NORFOLK AIRPORT AUTHORITY

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
SUPPLEMENTAL SCHEDULES, AND AUDIT OF
FEDERAL AWARDS PERFORMED IN ACCORDANCE
WITH THE UNIFORM GUIDANCE

As of and for the Year Ended June 30, 2022

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 audit was 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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2022, 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 4, 2022

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, 2022. 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 Statement 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 Statement 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 Statement 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 Statement 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 year ended June 30, 2022.

The Authority was formed in 1988 to account for the operations of 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.

The Authority leases space to various airlines on a long-term basis and shares a percentage of net revenues or deficits with these airlines at the end of each year. Throughout this report, these airlines 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 2022 was a return to normal compared to the last two years of economic hardship associated with the pandemic at the Airport. Although passenger traffic has yet to fully return to most airports, the Airport's position as a leisure gateway in combination with the return of business travel resulted in FY 2022 setting a new record high for passenger traffic. In total, 3,947,153 passengers used the Airport during FY 2022, which was an increase of 79.2% over the previous year. As a result of the return of passenger traffic, prudent financial management, and the targeted use of federal aid, the Authority's financial results were outstanding.

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 estimated usage of these funds by fiscal year.

	2020	2021	2022	2023	Total
CARES	$ 5,056,595	$ 13,790,675	$ 1,000,000	$ -	$ 19,847,270
CRRSA	-	426,391	5,771,698	-	6,198,089
ARPA	-	-	7,404,333	9,400,140	16,804,473
Total	$ 5,058,615	$ 14,219,087	$ 14,178,053	$ 9,402,163	$ 42,849,832

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 $3.2 million in FY 2022 and $6.5 million in FY 2021. FY 2023 will be the last year in which federal funds are applied to the rates and charges.

A summary of the market share by enplanements of each of the air carriers operating at the Airport for the years ended June 30, 2022, and 2021 is shown below:

2022			2021		
American	638,158	32.4%	American	394,578	35.9%
Delta	528,763	26.8%	Delta	263,646	23.9%
Southwest	325,066	16.5%	Southwest	191,877	17.4%
United	313,458	15.9%	United	177,247	16.1%
Breeze	64,190	3.2%	Allegiant	45,026	4.1%
Allegiant	50,395	2.6%	Frontier	25,951	2.4%
Frontier	49,169	2.5%	Breeze	1,289	0.1%
Other	1,688	0.1%	Other	1,358	0.1%
Total	1,970,887	100.0%	Total	1,100,972	100.0%

As mentioned above, FY 2022 set the record for most passengers to ever utilize the Airport. Additionally, the Airport contains the only air cargo facility within the metro area. Currently, there are two cargo airlines operating at the Airport.

The Authority adopted the new accounting guidance, Government Accounting Standards Board ("GASB") Statement No. 87, *Leases* and have restated previously reported June 30, 2022. See Note 1 to the financial statements for additional information.

Revenues

A summary of the major revenues for the years ended June 30, 2022, and 2021 are shown below:

	Year		
	2022	**2021 (as restated)**	**Percent Change**
Operating Revenues:			
Parking	$ 18,418,315	$ 9,020,468	104.2%
Landing fees	7,890,044	5,339,578	47.8%
Rent	7,078,387	6,160,924	14.9%
Rental cars	8,761,848	5,228,562	67.6%
Concessions	3,535,814	1,884,054	87.7%
Other	1,028,343	544,854	88.7%
Total Operating Revenues	46,712,751	28,178,440	65.8%
Nonoperating Revenues, Net:			
Federal and state grants and interest	14,366,713	14,857,885	-3.3%
Passenger facility charges and interest	8,253,761	5,033,545	64.0%
Customer facility charges	2,724,476	1,987,140	37.1%
Interest income	117,146	308,606	-62.0%
Other income	323,455	240,974	34.2%
Total Nonoperating Revenues	25,785,551	22,428,150	15.0%
Total Revenues	$ 72,498,302	$ 50,606,590	43.3%

Overall, the total operating revenues of the Authority were $46.7 million in FY 2022, an increase of $18.5 million compared with 2021. This was primarily driven by the subsiding of the effects of the COVID-19 pandemic, and subsequent recovery of passenger traffic.

The largest drivers of this recovery in operating revenues were parking revenue, which increased $9.4 million or 104.2%, and rental car revenue, which increased $3.5 million, or 67.6%. Parking revenues increased due to the recovery of passenger traffic. Rental car revenue increased due to strong incoming leisure demand, along with elevated average rates on rental car transactions.

Landing fees and rent increased by $2.6 million, or 47.8% and $0.9 million, or 14.9%, respectively. These revenues 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.

Concessions revenues and other revenues increased by $1.7 million, or 87.7% and $0.5 million, or 88.7%, respectively. This increase was due to the recovery of passenger traffic.

Total nonoperating revenues of $25.8 million increased by $3.4 million, or 15.0%. This was primarily driven by an increase in Passenger Facility Charges ("PFCs") and interest of $3.2 million, or 64.0%. Federal and state grants and interest decreased by $0.5 million, or 3.3% as a result of less federal COVID-19 funding being drawn. Customer Facility Charges ("CFCs") increased by $0.7 million, or 37.1% due to higher passenger activity. Interest income decreased by $0.2 million or 62.0% due to lower interest rates. Other income increased by $0.1 million, or 34.2% due to higher occupancy of commercial properties.

Expenses

A summary of the major expenses for the years ended June 30, 2022, and 2021 are shown below:

	2022	2021	Percent Change
Operating Expenses:			
Salaries and fringe benefits	$ 18,883,546	$ 19,833,971	-4.8%
City tax assessment	2,650,000	2,650,000	0.0%
Maintenance and repairs	3,339,243	2,900,045	15.1%
Depreciation	16,319,865	13,726,629	18.9%
Other expenses	11,291,588	9,100,672	24.1%
Total Operating Expenses	52,484,242	48,211,317	8.9%
Nonoperating Expenses:			
Bond issuance costs	-	423,483	-100.0%
Interest expense	2,139,634	3,479,700	-38.5%
Total Nonoperating Expenses	2,139,634	3,903,183	-45.2%
Total Expenses	$ 54,623,876	$ 52,114,500	4.8%

Total operating expenses of the Authority were $52.5 million in FY 2022, an increase of $4.3 million, or 8.9% compared with 2021. Salaries and fringe benefits decreased by $1.0 million, or 4.8% primarily due to actuarial gains within the Authority's pension plan. Depreciation expenses increased by $2.6 million, or 18.9% due to the completion of Parking Garage D. Maintenance and repairs and other expenses increased by $0.4 million, or 15.1% and $2.2 million, or 24.1% respectively, due to higher usage from the return of passenger traffic and higher costs.

Total nonoperating expenses were $2.1 million, a decrease of $1.8 million, or 45.2%. Bond issuance costs decreased as no new issuances were made in FY 2022. Interest expense decreased due to lower interest rates from the refunding of the Series 2011 bonds with the Series 2021 bonds.

Net Position

A summary of the major components of the Statement of Net Position as of June 30, 2022, and 2021 is as follows:

	2022	2021 (as restated)	Percent Change
Current assets	$ 66,068,755	$ 56,048,731	17.9%
Restricted assets	23,198,789	18,624,357	24.6%
Capital assets, net	285,179,557	281,756,301	1.2%
Other noncurrent assets	6,621,369	4,652,255	42.3%
Total Assets	381,070,492	361,081,644	5.5%
Deferred Outflows of Resources	3,789,906	5,025,101	-24.6%
Current liabilities	5,606,251	8,800,687	-36.3%
Amounts payable from restricted assets	11,230,037	3,052,471	267.9%
Long-term liabilities	89,372,202	109,588,712	-18.4%
Total Liabilities	106,208,490	121,441,870	-12.5%
Deferred Inflows of Resources	15,399,952	5,056,445	204.6%
Net investment in capital assets	188,201,145	184,528,012	2.0%
Restricted net position	23,167,845	16,467,022	40.7%
Unrestricted net position	51,880,944	38,613,396	34.4%
Total Net Position	$ 263,251,956	$ 239,608,430	9.9%

Current assets as of June 30, 2022 were $66.1 million, an increase of $10.0 million, or 17.9%, which was driven by an increase in operating capital. Restricted assets were $23.2 million, an increase of $4.6 million, or 24.6% due to holding additional funds reserved for future capital assets additions. Capital assets, net were $285.2 million, an increase of $3.4 million, or 1.2%. Other noncurrent assets of $6.6 million, increased $2.0 million, or 42.3% due to additional to leases receivable.

Deferred outflows of resources were $3.8 million, a decrease of $1.2 million, or 24.6% due to actuarial adjustments related to the Authority's pension and other postemployment benefits ("OPEB") plans.

Current liabilities were $5.6 million, a decrease of $3.2 million, or 36.3%. This decrease was primarily due to timing of construction activity and a reduction of the surplus payable to airlines. Amounts payable from restricted assets were $11.2 million, an increase of $8.2 million, or 267.9% due to the timing of debt service payments. Long-term liabilities were $89.4 million, a decrease of $20.2 million, or 18.4%. This decrease was driven by timing of debt service payments, along with a reduction in the actuarially calculated pension liability.

Deferred inflows of resources were $15.4 million, an increase of $10.3 million, or 204.6% due to actuarially calculated pension adjustments.

Net position was $263.2 million, an increase of $23.6 million, an increase of 9.9%. 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 89 in FY 2018. Capital assets are net of related accumulated depreciation. Significant capital asset additions in the current period included the completion of Parking Garage D and rehabilitation of Taxiway C North. A summary of capital assets by category and the associated accumulated depreciation as of June 30, 2022, and 2021, as well as a schedule of additions and retirements for the years ended June 30, 2022, and 2021, are included as follows:

	June 30	
	2022	2021
Summary of Capital Assets:		
Land	$ 15,771,497	$ 15,771,497
Buildings, structures, and improvements	403,779,463	318,631,107
Roads and runways	86,897,984	85,936,328
Equipment	49,482,869	48,543,645
Construction in progress	8,942,608	76,248,723
	564,874,421	545,131,300
Accumulated depreciation	(279,694,864)	(263,374,999)
Total	$ 285,179,557	$ 281,756,301

Schedule of additions and retirements:

	June 30	
	2022	2021
Capital assets, beginning of year	$ 281,756,301	$ 244,404,824
Additions	19,743,121	51,153,695
Retirements	-	(75,589)
Depreciation	(16,319,865)	(13,726,629)
Capital assets, end of year	$ 285,181,579	$ 281,758,322

There were no major projects underway as of June 30, 2022. However, several major projects were in the design phase with construction anticipated to begin in FY 2023. The most significant of these is a rehabilitation of the airport's primary runway (5/23), and the conversion of a parking lot from ground transportation use to aircraft remain overnight parking. Approval was granted within the FY 2022 budget for capital expenditures worth approximately $72.3 million. Approximately 86% of these expenditures will be funded via federal grants, state grants, and PFCs. 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 2022, the debt service coverage was 7.12, or 3.81 without federal COVID funding. For FY 2021, the debt service coverage was 3.06, or (0.27) 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-Norfolk CSA, which is the 34th 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. As mentioned above, FY 2022 set the record for most passengers to ever utilize the Airport. This success has continued into FY 2023, with Q1 passenger counts up 12.4% over FY 2022 Q1 results. Additionally, in November 2022, it was announced that Spirit Airlines will begin service at the Airport in March 2023. This will bring the total number of carriers operating scheduled service out of the Airport to eight. Additionally, the Airport contains the only air cargo facility within the metro area. Currently, there are two cargo airlines operating at the Airport.

Contacting the Authority's Financial Management

This financial report is designed to provide interested parties with a general overview of the Authority 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

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 54,523,074
Investments	6,121,934
Accounts receivable, net	2,042,166
Lease receivable	2,061,125
Grants receivable	999,640
Prepaid expenses	320,816
Total Current Assets	66,068,755
Restricted Assets:	
Cash and cash equivalents	18,099,858
Investments	4,300,409
Passenger facility charges receivable	798,522
Total Restricted Assets	23,198,789
Capital Assets:	
Land	15,771,497
Buildings, structures, and improvements	403,779,463
Roads and runways	86,897,984
Equipment	49,482,869
Construction in progress	8,942,608
	564,874,421
Less accumulated depreciation	(279,694,864)
Total Capital Assets, Net	285,179,557
Lease receivable	5,327,620
Other assets	1,293,749
Total Assets	$ 381,068,470
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	24,944
Deferred outflows related to pensions	3,008,653
Deferred outflows related to OPEB plans	756,309
Total Deferred Outflows of Resources	$ 3,789,906

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

LIABILITIES		
Current Liabilities:		
Accounts payable	$	1,980,462
Accrued leave and wages		2,688,801
Other accrued expenses		332,703
Other liabilities		466,697
Total Current Liabilities		5,468,663
Amounts Payable from Restricted Assets:		
Accrued interest		1,907,888
Current portion of bonds payable		5,291,594
Total Amounts Payable from Restricted Assets		7,199,482
Long-Term Liabilities:		
Bonds payable, less current portion		89,550,415
Net pension liability		1,323,578
Net OPEB liability		2,022,490
Other long-term liabilities		643,862
Total Long-Term Liabilities		93,540,345
Total Liabilities	$	106,208,490
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	$	284,402
Deferred inflows related to pensions		7,334,157
Deferred inflows related to OPEB plans		650,768
Deferred inflows for leases		7,130,625
Total Deferred Inflows of Resources	$	15,399,952
NET POSITION		
Net investment in capital assets	$	188,201,145
Restricted for:		
Capital projects		16,119,640
Debt service		7,048,205
Unrestricted		51,880,944
Total Net Position	$	263,249,934

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

NORFOLK AIRPORT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

Operating revenues:	
Parking	$ 18,418,315
Landing fees	7,890,044
Rent	7,078,387
Rental cars	8,761,848
Concessions	3,535,814
Other	1,028,343
Total operating revenues	46,712,751
Operating expenses:	
Salaries and fringe benefits	18,883,546
Depreciation	16,319,865
Utilities	2,782,976
Maintenance and repairs	3,339,243
Administrative	713,991
Professional services	547,325
Advertising and promotion	873,274
Insurance	1,090,412
Security and other services	3,817,861
Sanitation	1,100,977
City tax assessment	2,650,000
Other	364,772
Total operating expenses	52,484,242
Operating loss	(5,771,491)
Nonoperating revenues (expenses):	
Federal grant revenues	14,306,102
State grant revenues	35,000
Passenger facility charges	8,246,427
Customer facility charges	2,724,476
State grant interest income	25,611
Passenger facility charges interest income	7,334
Investment income (expense)	117,146
Other income	323,455
Interest expense	(2,139,634)
Net nonoperating revenues	23,645,917
Change in net position before capital grants	17,874,426
Capital grants	5,767,079
Change in net position	23,641,505
Total net position, beginning of the year (as restated)	239,608,429
Total net position, end of the year	$ 263,249,934

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

NORFOLK AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Collections from customers	$ 47,201,358
Payments to employees for services	(19,348,302)
Payments for city tax assessment	(2,650,000)
Payments to suppliers	(15,734,053)
Net cash provided by operating activities	9,469,003
Cash flows from capital and related financing activities:	
Principal payments on bonds	(964,714)
Acquisition of capital assets	(22,546,899)
Interest paid on debt	(3,294,187)
Passenger facility charges	8,742,344
Customer facility charges	2,724,476
Federal and state grants received	20,180,069
Net cash provided by capital and related financing activities	4,841,089
Cash flows from investing activities:	
Investment income	473,546
Purchases of investments	(93,767,669)
Proceeds from maturities of investments	99,384,015
Net cash provided by investing activities	6,089,892
Net INcrease in cash and restricted cash	20,399,984
Cash and restricted cash, beginning of year	52,222,948
Cash and restricted cash, end of year	$ 72,622,932
Cash and cash equivalents are presented in the accompanying statements of net position as follows:	
Cash	$ 54,523,074
Restricted cash	18,099,858
	$ 72,622,932

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

NORFOLK AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2022

Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(5,771,491)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation		16,319,865
Decrease (increase) in operating assets:		
Accounts receivable		489,014
Leases receivable		(407)
Prepaid expenses		(14,201)
Other assets		(69,641)
Increase (decrease) in operating liabilities:		
Accounts payable		499,529
Accrued leave and wages		(10,252)
Other accrued expenses		61,130
Surplus payable to airlines		(1,545,350)
Net pension liability		(679,415)
Net OPEB liability		26,193
Other liabilities		216,775
Deferred amount on refunding		(52,745)
Net cash provided by operating activities	$	9,469,004

Supplemental disclosure of noncash capital and related financing activities:

The Authority incurred noncash capital expenditures related to construction in progress in the amount of $637,004 that are included in accounts payable as of June 30, 2022.

(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, 2022.

(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

Capital assets with an initial individual cost of $10,000 or more are capitalized at cost. 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.

(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 Statement 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 Statement 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 FY.

(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.

(1) Summary of Significant Accounting Policies (continued)

(o) New Accounting Pronouncements – GASB Statement No. 87

As of July 1, 2020, the Authority adopted the provisions of GASB 87, *Leases*, which amended the existing accounting standards for lease reporting. The new guidance requires lessors in a leasing arrangement to recognize a lease receivable and a deferred inflow of resources for most leases (other than leases that meet the definition of a short-term lease) at lease commencement. The deferred inflow (lessors) will be equal to the present value of lease payments.

The impact of the above on the respective financial statement amounts as of June 30, 2021, are as follows:

	Net Position
June 30, 2021, originally reported	$ 239,350,716
Change in accounting standard	257,713
June 30, 2021, as restated	$ 239,608,429

(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 $72,622,932 and the bank balances were $72,693,929 at June 30, 2022. 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.

(2) Deposits and Investments (continued)

(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, 2022, the Standard & Poor’s ratings on the Authority’s rated securities included 57.3% of AAAm, 4.6% of AAA, 36.5% of AA+, and 1.6% of A-1+.

(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, 2022, the Authority’s portfolio was invested as follows:

Issuer	Percentage of Portfolio
U.S. Treasury	53.2%
Commercial paper	3.7%
Corporate notes	43.1%
	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, 2022, the carrying values and weighted average maturity of the Authority's investments were as follows:

Investment type		Fair Value	Weighted Average Maturity in Years
U.S. Treasury securities	$	6,190,478	1.25
Corporate notes		4,231,865	0.68
Total investments	$	10,422,343	

(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, 2022, all the Authority's investments were held in a bank's trust department in the Authority's name.

(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 at June 30, 2022 is as follows:

Deposits	$	72,622,932
Investments		10,422,343
	$	83,047,297
Current assets:		
Cash and cash equivalents	$	54,523,074
Investments		6,121,934
Restricted assets:		
Cash and cash equivalents		18,099,858
Investments		4,300,409
	$	83,045,275

(2) Deposits and Investments (continued)

(h) Fair Value Measurements

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

U.S. Treasury securities and corporate notes of $10,422,343 are valued using a matrix pricing model (Level 2 inputs).

(3) Restricted Assets

The Authority received $2,000,000 during FY 2022 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.

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 at June 30, 2022:

State block grant account	$ 12,876,505
Bond ordinance related	7,079,149
Passenger facility charges account	2,399,613
Passenger facility charges receivable	798,522
Other restricted assets	45,000
Restricted assets	$ 23,198,789

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 $172,173,416. As of June 30, 2022, the remaining collection authority was $28,886,087 and expires January 2026. 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 at 1.54%. 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. Current-year amounts related to these leases are as follows:

Operating revenues:		
Rent	$	591,128
Concessions	$	1,064,796
Nonoperating revenues:		
Investment income (interest revenue)	$	130,406
Other income	$	356,972

Leasing principal and interest payments to be received at June 30, 2022 were as follows:

Years Ending June 30:		Principal		Interest
2023	$	2,061,125	$	99,162
2024		1,729,239		69,405
2025		1,360,977		45,537
2026		1,128,804		26,493
2027		738,130		11,869
2028-2029		370,470		4,530
	$	7,388,745	$	256,996

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 2022 related to these regulated leases of $3,806,485, which was recognized as rent revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

(4) Leases (continued)

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

Years Ending June 30:	
2023	$ 4,741,668
2024	1,442,275
2025	130,858
2026	131,531
2027	132,217
2028-2032	594,026
2033-2037	431,722
2038-2042	226,480
2043-2044	198,042
	$ 8,028,819

(5) Capital Assets

The following is a summary of the changes in capital assets for the year ended June 30, 2022:

	Balances, June 30, 2021	Increases	Decreases	Balances, June 30, 2022
Capital assets not being depreciated:				
Land	$ 15,771,497	$ -	$ -	$ 15,771,497
Construction in progress	76,248,723	18,655,190	(85,961,306)	8,942,607
	92,020,220	18,655,190	(85,961,306)	24,714,104
Capital assets being depreciated:				
Building, structures, and improvements	318,631,107	85,148,356	-	403,779,463
Roads and runways	85,936,328	961,656	-	86,897,984
Equipment	48,543,645	939,224	-	49,482,869
Less accumulated depreciation for:				
Building, structures, and improvements	(165,076,274)	(12,544,652)	-	(177,620,926)
Roads and runways	(62,877,639)	(1,819,063)	-	(64,696,702)
Equipment	(35,421,086)	(1,956,150)	-	(37,377,236)
	189,736,081	70,729,371	-	260,465,452
Capital assets, net	$ 281,756,301	$ 89,384,561	$ (85,961,306)	$ 285,179,556

Depreciation expense for the year ended June 30, 2022 was $16,319,865.

(6) Bonds Payable

Bonds payable comprise the following at June 30, 2022:

Series 2019 bonds payable	$	54,435,000
Series 2021 bonds payable		25,850,000
		80,285,000
Unamortized premium		14,557,010
	$	94,842,010

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 LIBOR 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

Maturities of bond principal and interest to be provided for all bonds outstanding at June 30, 2022 were as follows:

Years Ending June 30:	Principal	Interest
2023	$ 3,935,000	$ 3,760,555
2024	4,235,000	3,624,405
2025	4,355,000	3,442,575
2026	4,280,000	3,247,825
2027	3,960,000	3,063,800
2028-2032	22,875,000	12,131,875
2033-2037	12,720,000	7,633,750
2038-2042	16,235,000	4,030,625
2043-2044	7,690,000	389,250
	$ 80,285,000	$ 41,324,660

Revenue bond activity for the year ended June 30, 2022 is as follows:

	Balance, June 30, 2021	Issuance of Bonds	Amortization of Premium	Bond Payments	Balance, June 30, 2022	Current Portion
Series 2021	$ 31,211,257	$ -	$ (942,196)	$ -	$ 30,269,061	$ 4,479,841
Series 2019	65,333,656	-	(760,707)	-	64,572,949	4,842,308
Line of credit	964,714	-	-	(964,714)	-	-
	$ 97,509,627	$ -	$ (1,702,903)	$ (964,714)	$ 94,842,010	$ 9,322,149

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, 2022, 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) Airport Use Agreement

Effective July 1, 2013, the Authority entered into an Airline Use and Lease Agreement (the “Agreement”) with the signatory airlines operating scheduled passenger service at the Airport, which was renewed effective August 28, 2018. The current term of the Agreement for all signatory carriers is through June 30, 2023. The Agreement provides for airlines to pay rates and charges calculated based on established cost centers. The Agreement provides for the Authority to share surplus revenues with the signatory airlines (the “Airlines”) after all operating and maintenance expenses, debt service (including coverage), and required deposits to various reserve funds have been made. Surplus revenues are accrued at the end of the year and refunded to the Airlines and a deficit in revenues may be billed to the Airlines. At June 30, 2022, there was no surplus payable to the Airlines as federal funding credits were being carried forward from prior year surplus calculations.

(8) Defined Benefit Pension Plan

(a) Plan Description

The Authority participates in the VRS, an agent and 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:

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.

(9) Defined Benefit Pension Plan (continued)

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.

(b) Employees Covered by Benefit Terms

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

Inactive members or their beneficiaries currently receiving benefits	169
Inactive members:	
Vested inactive members	26
Nonvested inactive members	52
Inactive members active elsewhere in VRS	37
Total inactive members	115
Active members	194
Total covered employees	478

(8) Defined Benefit Pension Plan (continued)

(a) 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, 2022 was 13.23% of covered employee compensation. This rate were based on an actuarially determined rate from actuarial valuations as of June 30, 2019. This rate, when combined with employee contributions, were 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 $1,630,080 and $1,568,710 for the years ended June 30, 2022 and 2021, respectively.

(b) Net Pension Liability

The Authority's net pension liability as of June 30, 2022 was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

(c) 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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement dates of June 30, 2021.

	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 %

(8) 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; 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.

(8) Defined Benefit Pension Plan (continued)

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

Mortality Rates (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)

(d) 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%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

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

(e) 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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to 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.

(8) Defined Benefit Pension Plan (continued)

(f) Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2020	$ 57,920,402	$ 47,403,728	$ 10,516,674
Changes for the year:			
Service cost	1,507,543	-	1,507,543
Interest	3,810,696	-	3,810,696
Differences between expected and actual experience	(1,383,443)	-	(1,383,443)
Contributions – employer	-	1,568,710	(1,568,710)
Contributions – employee	-	593,589	(593,589)
Net investment income	-	12,931,550	(12,931,550)
Changes of assumptions	1,935,184	-	1,935,184
Benefit payments	(2,838,514)	(2,838,514)	-
Administrative expenses	-	(31,995)	31,995
Refunds of contributions	(92,787)	(92,787)	-
Other changes	-	1,222	(1,222)
Net changes	2,938,679	12,131,775	(9,193,096)
Balances at June 30, 2021	$ 60,859,081	$ 59,535,503	$ 1,323,578

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 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	$ 8,600,995	$ 1,323,578	$ (4,749,273)

(8) Defined Benefit Pension Plan (continued)

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

For the year ended June 30, 2022, the Authority recognized pension expense of $950,665. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 6,427,763
Change of assumptions	1,267,879	-
Differences between expected and actual experience	110,694	906,394
Employer contributions subsequent to the measurement date	1,630,080	-
	$ 3,008,653	$ 7,334,157

Deferred outflows of resources related to pensions totaling $1,630,080 resulting from the Authority's contributions subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as decreases to pension expense as follows:

Years Ending June 30	
2023	$ (1,206,659)
2024	(1,299,050)
2025	(1,498,117)
2026	(1,951,758)
	$ (5,955,584)

(i) Pension Plan Data

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

(9) 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 is currently $8,722.

(ii) 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.

(9) OPEB Plans

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.

(i) 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.

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.

(9) OPEB Plans (continued)

(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, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Authority were $66,663 for the year ended June 30, 2022.

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, 2022 was $722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 $42,321 for the year ended June 30, 2022.

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 year ended June 30, 2022 was 0.83% 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, 2019. 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 $20,238 for the year ended June 30, 2022.

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

At June 30, 2022, the Authority reported liabilities of $696,001, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Authority's proportion was 0.05978% as compared to 0.06162% at June 30, 2020.

(9) OPEB Plans (continued)

For the year ended June 30, 2022, the Authority recognized GLI OPEB expenses of $27,525. 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, 2022, the Authority reported liabilities of $1,332,633, for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the net LODA OPEB liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 and 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the Authority's proportion was 0.30219% as compared to 0.31160% at June 30, 2020.

For the year ended June 30, 2022, the Authority recognized LODA OPEB expense of $41,604. 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, 2022, the Authority reported a net asset of $6,144, for its proportionate share of the VLDP Net OPEB liability. The net VLDP OPEB liability was measured as of June 30, 2021 and the total VLDP OPEB liability used to calculate the net VLDP OPEB liability determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Authority's proportion of the VLDP was 0.59998% as compared to 0.62229% at June 30, 2020.

For the year ended June 30, 2022, the Authority recognized VLDP OPEB expense of $16,849. 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.

At June 30, 2022, 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	$ 14,337	$ 177,266
Change of assumptions	407,363	160,640
Differences between expected and actual experience	194,137	216,280
Changes in proportionate share	11,250	96,582
Employer contributions subsequent to the measurement date	129,222	-
Total as of June 30, 2022	$ 756,309	$ 650,768

(9) OPEB Plans (continued)

Deferred outflows of resources related to OPEB plans totaling $129,222 resulting from the Authority's contributions subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022. 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:	
2022	$ (12,725)
2023	(7,600)
2024	(9,644)
2025	(36,174)
2026	11,574
Thereafter	30,888
	$ (23,681)

(d) Actuarial Assumptions

The total GLI, LODA, and VLDP OPEB liabilities were based on actuarial valuations as of June 30, 2020, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	
Salary increases, including inflation:	2.50%
General employees (GLI and\ VLDP)	
Medical cost trend rates assumption (LODA):	3.50 to 5.35%
Under age 65	
Ages 65 and older	7.00 to 4.75%
Investment rate of return (GLI and VLDP)	
	6.75%, net of investment expenses,
Year of ultimate trend rate (LODA):	including inflation
Post-65	
Pre-65	Fiscal year ended 2024
Investment rate of return (LODA)	Fiscal year ended 2029
	2.16%, net of investment expenses, including inflation*

* Since LODA is funded on a current disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

(9) OPEB Plans (continued)

	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.

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

(10) OPEB Plans (continued)

(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, 2021, net OPEB liability amounts are as follows (dollar amounts in thousands):

	June 30, 2021		
	GLI	**LODA**	**VLDP**
Total OPEB liability	$ 3,577,346	$ 448,542	$ 5,156
Plan fiduciary net position	2,413,074	7,553	6,166
Employers' net OPEB liability	$ 1,164,272	$ 440,989	$ (1,010)
Plan fiduciary net position as a percentage of the total OPEB liability	67.45%	1.68%	119.59%

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.

(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%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
Inflation			2.50%
* Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.49%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(11) OPEB Plans (continued)

The long-term expected rate of return on LODA OPEB program's investments was set at 2.16% 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 2.16% 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, 2021.

(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, 2021, 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 100% of the actuarially determined contribution rate. From July 1, 2021 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 2.16%. 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, 2021, 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The Authority's proportionate share of the GLI net OPEB liability	$ 1,016,883	$ 696,001	$ 436,874
The Authority's proportionate share of the VLDP net OPEB liability/(asset)	$ (3,291)	$ (6,144)	

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
The Authority's proportionate share of the LODA net OPEB liability	$ 1,533,016	$ 1,332,633	$ 1,173,412

(9) OPEB Plans (continued)

(i) Sensitivity of the Authority's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care 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:

	1.00% Decrease (6.00% decreasing to 3.75%)	Healthcare Trend Rates (7.00% decreasing 4.75%)	1.00% Decrease (8.00% decreasing to 5.75%)
The Authority's proportionate share of the LODA Net OPEB Liability	$ 1,093,459	$ 1,332,633	$ 1,639,303

(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 2021 ACFR. A copy of the 2021 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(10) 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 are receiving annual payments equal to 75% of their final salary less any benefits received under the VRS. During the year ended June 30, 2022, the plan expense was $159,785, which includes payments of $80,599. Whole life insurance policies have been purchased to assist in funding this liability. The Authority is owner and beneficiary of each of these policies. The cash surrender value of these policies was $1,293,749 at June 30, 2022, and is included as other noncurrent assets in the accompanying Statement of Net Position. The ESRP accrued liability totaling $718,264 as of June 30, 2022, is included in other liabilities and other long-term liabilities in the accompanying Statement of Net Position. During FY 2023, settlement agreements were executed with the two former employees. The ESRP liability increase in FY2022 is attributable to execution of the settlement agreements. Settlement of this liability is estimated to be paid as follows:

Years Ending June 30:	Estimated Payment
2023	$ 466,697
2024	251,567
	$ 718,264

The ESRP Plan was terminated in July 2022, pending final distribution of the settlements. Except for the settlements shown above, no future liabilities are expected under the ESRP.

(11) 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 Statement 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.

(12) 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.

(13) 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, 2022.

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.

(14) 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.

(15) 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 $2,650,000 was required for FY 2022. This amount is due each year through the July 1, 2024 payment.

As of June 30, 2022, the Authority had entered into contracts totaling $13.6 million, of which $5.1 million was outstanding.

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, 2022.

(16) 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 Statement of Net Position. As of June 30, 2022, there were three series of revenue bonds outstanding with an aggregate principal amount of approximately $15.4 million.

(17) New Accounting Pronouncements

In May 2019, GASB issued SGAS No. 91, *Conduit Debt Obligations*, which standardizes the reporting of conduit debt obligations by issuers and eliminates diversity in reporting practices. This statement clarifies reporting by establishing that conduit debt obligations are not the liability of issuers. The requirements of this statement are effective for the fiscal year ending June 30, 2023. Management does not believe implementing SGAS No. 91 will have a material impact on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NORFOLK AIRPORT AUTHORITY

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

JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Schedule of Changes in the Authority's Net Pension Liability anc Related Ratios:								
Total pension liability:								
Service cost	$ 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	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	(1,383,443)	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	(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	-	(118,923)	(16,096)	-	-	-	-	-
Other	-	-	-	-	(313)	-	-	-
Net change in total pension liability	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	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)	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	1,568,710	1,366,885	1,335,367	1,208,422	1,170,578	1,223,465	1,179,412	1,260,523
Contributions – employee	593,589	611,117	593,189	577,112	564,624	553,205	522,626	512,028
Net investment income	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	(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	(31,995)	(30,745)	(29,605)	(27,217)	(27,108)	(23,348)	(22,585)	(25,970)
Refunds of Contributions	(92,787)	(118,923)	(16,096)	-	-	-	-	-
Other	1,222	(1,069)	(1,890)	(2,799)	(4,170)	(173)	(663)	260
Net change in plan fiduciary net position	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	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)	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)	$ 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 pensior liability (b) / (a)	97.83%	81.84%	85.78 %	89.90 %	92.24 %	86.13 %	90.08 %	92.25 %
Covered payroll (c)	$ 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 coverec payroll [(a)-(b)] / (c)	10.73%	82.95 %	63.80 %	42.64 %	30.60 %	56.95 %	40.05 %	29.70 %

Note: Net pension liabilities are reported using the measurement date, which is one year prior to the reporting dat

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

NORFOLK AIRPORT AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)

YEAR ENDED JUNE 30, 2022

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
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	11.00

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, 2022

Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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%
2017					
GLI Plan:	58,000	58,000	-	11,841,567	0.49%
LODA Plan:	35,000	35,000	-	11,841,567	0.30%
VLDP Plan:	3,000	3,000	-	1,430,793	0.21%

NORFOLK AIRPORT AUTHORITY

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

YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
GLI Plan:					
Authority's Proportion of the Net GLI OPEB Liability	0.05978%	0.06162%	0.06261%	0.06224%	0.06204%
Authority's Proportionate Share of Net GLI OPEB Liability	$ 696,001	$ 1,028,337	$ 1,018,831	$ 945,000	$ 933,000
Employer's Covered Payroll	$ 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	5.64%	8.11%	8.30%	8.26%	7.88%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%
LODA Plan:					
Authority's Proportion of the Net LODA OPEB Liability	0.30219%	0.31160%	0.31552%	0.32493%	0.31564%
Authority's Proportionate Share of Net LODA OPEB Liability	$ 1,332,633	$ 1,305,029	$ 1,132,042	$ 1,019,000	$ 829,000
Employer's Covered Payroll	$ 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	10.81%	10.29%	9.22%	8.90%	7.00%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%	1.02%	0.79%	0.60%	1.30%
VLDP Plan:					
Authority's Proportion of the Net VLDP OPEB Liability	0.59998%	0.62229%	0.66244%	0.58676%	0.53211%
Authority's Proportionate Share of Net VLDP OPEB Liability/(Asset)	$ (6,144)	$ 6,212	$ 13,420	$ 4,000	$ 3,000
Employer's Covered Payroll	$ 2,438,139	$ 2,319,957	$ 2,047,146	$ 977,098	$ 1,430,793
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	-0.25%	0.27%	0.66%	0.41%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- 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 Changes in the Authority's Net Pension Liability and Related Ratios and the Schedule of Pension 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 eight years as FY 2015 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.

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 six 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, 2022

Federal Grantor/Program Title	Assistance Listing Number	Project Number		Expenditures
Department of Transportation:				
Federal Aviation Administration:				
Airport Improvement Program	20.106	3-51-0036-72	$	896,962
COVID-19 Airport Improvement Program	20.106	3-51-0036-73		1,000,000
Airport Improvement Program	20.106	3-51-0036-74		1,875,323
COVID-19 Airport Improvement Program	20.106	3-51-0036-75		5,771,698
Airport Improvement Program	20.106	3-51-0036-77		994,794
COVID-19 Airport Improvement Program	20.106	3-51-0036-78		7,404,333
Total Airport Improvement Program			$	17,943,110

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.

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 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* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "*Specifications*"), the financial statements of Norfolk Airport Authority (the "Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 4, 2022.

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 opinions 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 were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or under the *Specifications*.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 4, 2022

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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Norfolk Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are 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 each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 each 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 4, 2022

NORFOLK AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

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 programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **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 Section 530 of 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

None reported.

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, 2022.

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, 2022.

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.

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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 4, 2022

NORFOLK AIRPORT AUTHORITY

SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2022 AND EACH QUARTER DURING THE YEAR ENDED JUNE 30, 2022

	Quarter Ended				
	September 30, 2021	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**	**Year Ended June 30, 2022**
Revenues:					
Receipts[1]	$ 2,061,841	$ 1,972,684	$ 2,211,657	$ 2,496,161	$ 8,742,343
Interest	445	690	1,258	4,945	7,338
Total Revenues	2,062,286	1,973,374	2,212,915	2,501,106	8,749,681
Expenditures:					
Application #5					
Passenger loading bridges	471,284	-	-	1,009,518	1,480,802
Total Application #5	471,284	-	-	1,009,518	1,480,802
Application #6					
General aviation customs facility	(2,071)	-	-	-	(2,071)
Runway 5/23 Pavement	2,000,000	767,017	-	-	2,767,017
Runway 5/23 Lighting	-	1,232,983	2,000,000	3,000,000	6,232,983
Total Application #6	1,997,929	2,000,000	2,000,000	3,000,000	8,997,929
Total Expenditures	2,469,213	2,000,000	2,000,000	4,009,518	10,478,731
Net PFC Inflows (Outflows)	$ (406,927)	$ (26,626)	$ 212,915	$ (1,508,412)	$ (1,729,050)

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).

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