital Assets

Beginning on July 1, 2023, capital assets with an initial individual cost of $25,000 or more are capitalized at cost. Prior to July 1, 2023, this threshold was $10,000. The Authority provides for depreciation of all capital assets by the straight-line method over estimated useful lives as follows:

Buildings and structures	20 to 50 years
Improvements	5 to 30 years
Roads and runways	10 to 40 years
Equipment	3 to 50 years

Major renewals and improvements that extend a capital asset's useful life are capitalized; maintenance and repairs are expensed when incurred.

When a capital asset is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operating revenues or expenses.

Capital assets also include certain right-to-use ("RTU") Information Technology ("IT") subscription assets. These RTU assets arise in association with agreements where the Authority enters into an IT subscription. The RTU IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable. The RTU subscription assets are amortized on a straight-line basis over the subscription term.

(h) Bond Premiums, Discounts, and Issuance Costs

Bond premiums and discounts incurred to issue debt are capitalized and amortized as interest expense over the related bond issue period using the effective interest method. With the exception of prepaid bond insurance costs discussed in item (i) below, bond issuance costs are expensed in the period incurred.

(i) Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position contains a separate section for deferred outflows of resources, which represent a consumption of net position that applies to a future period and will be recognized as an outflow of resources in a future period. The Authority recognizes deferred outflows for debt refundings, pension plans, and other postemployment benefits ("OPEB") plans.

In addition to liabilities, the statements of net position contains a separate section for deferred inflows of resources, which represent an acquisition of net position that applies to a future period and will be recognized as an inflow of resources in a future period. The Authority recognizes deferred inflows for debt refunding, leases, pension, and OPEB plans. Deferred outflows and deferred inflows of resources for debt refundings are amortized over the shorter maturity of the refunded or refunding debt. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience, changes in assumptions, and changes in proportion are recognized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to the difference between projected and actual earnings are recognized using a systematic and rational method over a closed five-year period. The pension and OPEB deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension and OPEB liabilities in the subsequent fiscal year.

(1) Summary of Significant Accounting Policies (continued)

(j) Operating Revenues and Expenses

Operating revenues and expenses consist of all revenue and expenses not related to capital and related financing or investing transactions.

(k) Use of Estimates

The preparation of the financial statements requires management to make a number of estimates and assumptions related to reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and changes in net position during the reporting period. Significant items subject to such estimates include the valuation allowance for receivables and assets and obligations related to employee benefits. Actual results could differ from those estimates.

(l) Pensions

The Authority participates in the Virginia Retirement System ("VRS"), an agent multiple-employer, public employee retirement system with separate agent multiple pools for each locality, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. 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 VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when paid in accordance with the benefit terms. Investments are reported at fair value.

(m) OPEB Plans

(i) Group Life Insurance

The VRS Group Life Insurance ("GLI") Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to Section 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. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

(ii) Line of Duty Act Program

The VRS Line of Duty Act Program ("LODA") is a multiple-employer, cost-sharing plan. The LODA Program was established pursuant to Section 9.1-400, et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

(1) Summary of Significant Accounting Policies (continued)

(iii) Political Subdivision Employee Virginia Local Disability Program

The VRS Political Subdivision Employee Virginia Local Disability Program ("VLDP") is a multiple-employer, cost-sharing plan. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits, who are in the VRS Hybrid Retirement Plan benefit structure, and whose employer has not elected to opt out of the VRS-sponsored program, are automatically covered by the VLDP. This plan is administered by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

For purposes of measuring the net GLI, LODA, and VLDP Programs' corresponding OPEB liability, each individual plan's deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the OPEB and the additions to/deductions from the OPEB'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.

(n) Fair Value

The Authority utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Authority determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- *Level 1 Inputs* – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- *Level 2 Inputs* – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- *Level 3 Inputs* – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The level in the fair value hierarchy within which a fair value measurement, in its entirety falls in, is based on the lowest level input that is significant to the fair value measurement in its entirety.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

(2) Deposits and Investments

The Authority maintains several restricted cash and investment funds in addition to its operating funds. These funds are disclosed on the accompanying statement of net position as restricted cash and cash equivalents and investments.

The Code of Virginia authorizes the Authority to invest in certificates of deposit with national banks located within the Commonwealth of Virginia, obligations of the United States or its agencies, obligations of the Commonwealth of Virginia or its political subdivisions, and certain other investments.

(a) Deposits

The carrying values of the Authority's deposits with banks were $67,787,668 and $68,713,618 and the bank balances were $67,564,823 and $68,579,837 at June 30, 2024 and 2023, respectively. The entire bank balance was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). In accordance with the Act, the depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the Authority's deposits with a third party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the Authority up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.

(b) Investments

The Authority's investment policy (the "Policy") permits investments and investment practices that meet or exceed all statutes governing the investment of public funds in Virginia and any investment restrictions imposed by bond covenants. The Policy establishes limitations on the investment options to include U.S. government obligations, Commonwealth of Virginia Local Government Investment Pool ("LGIP"), prime quality commercial paper, and certain corporate notes, banker's, acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, and mutual funds that invest exclusively in securities specifically permitted by the Code of Virginia.

(c) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Ratings, and Duff & Phelps. Corporate notes, negotiable certificates of deposit, and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-l" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

As of June 30, 2024, the Standard & Poor's ratings on the Authority's rated securities included 63.5% of AAAm, 31.9% of AA+, 1.3% of AA, and 3.4% of AA-.

As of June 30, 2023, the Standard & Poor's ratings on the Authority's rated securities included 58.3% of AAAm, 37.1% of AA+, 1.0% of AA, and 3.6% of AA-.

(2) Deposits and Investments (continued)

(d) Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority's portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum
LGIP	75% maximum
Registered investments (mutual funds)	75% maximum

As of June 30, 2024, the Authority's portfolio was invested as follows:

Issuer	Percentage of Portfolio
U.S. Treasury	87.3%
Corporate notes	12.7%
	100.0%

As of June 30, 2023, the Authority's portfolio was invested as follows:

Issuer	Percentage of Portfolio
U.S. Treasury	86.6%
Corporate notes	13.4%
	100.0%

(e) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy limits the investment of funds as a means of limiting exposure to fair value losses arising from permitted investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of investments, a duration target not to exceed three years is determined for the core portfolio.

Proceeds from the sale of bonds issued by the Authority shall be invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term of securities purchased.

(2) Deposits and Investments (continued)

As of June 30, 2024, the carrying values and weighted average maturity of the Authority's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity
U.S. Treasury securities	$ 24,522,254	2.25 years
Corporate notes	3,806,897	1.76 years
Total investments	$ 28,329,151	

As of June 30, 2023, the carrying values and weighted average maturity of the Authority's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity
U.S. Treasury securities	$ 22,689,561	1.27 years
Corporate notes	3,512,700	1.57 years
Total investments	$ 26,202,261	

(f) Custodial Credit Risk

Custodial credit risk for deposits is defined as the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of the outside party. The custodial credit risk for investments is defined as the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The policy requires that all investment securities purchased by the Authority or held as collateral on deposits or investments shall be held in third party safekeeping at a qualified public depository that may not otherwise be a counterparty to the investment transaction.

As of June 30, 2024 and 2023, all the Authority's investments were held in a bank's trust department in the Authority's name.

(2) Deposits and Investments (continued)

(g) Summary of Deposits and Investments

A reconciliation of the carrying value of deposits and investments reported above to amounts reported in the statement of net position as of June 30, 2024 and 2023 are as follows:

	2024	2023
Deposits	$ 67,787,668	$ 68,713,618
Investments	28,329,151	26,202,261
	$ 96,116,819	$ 94,915,879
Current assets:		
Cash and cash equivalents	$ 56,124,220	$ 50,839,802
Investments	21,269,786	21,391,259
Restricted assets:		
Cash and cash equivalents	11,663,448	17,873,816
Investments	7,059,365	4,811,002
	$ 96,116,819	$ 94,915,879

(h) Fair Value Measurements

The Authority has the following recurring fair value measurements as of June 30, 2024 and 2023, respectively:

U.S. Treasury securities and corporate notes of $28,329,151, $26,202,261 are valued using a matrix pricing model (Level 2 inputs).

(3) Restricted Assets

The Authority received $2,000,000 during FY 2024 and FY 2023 from the Commonwealth Airport Fund (State block grant) for the Authority's use in financing capital asset additions. These funds are provided in advance of actual expenditure or specific project approval based on the relative size of each of the Commonwealth's air carrier airports and are restricted for expenditures on qualifying projects.

(3) Restricted Assets (continued)

The trust indenture securing the Series 2021 and Series 2019 bonds payable requires segregation of certain assets into restricted accounts. These restricted accounts include a construction account holding funds for the design and construction of capital improvements, a capitalized interest account, a debt service reserve account, and a cost of issuance account. The passenger facility charge cash and receivable accounts are also restricted assets, as there are federal restrictions on how these funds may be disposed. All cash and investments are held by the following financial institutions: US Bank, Truist, Fidelity, and the Virginia Department of the Treasury's LGIP. Restricted assets consist of the following as of June 30, 2024 and 2023:

	2024	2023
State block grant account	$ 8,935,474	$ 12,189,927
Bond ordinance related	7,384,719	7,172,755
Passenger facility charges account	2,400,802	3,277,136
Passenger facility charges receivable	1,684,173	1,638,062
Other restricted assets	1,818	45,000
Restricted assets	$ 20,406,986	$ 24,322,880

The current authorization from the Federal Aviation Administration ("FAA") permits the Authority to collect Passenger Facility Charges ("PFC") of $4.50 per eligible enplaned passenger up to an aggregate amount of $201,673,416. As of June 30, 2024, the remaining collection authority was $40,196,418 and expires August 2028. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA-approved projects. Unexpended PFC and related interest are included as restricted net position for projects that are approved by the FAA.

(4) Leases

The Authority leases portions of the Airport property to tenants. The leases are discounted between 1.54% to 6.42%. As the lessor, the Authority recognizes lease revenue and interest revenue in a systematic and rational manner over the terms of the underlying leases. Lease receivables are measured based on payments using the interest method during the respective lease terms. FY 2024 and FY 2023 amounts related to these leases are as follows:

	2024	2023
Operating revenues:		
Rent	$ 417,321	$ 611,049
Concessions	$ 1,063,043	$ 1,063,481
Nonoperating revenues:		
Investment income (interest revenue)	$ 113,602	$ 109,239
Other income	$ 489,169	$ 356,971

(4) Leases (continued)

Leasing principal and interest payments to be received as of June 30, 2024 were as follows:

Years Ending June 30,	Principal	Interest
2025	$ 1,738,244	$ 82,068
2026	1,234,007	47,943
2027	851,881	26,441
2028	365,166	11,126
2029	173,176	1,771
	$ 4,362,474	$ 169,349

Additionally, the Authority has leases that are not recognized as receivables or within deferred inflows of resources as they meet the definition of a regulated lease. These leases are generally aeronautical in nature and are subject to certain regulations set forth by the FAA. The leases with the airlines are related to the main terminal buildings and are leased on a preferential use basis. Separate leases with cargo terminal operators, general aviation operators, and hangar leases are maintained on an exclusive use basis. The Authority recognized lease revenue during FY 2024 and FY 2023 related to these regulated leases of $8,703,314 and $4,736,982, respectively, which was recognized as rent revenue in the statement of revenues, expenses, and changes in net position.

Future minimum payments under these regulated leases are expected as follows:

Years Ending June 30,	
2025	$ 10,418,152
2026	10,429,565
2027	2,062,020
2028	1,682,917
2029	1,683,631
2030-2034	8,247,737
2035-2039	8,099,373
2040-2044	7,985,630
2045-2046	100,982
	$ 50,710,007

(5) Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2024 and 2023:

	Balances, June 30, 2023	Increases	Decreases	Balances, June 30, 2024
Capital assets not being depreciated:				
Land	$ 15,771,497	$ -	$ -	$ 15,771,497
Construction in progress	31,822,231	47,252,825	(28,300,793)	50,774,263
	47,593,728	47,252,825	(28,300,793)	66,545,760
Capital assets being depreciated:				
Building, structures, and improvements	407,433,032	13,607,838	(523,281)	420,517,589
Roads and runways	87,094,059	13,893,547	-	100,987,606
Equipment	50,170,290	2,076,892	(11,475,596)	40,771,586
Right-to-use IT subscription	371,947	-	-	371,947
Less accumulated depreciation for:				
Building, structures, and improvements	(190,927,952)	(13,338,051)	523,281	(203,742,722)
Roads and runways	(66,394,755)	(1,766,899)	-	(68,161,654)
Equipment	(39,365,915)	(2,035,771)	11,475,596	(29,926,090)
Right-to-use IT subscription	(119,662)	(122,925)	-	(242,587)
	248,261,044	12,314,631	-	260,575,675
Capital assets, net	$ 295,854,772	$ 59,567,456	$ (28,300,793)	$ 327,121,435

	Balances, June 30, 2022	Increases	Decreases	Balances, June 30, 2023
Capital assets not being depreciated:				
Land	$ 15,771,497	$ -	$ -	$ 15,771,497
Construction in progress	8,942,608	27,338,792	(4,459,169)	31,822,231
	24,714,105	27,338,792	(4,459,169)	47,593,728
Capital assets being depreciated:				
Building, structures, and improvements	403,779,463	3,653,569	-	407,433,032
Roads and runways	86,897,984	196,075		87,094,059
Equipment	49,482,869	767,370	(79,949)	50,170,290
Right-to-use IT subscription	-	371,947	-	371,947
Less accumulated depreciation for:				
Building, structures, and improvements	(177,620,926)	(13,307,026)	-	(190,927,952)
Roads and runways	(64,696,702)	(1,698,053)	-	(66,394,755)
Equipment	(37,377,236)	(2,068,628)	79,949	(39,365,915)
Right-to-use IT subscription	-	(119,662)	-	(119,662)
	260,465,452	(12,204,408)	-	248,261,044
Capital assets, net	$ 285,179,557	$ 15,134,384	$ (4,459,169)	$ 295,854,772

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was $17,263,646 and $17,193,369, respectively.

(6) Bonds Payable

Bonds payable comprise the following as of June 30, 2024 and 2023:

	2024	2023
Series 2019 bonds payable	$ 51,535,000	$ 53,020,000
Series 2021 bonds payable	20,580,000	23,330,000
	72,115,000	76,350,000
Unamortized premium	11,399,342	12,930,415
	$ 83,514,342	$ 89,280,415

In June 2021, the Authority completed the sale of $20,890,000 Airport Revenue Bonds Series 2021A (Non-AMT), $2,690,000 Airport Revenue Bonds Series 2021B (AMT), and $2,270,000 Airport Revenue Bonds Series 2021C (Federally Taxable). Proceeds of the Series 2021 Bonds were used to defease and refund its previously outstanding Series 2011 Bonds. The Series 2021 Bonds are payable from general revenues of the Authority and certain funds and accounts established under the indenture. Principal payments on the Series 2021 Bonds are due on July 1 of each year through July 1, 2031. Interest is payable on the bonds on January 1 and July 1 of each year, with interest rates ranging from 0.3% to 5.0% during the term of the bonds. The bond resolutions include reserve requirements, including the requirement that total revenues provide for 100% of operating expenses and net revenues provide at least 125% of the debt service requirement for the following year.

In June 2020, the Authority entered into a Subordinate Lien Revolving Line of Credit with STI Institutional & Government, Inc. (a subsidiary of Truist Financial Corporation). This line of credit has a maximum principal sum outstanding of $30,000,000 and a term of five years. The proceeds from the line of credit are being used as short-term financing for capital projects. The line of credit is secured by a lien on general revenues on a subordinate basis from general revenues and CFC revenues of the Authority and certain funds and accounts established under the indenture. Under the terms of the line of credit, interest payments are due monthly and principal payments are due at the maturity date of June 2025. Interest is variable and is calculated each month as 79% of the sum of SOFR plus 69 basis points. The interest rate is subject to a minimum rate of 1.14%.

In June 2019, the Authority completed the sale of $54,435,000 Airport Revenue Bonds Series 2019 (Non-AMT). Proceeds of the Series 2019 Bonds were used to construct the Authority's parking garage D. The Series 2019 Bonds are payable from general revenues and CFC revenues of the Authority and certain funds and accounts established under the indenture. Principal payments on the Series 2019 Bonds are due on July 1 of each year through July 1, 2043. Interest is payable on the bonds on January 1 and July 1 of each year, with an interest rate of 5.00% during the term of the bonds. The bond resolutions include reserve requirements, including the requirement that total revenues provide for 100% of operating expenses and net revenues provide at least 125% of the debt service requirement for the following year.

(6) Bonds Payable (continued)

Maturities of bond principal and interest to be provided for all bonds outstanding at June 30, 2024 were as follows:

Years Ending June 30,	Principal	Interest
2025	$ 4,355,000	$ 3,442,575
2026	4,280,000	3,247,825
2027	3,960,000	3,063,800
2028	4,140,000	2,872,500
2029	4,350,000	2,660,250
2030-2034	19,100,000	10,030,750
2035-2039	14,030,000	6,297,000
2040-2044	17,900,000	2,325,000
	$ 72,115,000	$ 33,939,700

Revenue bond activity for the year ended June 30, 2024 is as follows:

	Balance, June 30, 2023	Issuance of Bonds	Amortization of Premium	Bond Payments	Balance, June 30, 2024	Current Portion
Series 2021	$ 26,863,399	$ -	$ (790,140)	$ (2,750,000)	$ 23,323,259	$ 3,470,152
Series 2019	62,417,016	-	(740,933)	(1,485,000)	60,191,083	2,280,181
	$ 89,280,415	$ -	$ (1,531,073)	$ (4,235,000)	$ 83,514,342	$ 5,750,333

Revenue bond activity for the year ended June 30, 2023 is as follows:

	Balance, June 30, 2022	Issuance of Bonds	Amortization of Premium	Bond Payments	Balance, June 30, 2023	Current Portion
Series 2021	$ 30,269,061	$ -	$ (885,662)	$ (2,520,000)	$ 26,863,399	$ 3,540,139
Series 2019	64,572,949	-	(740,933)	(1,415,000)	62,417,016	2,225,933
	$ 94,842,010	$ -	$ (1,626,595)	$ (3,935,000)	$ 89,280,415	$ 5,766,072

Bond Covenant

The bond indenture states the Authority will provide general revenues at least 125% of the debt service requirement on all related bonds secured by general revenues then outstanding for the sinking fund year ending on the next June 30. At June 30, 2024 and 2023, the rate covenant was met. The indenture further provides that in the event the coverage is not met for a single year, the Authority shall hire a consultant to study revenues, expenses, and debt coverage for the following year and to provide guidance on rates and charges and meeting the rate coverage calculation. A noncompliance with the covenant is not a default until it is not met for two consecutive years.

(7) Changes in Other Long-Term Liabilities

Other long-term liability activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Right-to-use IT subscription liabilities	$ 234,627	$ -	$ 116,106	$ 118,521	$ 87,327
Deposits payable	249,706	60,000	100,000	209,706	-
	$ 484,333	$ 60,000	$ 216,106	$ 328,227	$ 87,327

Other long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Right-to-use IT subscription liabilities	$ -	$ 361,947	$ 127,320	$ 234,627	$ 116,107
Deposits payable	254,706	100,000	105,000	249,706	-
	$ 254,706	$ 461,947	$ 232,320	$ 484,333	$ 116,107

(8) Airport Use Agreement

Effective July 1, 2023, the Authority entered into a new Airline Use and Lease Agreement (the “ULA”) with the signatory airlines operating scheduled passenger service at the Airport. The term of the ULA for the signatory carriers is through June 30, 2026. The Agreement provides for airlines to pay rates and charges calculated based on established cost centers.

(9) Defined Benefit Pension Plan

(a) Plan Description

The Authority participates in the VRS, an agent multiple-employer, public employee retirement system, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time, salaried permanent (professional) employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the “System” or “VRS”) 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 public service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public services, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each plan has a different eligibility and benefit structure as set forth below:

(9) Defined Benefit Pension Plan (continued)

(a) Plan Description (continued)

VRS Plan 1 is a defined benefit plan. Members hired before July 1, 2010 and who were vested as of January 1, 2013, and they have not taken a refund, are eligible for Plan 1. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for an unreduced retirement benefit at age 65 with five years of service and at age 50 with 30 years of service for participating employers. An optional reduced retirement benefit is available to members of VRS as early as age 50 with at least 10 years of service credit or age 55 with at least five years of service credit. Active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

VRS Plan 2 is a defined benefit plan. Members hired or rehired on or after July 1, 2010, and who have no service credits before July 1, 2010, and are not vested as of January 1, 2013, are covered under Plan 2. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available to Plan 2 members as early as age 60 with at least five years of service credit. Active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are eligible for the Hybrid Plan. The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. The benefit payment payable from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. Employees are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. An optional reduced retirement benefit is available as early as age 60 with at least five years of service credit. Under the defined benefit plan, active members may purchase previous service as service credit to their plan and, if eligible, may purchase periods of leave without pay.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. The retirement multiplier for Authority's employees is 1.70% for Plan 1 members, 1.85% for hazardous duty Plan 1 members, 1.65% for Plan 2 members, and 1.0% for Hybrid Plan members. 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. Under Plan 1, average final compensation is the average of the member's 36-consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60-consecutive months of highest compensation. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment ("PLOP"), or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option, or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment ("COLA") effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

(9) Defined Benefit Pension Plan (continued)

(b) 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:

Inactive members or their beneficiaries currently receiving benefits	183
Inactive members:	
Vested inactive members	34
Nonvested inactive members	48
Inactive members active elsewhere in VRS	43
Total inactive members	125
Active members	193
Total covered employees	501

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	182
Inactive members:	
Vested inactive members	30
Nonvested inactive members	50
Inactive members active elsewhere in VRS	36
Total inactive members	116
Active members	190
Total covered employees	488

(c) Contributions

The contribution requirement for active employees is governed by Section 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 actuarially required contribution rate for the years ended June 30, 2024 and 2023 was 13.74% of covered employee compensation. This rate was based on an actuarially determined rate from actuarial valuations 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 $1,973,035 and $1,830,357 for the years ended June 30, 2024 and 2023, respectively.

(9) Defined Benefit Pension Plan (continued)

(d) Net Pension Liability

The Authority's net pension liability as of June 30, 2024 was measured as of June 30, 2023. 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.

The Authority's net pension liability as of June 30, 2023 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, 2021, rolled forward to the measurement date of June 30, 2022.

(e) Actuarial Assumptions

The total pension liability for general employees and public safety employees in the Authority's Retirement Plan was based on an actuarial valuations 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 dates of June 30, 2023.

	General Employees	Public Safety Employees
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50 - 5.35%	3.50 - 4.75%
Investment rate of return, net of pension plan investment expense, including inflation	6.75%	6.75%

(9) Defined Benefit Pension Plan (continued)

	Mortality Assumptions	
	General Employees	**Public Safety Employees**
Deaths assumed to be service related:	15.0 %	45.0 %
Preretirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Postretirement:	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.	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; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	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;	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.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

(9) Defined Benefit Pension Plan (continued)

The total pension liability for general employees and public safety employees in the Authority's Retirement Plan was based on an actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement dates of June 30, 2022.

	General Employees	Public Safety Employees
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%
Investment rate of return, net of pension plan investment expense, including inflation	6.75%	6.75%

	Mortality Assumptions	
	General Employees	**Public Safety Employees**
Deaths assumed to be service related:	15.0 %	45.0 %
Preretirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Postretirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	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; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	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; 110% of rates for males and females set forward 2 years.	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.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

(9) Defined Benefit Pension Plan (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 (Preretirement, postretirement, healthy, and disabled) (General Employees)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Mortality Rates (Preretirement, postretirement, healthy, and disabled) (Public Safety Employees)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates (General Employees)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Retirement Rates (Public Safety Employees)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates (General Employees)	Adjusted rates to better fit experience at each year age and service through nine years of service.
Withdrawal Rates (Public Safety Employees)	Decreased rates
Disability Rates	No change.
Salary Scale	No change.
Line of Duty Disability	No change.
Discount Rate	No change.

(9) Defined Benefit Pension Plan (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Preretirement, postretirement, healthy, and disabled) (General Employees)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Mortality Rates (Preretirement, postretirement, healthy, and disabled) (Public Safety Employees)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates (General Employees)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Retirement Rates (Public Safety Employees)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates (General Employees)	Adjusted rates to better fit experience at each year age and service through nine years of service.
Withdrawal Rates (Public Safety Employees)	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.

(9) Defined Benefit Pension Plan (continued)

(f) 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 summaries in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	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%
	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. The 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 6.75% which is 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%.

(9) Defined Benefit Pension Plan (continued)

(g) 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, political subdivisions were also provided with an opportunity to use an alternate 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 contribute 100% of the actuarially determined contribution rates. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed 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.

(h) Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	$ 62,353,129	$ 58,720,589	$ 3,632,540
Changes for the year:			
Service cost	1,829,175	-	1,829,175
Interest	4,226,986	-	4,226,986
Differences between expected and actual experience	1,032,307	-	1,032,307
Contributions – employer	-	1,831,950	(1,831,950)
Contributions – employee	-	670,283	(670,283)
Net investment income	-	3,813,587	(3,813,587)
Changes of assumptions	-	-	-
Benefit payments	(3,108,814)	(3,108,814)	-
Administrative expenses	-	(37,499)	37,499
Refunds of contributions	(11,779)	(11,779)	-
Other changes	-	1,532	(1,532)
Net changes	3,967,875	3,159,260	808,615
Balances at June 30, 2023	$ 66,321,004	$ 61,879,849	$ 4,441,155

(9) Defined Benefit Pension Plan (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2021	$ 60,859,081	$ 59,535,503	$ 1,323,578
Changes for the year:			
Service cost	1,586,837	-	1,586,837
Interest	4,115,054	-	4,115,054
Differences between expected and actual experience	(1,243,533)	-	(1,243,533)
Contributions – employer	-	1,631,522	(1,631,522)
Contributions – employee	-	613,815	(613,815)
Net investment income	-	(60,437)	60,437
Changes of assumptions	-	-	-
Benefit payments	(2,936,638)	(2,936,638)	-
Administrative expenses	-	(36,884)	36,884
Refunds of contributions	(27,672)	(27,672)	-
Other changes	-	1,380	(1,380)
Net changes	1,494,048	(814,914)	2,308,962
Balances at June 30, 2022	$ 62,353,129	$ 58,720,589	$ 3,632,540

(i) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

For the years ended June 30, 2024 and 2023, 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 or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's net pension liability (asset)	$ 12,501,797	$ 4,441,155	$ (2,220,973)

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's net pension liability	$ 11,091,543	$ 3,636,540	$ (2,526,963)

(9) Defined *Benefit Pension Plan (continued)*

(k) Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 Annual Report may be downloaded from the VRS website at 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.

(10) OPEB Plans

(a) Plan Descriptions

(i) GLI plan

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB, for public employer groups in the Commonwealth of Virginia.

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

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

The benefits payable under the GLI Program have 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 the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits, and accelerated death benefit options. The benefit amounts provided to members covered under the GLI Program 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, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 COLA adjustment and was $6,254 and $8,984 as of June 30 2024 and 2023 respectively.

(10) OPEB Plans (continued)

(i) LODA plan

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the State Police Officers' Retirement System ("SPORS"), or the Virginia Law Officers' Retirement System ("VaLORS") are automatically covered by the LODA program. As required by statute, the VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the VRS's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The eligible employees of the LODA included paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the VRS, the SPORS, or the VaLORS.

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

The LODA program also provides health insurance benefits. These benefits are managed through the Virginia Department of Human Resource Management ("DHRM"). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

(iii) VLDP plan

All full-time, salaried general employees, including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions, who do not provide enhanced hazardous duty benefits, who are in the VRS Hybrid Retirement Plan benefit structure, and whose employer has not elected to opt out of the VRS-sponsored program, are automatically covered by the VLDP. This plan is administered by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

The VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work related and work related disabilities for employees with Hybrid retirement benefits.

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. Eligibility includes full-time general employees, including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

(10) OPEB Plans (continued)

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

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

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

(b) Contributions

The contribution requirements for the GLI Program are governed by Section 51.1-506 and Section 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer-contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Program from the Authority were $78,831 and $72,702 for the years ended June 30, 2024 and 2023, respectively.

The contribution requirements for the LODA program are governed by Section 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer-contribution rate for the LODA program for the year ended June 30, 2024 was $830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the Authority were $46,536 and $40,910 for the years ended June 30, 2024 and 2023, respectively.

(10) OPEB Plans (continued)

The contribution requirement for the VLDP Program for active Hybrid employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the years ended June 30, 2024 was 0.85% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were $36,421 and $26,662 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024, the Authority reported liabilities of $714,071, 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 Authority's proportion of the Net GLI OPEB Liability was based on the Authority's actuarially determined employer contributions to the GLI Program for the years ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Authority's proportion was 0.05954% as compared to 0.05918% at June 30, 2022.

For the years ended June 30, 2024 and 2023, the Authority recognized GLI OPEB expenses of $28,177 and $21,253, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the Authority reported liabilities of $1,235,892, for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the net LODA OPEB liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the net LODA OPEB liability was based on the Authority's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the Authority's proportion was 0.30828% as compared to 0.30953% at June 30, 2022.

For the years ended June 30, 2024 and 2023, the Authority recognized LODA OPEB expense of $161,834 and $154,235, respectively. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the Authority reported a net asset of $9,774 for its proportionate share of the VLDP Net OPEB liability. The net VLDP OPEB liability was measured as of June 30, 2023 and the total VLDP OPEB liability used to calculate the net VLDP OPEB liability determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the net VLDP OPEB liability was based on the Authority's actuarially determined employer contributions to the VLDP OPEB 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 Authority's proportion of the VLDP was 0.65466% as compared to 0.60746% at June 30, 2023.

For the year ended June 30, 2024 and 2023, the Authority recognized VLDP OPEB expense of $24,863 and $19,318, respectively. Since there was a change in proportionate share between measurement dates a portion of the VLDP net OPEB expense was related to deferred amounts from changes in proportion.

(10) OPEB Plans (continued)

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the GLI, LODA, and VLDP OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 24	$ 32,311
Change of assumptions	289,835	305,217
Differences between expected and actual experience	140,912	260,482
Changes in proportionate share	34,994	75,633
Employer contributions subsequent to the measurement date	161,788	-
Total as of June 30, 2024	$ 627,553	$ 673,643

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 49,551
Change of assumptions	353,393	359,605
Differences between expected and actual experience	151,386	255,073
Changes in proportionate share	40,526	88,072
Employer contributions subsequent to the measurement date	140,274	-
Total as of June 30, 2023	$ 685,579	$ 752,301

Deferred outflows of resources related to OPEB plans totaling $161,788 resulting from the Authority's contributions subsequent to the measurement date of June 30, 2023, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plans will be recognized in the Authority's OPEB expense in future reporting periods as follows:

Years Ending June 30,	
2025	$ 21,632
2026	48,063
2027	408
2028	12,933
2029	14,648
Thereafter	110,194
	$ 207,878

(10) OPEB Plans (continued)

(d) Actuarial Assumptions

The total GLI, LODA, and VLDP OPEB liabilities were based on actuarial valuations 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 increase, including inflation: General employees (GLI and VLDP)	3.50% to 5.35%
Medical cost trend rates assumption (LODA):	
Under age 65	7.00% to 4.75%
Ages 65 and older	5.25% to 4.75%
Investment rate of return (GLI and VLDP)	6.75%, net of investment expenses, including inflation
Year of ultimate trend rate (LODA):	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return (LODA)	3.86%, including inflation*

* Since LODA is funded on a current disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

	Mortality Assumptions	
	General Employees	**Hazardous Duty Employees**
Preretirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Postretirement:	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.	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; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.	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.	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.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

(10) OPEB Plans (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 for general employees include updating the mortality table, adjusting retirement rates to better fit experience, changing the final retirement age, and adjusting withdrawal rates to better fit experience. Changes to the actuarial assumptions, as a result of the experience study for hazardous duty employees include updating the mortality table, adjusting retirement rates to better fit experience and decreasing withdrawal rates.

(e) Net OPEB Liability

The net OPEB liability represents the program's total OPEB liability determined in accordance with U.S. GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts are as follows (dollar amounts in thousands):

	June 30, 2023		
	GLI	LODA	VLDP
Total OPEB liability	$ 3,907,052	$ 406,211	$ 9,525
Plan fiduciary net position	2,707,739	5,311	11,134
Employers' net OPEB liability (asset)	$ 1,199,313	$ 400,900	$ (1,609)
Plan fiduciary net position as a percentage of the total OPEB liability	69.30%	1.31%	116.89%

The net OPEB liability represents the program's total OPEB liability determined in accordance with U.S. GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts are as follows (dollar amounts in thousands):

	June 30, 2022		
	GLI	LODA	VLDP
Total OPEB liability	$ 3,672,085	$ 385,669	$ 7,360
Plan fiduciary net position	2,467,989	7,214	7,948
Employers' net OPEB liability	$ 1,204,096	$ 378,455	$ (588)
Plan fiduciary net position as a percentage of the total OPEB liability	67.21%	1.87%	107.99%

The total OPEB liability is calculated by VRS' actuary, and each plan's fiduciary net position is reported in the VRS' financial statements. The net OPEB liability is disclosed in accordance with the requirements of U.S. GAAP in the VRS' notes to the financial statements and required supplementary information.

(10) OPEB Plans (continued)

(f) Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public equity	34.00%	6.14%	2.09%
Fixed income	15.00%	256.00%	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%
	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. The 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 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%.

The long-term expected rate of return on LODA OPEB program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This single equivalent interest rate is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

(10) OPEB Plans (continued)

(g) Discount Rate

The discount rate used to measure the total GLI and VLDP OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the Authority for the GLI and VLDP OPEBs 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 contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and VLDP OPEBs' 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 and VLDP OPEB liabilities.

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by participating employers to the LODA OPEB program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

(h) Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability using the current discount rates, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the years ended June 30, 2024 and June 30, 2023, respectively:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	$ 1,058,477	$ 714,071	$ 435,617
The Authority's proportionate share of the VLDP net OPEB (asset)	$ (5,121)	$ (9,774)	$ (13,851)

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
The Authority's proportionate share of the LODA net OPEB liability	$ 1,385,729	$ 1,235,892	$ 1,109,132

(10) OPEB Plans (continued)

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	$ 1,036,894	$ 712,584	$ 450,498
The Authority's proportionate share of the VLDP net OPEB liability/(asset)	$ 374	$ (3,528)	$ (6,915)

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
The Authority's proportionate share of the LODA net OPEB liability	$ 1,337,180	$ 1,171,433	$ 1,035,833

(i) Sensitivity of the Authority's Proportionate Share of the Net LODA OPEB Liability to Changes in the Healthcare Trend Rate

Because the LODA plan contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the Authority's proportionate share of the net LODA OPEB liability using a healthcare trend rate of 7.00% decreasing to 4.75%, as well as what the Authority's proportionate share of the net LODA OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate for the years ended June 30, 2024 and June 30, 2023, respectively:

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	$ 1,048,078	$ 1,235,892	$ 1,468,623

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	$ 987,187	$ 1,171,433	$ 1,402,690

(j) VRS OPEB Programs Fiduciary Net Positions

Detailed information about the GLI, LODA, and VLDP fiduciary net position is available in the separately issued VRS 2023 ACFR. A copy of the 2023 VRS ACFR 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.

(10) OPEB Plans (continued)

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	$ 1,036,894	$ 712,584	$ 450,498
The Authority's proportionate share of the VLDP net OPEB liability/(asset)	$ 374	$ (3,528)	$ (6,915)

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
The Authority's proportionate share of the LODA net OPEB liability	$ 1,337,180	$ 1,171,433	$ 1,035,833

(i) Sensitivity of the Authority's Proportionate Share of the Net LODA OPEB Liability to Changes in the Healthcare Trend Rate

Because the LODA plan contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the Authority's proportionate share of the net LODA OPEB liability using a healthcare trend rate of 7.00% decreasing to 4.75%, as well as what the Authority's proportionate share of the net LODA OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate for the years ended June 30, 2024 and June 30, 2023, respectively:

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	$ 1,048,078	$ 1,235,892	$ 1,468,623

	1% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	$ 987,187	$ 1,171,433	$ 1,402,690

(j) VRS OPEB Programs Fiduciary Net Positions

Detailed information about the GLI, LODA, and VLDP fiduciary net position is available in the separately issued VRS 2023 ACFR. A copy of the 2023 VRS ACFR 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.

(11) Executive Supplemental Retirement Plan

The Authority has an Executive Supplemental Retirement Plan (the "ESRP"), which was approved and established by the Board of Commissioners for two former employees. Under the terms of the ESRP, the participants received annual payments equal to 75% of their final salary less any benefits received under the VRS. During the years ended June 30, 2024 and 2023, the plan expense was $-0- and $466,815, respectively. The ESRP accrued liability totaling $-0- and $251,450 as of June 30, 2024 and 2023, respectively, is included in other liabilities in the accompanying statements of net position.

During FY 2023, settlement agreements were executed with the two former employees, and the ESRP Plan was terminated pending final distribution of the settlements, which occurred during FY 2024. No future liabilities are expected under the ESRP.

(12) Employee Contribution Plan

The Authority maintains a deferred compensation plan through Mission Square Retirement. The plan was established under the guidelines of Section 457 of the Internal Revenue Code ("IRC"). The plan is a voluntary employee contribution plan in which employees elect a dollar amount to be withheld each pay period. Assets and liabilities related to this plan are not included in the accompanying statements of net position.

All regular full-time employees of the Authority are eligible to participate with a minimum contribution of $10 per pay period. Maximum contributions made by an employee are subject to IRC limitations.

The plan is entirely funded by the Authority's employees. Mission Square charges fees to employees if they are enrolled in a managed account. Mission Square also has the authority to annually deduct a certain percentage of the daily average net asset balance to cover administrative and other various costs.

(13) Concentration of Credit Risk

Financial instruments that potentially subject the Authority to concentration of credit risk consist of investments and accounts receivable. The Authority's investments are described in Note 2. A substantial portion of the Authority's accounts receivable is from U.S. commercial airlines and rental car companies that could be similarly affected by industry economic conditions. Historically, the Authority's uncollectible accounts receivable have been minimal, and the Authority does not require collateral for its receivables.

(14) Risk Management

The Authority is exposed to a variety of risks or losses related to torts (i.e., injuries to employees, damage to property, destruction or theft of assets, cyber-attacks, and natural disasters). The Authority purchases insurance through the Commonwealth of Virginia and commercial insurance carriers for specific types of coverage.

The Authority participates in a risk management self-insurance plan through the Commonwealth of Virginia administered by the Division of Risk Management. Through this plan, the Authority obtains public officers, law enforcement, and medical malpractice liability coverage of $1,000,000 per occurrence. The ACFR of the Commonwealth of Virginia contains disclosure of the Commonwealth's estimated claims payable and estimated losses for self-insurance plans at June 30, 2024 and 2023.

(14) Risk Management (continued)

Through commercial insurance carriers, the Authority has property insurance coverage of $455.2 million annually, airport liability coverage of $300.0 million annually, pollution coverage of $10.0 million, terrorism coverage for 80% of the loss, business auto coverage of $1.0 million per occurrence, cyber-attack coverage of $1.0 million, crime insurance coverage of $1.0 million per occurrence, watercraft coverage of $1.0 million, and workers' compensation coverage for bodily injury of $1.0 million per occurrence.

There were no reductions to insurance coverage from the prior year. Claim settlements and judgments not covered by insurance coverage are covered by operating resources. The amount of settlements did not exceed insurance coverage for any of the past three years. Claim expenditures and liabilities are reported when it is probable that a loss occurred and the amount of loss can be reasonably estimated.

(15) Government Grants in Aid of Construction

The Authority receives, on a reimbursement basis, grants from the Commonwealth of Virginia and the federal government for certain capital construction projects through the Airport Improvement Program. As a recipient of state and federal financial assistance, the Authority is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to this program. All grants are subject to financial and compliance audits by the grantors. In the opinion of management, audit adjustments, if any, would not have a significant impact on the financial position of the Authority.

(16) Commitments and Contingencies

Prior to July 1, 1998, the Authority had an agreement with the City of Norfolk, Virginia (the "City") whereby the Authority had use of the Airport property free of charge. As of July 1, 1998, the City reacquired title to all property. On January 18, 2000, the City executed a deed conveying title to the Authority, reserving a right of reversion if the Airport property is no longer used as an airport. In consideration of the conveyance of the property, the Authority agreed to compensate the City for the loss of tax revenue on the Airport property. Beginning in FY 2016, the adjusted annual payment was set by the City's tax assessor; in no event shall the payment exceed stated tax rates on the fair value of the Airport property. Advance payments are due annually on July 1. Payment in the amount of $2.65 million was required for FY 2024 and FY 2023. This amount is due each year through the July 1, 2024 payment.

As of June 30, 2024 and 2023, the Authority had entered into contracts totaling $77.0 million and $55.3 million, of which $45.7 million and $31.3 million was outstanding, respectively.

From time to time, the Authority is a defendant in certain lawsuits which are incidental to its operations. Management is of the opinion that the accompanying financial statements will not be materially affected by the ultimate resolution of litigation pending or threatened as of June 30, 2024 or 2023.

(17) Conduit Debt

From time to time, the Authority has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying statements of net position. As of June 30, 2024 and 2023, there were three series of revenue bonds outstanding with an aggregate principal amount of approximately $11.8 million and $13.2 million, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

NORFOLK AIRPORT AUTHORITY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of Changes in the Authority's Net Pension Liability and Related Ratios:										
Total pension liability:										
Service cost	$ 1,829,175	$ 1,586,837	$ 1,507,543	$ 1,528,644	$ 1,420,679	$ 1,414,966	$ 1,373,319	$ 1,346,523	$ 1,300,433	$ 1,278,926
Interest	4,226,986	4,115,054	3,810,696	3,631,931	3,419,644	3,151,550	3,053,266	2,880,450	2,688,486	2,530,135
Differences between expected and actual experience	1,032,307	(1,243,533)	(1,383,443)	353,978	1,367,730	1,816,734	(429,688)	237,910	484,660	-
Changes of assumptions	-	-	1,935,184	-	1,462,450	-	(222,799)	-	-	-
Benefit payments, including refunds of employee contributions	(3,108,814)	(2,936,638)	(2,931,301)	(2,682,147)	(2,615,193)	(2,475,362)	(2,264,730)	(1,727,430)	(1,735,055)	(1,358,746)
Refunds of Contributions	(11,779)	(27,672)	-	(118,923)	(16,096)	-	-	-	-	-
Other	-	-	-	-	-	-	(313)	-	-	-
Net change in total pension liability	3,967,875	1,494,048	2,938,679	2,713,483	5,039,214	3,907,888	1,509,055	2,737,453	2,738,524	2,450,315
Total pension liability – beginning	62,353,129	60,859,081	57,920,402	55,206,919	50,167,705	46,259,817	44,750,762	42,013,309	39,274,785	36,824,470
Total pension liability – ending (a)	66,321,004	62,353,129	60,859,081	57,920,402	55,206,919	50,167,705	46,259,817	44,750,762	42,013,309	39,274,785
Plan fiduciary net position:										
Contributions – employer	1,831,950	1,631,522	1,568,710	1,366,885	1,335,367	1,208,422	1,170,578	1,223,465	1,179,412	1,260,523
Contributions – employee	670,283	613,815	593,589	611,117	593,189	577,112	564,624	553,205	522,626	512,028
Net investment income	3,813,587	(60,437)	12,931,550	899,668	2,992,190	3,148,504	4,691,484	671,007	1,669,448	4,930,757
Benefit payments, including refunds of employee contributions	(3,108,814)	(2,936,638)	(2,838,514)	(2,682,147)	(2,615,193)	(2,475,362)	(2,264,730)	(1,727,430)	(1,735,055)	(1,358,746)
Administrative expense	(37,499)	(36,884)	(31,995)	(30,745)	(29,605)	(27,217)	(27,108)	(23,348)	(22,585)	(25,970)
Refunds of Contributions	(11,779)	(27,672)	(92,787)	(118,923)	(16,096)	-	-	-	-	-
Other	1,532	1,380	1,222	(1,069)	(1,890)	(2,799)	(4,170)	(173)	(663)	260
Net change in plan fiduciary net position	3,159,260	(814,914)	12,131,775	44,786	2,257,962	2,428,660	4,130,678	696,726	1,613,183	5,318,852
Plan fiduciary net position – beginning	58,720,589	59,535,503	47,403,728	47,358,942	45,100,980	42,672,320	38,541,642	37,844,916	36,231,733	30,912,881
Plan fiduciary net position – ending (b)	61,879,849	58,720,589	59,535,503	47,403,728	47,358,942	45,100,980	42,672,320	38,541,642	37,844,916	36,231,733
Authority's net pension liability – ending (a)-(b)	$ 4,441,155	$ 3,632,540	$ 1,323,578	$ 10,516,674	$ 7,847,977	$ 5,066,725	$ 3,587,497	$ 6,209,120	$ 4,168,393	$ 3,043,052
Plan fiduciary net position as a percentage of the total pension liability (b) / (a)	93.30%	94.17%	97.83%	81.84%	85.78 %	89.90 %	92.24 %	86.13 %	90.08 %	92.25 %
Covered payroll (c)	$ 13,981,234	$ 12,819,953	$ 12,330,340	$ 12,677,884	$ 12,300,841	$ 11,882,270	$ 11,725,164	$ 10,903,311	$ 10,406,965	$ 10,245,675
Authority's net pension liability as a percentage of covered payroll [(a)-(b)] / (c)	31.77%	28.34%	10.73%	82.95 %	63.80 %	42.64 %	30.60 %	56.95 %	40.05 %	29.70 %

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2024

For the Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	$ 1,973,035	$ 1,973,035	$ -	$ 15,159,822	13.01
2023	1,830,357	1,830,357	-	13,981,234	13.09
2022	1,630,080	1,630,080	-	12,819,953	12.72
2021	1,568,710	1,568,710	-	12,330,340	12.72
2020	1,368,135	1,368,135	-	12,677,884	10.79
2019	1,338,260	1,338,260	-	12,300,841	10.88
2018	1,207,848	1,207,848	-	11,882,270	10.17
2017	1,156,652	1,156,652	-	11,725,164	9.86
2016	1,223,500	1,223,465	35	10,903,311	11.22
2015	1,180,959	1,179,412	1,547	10,406,956	11.33

See accompanying report of independent auditor and notes to the required supplementary information.

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2024

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024					
GLI Plan:	$ 78,831	$ 78,831	$ -	$ 15,159,822	0.52%
LODA Plan:	46,536	46,536	-	15,159,822	0.31%
VLDP Plan:	36,421	36,421	-	5,058,427	0.72%
2023					
GLI Plan:	72,702	72,702	-	13,981,234	0.52%
LODA Plan:	40,910	40,910		13,981,234	0.29%
VLDP Plan:	26,662	26,662	-	3,703,097	0.72%
2022					
GLI Plan:	66,663	66,663	-	12,819,953	0.52%
LODA Plan:	42,321	42,321	-	12,819,953	0.33%
VLDP Plan:	20,238	20,238	-	2,810,841	0.72%
2021					
GLI Plan:	64,117	64,117	-	12,330,340	0.52%
LODA Plan:	41,604	41,604	-	12,330,340	0.34%
VLDP Plan:	17,554	17,554	-	2,438,139	0.72%
2020					
GLI Plan:	65,925	65,925	-	12,677,885	0.52%
LODA Plan:	42,346	42,346	-	12,677,885	0.33%
VLDP Plan:	16,704	16,704	-	2,319,957	0.72%
2019					
GLI Plan:	64,000	64,000	-	12,273,178	0.52%
LODA Plan:	42,000	42,000	-	12,273,178	0.34%
VLDP Plan:	15,000	15,000	-	2,047,146	0.73%
2018					
GLI Plan:	62,000	62,000	-	11,445,288	0.54%
LODA Plan:	35,000	35,000	-	11,445,288	0.31%
VLDP Plan:	9,000	9,000	-	977,098	0.92%

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY (UNAUDITED)

YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
GLI Plan:							
Authority's Proportion of the Net GLI OPEB Liability	0.05954%	0.05918%	0.05978%	0.06162%	0.06261%	0.06224%	0.06204%
Authority's Proportionate Share of Net GLI OPEB Liability	$ 714,071	$ 712,584	$ 696,001	$ 1,028,337	$ 1,018,831	$ 945,000	$ 933,000
Employer's Covered Payroll	$ 13,981,234	$ 12,819,953	$ 12,330,340	$ 12,677,885	$ 12,273,178	$ 11,445,288	$ 11,841,567
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.11%	5.56%	5.64%	8.11%	8.30%	8.26%	7.88%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
LODA Plan:							
Authority's Proportion of the Net LODA OPEB Liability	0.30828%	0.30953%	0.30219%	0.31160%	0.31552%	0.32493%	0.31564%
Authority's Proportionate Share of Net LODA OPEB Liability	$ 1,235,892	$ 1,171,433	$ 1,332,633	$ 1,305,029	$ 1,132,042	$ 1,019,000	$ 829,000
Employer's Covered Payroll	$ 13,981,234	$ 12,819,953	$ 12,330,340	$ 12,677,885	$ 12,273,178	$ 11,445,288	$ 11,841,567
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	8.84%	9.14%	10.81%	10.29%	9.22%	8.90%	7.00%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%
VLDP Plan:							
Authority's Proportion of the Net VLDP OPEB Liability	0.65466%	0.60746%	0.59998%	0.62229%	0.66244%	0.58676%	0.53211%
Authority's Proportionate Share of Net VLDP OPEB Liability/(Asset)	$ (9,774)	$ (3,528)	$ (6,144)	$ 6,212	$ 13,420	$ 4,000	$ 3,000
Employer's Covered Payroll	$ 3,703,097	$ 2,810,841	$ 2,438,139	$ 2,319,957	$ 2,047,146	$ 977,098	$ 1,430,793
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.26%	-0.13%	-0.25%	0.27%	0.66%	0.41%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	116.89%	107.99%	119.59%	76.84%	49.19%	51.39%	38.40%

See accompanying report of independent auditor and notes to the required supplementary information.

(1) Changes of Benefit Terms

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation.

(2) 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:

- Updated the mortality table to PUB 2010 public sector. For future mortality improvements, replaced the load with a modified Mortality Improvement Scale SP-2020. Increased disability life expectancy for hazardous duty employees.
- Adjusted retirement rates for general employees to better fit experience for Plan 1, set separate rates based on experience for Plan 2 and Hybrid, and changed the final retirement age. Hazardous duty retirement rates were adjusted to better fit experience and changed final retirement from 65 to 70.
- Adjusted withdrawal rates for general employees to better fit experience at each year age and service through nine years of service. Reduced withdrawal rates for hazardous duty employees 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.

(3) Years Presented in Schedules

The Schedule of Authority's Share of Net OPEB liability and the Schedule of OPEB contributions are required to be presented for the last 10 fiscal years. However, the Authority has only presented the required supplementary information for the last seven years as FY 2018 was the first year of implementation of the requirement to provide such required supplementary information and such information is not available for the prior years.

SUPPLEMENTARY INFORMATION

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Program Title	Assistance Listing Number	Project Number		Expenditures
Department of Transportation:				
Federal Aviation Administration:				
Airport Improvement Program	20.106	3-51-0036-77	$	32,582
Airport Improvement Program	20.106	3-51-0036-80		9,003,767
Airport Improvement Program	20.106	3-51-0036-81		686,152
Total Airport Improvement Program			$	9,722,501

See accompanying notes to the schedule of expenditures of federal awards.
See accompanying report of independent auditor.

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activities of the federal financial assistance programs of the Norfolk Airport Authority.

(2) Basis of Accounting

The Schedule is presented using the accrual basis of accounting.

(3) De Minimus Cost Rate

The auditee has not elected to use the 10% de minimus indirect cost rate as discussed in Uniform Guidance Section 200.414.

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2024 AND EACH QUARTER DURING THE YEAR ENDED JUNE 30, 2024

	Quarter Ended				Year Ended
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	June 30, 2024
Revenues:					
Receipts[1]	$ 2,610,094	$ 2,370,353	$ 2,109,253	$ 2,645,175	$ 9,734,875
Interest	57,148	84,482	69,381	62,894	273,905
Total Revenues	2,667,242	2,454,835	2,178,634	2,708,069	10,008,780
Expenditures:					
Application #4					
Apron Pavement	147,197	-	-	-	147,197
Total Application #4	147,197	-	-	-	147,197
Application #7					
Runway Pavement	98,197	1,188,042	270,066	33,488	1,589,793
Runway Lighting	-	509,161	115,743	14,352	639,256
Passenger Loading Bridges	24,547	1,647,815	1,236,993	-	2,909,355
Interior Wayfinding	-	10,889	83,484	39,371	133,744
Arrivals Restrooms	-	16,625	23,510	85,074	125,209
Stairwell Refurbishment	-	-	5,993	9,830	15,823
Total Application #7	122,744	3,372,532	1,735,789	182,115	5,413,180
Application #8					
Aircraft Parking	-	-	-	5,153,200	5,153,200
Pedestrian Bridge People Mover	-	-	-	171,538	171,538
Total Application #8	-	-	-	5,324,738	5,324,738
Total Expenditures	269,941	3,372,532	1,735,789	5,506,853	10,885,115
Net PFC Inflows (Outflows)	$ 2,397,301	$ (917,697)	$ 442,845	$ (2,798,784)	$ (876,335)

[1]Revenues received and expenditures spent on approved projects in the schedule above agree to the Passenger Facility Charge Quarterly Status Reports (PFC Reports) submitted by the Norfolk Airport Authority to the Federal Aviation Administration (FAA).

[#] PFC revenues are shown on this schedule when the cash is received (cash basis).

Cherry Bekaert
Your Guide Forward

Report of Independent Auditor 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 Board of Commissioners
Norfolk Airport Authority
Norfolk, 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 Norfolk Airport Authority (the "Authority"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 have not been identified.

Report on Compliance and Other Matters

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

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.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 8, 2024

Cherry Bekaert
Your Guide Forward

Report of Independent Auditor on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Norfolk Airport Authority
Norfolk, Virginia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Norfolk Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 Uniform Guidance 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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 the 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 the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above 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.

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

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

Cherry Bekaert LLP

Virginia Beach, Virginia
November 8, 2024

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**

2. Significant deficiencies in internal control disclosed by the audit of the financial statements**: None reported**

3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**

4. Noncompliance, which is material to the financial statements: **No**

5. Significant deficiencies in internal control over major program: **None reported**

6. Material weaknesses in internal control over major program: **No**

7. The type of report issued on compliance for major program: **Unmodified opinion**

8. Any audit findings which are required to be reported under the Uniform Guidance: **No**

9. The program tested as major programs were:

Assistance Listing Number	Name of Federal Program and Cluster
20.106	Airport Improvement Program

10. Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

11. The Norfolk Airport Authority qualified as a low-risk auditee under the Uniform Guidance

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported.

C. Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Findings and Questions Costs Related to Passenger Facility Charges

None reported.

E. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contacts, and Grants

None reported.

F. Status of Prior Year Findings

Not applicable.

Cherry Bekaert
Your Guide Forward

Report of Independent Auditor on Compliance for the Passenger Facility Charge Program and on Internal Control over Compliance Required by the Passenger Facility Charge Audit Guide for Public Agencies

To the Board of Commissioners
Norfolk Airport Authority
Norfolk, Virginia

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Norfolk Airport Authority's (the "Authority") compliance with the types of compliance requirements identified *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, that could have a direct and material effect on the Authority's Passenger Facility Charge Program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its 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 Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 the 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 the Authority's Passenger Facility Charge Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 the Authority's compliance with the requirements of the Passenger Facility Charge Program as a whole.

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 the 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 the 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above 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.

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.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 8, 2024