

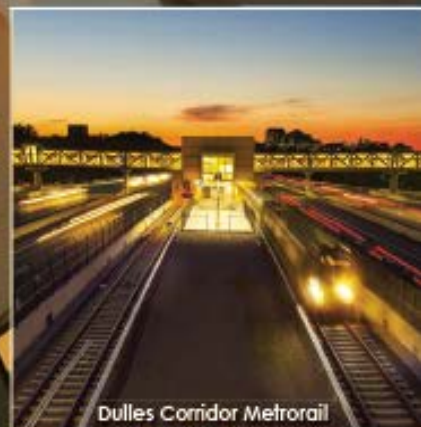
METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2018 and December 31, 2017



Washington Dulles International Airport



Dulles Corridor Metrorail



Ronald Reagan Washington National Airport



Dulles Toll Road

Geographically located in Virginia serving the Metropolitan Washington, D.C. area.

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Your Journey Begins With Us.

**METROPOLITAN WASHINGTON AIRPORTS AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2018 and DECEMBER 31, 2017**

BOARD OF DIRECTORS

as of December 31, 2018

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Earl Adams, Jr., *Vice Chairman*
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John A. Braun
Albert J. Dwoskin
The Honorable Katherine K. Hanley
The Honorable Robert W. Lazaro, Jr.
A. Bradley Mims
Thorn Pozen
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William E. Sudow
The Honorable J. Walter Tejada
Mark E. Uncapher
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Jerome L. Davis, Executive Vice President and Chief Revenue Officer
Andrew T. Rountree, CPA, Senior Vice President for Finance and Chief Financial Officer
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Alan Davis, Vice President for Audit

Prepared by the Office of Finance

Geographically located in Virginia – serving the Metropolitan Washington, D.C. area

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Your Journey Begins With Us.

METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

**Comprehensive Annual Financial Report
For the Fiscal Years Ended
December 31, 2018 and December 31, 2017**

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April 11, 2019

To the Board of Directors and
The President and Chief Executive Officer of the
Metropolitan Washington Airports Authority

The Comprehensive Annual Financial Report (CAFR) of the Metropolitan Washington Airports Authority (the Airports Authority) for the years ended December 31, 2018 and 2017 is submitted herewith. The Office of Finance prepared this CAFR. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the Airports Authority. To the best of our knowledge and belief, this CAFR fairly presents and fully discloses the Airports Authority's financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America. It includes disclosures necessary to enable the reader to gain an understanding of the Airports Authority's financial activities. This CAFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The management of the Airports Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure the assets of the Airports Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Airports Authority is responsible for ensuring an adequate internal control structure is in place to maintain compliance with general and specific laws and regulations related to the Airport Improvement Program (AIP), and the Federal Transit Administration (FTA) provisions of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users with regards to the Dulles Corridor Metrorail Project (Dulles Metrorail Project).

The objectives of an internal control structure are to provide management with reasonable assurance that resources are safeguarded against waste, loss, and misuse, and reliable data is recorded, maintained, and fairly disclosed in reports. The Airports Authority's current internal controls provide a base of reliable financial records from which the financial statements are prepared. These controls ensure accounting data is reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and the evaluation of those factors requires estimates and judgment by management.

As required by the Acts of the District of Columbia and the Commonwealth of Virginia (the Commonwealth), a firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Airports Authority in accordance with auditing standards generally accepted in the United States of America and to meet the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Airports Authority retained the firms of Cherry Bekaert LLP and GKA P.C., respectively, to perform these audit services. The report from Cherry Bekaert LLP is located at the front of the financial section of this CAFR. The Single Audit Report and its opinion from GKA P.C. are presented under separate cover.



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Metropolitan Washington Airports Authority

Management's discussion and analysis (MD&A) immediately follows the report of independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Transmittal Letter and should be read in conjunction with it.

THE AIRPORTS AUTHORITY AND ITS PURPOSE

The Airports Authority is a public body politic and corporate, created with the consent of the Congress of the United States by an Act of the District of Columbia and an Act of the Commonwealth for the purpose of operating, maintaining, and improving Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International), (collectively, the Airports). The Airports had historically been managed by the Federal Aviation Administration (FAA) of the United States Department of Transportation (DOT). Pursuant to an Agreement and Deed of Lease, effective June 7, 1987, the Airports were transferred by the United States Government to the Airports Authority for an initial term of 50 years in accordance with the Metropolitan Washington Airports Act of 1986 (the Federal Act). On June 17, 2003, the Agreement and Deed of Lease was extended 30 years to June 6, 2067.

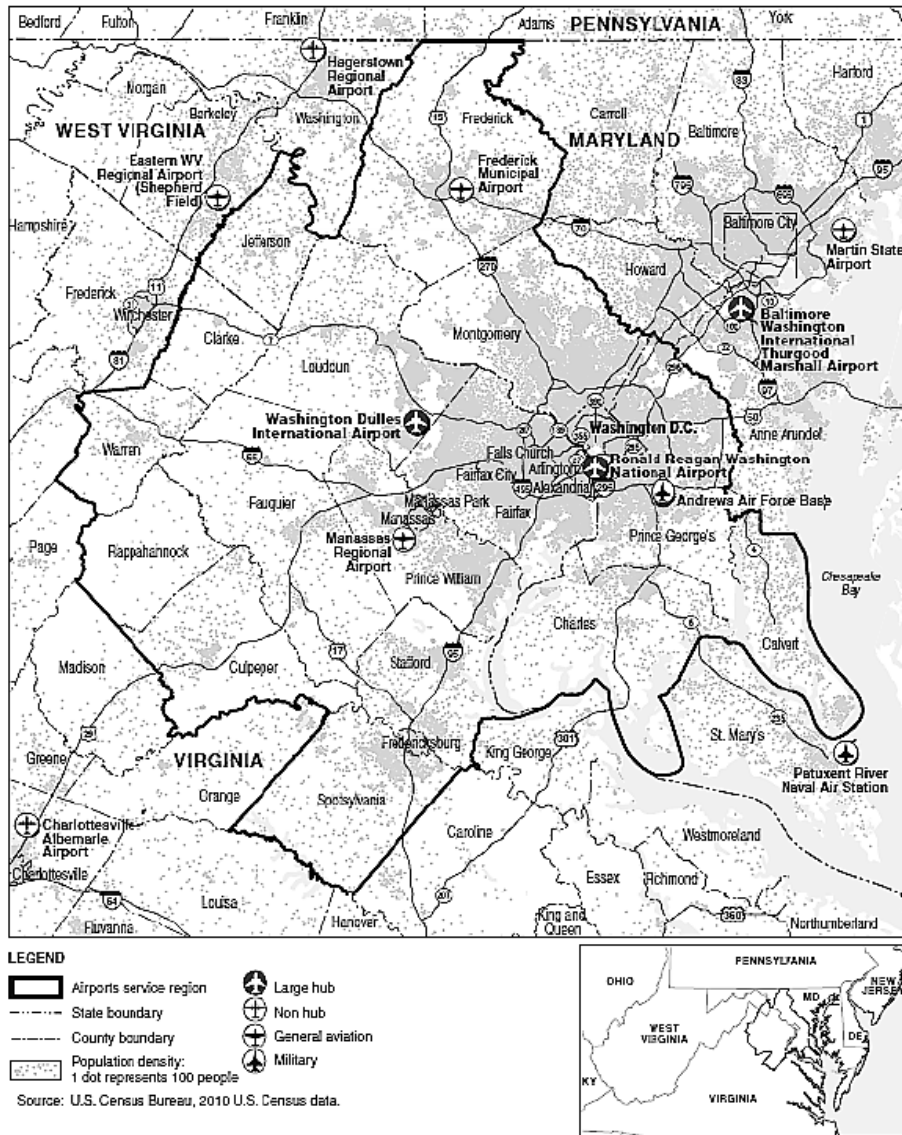
Pursuant to the Master Transfer Agreement, dated December 29, 2006 and effective November 1, 2008, the Virginia Department of Transportation (VDOT) granted a permit for the operation and maintenance of the Dulles Toll Road to the Airports Authority for a term of 50 years. As part of the agreement with the Commonwealth, the Airports Authority is constructing the Dulles Metrorail Project with an eastern terminus near the West Falls Church Metrorail Station on Interstate 66 and a western terminus of Virginia Route 772 in Loudoun County and is making other improvements in the Dulles Corridor consistent with VDOT and regional plans. The Dulles Corridor is defined as the transportation corridor with an eastern terminus of the East Falls Church Metrorail Station at Interstate Route 66 and a western terminus of VA Route 772 in Loudoun County, Virginia.

The Airports Authority is an independent interstate agency governed by a 17-member Board of Directors (the Board). The Board is appointed as follows: seven members by the Governor of Virginia subject to confirmation by the Virginia General Assembly, four members by the Mayor of the District of Columbia subject to confirmation by the Council of the District of Columbia, three members by the Governor of Maryland, and three members by the President of the United States with the advice and consent of the United States Senate. Members serve staggered, six-year terms without compensation and may be reappointed once. The Board establishes the Airports Authority's policy and appoints the President and Chief Executive Officer to oversee the operations of the Airports Authority. The Board annually elects a Chairman, Vice Chairman, and Secretary. As of December 31, 2018, three Federal appointments were vacant.

Aviation Enterprise Fund

The Airports Authority operates a two-airport system that provides domestic and international air service for the mid-Atlantic region. All aviation-related activity is accounted for within the Aviation Enterprise Fund. The Airports Service Region for the Airports Authority is comprised of the District of Columbia, five Maryland counties, eleven Virginia counties, six independent Virginia cities, and one West Virginia county. The Aviation Enterprise Fund uses aircraft landing fees, fees from terminal and other rentals, and revenue from concessions to fund operating and maintenance expenses. The operations of the Airports Authority are not taxpayer-funded, with the exception of a discretionary grant of \$50.0 million from the Commonwealth, \$25.0 million of which was applicable to 2017, and \$25.0 million of which was applicable to 2018.

Airports Service Region



Source: Series 2017A Official Statement - Report of the Airport Consultant

Reagan National which opened for service in 1941 completed its 77th year of operation in 2018. It is located in southwest of Washington, D.C. approximately three miles from downtown, on approximately 860 acres along the Potomac River in Arlington County, Virginia. It is the longest operating commercial airport serving the Airports Service Region. Reagan National is the Airports Authority's principal domestic air service airport, and is accessible via Metrorail. There were 19 mainline and regional airlines serving Reagan National as of December 31, 2018, providing 294 thousand takeoffs and landings during the year. There are no significant cargo operations at Reagan National.

Dulles International opened for service in 1962. It is situated on approximately 11,406 acres in Fairfax and Loudoun Counties in Virginia. Dulles International is located 26 miles from downtown Washington, D.C., from which it is accessible via a 17-mile dedicated four-lane (two lanes in each direction) Dulles International Airport Access Highway and Interstate 66 and access via Metrorail is anticipated in 2020. Dulles International provides a

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Metropolitan Washington Airports Authority

full range of domestic and international air service, including service to destinations in Europe, Asia, South America, and Africa. There were 60 domestic, international mainline and regional airlines serving Dulles International as of December 31, 2018, providing 274 thousand takeoffs and landings during the year. Dulles International also provides full service facilities for the airlines cargo operations. The cargo facilities are comprised of six buildings with approximately 552 thousand square feet of warehouse space which is leased by airlines, cargo handling agents and other aviation support companies. Cargo operations at Dulles International are a vital part of the regional economic engine for the Airports Service Region.

The Airports Authority's business relationship with the airlines operating at both Airports is governed by a formal negotiated Airport Use Agreement and Premises Lease (Use and Lease Agreement).

In November 2014, the Airports Authority's Board approved the current Use and Lease Agreement which became effective January 1, 2015. The Use and Lease Agreement became effective with nearly all the airlines providing service at Reagan National and Dulles International. For airlines operating at Reagan National, the term of agreement is 10 years, starting from the effective date of the agreement to December 31, 2024. For airlines operating at Dulles International, the term of agreement was originally three years, starting from the effective date of the agreement to December 31, 2017. In 2016, the First Universal Amendment to the Use and Lease Agreement (First Amendment) was agreed upon between the Airports Authority and the Signatory Airlines. It extended the Use and Lease Agreement to December 31, 2024, with respect to Dulles International. The Use and Lease Agreement, addresses the following core business issues:

- Financial responsibilities of the Airlines, including airline rates and charges methodology,
- Operational protocols including space and equipment use and maintenance obligations,
- Airports' Capital Development Plans, and
- General Business Provisions (environmental, insurance, business rights).

Key provisions of the Use and Lease Agreement are:

- A Capital Construction Program (CCP) at both airports,
- A revised allocation for sharing Airport Net Remaining Revenue (NRR) with airlines at Reagan National (including 100 percent of NRR from 2014, 2015 and 2016 to be retained by the Airports Authority for use in 2015, 2016, 2017 and 55 percent in 2018),
- The Airports Authority can apply NRR from Reagan National at Dulles International, up to certain limitations,
- NRR generated at Dulles International will be shared between the Airports Authority and Dulles International airlines (generally 50 percent to airlines and 50 percent to the Airports Authority up to a "plateau" amount of \$15.6 million in 2014, \$15.9 million in 2015, \$16.1 million in 2016, \$16.4 million in 2017 and \$16.0 million in 2018, and thereafter 75 percent to airlines and 25 percent to the Airports Authority),
- Increased Debt Service Coverage payments from airlines for airline-supported cost centers at both airports (in years 2015 through 2017 airline funded debt service coverage was 35 percent. In fiscal years 2018 airline funded debt service coverage was 30 percent which will continue through 2023, and in the final year of the agreement 2024, debt service coverage funded by the airlines will be 25 percent).

The centerpiece of the current new Airline Use and Lease Agreement at Reagan National includes a \$1 billion ten-year CCP that will provide an additional north terminal facility, repositioned security access to National Hall, Terminal A renovations and various airfield, roadways, utility, and other enabling projects. The CCP at Reagan National is being debt-funded by the Airports Authority, and the Airports Authority will seek available grants and

authorization during the term of the Use and Lease Agreement to impose and use Reagan National Passenger Facility Charges (PFCs) to reduce debt for the Reagan National CCP.

Equally important, but smaller in scale, the Airline Use and Lease Agreement at Dulles International included a \$142 million three-year CCP (Dulles CCP) that provides for various airfield, utility systems and roadway projects. Improvements to increase the operational reliability of Concourse C/D systems are also included. The CCP at Dulles International is primarily debt-funded, and the Airports Authority will seek grant funding where available.

The First Universal Amendment to the Use and Lease Agreement added an additional \$446 million of capital projects and extended the Dulles CCP through December 31, 2024. Per the Use and Lease Agreement, with regards to Dulles International, the Airports Authority may undertake a portion of the Dulles CCP, but will not be required to do so and may fund the projects it elects to undertake through the issuance of debt. The Reagan National CCP and the Dulles CCP together comprise the 2015-2024 CCP.

Reagan National generated \$96.7 million in NRR in 2018, of which \$35.8 million will be credited to the airlines at Reagan National and \$30.0 million will be credited to airline supported cost centers at Dulles International to mitigate airline rates and charges in 2019. Dulles International generated \$165.7 million in NRR in 2018, of which \$110.1 million will be credited to the airlines at Dulles International in 2019. The Airline Use and Lease Agreement continues a long history of positive financial performance of the Airports Authority by sharing NRR.

Dulles Corridor Enterprise Fund

Activities related to the Omer L. Hirst-Adelard L. Brault Expressway (also known as the Dulles Toll Road) and the Dulles Metrorail Project – a large capital improvement project extending the existing Metrorail system to Dulles International and beyond into Loudoun County – are accounted for within the Dulles Corridor Enterprise Fund. The Dulles Corridor Enterprise Fund is self-supporting, using tolls collected to support the Dulles Toll Road's operations and maintenance and, along with grants and contributions from federal, state, and local governments, to finance the Dulles Corridor's ongoing Capital Improvement Program, which includes the construction of the Dulles Metrorail Project.

The Dulles Toll Road is currently an eight-lane (four lanes in each direction) limited-access highway 13.4 miles in length. It was constructed in 1984 by VDOT and, until November 1, 2008, had been maintained and operated solely by VDOT. It begins just inside the Capital Beltway (Interstate 495) near Falls Church, Virginia at the Interstate 66 connector to Washington, D.C. The Dulles Toll Road then travels westward through Fairfax County past Dulles International and terminates at the entrance to the Dulles Greenway, a privately-owned toll road. The Dulles Toll Road has one main line plaza at the eastern end near the Capital Beltway and 19 ramp plazas. Since assuming responsibility in 2008, the Airports Authority Board of Directors approved Toll Rate increases effective January 1, 2010, January 1, 2011, January 1, 2012, January 1, 2013, January 1, 2014 and January 1, 2019. All rate increases for the Dulles Toll Road followed a public comment period that included public hearings. The new rates in effect on January 1, 2019, fulfill the Airports Authority's commitment to operate and maintain the Dulles Toll Road and to construct the Dulles Corridor Metrorail Project, also known as the Silver Line. On January 1, 2019 the rates were increased from \$2.50 to \$3.25 at the main toll plaza, and from \$1.00 to \$1.50 on ramps.

The Dulles Toll Road has 59 toll collection lanes, including 32 E-ZPass-only collection lanes. All tollbooths are equipped with E-ZPass, an electronic toll collection system accepted in 17 contiguous states, including most states in the Virginia-to-Maine corridor.

With the transfer of the Dulles Toll Road from VDOT, the Airports Authority committed to constructing the Dulles Metrorail Project. This 23.1 mile extension of the existing Metrorail system begins from a location near the

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Metropolitan Washington Airports Authority

Metrorail Orange Line West Falls Church station, continues west through Dulles International and into Loudoun County. The Dulles Metrorail Project, once completed, will be conveyed to and operated by the Washington Metropolitan Area Transit Authority (WMATA) and will provide a one-seat ride from Dulles International to downtown Washington, D.C.

The Dulles Metrorail Project is being constructed in two phases and will include the addition of 128 rail cars to the existing WMATA fleet. Phase 1 of the Dulles Metrorail Project extends 11.7 miles from a location near the Metrorail Orange Line West Falls Church station to Wiehle Avenue in Reston, Virginia. It includes five stations and improvements to the existing WMATA service and an inspection yard at the West Falls Church station. Construction activities began in March 2009 and Phase 1 of the Silver Line opened for passenger service on July 26, 2014.

Upon completion of construction of each phase of the Dulles Metrorail Project and acceptance by WMATA into the Metrorail system, the Airports Authority will transfer, without financial retribution, ownership of the completed phase of the project to WMATA. At that point, WMATA will become the owner and operator of the completed phase and will be solely responsible for its operation and maintenance. None of the operating and maintenance expenses of the completed phase will constitute operating or maintenance expenses of the Airports Authority. Such expenses will be payable entirely from WMATA's operating and other revenues (including revenues derived from the operation of the Dulles Metrorail Project). The debt associated with construction of each phase of the Dulles Metrorail Project, for which debt service is paid from Dulles Toll Road revenues, will remain with the Airports Authority and will not be transferred to WMATA.

The capitalized cost of the asset for Phase 1 (\$3.29 billion) as of December 31, 2018 has been transferred to WMATA, governmental entities and others and is reflected as a transfer to other governments. Phase 2 will be transferred from the Airports Authority to WMATA and others after construction is completed, currently expected in 2020. The actual passenger service date will be determined by WMATA. The Metrorail cars associated with Phase 2 are complete and the Airports Authority transferred capitalized costs for the cars of \$127 million to WMATA in 2017.

Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue in Reston, Virginia to Dulles International and into Loudoun County, Virginia. Phase 2 of the Metrorail Project includes six new stations and a maintenance yard located on Dulles International property. The Design-Build contract for Phase-2 was awarded in May 2013. The construction contract for the Phase 2 maintenance yard at Dulles International was awarded in August 2014. As of December 31, 2018, the design work is completed and construction is well underway. The Project is scheduled for completion in 2020.

FISCAL YEAR 2018 HIGHLIGHTS

The year of 2018 was that of substantial growth, transformation and success for the Airports Authority.

Project Journey, a comprehensive \$1 billion, multi-year capital improvement project that will transform the passenger experience at Reagan National has commenced and is well underway in 2018. A new north concourse will provide regional travelers with direct, enclosed access to planes via jet bridges, spacious waiting and boarding areas, and new concessions. The Project will transform passenger experience in 2021 by freeing up movement inside Terminal B/C for ticketed passengers and ending busing to remotely parked aircraft at Gate 35X. This Project is critical as Reagan National's passenger areas were designed to serve 15 million passengers annually, while today, more than 23 million passengers travel through the airport, straining its infrastructure. The Project is being constructed in two concurrent phases. The new security checkpoints and the commuter concourse are scheduled for completion in 2021.

In September 2018, the Airports Authority Board of Directors approved the sale of 424 acres of excess land adjacent to Dulles International, known as the Western Lands, to Digital Realty, a global provider of data center, colocation and interconnection solutions, for \$236.5 million. The Western Lands are part of an 854-acre tract acquired by the Airports Authority between 2005 and 2007 to construct a fourth runway and additional facilities. After building the runway and support area, the Western Lands portion of the property was not needed for airport purposes and has remained undeveloped. The sale of the Western Lands generated significant non-aeronautical revenue for the Airports Authority, which will be instrumental in its goal to continue to maintain competitive cost per enplaned passenger at Dulles International.

The Airports Authority, in partnership with U.S. Customs and Border Protection (CBP), unveiled a new biometric screening system at Washington Dulles International Airport that uses facial-recognition technology to streamline passenger verification and boarding on outbound international flights. The new system, known as veriScan™, was designed by the Airports Authority's Office of Technology in response to a congressional mandate for CBP to implement biometric exit processes for commercial airline flights leaving the United States. The new system has been successfully tested by airlines serving Dulles International since July 2018, including United Airlines, Air France-KLM and Scandinavian Airlines, and is under review by American Airlines. The veriScan™ system meets the requirements set forth by CBP for biometric exit procedures at airports. Using proprietary software loaded on a portable tablet, veriScan™ encrypts and sends high-resolution photos of passengers boarding international flights to the CBP Traveler Verification Service for nearly instant identity verification. When integrated with airline boarding systems, veriScan™ will further streamline and expedite the boarding process by eliminating the need for boarding passes. The entire veriScan™ screening process takes less than two seconds, helping airlines expedite the boarding process. It is anticipated that the veriScan™ solution may provide an added source of non-airline revenue (subscription fees and implementation fees) in the future.

The Airports Authority reached a big milestone when it successfully implemented the full suite of Workday, a cloud based enterprise-level software solution for financial management and human resources. The transition from legacy systems to Workday for the human resources and payroll was in March 2018 and for financials was in July 2018.

The Airports Authority made customer service improvements by adding five more languages to its website to ensure that important information and messages can easily be accessed by customers from around the world. The recently-added languages are Korean, Portuguese, Italian, Russian and Traditional Chinese, which join earlier languages of French, Spanish, German, Japanese, and Simplified Chinese.

To further enhance the customer experience the Airports Authority launched a new curbside valet parking service at Dulles International called "Valet Your Way". It will expand and improve parking options for passengers who park at the Airport and want to have quick and convenient access to their vehicles when they return from their trips. The new service allows customers to drop off their vehicles at a conveniently-located area on the departures curb near the TSA Pre-Check entrance. When the passengers return to Dulles International, they text their car claim ticket numbers to the valet service center, and by the time they retrieve their luggage and exit the terminal, their vehicles will be waiting for them at the valet service center. The valet service was launched on October 31, 2018 and costs \$35 per day.

In 2018, the Airports Authority took advantage of low interest rate environment and refunded \$413.9 million of Airport System Revenue Bonds to generate \$63.3 million in net present value savings or \$81.5 million in gross debt service costs. This was a continued effort by the Airports Authority to benefit from favorable market conditions. Since 2010 the Airports Authority has issued \$3.5 billion of Airports System Revenue Refunding Bonds for a total net present value savings of \$432.0 million, or \$721.5 million in gross debt service costs.

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In November 2018, the online shopping giant Amazon ended its 14-month-long competition for its second headquarters as it set its sights on two of the nation’s largest and most powerful metro areas as joint winners, announcing it had chosen Arlington, Virginia for its new East Coast headquarters. Both are waterfront communities away from overcrowded business districts, giving Amazon space to grow. Amazon publicly disclosed that selection criteria for its East Coast headquarters had included a highly educated pool of potential workers, easy access to an international airport as well as mass transit, and a business-friendly tax structure. The company also openly solicited financial incentives, such as free land or tax breaks, which could come from city, state or private funds. In Arlington, Amazon noted it would receive \$573 million in state and local incentives, including a \$550 million cash grant from the Commonwealth of Virginia for creating high-paying jobs over the next 12 years. The Airports Authority supported multiple jurisdictions related to proposals for Amazon’s second headquarters. Amazon’s Virginia offices will be in a part of Arlington that local politicians and Amazon are calling National Landing, an area adjacent to Reagan National that encompasses Crystal City and Potomac Yard.

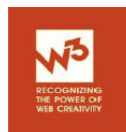
RECOGNIZED IN THE INDUSTRY

Reagan National ranked fifteenth and Dulles International ranked eighteenth in the J.D. Power 2018 North America Airport Satisfaction StudySM for Large Airport Rankings. According to the J.D. Power 2018 North America Airport Satisfaction Study,SM across-the-board improvements in five factors: check-in, food, beverage and retail, accessibility, terminal facilities, and baggage claim helped drive overall passenger satisfaction.

The Airports Authority was recognized in the industry for its outstanding service in several areas including the following.



Airport Customer Satisfaction



Silver Award for “Mobile Features — Best Practices”



3rd Most Secure Airport Wi-Fi



Best Airport Partnership — Communications & Marketing



Reagan National Concessions



IAD -- 3rd best for breastfeeding moms



Certificate of Achievement for Financial Reporting



Budget Excellence Award



6th Airport Operator to be granted FEMA Approval for “Wireless Emergency Alert” Capability

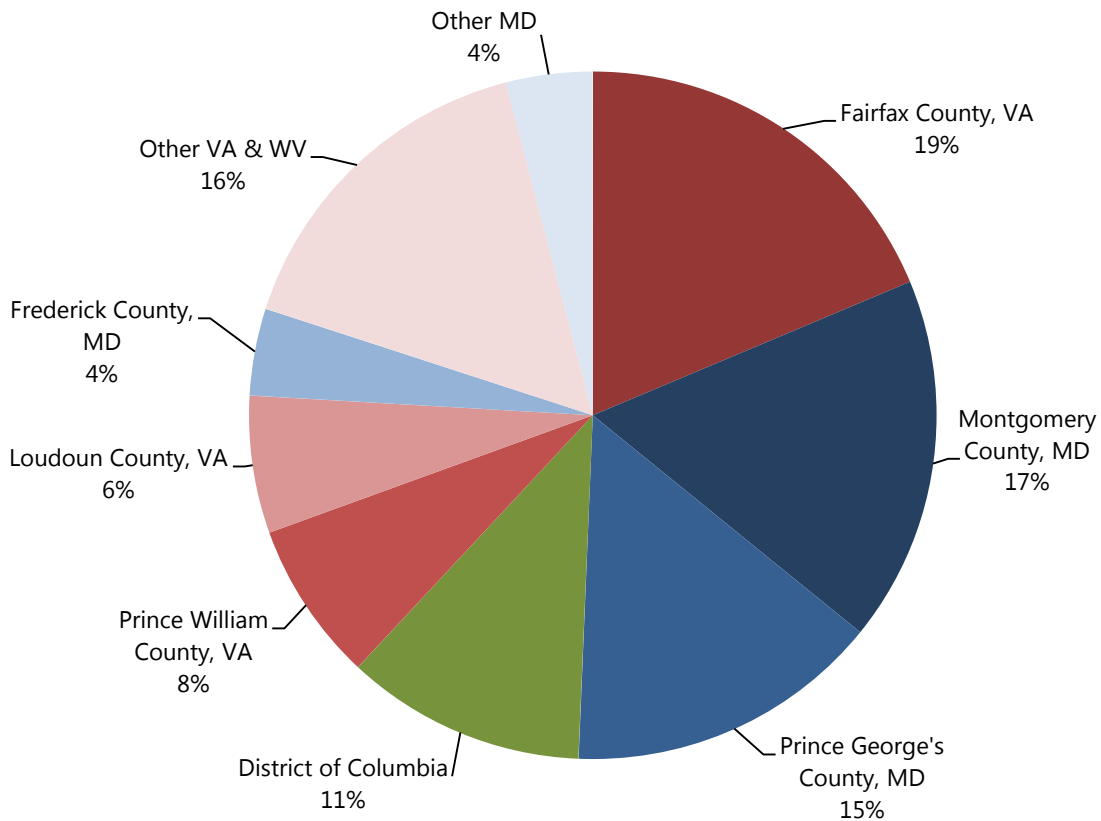


“Best Public Transportation Authority for Minority Owned Businesses”

THE AIRPORT SERVICE REGION'S ECONOMY

In spite of continued volatility in the global and national economies, the Washington, D.C. economy has grown steadily for the past two decades. According to the U.S. Bureau of Labor Statistics, Washington-Arlington-Alexandria was one of the nation's twelve largest metropolitan statistical areas in October 2018. All twelve areas had over-the-year job growth during the period, with the rates of job growth in seven areas (including Washington metro area) exceeding the national increase of 1.7 percent.¹ The Bureau's regional commissioner noted that the Washington area has had four consecutive over-the-year employment increases. The Airport Service Region is also home to numerous large and small private companies, including 15 *Fortune* 500® companies.² The IMF and World Bank have their headquarters here too, and lend an international element to the region. Among the region's locally-headquartered Fortune 500 companies are defense contractors Lockheed Martin and General Dynamics, financial services company Capital One Financial, and hoteliers Hilton and Marriott International.

**Airports Service Region
Population Concentration of 6.2 Million Residents
U.S. Census Bureau, 2018**



The population of the Airports Service Region has grown to over 6.2 million, which was the fifth highest population growth in the nation for the period. The Washington, D.C. Metropolitan Area has many inherent advantages relevant to its competitiveness in the global marketplace, most of which are rooted in Washington's status as the seat of the U.S. government. The region has an educated workforce, a positive entrepreneurial

¹ Source: U.S. Bureau of Labor Statistics

² Source: Fortune 500, 2018 <http://fortune.com/fortune500/list/>

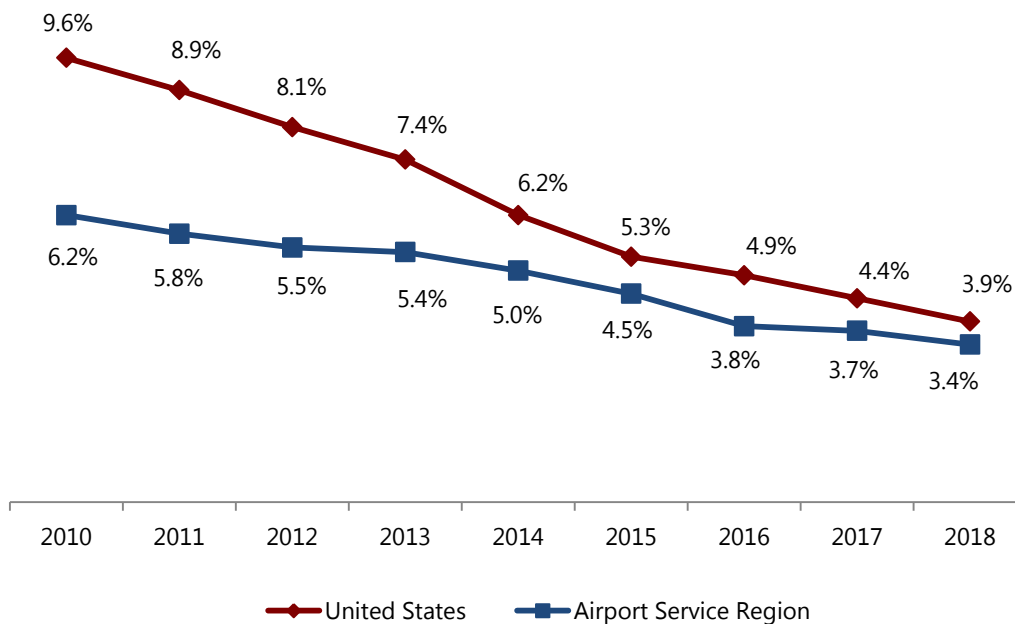
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Metropolitan Washington Airports Authority

climate, international connectivity, excellent public transit, and Federal government access. Washington D.C. is very well established as a hub of government and tourism, and has strong technology infrastructure and entrepreneurial climate.³ The region had the twentieth highest economic growth in the nation in 2018.⁴

On the Potomac River within eyesight of Washington, D.C., Alexandria, VA is nationally recognized for its rich history and architecture and extraordinary backdrop for acclaimed restaurants, vibrant arts and culture, and a welcoming, walkable lifestyle. It was named the #1 Best Value U.S. Travel Destination 2018 by Money magazine, a Top 5 Best Small City in the U.S. 2018 by the Condé Nast Traveler Readers’ Choice Awards, and one of the South’s Prettiest Cities 2018 by Southern Living. Virginia has a historic past and an urbane present. Its quaint, riverside Old Town, founded by Scots in 1749, boasts cobblestone streets, colonial buildings and a vibrant dining and shopping scene. A few miles away, is Mount Vernon, the home of Alexandria’s most famous resident, George Washington.

According to the American Institute of Architects, half of Americans’ top 12 favorite architectural gems line the National Mall in Washington D.C. which houses the Lincoln Memorial, the Washington Monument, the World War II and Vietnam Veterans memorials. Just across the Potomac River, Arlington County holds the Arlington National Cemetery, the final resting place for 400,000 active duty military members as well as President John F. Kennedy. The County also holds the Pentagon and the adjacent Pentagon Memorial, the U.S. Air Force Memorial with three 200-plus foot spires and the U.S. Marine Corps Memorial, also known as the Iwo Jima Memorial. The Marine Corps War Memorial honors Marines who have died in battle with a 32-foot-high bronze sculpture of World War II soldiers erecting a flag.

Average Annual Unemployment Rate
U.S. Bureau of Labor Statistics

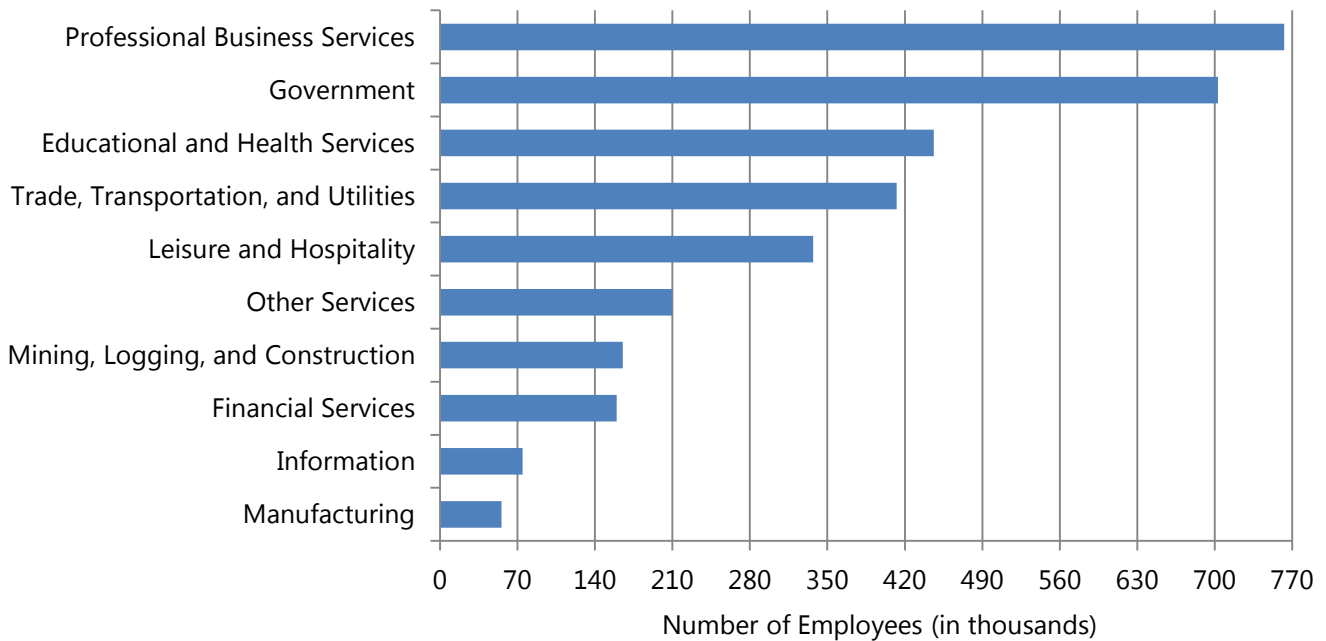


³ Source: Center for Regional Analysis, George Mason University

⁴ Source: Policom Corporation Economic Strength Ranking, 2018.

Over the years, the Airports Service Region has consistently had lower unemployment rates than the national average. The Washington area’s 3.0 percent growth in leisure and hospitality employment was higher than the 1.6 percent increase nationally.⁵ As of December 2018, the region’s average unemployment rate was 3.4 percent, lower than the U.S. average of 3.9 percent.⁶ The Airports Service Region boasts strong participation in professional business services; trade, transportation, and utilities; education and health services; and leisure and hospitality.⁷

Airports Service Region Employment by Industry – 2018
Bureau of Labor Statistics



AIRPORTS AUTHORITY’S ECONOMIC ENVIRONMENT

AVIATION AND TOLL ROAD ACTIVITY

Reagan National

Activity at Reagan National declined slightly with total passengers of 23.5 million, representing a 1.7 percent decrease from 2017 activity of 23.9 million, mainly due to a stabilization of seat capacity by the major airlines at Reagan National and a slight decline in seat load factors. Total aircraft operations at the airport remained virtually flat with only a slight increase from 293 thousand operations in 2017 to 294 thousand operations in 2018 as a result of increased weekend service to leisure destinations throughout the year.

⁵ Source: U.S. Bureau of Labor Statistics https://www.bls.gov/regions/mid-atlantic/news-release/areaemployment_washingtondc.htm

⁶ Source: State of the U.S. Labor Market: Bureau of Labor Statistics 2018 Jobs Release

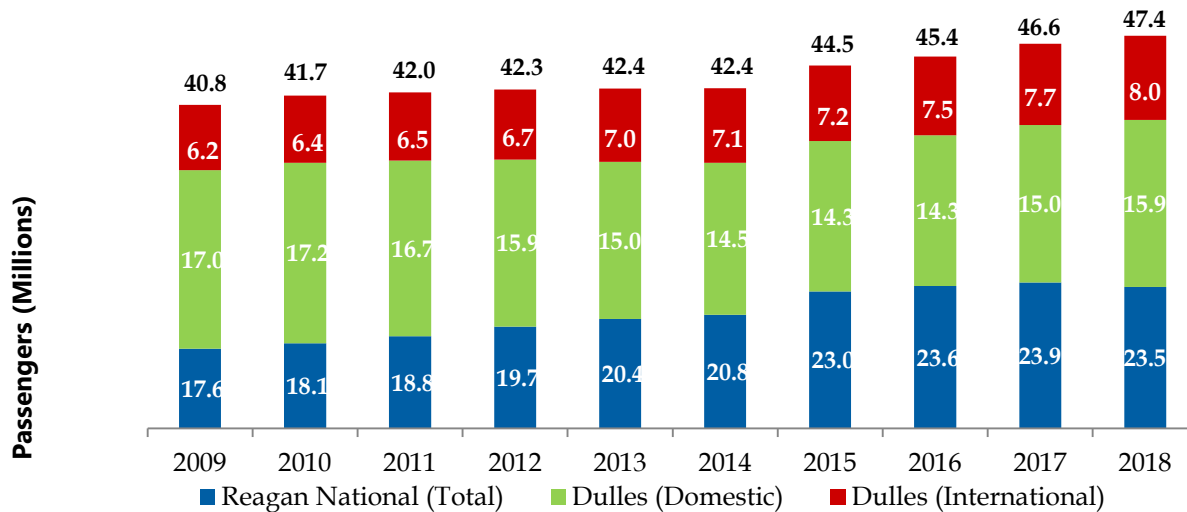
⁷ Source: U.S. Department of Labor, Bureau of Labor Statistics

Dulles International

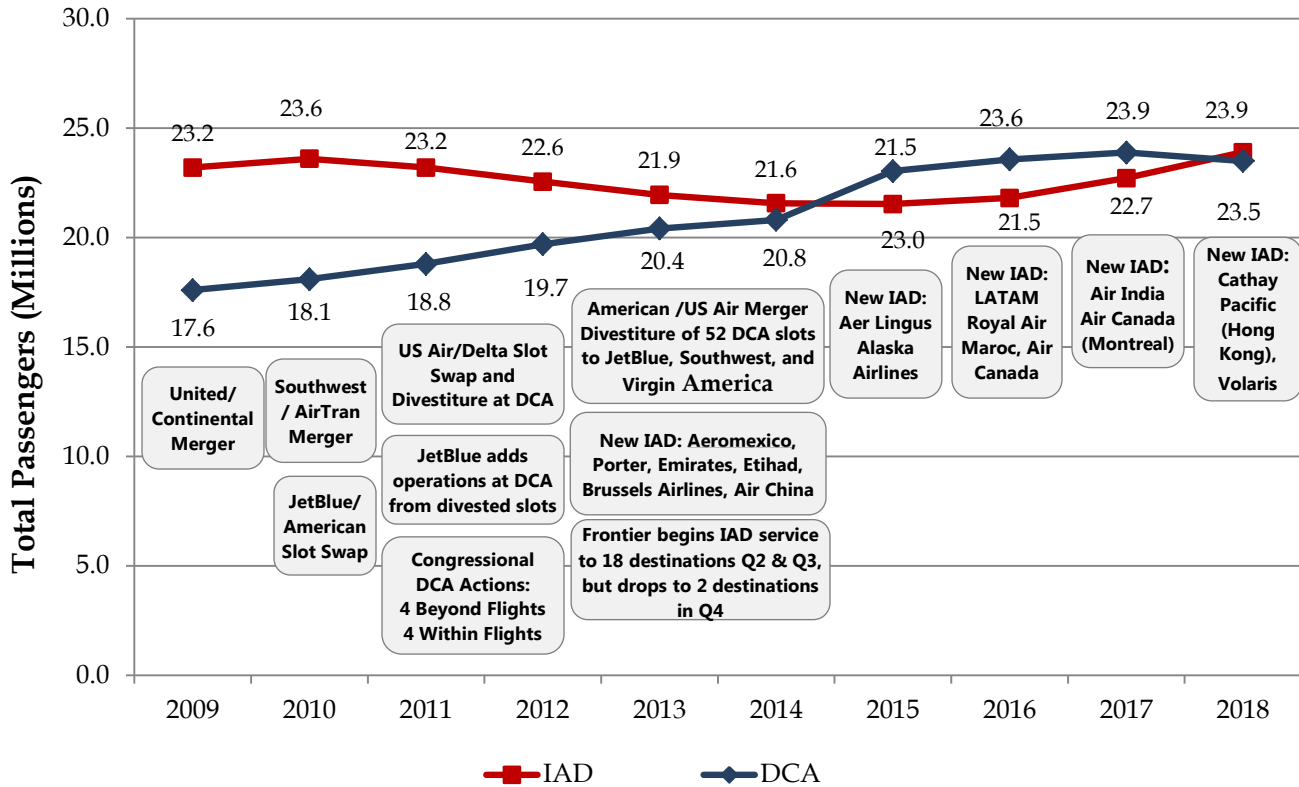
For the first time since 2014, Dulles International passenger activity exceeded that of Reagan National. Dulles International served 23.9 million passengers in 2018, a 5.3 percent increase over 2017 when the airport served 22.7 million passengers. Total aircraft operations at Dulles International in 2018 increased to 274 thousand operations, a 3.4 percent increase over 2017 when the airport experienced 265 thousand operations. In 2018 domestic enplaned and deplaned passenger traffic at Dulles International increased by 6.3 percent as a result of domestic capacity adjustments by United Airlines and service increases by Delta Air Lines. Meanwhile international passenger traffic was up by 3.1 percent as international passenger activity reached an all-time high of 8 million in 2018, marking the fifteenth consecutive year of international passenger growth at Dulles International. The airport is the region’s international gateway and has continued to increase the number of destination offerings and attract new airlines.

In 2018, Dulles International service expanded to two new international and an additional eight new domestic destinations. New international markets included Hong Kong, operated by Cathay Pacific, Edinburgh, Scotland, operated by United Airlines, and increased service to San Salvador, El Salvador provided by Volaris. In 2017, new international markets included Delhi, India, operated by Air India along with Montreal, Canada service provided by Air Canada.

Airports Authority System-Wide Passengers



Airports Authority Passenger Trends



Dulles International also provides full service facilities for the airlines’ cargo operations. The cargo facilities are comprised of six buildings with over 525,000 square feet of warehouse and office space which is leased by airlines, cargo handling agents and other aviation support companies. Cargo operations at Dulles International are a vital part of the regional economic engine for the air trade industry.

Total air cargo tonnage, freight and mail at Dulles International was up 0.5 percent in 2018 over the previous year. International cargo was unchanged compared to last year, domestic cargo grew 1.5 percent, and total mail and express tonnage experienced a 0.7 percent increase. Overall, International exports increased 2.3 percent and imports declined by 3.4 percent. Domestic outbound declined by 3.5 percent and inbound increased by 5.1 percent over last year.

Dulles Toll Road

The Dulles Toll Road processed an average of 8.0 million toll transactions per month in 2018 and 8.1 million toll transactions per month in 2017. Dulles Toll Road transactions totaled 96.3 million in 2018 compared to 97.1 million in 2017, a 0.8 percent decrease in activity. Dulles Toll Road revenue was \$151.4 million in 2018, a 0.4 percent decrease from 2017. Revenue collections via electronic toll collection or (E-Z Pass) increased from \$130.1 million in 2017 to \$131.5 million in 2018.

Industry Outlook

According to Domestic U.S. DOT T-100 Onboard Passenger Data for the year ended November 30, 2018 U.S. domestic enplanements grew 4.7 percent, while international enplanements grew 4.4 percent for the year ended August 31, 2018.⁸ The air cargo industry continues to move toward more efficient operations. A decline in oil prices have led to a more favorable operational cost environment. Despite changing industry dynamics, long-term air cargo forecasts remain optimistic.

It is expected that air travel demand will remain favorable due to generally good economic conditions, expansion of ultralow cost carriers, continued growth in domestic and international travel and modernization projects.⁹ Despite steady travel demand in 2018, airlines continued capacity discipline by constraining growth of flights and reducing overall seat capacity. In recent years, U.S. airports have also been challenged with declining federal government airport funding, inflation in operating costs, and the cost of needed capital improvements.

The outlook for U.S. government-owned toll road sector for the next 12 months remains stable, reflecting the expectation of a continued leveling out in traffic and revenue growth. The toll sector expectation of higher volumes and revenues are supported by economic expansion in the U.S. and low fuel prices. Toll rate increases, bolstered by the growing use of tolling indexed to inflation, will also support revenue growth.¹⁰

⁸ Source: US DOT T-100 Onboard Passenger Data

⁹ Source: S&P Transportation Infrastructure, 2019 Outlook

¹⁰ Source: Moody's Investors Service, 2019 Outlook

THE AIRPORTS AUTHORITY’S OPERATING BUDGETS

The Airports Authority’s annual operating budgets are a financial planning tool outlining the estimated revenues and expenses for both Enterprise Funds at certain activity levels. The budgets are a management tool, and, accordingly, are not prepared in a manner consistent with Generally Accepted Accounting Principles (GAAP). The budgets are prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The President and Chief Executive Officer submit the Airports Authority’s annual operating budgets to the Board for approval. Budgetary controls and evaluations are affected by comparing actual interim and annual results with the budgets, noting the actual level of activities, and ensuring compliance with the provisions of the annual operating budgets approved by the Board. In keeping with the requirements of a proprietary fund, budgetary comparisons have not been included in the financial section of this report.

Aviation Enterprise Fund

In 2018, the Airports Authority budgeted for the ability to operate the Airports in an efficient, safe and secure manner with quality customer service standards, while minimizing the impact to the airline cost structure in order to maximize the Airports competitive position. The Airports Authority’s 2018 Budget reflected a 0.8 percent decrease in revenues and a 1.8 percent increase in expenses, as compared to the 2017 Budget. Operating revenues were higher than budget estimates by 1.5 percent in 2018, compared to 0.1 percent under budget expectations in 2017. Operating expenses were 94.9 percent of budget authorization in 2018, while in 2017 expenses was 91.3 percent of budget authorization.

Aviation Enterprise Fund Operating Budget

	Budget	Actual ¹	As a Percentage of Budget
2018 Revenues	\$ 707,744,966	\$ 718,132,337	101.5%
2018 Expenses ²	\$ 359,422,638	\$ 341,131,575	94.9%
2017 Revenues	\$ 713,646,495	\$ 713,071,294	99.9%
2017 Expenses ²	\$ 353,033,093	\$ 322,493,388	91.3%

¹ Actual results are stated on a budgetary basis for comparative purposes, which are not consistent with GAAP

² Does not include depreciation expense or debt service

Dulles Corridor Enterprise Fund

The 2018 operating budget for the Dulles Corridor Enterprise Fund reflected the 10th full year of operating the Dulles Toll Road. The Dulles Corridor Enterprise Budget was prepared based on forecasted Toll Road revenues, operating and capital requirements, and requirements of the Toll Road Permit and Operation Agreement (December 2006) and Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement (August 2014). The Airports Authority’s 2018 Budget reflected a 0.4 percent decrease in revenues and a 0.5 percent decrease in expenses, as compared to the 2017 Budget. Operating revenues reached 98.3 percent of budget expectations in 2018, while in 2017; operating revenues were 98.3 percent of budget expectations. Operating expenses were 96.2 percent of budget authorization in 2018 and 94.6 percent in 2017.

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Metropolitan Washington Airports Authority

Dulles Corridor Enterprise Fund Operating Budget

	<u>Budget</u>	<u>Actual¹</u>	<u>As a Percentage of Budget</u>
2018 Revenues	\$ 154,002,800	\$ 151,396,932	98.3%
2018 Expenses ²	\$ 30,191,884	\$ 29,054,250	96.2%
2017 Revenues	\$ 154,672,000	\$ 152,022,663	98.3%
2017 Expenses ²	\$ 30,329,610	\$ 28,688,496	94.6%

¹Actuals are stated on a budgetary basis for comparative purposes, which are not consistent with GAAP

²Does not include depreciation expense or debt service

LONG-TERM FINANCIAL PLANNING

Aviation Enterprise Fund

The Aviation Enterprise Fund's long-term financial planning includes the completion of certain approved capital expenditures and the accumulation of sufficient resources required to service the debt issued to finance these expenditures and operate and maintain the Airports. Under terms of the Use and Lease Agreement, fees and charges paid by the Airlines are used along with other income from the Airports to service the debt issued to finance the CCP.

It is anticipated that the major portion of future facilities development will be financed with the proceeds of bonds issued under the Master Indenture of Trust. In addition, the Airports Authority also expects to use PFC revenues, federal and state grants, and the Airports Authority's portion of NRR to finance capital development costs. While recent regulatory actions have contributed to short-term growth at Reagan National, because the airport is regulated through slot and perimeter regulations, much of the long-term future growth in aviation activity for the Airport Service Region is expected to occur at Dulles International.

Dulles Corridor Enterprise Fund

The Dulles Corridor Enterprise Fund's long-term planning includes the completion of the Dulles Metrorail Project and certain approved capital expenditures on the Dulles Toll Road and in the Dulles Corridor. The Airports Authority anticipates future funding for the capital expenditures in the Dulles Corridor will include tolls collected on the Dulles Toll Road, debt secured by toll road revenue, and continued receipt of grants and contributions from federal, state and local governments.

In 2014, the Airports Authority and the U.S. DOT executed the TIFIA Loan Agreement which provides up to \$1.278 billion of financing for Phase 2 of the Dulles Metrorail Project. The interest rate on the TIFIA Loan is 3.21 percent. At the end of 2018, a total of \$993.0 million was drawn on the TIFIA Loan. The TIFIA Loan, contributions from funding partners, a few grants and Dulles Toll Road bonds will provide funding for the Dulles Metrorail Project.

OTHER INFORMATION

The Airports Authority's Website

The Airports Authority's website offers a wide array of information to users, including financial information and operational statistics. Through the website users can obtain direct access to the airlines serving the Airports, as well as flight arrival and departure information. The Airports Authority's CAFR, Budget, Master Indentures of Trust, Official Statements, Debt Service Review, airline rates and charges, and aviation statistics are posted on the website. The Airports Authority also posts monthly unaudited financial statements to include discussion of results and other information for the Airports Authority's bondholders and other interested parties. Financial information for the Airports Authority is available on the website at the following site: <http://www.mwaa.com>.

Recognition of Awards and Achievement

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Airports Authority for its CAFR for the year ended December 31, 2017. This was the twenty-ninth consecutive year the Airports Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Airports Authority has also consistently received the GFOA's Award for Distinguished Budget Presentation.

Acknowledgments

In closing, I would like to thank the Board of Directors and the President and Chief Executive Officer for their leadership and support in planning and conducting the financial operations of the Airports Authority for 2018. Special thanks are expressed to Christopher Wedding, Priya D'Souza and Anne Field for their leadership and for the preparation of this year's CAFR. I would also like to thank all personnel within the Office of Finance for their contributions, without whom this CAFR would not be completed. Finally, appreciation is expressed to the firm of Cherry Bekaert LLP for their dedication to completing a timely audit.



Andrew T. Rountree, CPA
Senior Vice President for Finance and Chief Financial Officer

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Government Finance Officers Association

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Presented to

**Metropolitan Washington Airports
Authority, Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

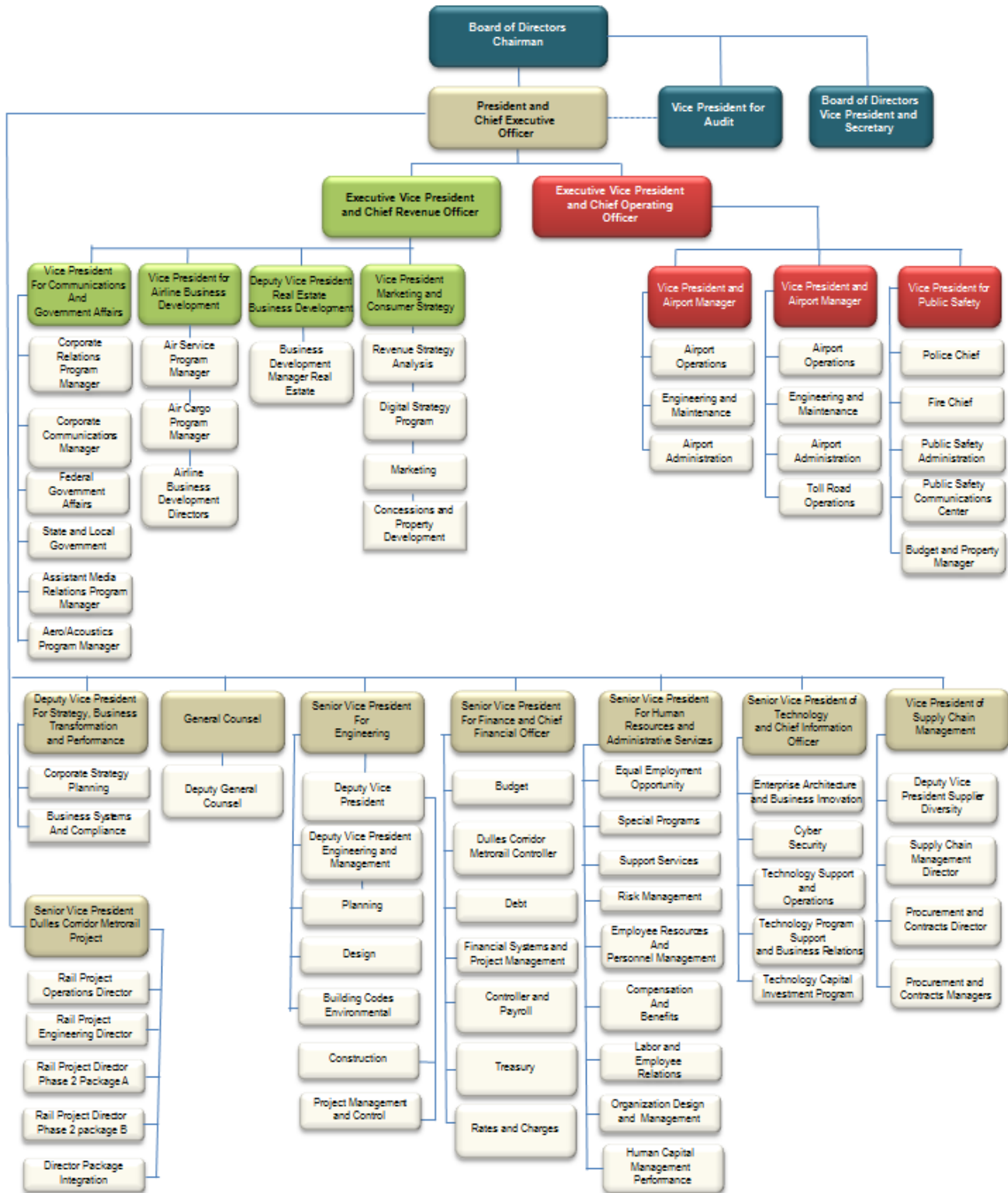
December 31, 2017

Christopher P. Morill

Executive Director/CEO

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Metropolitan Washington Airports Authority

Organizational Chart



FINANCIAL SECTION

Report of Independent Auditor



Report of Independent Auditor

To the Board of Directors
Metropolitan Washington Airports Authority

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Metropolitan Washington Airports Authority (the "Airports Authority") as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Airports Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Metropolitan Washington Airports Authority, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Airports Authority adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* effective January 1, 2017. As a result, net position as of January 1, 2017 has been restated. Our opinions are not modified with respect to this matter.

Report of Independent Auditor – (Continued)

Other Matter

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the Airport Authority's basic financial statements. The introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2019, on our consideration of the Airports 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 Airports 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 Airports Authority's internal control over financial reporting and compliance.

Cheryl Bekant LLP

Tysons Corner, Virginia
April 11, 2019

Management's Discussion and Analysis (unaudited)

INTRODUCTION

The purpose of the following discussion and analysis of the financial performance and activity of the Metropolitan Washington Airports Authority (the Airports Authority) is to provide an introduction to and overview of the basic financial statements of the Airports Authority for the year ended December 31, 2018 with selected comparative information for the years ended December 31, 2017 and December 31, 2016. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and the notes that follow this section.

Using the Financial Statements

The Airports Authority's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The presentation of the financial statements includes two enterprise funds. The Aviation Enterprise Fund encompasses the activity of Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International) (collectively, the Airports). The Dulles Corridor Enterprise Fund encompasses the Airports Authority's activity within the Dulles Corridor, which includes, but is not limited to, the Dulles Toll Road and the Dulles Corridor Metrorail Project (Dulles Metrorail Project). The Dulles Corridor is the transportation corridor with an eastern terminus of the East Falls Church Metrorail Station at Interstate Route 66 and a western terminus of VA Route 772 in Loudoun County, Virginia.

The Statements of Net Position depict the Airports Authority's financial position as of a point in time, December 31, and include all assets, liabilities, and deferred outflows and inflows of the Airports Authority. The Statements of Net Position present financial information on all of the Airports Authority's assets, liabilities, and deferred outflows and inflows with the difference reported as net position. Net position is displayed in three components: net investment in capital assets, which includes capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; restricted, when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources which will be liquidated with the restricted assets; or unrestricted, which includes all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airports Authority is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position report total operating revenues, operating expenses, non-operating revenues and expenses, and other changes in net position for a fiscal period, the year ended December 31. Revenues and expenses are categorized as either operating or non-operating based upon management's policy as established in accordance with definitions set forth by GASB. Significant recurring sources of the Airports Authority's revenues, including Passenger Facility Charges (PFCs), investment income, and federal, state, and local grants are reported as non-operating revenues or capital contributions. The Airports Authority's interest expense is reported as a non-operating expense.

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Metropolitan Washington Airports Authority

The Statements of Cash Flows present information showing how the Airports Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

THE AIRPORTS AUTHORITY'S ACTIVITY HIGHLIGHTS

CHANGES IN NET POSITION – TOTAL BUSINESS TYPE ACTIVITIES

The Airports Authority's change in net position was \$426.1 million and \$207.3 million for the years ended December 31, 2018 and 2017. Total operating revenues for the Airports Authority increased \$4.3 million generated primarily as a result of higher concession revenues. Operating expenses were up \$14.4 million primarily related to snow related expenses and a general increase as anticipated in the 2018 operating budget. The increase in net contributions from (to) other governments of \$36.7 million was driven by construction activity for Phase 2 of the Dulles Metrorail project and the contributions received from the project's funding partners to finance the project offset by a transfer to the Metropolitan Washington Area Transit Authority (WMATA) of \$21.6 million for ongoing capitalized costs relating to Dulles Metrorail Project Phase 1. In 2018, The Airports Authority recorded a gain of \$202.5 million from the sale of the Western land in Dulles.

The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Position for the Airports Authority:

	Total Business Type Activity		
	2018	2017 (as restated)	2016
Operating income			
Operating revenues	\$ 917,889,388	\$ 913,585,791	\$ 925,791,041
Operating expenses	<u>696,400,474</u>	<u>681,975,765</u>	<u>670,361,812</u>
Total operating income	<u>221,488,914</u>	<u>231,610,026</u>	<u>255,429,229</u>
Non-operating revenues			
Investment income	46,878,996	31,099,186	19,842,134
Federal, state and local grants	26,071,447	26,213,501	703,711
Fair value gains on swaps	23,083,850	13,175,314	16,447,932
Net contributions from (to) other governments	89,245,654	52,520,530	130,861,460
Gain from sale of real estate	<u>202,454,919</u>	<u>-</u>	<u>-</u>
Total non-operating revenues	<u>387,734,866</u>	<u>123,008,531</u>	<u>167,855,237</u>
Non-operating expenses			
Interest expense	<u>(338,730,173)</u>	<u>(294,305,010)</u>	<u>(318,726,488)</u>
Total non-operating expenses	<u>(338,730,173)</u>	<u>(294,305,010)</u>	<u>(318,726,488)</u>
Income/(Loss) before capital contributions	270,493,607	60,313,547	104,557,978
Capital contributions	<u>155,559,502</u>	<u>147,006,923</u>	<u>218,834,233</u>
Change in net position	<u>\$ 426,053,109</u>	<u>\$ 207,320,470</u>	<u>\$ 323,392,211</u>

A detailed discussion of the results for each business type activity follows.

Aviation Enterprise Fund

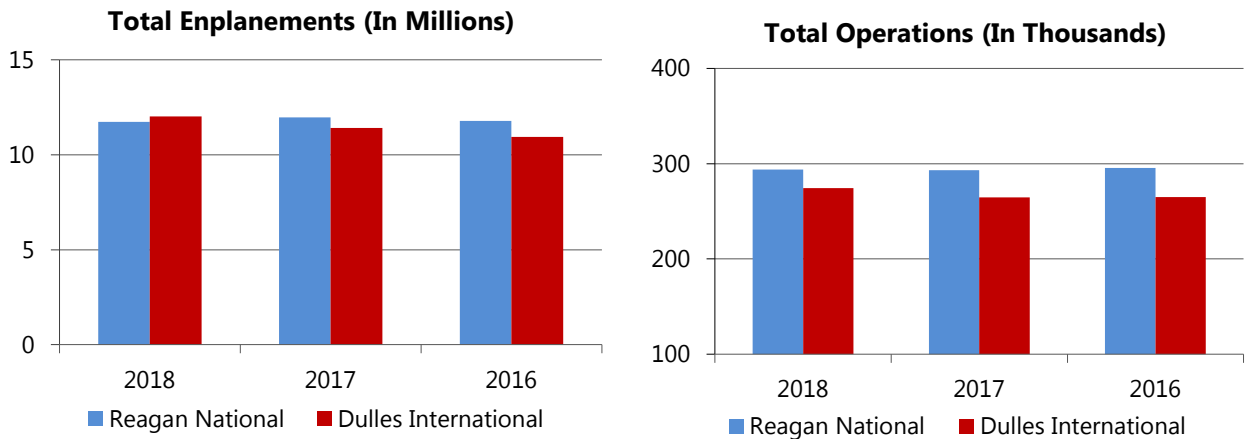
Air travel demand is directly related to key factors in regional, national and international economies, such as business activity, disposable income levels, employment, and currency rates, among others. The Great Recession of 2008 severely impacted airline finances, and was a significant factor in spurring the most recent merger activity. U.S. airlines calibrated capacity to the changing demand patterns that resulted from the economic downturn, and then were also able to control services and capacity as the U.S. economy recovered.

In 2018, the national economy continued to demonstrate signs of sustained growth, which portends a stronger economic climate for the airline industry. Job creation has slowed slightly from 2017 but remains far ahead of where it was in 2013, when the so-called sequestration budget cuts brought the regional economy to a low point. Job growth was strongest in the professional and business services, health care, and hospitality industries.

Gross Domestic Product (GDP) increased at an annual rate of 2.6 percent in the fourth quarter of 2018, according to the initial estimate released by the Bureau of Economic Analysis. In the third quarter of 2018, real GDP increased 3.4 percent. According to International Air Transport Association (IATA), the strongest financial performance is being delivered by airlines in North America region. In addition, economic development worldwide is getting a significant boost from air transport. This wider economic benefit is being generated by increasing connections between cities, enabling the flow of goods, people, capital, technology and ideas and falling air transport costs.

Airports’ enplanements and operations activity for the last three years as follows:

Enplanements and Operations Activity for 2016 to 2018



Enplanements and Operations Activity for 2016 to 2018

	Enplanements and Operations		
	2018	2017	2016
Reagan National Enplanements			
Domestic	11,526,279	11,763,471	11,600,333
Transborder	183,576	182,929	166,929
Non-Commercial	<u>17,094</u>	<u>19,954</u>	<u>13,348</u>
Total Enplanements	11,726,949	11,966,354	11,780,610
Dulles International Enplanements			
Domestic	7,956,547	7,466,031	7,144,653
Transborder and International	3,986,716	3,857,629	3,719,341
Non-Commercial	<u>80,648</u>	<u>83,447</u>	<u>73,683</u>
Total Enplanements	12,023,911	11,407,107	10,937,677
Airports Authority System-wide Enplanements			
Domestic	19,482,826	19,229,502	18,744,986
Transborder and International	4,170,292	4,040,558	3,886,270
Non-Commercial	<u>97,742</u>	<u>103,401</u>	<u>87,031</u>
Total Enplanements	<u>23,750,860</u>	<u>23,373,461</u>	<u>22,718,287</u>
Total Operations			
Reagan National	293,827	293,097	295,420
Dulles International	<u>274,281</u>	<u>264,575</u>	<u>264,766</u>
Total Operations	<u>568,108</u>	<u>557,672</u>	<u>560,186</u>

In 2018, combined Reagan National and Dulles International system enplanements grew by 1.6 percent, marking the ninth consecutive year of growth. Reagan National has undergone major changes in the last four years, due to Congressional actions and the American Airlines/US Airways merger. Enplanements at Reagan National for 2018 were 11.7 million, just short of the record high of 12.0 million recorded in 2017 and 11.8 million for 2016. The growth in passenger traffic at Reagan National plateaued in 2018 compared to the slight growth in 2017 and rapid growth in 2016, when the full effect of the divestiture of 52 operating slots from American Airlines/US Airways to Southwest, JetBlue, and Virgin American was realized. The carriers receiving those slots operated larger aircraft to larger communities than American Airlines/US Airways had previously, adding nearly 2 million extra passengers. In 2018, the carriers continued to refine schedules to match demand by making adjustments to frequencies and destinations. American reduced frequency and capacity in a number of high volume hub markets, such as Boston, Charlotte, Hartford, Dallas/Ft. Worth, Norfolk and Orlando; while adding the following new destinations: Ft. Walton Beach, Little Rock, Montgomery, Myrtle Beach, and Tallahassee. Alaska Airlines terminated service to Dallas (Love Field) and leased its Reagan National slots to Southwest Airlines, which in turn started new service to Oklahoma City while adding additional capacity to Dallas (Love Field), Nashville and Tampa with the new slots. Based on data from the U.S. DOT, Reagan National continues to maintain the largest share of domestic local Washington origin-and-destination (O&D) passengers.

Total enplanements at Dulles International grew to 12.0 million in 2018, due to growth in domestic and international enplanements. Dulles International served a record 4.0 million international enplaned passengers in 2018, which was the 15th consecutive year of international growth. United Airlines including its regional affiliates

had the largest commercial passenger market share of 65.6 percent in 2018. Domestic enplanement activity increased by 6.6 percent and was driven by increased capacity by United Airlines to 49 destinations and new service to Chattanooga, Greenbrier, Ithaca, Miami, Plattsburgh, Shenandoah Valley, Wilmington, and Wilkes-Barre/Scranton. As the Washington area economy is improving and the Silver Line is underway, Dulles International will continue to fill the expanding air travel needs for the region. International enplanements of 4.0 million in 2018 represented a 3.3 percent increase over 2017. In 2018 new international markets included San Salvador operated by Volaris, Edinburgh and Hong Kong. In addition, Aer Lingus, Avianca, Ethiopian, and Lufthansa, all increased service levels with added flights and larger aircraft. United Airlines continued to contribute to passenger increases through additional service and larger aircraft.

According to Domestic U.S. DOT T-100 Onboard Passenger Data for the year ended November 30, 2018 U.S. domestic enplanements grew 4.7 percent, while international enplanements grew 4.4 percent for the year ended August 31, 2018. The number of Reagan National enplanement passengers declined by 2.0 percent in 2018 which was below the industry domestic growth rate of 4.7 percent. Dulles International’s domestic enplanement growth rate of 6.6 percent was above the industry growth rate. International enplanement growth of 3.3 percent at Dulles International was below the industry growth rate of 4.4 percent that was calculated using International U.S. DOT T-100 Onboard Passenger Data for the year ended August 31, 2018.

<u>2018 Commercial Enplanements Growth</u>	<u>Airports</u>		
	<u>Authority</u>	<u>North America</u>	<u>Difference</u>
Reagan National (Domestic)	-2.0%	4.7%	-6.7%
Dulles International (Domestic)	6.6%	4.7%	1.9%
Dulles International (International)	3.3%	4.4%	-1.1%

Source: U.S. DOT T-100 Onboard Passenger Data

In 2018, the Airports Authority continued to improve the passenger experience by opening 11 new shops and restaurants including a Garrett Popcorn kiosk in Reagan National and Jersey Mike’s, the American submarine sandwich chain at Dulles International. Further, the Airports completed 29 tenant refurbishments which revitalized the existing shops and restaurants. Ben’s Chili Bowl located in National Hall, Reagan Airport celebrated its 60th anniversary, a tribute to D.C.’s history, culture and character.

Dulles Corridor Enterprise Fund

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred operating and maintenance responsibility of the Dulles Toll Road to the Airports Authority through a Permit and Operating Agreement for a period of 50 years. As of October 1, 2009, the employees of the Dulles Toll Road became employees of the Airports Authority, and the Airports Authority’s public safety department began providing the primary police and fire service for the Dulles Toll Road. As part of the agreement with the Commonwealth, the Airports Authority is constructing the Dulles Metrorail Project from a location near the Metrorail Orange Line West Falls Church station to Route 772 in Loudoun County and will make other improvements in the Dulles Corridor consistent with VDOT and regional plans, using revenues from the Dulles Toll Road to pay the resulting debt service.

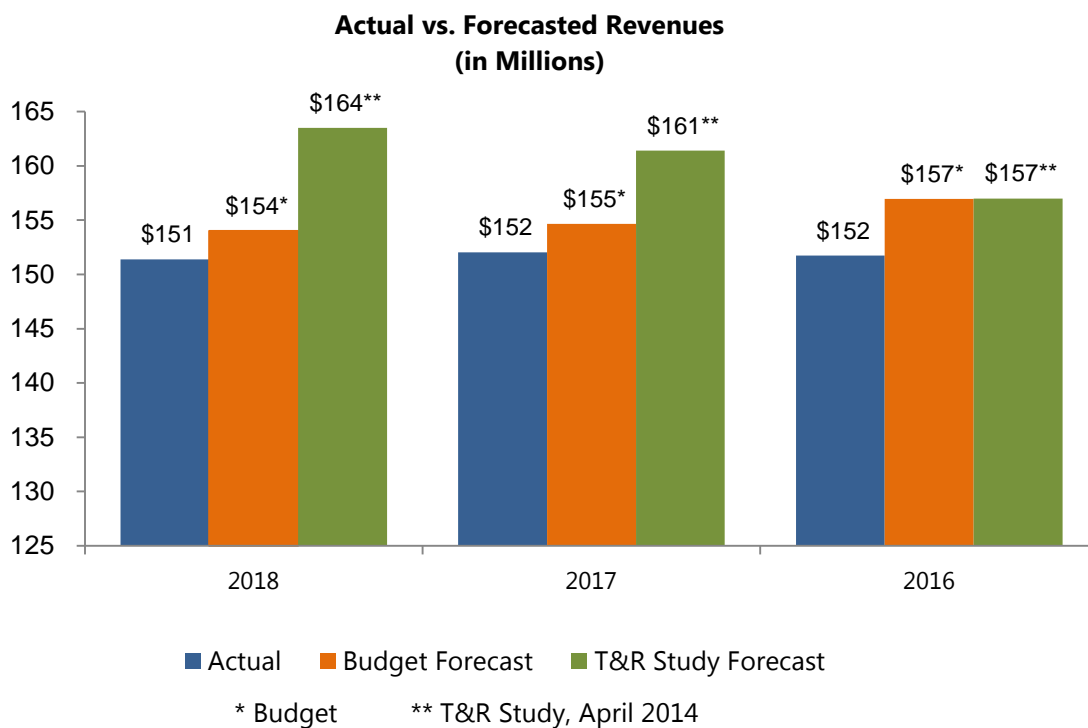
Phase 1 of the Dulles Metrorail Project extends 11.7 miles from a location near the Metrorail Orange Line West Falls Church station to Wiehle Avenue in Reston, Virginia. It includes five stations and improvements to the existing Washington Metropolitan Area Transit Authority (WMATA) service and inspection yard at the West Falls

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Church station. Construction activities began in March 2009 and the Silver Line opened for passenger service on July 26, 2014.

Phase 2 of the Dulles Metrorail Project extends 11.4 miles from the Metrorail Wiehle Avenue Station in Reston through Dulles International to Route 772 in Loudoun County, Virginia. It includes six new stations and a maintenance yard on Dulles International airport property. Phase 2 Construction is underway and the project is currently scheduled to be complete for passenger service in 2020.

Toll rate increases implemented in 2010 through 2014 resulted in expected declines in Dulles Toll Road transactions. The Dulles Toll Road processed an average of 8.0 million, 8.1 million and 8.1 million toll transactions per month in 2018, 2017, and 2016, respectively. Revenues and transactions were lower compared to the forecast made by the independent consulting firm that produced the 2014 Dulles Toll Road Traffic and Revenue study. A new budgeted forecast was produced annually since 2014. Total revenues both in 2018 and 2017 were approximately 98.3 percent of budgeted forecast revenues for each year compared to 96.6 percent in 2016. Electronic (E-ZPass) transactions and violations accounted for 90.0 percent of Dulles Toll Road revenue in 2018, an increase from 88.2 percent in 2017 and 87.1 percent in 2016. On December 20, 2018, the Airports Authority’s independent consulting firm published the most recent Dulles Toll Road Traffic and Revenue study with future forecasts for revenues and transactions



FINANCIAL HIGHLIGHTS - AVIATION ENTERPRISE FUND

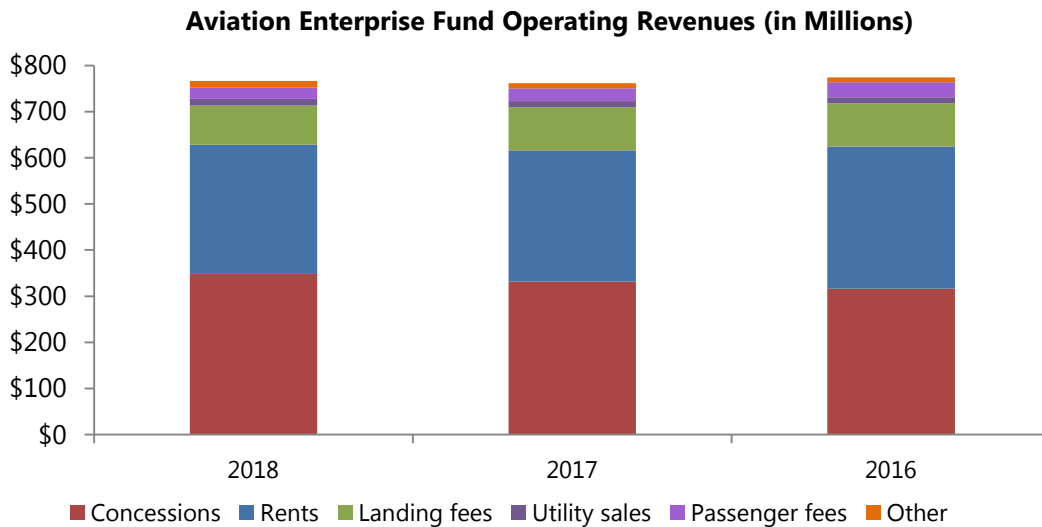
Pursuant to the Airports Authority’s Airport Use Agreement and Premises Lease (Use and Lease Agreement), the Airports Authority receives airline-based revenues such as terminal rents, landing fees, international arrival fees, and passenger conveyance fees as well as non-airline, activity-based concession revenues, which include public parking, rental car activities, and food, beverage, and retail operations, among others. Signatory airlines, those that have signed the Use and Lease Agreement, are required to pay actual costs plus debt service coverage,

while the majority of concessionaires pay the greater of a percentage of sales revenue or a minimum annual guarantee.

The Aviation Enterprise Fund recorded \$766.5 million in operating revenues for 2018, an increase of \$4.9 million from 2017. Total operating revenues increased as a result of higher concessions revenue in 2018. Operating revenues also reflect a \$16.6 million increase in total concession revenue, led by increases in fixed base operators and ground transportation. Aviation Enterprise Fund operating revenues decreased by \$12.5 million in 2017 compared to 2016.

Total operating revenues for each of the past three years follows:

	Aviation Enterprise Fund		
	2018	2017	2016
Operating revenues			
Concessions	\$ 348,624,365	\$ 332,007,816	\$ 316,453,536
Rents	280,146,201	283,755,117	307,980,996
Landing fees	84,485,059	93,764,918	93,422,084
Utility sales	14,401,340	13,260,122	13,019,300
Passenger fees	24,317,733	27,872,762	32,544,343
Other	14,517,758	10,902,393	10,639,749
Total operating revenues	<u>\$ 766,492,456</u>	<u>\$ 761,563,128</u>	<u>\$ 774,060,008</u>



Airline Revenues

Airlines that operate at Reagan National and Dulles International pay for the actual costs to operate at the Airports including the Airports Authority's principal and interest payments on outstanding Aviation Enterprise Fund debt, as well as debt service coverage. When operating costs for the Aviation Enterprise Fund increase or decrease there is a corresponding increase or decrease in the rates charged to the airlines. In 2018, airline revenue, which consists of landing fees of \$84.5 million, terminal rents from airlines of \$232.0 million, and other airline fees of \$23.3 million for a total of \$339.8 million, a decrease of \$20.2 million or 5.6 percent from prior year. In 2017, airline revenue was \$360.0 million, a decreased of \$31.9 million or 8.1 percent compared to 2016.

In 2018, airline rent revenues totaled \$232.0 million, a decrease of \$7.2 million, or 3.0 percent, from 2017. The key driver of decreased terminal rents in 2018 was the decrease in rent rates at Reagan National and Dulles International. In 2017, airline rent revenues totaled \$239.2 million, which was a decrease of \$27.7 million, or 10.4 percent, from 2016.

Landing fee revenues totaled \$84.5 million in 2018, a decrease of \$9.3 million from 2017. Landing fee revenues increased by \$0.3 million from \$93.4 million in 2016 to \$93.8 million in 2017. Signatory landing fee rates paid per 1,000 pounds at Reagan National decreased to \$3.74 in 2018 from \$4.13 in 2017. In 2018, signatory airline landing fee rates paid per 1,000 pounds at Dulles International increased to \$1.70 from \$1.44 in 2017.

Passenger fees, including passenger conveyance, international arrivals fees, totaled \$24.3 million in 2018, a \$3.6 million or 12.8 percent decrease from 2017. In 2017, passenger fees decreased \$4.7 million, or 14.3 percent, from 2016.

Non-Airline Revenues

The Airports Authority's concession revenues totaled \$348.6 million in 2018, which was an increase of \$16.6 million, or 5.0 percent, from 2017. Concession revenues accounted for 45.5 percent of total operating revenues in 2018 which were attributable to increases primarily in ground transportation, rental cars, fixed base operators, food and beverage, inflight caterers, and display advertising. Concession revenues in 2017 and 2016 were 43.6 and 41.0 percent of total operating revenues, respectively.

The following table details concession revenues by major category for the years ended 2018, 2017 and 2016:

	Concession Revenues		
	2018	2017	2016
Parking	\$ 124,505,333	\$ 124,625,634	\$ 127,699,503
Rental cars	43,842,314	43,639,231	39,303,541
Food and beverage	34,302,528	32,871,379	30,377,267
Fixed base operator	31,522,590	24,388,896	20,229,037
Ground transportation	41,214,261	37,198,225	30,456,953
Inflight caterers	18,070,530	16,663,967	15,206,722
Display advertising	15,884,113	15,039,275	14,963,331
Newsstand and retail	14,687,109	14,341,520	14,490,773
Duty free	14,554,163	13,671,554	13,566,562
All other	10,041,424	9,568,135	10,159,847
Total	<u>\$ 348,624,365</u>	<u>\$ 332,007,816</u>	<u>\$ 316,453,536</u>

Parking revenues continued to rank as the Airports Authority's largest concession in 2018, providing \$124.5 million in total revenues for the year, a decrease of \$0.1 million, or 0.1 percent from \$124.6 million in 2017. This decrease is reflective of the increase in shared rider services providers primarily at Reagan National. Rental car revenues of \$43.8 were higher by \$0.2 million compared to 2017. In 2017 rental car revenues increased by \$4.3 million compared to 2016.

Food and beverage revenue totaled \$34.3 million in 2018, which represented an increase of \$1.4 million from 2017. Food and beverage revenue totaled \$32.9 in 2017, which represented an increase of \$2.5 million from 2016.

Fixed base operator revenues of \$31.5 in 2018 increased by \$7.1 million from prior year. Fixed base operator revenues of \$24.4 million in 2017 increased by \$4.2 million from prior year attributable to higher minimum annual guarantees. Inflight catering revenues increased by \$1.4 million compared to 2017 due to a new contract that provides for a higher minimum annual guarantee. Ground transportation revenues increased \$4.0 million in 2018, due to additional shared ride service providers at both airports.

Revenue from inflight caterers was \$18.1 million and \$16.7 million in 2018 and 2017, respectively. Inflight caterers revenue increased by \$1.5 million from 2016 to 2017.

Other revenue, which primarily represents revenue from employees and tenant parking permits, increased by \$0.4 million in 2018 compared to 2017. In 2017, other revenues decreased by \$0.6 million compared to 2016.

Non airline rents totaled \$48.2 million in 2018. This was an increase from 2017 of \$3.5 million and an increase of \$6.9 million from 2016 revenues. The Airports Authority also receives revenues from the Transportation Security Administration (TSA) for reimbursement of expenses incurred by the Airports Authority's Public Safety personnel serving a support role to the TSA.

Operating Expenses

Operating expenses for the Aviation Enterprise Fund for the fiscal year ended December 31, 2018 totaled \$648.2 million, an increase of \$11.8 million or 1.9 percent from 2017. Operating expenses for 2017 increased by \$10.8 million or 1.7 percent from operating expenses in 2016. Materials, equipment, supplies, contract services and other expenses decreased \$8.7 million or 4.1 percent, to \$200.4 million in 2018. The Airports Authority deployed the new human resource and financial software system in 2018 and recorded expenses associated with that process. These increases were offset by gains on retirement of assets. The Airports Authority moved its corporate offices in 2017 to allow for the new construction at Reagan National. This resulted in the disposal of the Corporate Office Building and increased lease expenses plus other expenses associated with the move in 2017.

Salaries and related benefits expenses increased \$16.1 million, or 9.3 percent, from 2017 to \$188.3 million in 2018. Regular full time pay for Airports Authority employees increased \$5.2 million, or 3.8 percent, over 2017. The Airports Authority continued funding its Other Post-Employment Benefits (OPEB). The contribution percentages to the Airports Authority's pension plans decreased to 6.27 percent in 2018 from 6.85 percent of eligible earnings in 2017 for the General Employee Plan and increased to 12.81 percent in 2018 from 10.16 percent of eligible earnings in 2017 for the Police and Firefighters' plan. The funded ratio as of the actuarial valuation date of December 31, 2018 was 92.98 percent for the General Employee Plan and 91.79 percent for the Police and Firefighters' plan.

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Depreciation and amortization expenses totaled \$227.9 million in 2018, an increase of \$3.8 million or 1.7 percent from 2017 resulting from the disposal of personal property items from both campuses. Depreciation and amortization expenses in 2017 were \$224.2 million, which was \$10.0 million lower from 2016 resulting from the disposal of assets required for the new construction at Reagan National.

In 2018, the Airports Authority completed taxilanes, B, K and P at Reagan National as well as airfield panel replacements and the Parking Revenue Control System at Dulles International. In 2017, the corporate office building data center was transitioned to a primary data center in Ashburn, VA. High capacity intercampus networks between the data center and the Airports were implemented. The Airports Authority also completed the design and buildout of a public Wi-Fi infrastructure. In 2016, at Reagan National, the Airports Authority completed the Digital Signage system in Terminal B/C, lobby and elevator upgrade in Terminal A, and screening checkpoint upgrade in Terminal A. At Dulles International, projects completed included the West Automated People Mover tunnels and stations, Taxilane B reconstruction and the widening of east station and the police range.

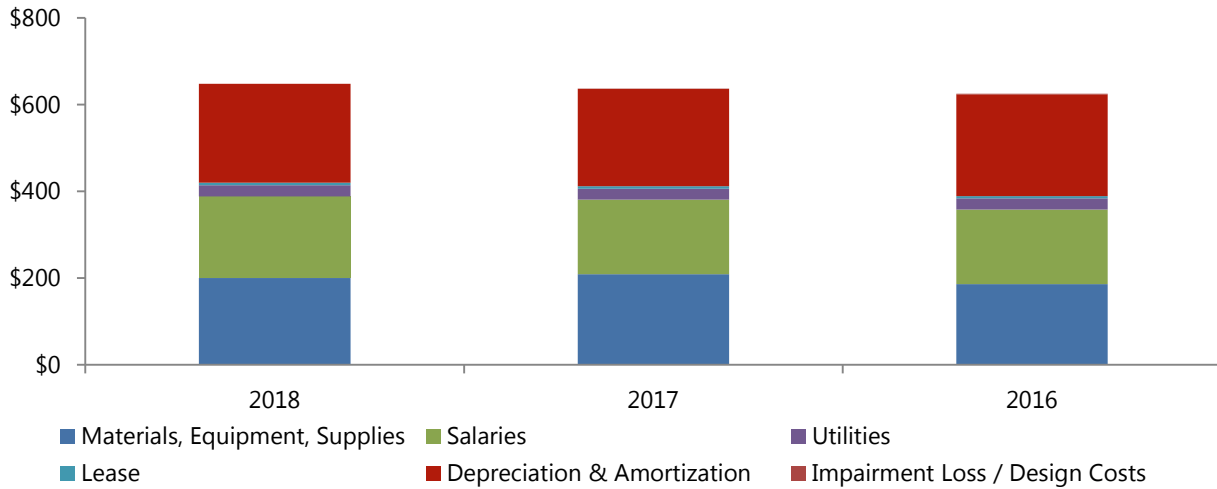
A cost allocation plan is used to identify and quantify all overhead and other indirect costs paid from the Aviation Enterprise Fund but appropriately allocable to the Dulles Toll Road or to the Dulles Metrorail Project within the Dulles Corridor Enterprise Fund. The following table shows the amount of the Aviation Enterprise Fund operating expenses that were allocated to the Dulles Corridor Enterprise Fund in 2018, 2017, and 2016, respectively.

	Year ended December 31,		
	2018	2017	2016
Dulles Toll Road	\$ 5,529,025	\$5,663,833	\$5,532,341
Dulles Metrorail Project	3,381,973	3,380,623	3,779,850
	<u>\$ 8,910,998</u>	<u>\$ 9,044,456</u>	<u>\$ 9,312,191</u>

The following presents total operating expenses for the years ended 2018, 2017 and 2016:

	Aviation Enterprise Fund		
	2018	2017 (as restated)	2016
Operating expenses			
Materials, equipment, supplies, contract services, and other	\$ 200,396,186	\$ 209,049,602	\$ 186,332,647
Salaries and related benefits	188,258,198	172,174,965	171,931,528
Utilities	25,878,626	25,175,478	25,683,982
Lease from U.S. Government	5,774,716	5,562,099	5,502,217
Depreciation and amortization	227,928,188	224,157,392	234,151,332
Impairment loss / design costs	-	295,303	2,045,592
Total operating expenses	<u>\$ 648,235,914</u>	<u>\$ 636,414,839</u>	<u>\$ 625,647,298</u>

Aviation Enterprise Fund Operating Expenses (in Millions)



Changes in Net Position

Operating income was \$118.3 million in 2018, a decrease in income of \$6.9 million compared to 2017. The change is a combination of decreased airline revenues as a result of the impact of a \$25.0 million Commonwealth grant received in 2018 which lowered the rates for the airlines, increased concession revenues of \$16.6 million and increased expenses of \$11.8 million. Operating income was \$125.1 million in 2017, which decreased by \$23.3 million from 2016.

Non-operating revenues increased \$221.9 million and non-operating expenses decreased by \$6.0 million from 2017. The \$202.5 million gain from the sale of Western land provided the significant increase in non-operating revenues. Interest increased \$9.3 million from 2017 driven by an increase in available invested funds. Non-operating expenses, which included interest expense on the Aviation Enterprise Fund's \$4.7 billion bond debt, totaled \$221.8 million. Interest expense increases were recognized primarily due to the reclassification of capitalized interest to interest expenses per new GASB 89. Contributions to the Dulles Corridor Enterprise totaled \$31.1 million which reflected the Aviation Enterprise's share of Phase 2 of the Dulles Metrorail Project and was driven by continued construction on Phase 2 of the Dulles Metrorail Project.

Capital contributions include PFCs, federal, state, and local grants, and other capital property acquired. PFC revenue for 2018 was \$93.4 million, which was a slight increase of \$2.4 million from 2017. PFC revenue for 2017 was \$90.9 million, which was an increase of \$1.1 million from 2016.

Federal, state, and local grants in support of capital programs were \$23.2 million in 2018, \$21.2 million in 2017, and \$21.5 million in 2016. In 2018, the Airports Authority received \$21.1 million in Airport Improvement Programs (AIP) grants primarily to reimburse for runway construction and rehabilitation, taxiway reconstruction, and runway safety area improvements. In 2017, the Airports Authority received \$19.2 million in Airport Improvement Programs (AIP) grants primarily to reimburse for runway construction and rehabilitation, taxiway reconstruction, and runway safety area improvements. In 2016, the Airports Authority received \$14.8 million in Airport Improvement Program (AIP) grants to reimburse for the capital costs of constructing the fourth runway, reconstructing a portion of Taxiway Y, reconstructing Taxiway Z & Taxilane C Reconstruction, reconstructing and widening of Taxilane B East section all at Dulles International, and improving the safety areas for runways 15/33 and 4/22 at Reagan National. Please refer to Note 17 – Government Grants for more information on grant activity.

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The change in net position is an indicator of the overall fiscal condition of the Aviation Enterprise Fund. Net position increased in 2018 by \$298.6 million. Net position increased in 2017 by \$73.2 million. These increases reflect the continued strength and growth of the airports and the sound management of the Airports Authority debt and investment programs.

The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Position for the Aviation Enterprise Fund:

	Aviation Enterprise Fund		
	2018	2017 (as restated)	2016
Operating income			
Operating revenues	\$ 766,492,456	\$ 761,563,128	\$ 774,060,008
Operating expenses	<u>648,235,914</u>	<u>636,414,839</u>	<u>625,647,298</u>
Total operating income	<u>118,256,542</u>	<u>125,148,289</u>	<u>148,412,710</u>
Non-operating revenues			
Investment income	33,990,909	24,739,309	17,941,016
Federal, state and local grants	26,071,447	25,804,757	703,711
Fair value gains on swaps	23,083,850	13,175,314	16,447,932
Gain from sale of real estate	<u>202,454,919</u>	<u>-</u>	<u>-</u>
Total non-operating revenues	<u>285,601,124</u>	<u>63,719,380</u>	<u>35,092,659</u>
Non-operating expenses			
Interest expense	(190,690,350)	(178,913,318)	(189,201,753)
Contributions to other governments	<u>(31,086,446)</u>	<u>(48,879,320)</u>	<u>(37,647,152)</u>
Total non-operating expenses	<u>(221,776,796)</u>	<u>(227,792,638)</u>	<u>(226,848,905)</u>
Income/(loss) before capital contributions	182,080,871	(38,924,969)	(43,343,536)
Capital contributions	<u>116,522,940</u>	<u>112,105,079</u>	<u>111,280,048</u>
Change in net position	<u>\$ 298,603,811</u>	<u>\$ 73,180,110</u>	<u>\$ 67,936,512</u>

FINANCIAL HIGHLIGHTS - DULLES CORRIDOR ENTERPRISE FUND

Operating Revenues

For the year ended December 31, 2018, the Airports Authority recorded toll revenues of \$151.4 million, which consisted of electronic toll collections (E-ZPass) of \$131.5 million, cash collections of \$15.2 million, and violations revenue of \$4.7 million. Overall toll revenue decreased \$0.6 million from 2017. In 2018, E-ZPass revenue comprised 86.9 percent of toll revenues, up from 85.6 percent in 2017 and 84.9 percent in 2016.

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	Dulles Corridor Enterprise Fund		
	2018	2017	2016
Operating revenues			
Electronic toll collection revenues	\$ 131,515,100	\$130,080,380	\$128,853,731
Cash revenues	15,212,108	17,914,250	19,504,356
Violation revenues	<u>4,669,724</u>	<u>4,028,033</u>	<u>3,372,946</u>
Total operating revenues	<u>\$ 151,396,932</u>	<u>\$152,022,663</u>	<u>\$151,731,033</u>

Operating Expenses

For the years ended December 31, 2018 and 2017, the Dulles Corridor Enterprise Fund recorded \$48.2 million and \$45.6 million in total operating expenses, respectively. Materials, supplies, equipment, contract services, and other totaled \$28.8 million in 2018, an increase of \$1.9 million from 2017. Electronic toll collection fees paid to the third party processor of E-ZPass transactions were \$11.9 million up \$0.9 million from 2017. In 2017, materials, supplies, equipment, contract services, and other totaled \$26.8 million, which included \$10.9 million in electronic toll collection fees paid to the third party processor of E-ZPass transactions.

The majority of costs related to the Dulles Corridor Enterprise Fund are directly charged to the Fund. In certain instances, overhead costs for the Airports Authority are initially paid from the Aviation Enterprise Fund but are appropriately allocable to the Dulles Corridor Enterprise Fund as costs associated with operation of the Dulles Toll Road or as costs of the Dulles Metrorail Project. In 2018, \$8.9 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, \$5.5 million allocated to the Dulles Toll Road and \$3.4 million allocated to the Dulles Metrorail Project. In 2017, \$9.0 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, \$5.7 million allocated to the Dulles Toll Road and \$3.3 million allocated to the Dulles Metrorail Project. In 2016, \$9.3 million was allocated from the Aviation Enterprise Fund to the Dulles Corridor Enterprise Fund, \$5.5 million allocated to the Dulles Toll Road and \$3.8 million allocated to the Dulles Metrorail Project.

Depreciation and amortization expenses increased \$0.2 million to \$8.2 million in 2018 and increased \$1.1 million from 2016 to \$8.1 million in 2017. Recent increases in depreciation and amortization expenses were due to the sound wall replacement and Westbound Fairfax County Parkway Waterline in 2018. Salaries and related benefits expense increased \$0.5 million.

	Dulles Corridor Enterprise Fund		
	2018	2017 (as restated)	2016
Operating expenses			
Materials, equipment, supplies, contract services, and other	\$ 28,757,695	\$ 26,841,386	\$ 26,820,384
Salaries and related benefits	10,973,208	10,457,972	10,663,943
Utilities	199,827	206,313	243,236
Depreciation and amortization	<u>8,233,830</u>	<u>8,055,255</u>	<u>6,986,951</u>
Total operating expenses	<u>\$ 48,164,560</u>	<u>\$ 45,560,926</u>	<u>\$ 44,714,514</u>

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Changes in Net Position

The following represents a summary of the Statements of Revenues, Expenses and Changes in Net Position of the Dulles Corridor Enterprise Fund.

	Dulles Corridor Enterprise Fund		
	2018	2017 (as restated)	2016
Operating income			
Operating revenues	\$ 151,396,932	\$ 152,022,663	\$ 151,731,033
Operating expenses	<u>48,164,560</u>	<u>45,560,926</u>	<u>44,714,514</u>
Total operating income	<u>103,232,372</u>	<u>106,461,737</u>	<u>107,016,519</u>
Non-operating revenues (expenses)			
Investment income (loss)	12,888,087	6,359,877	1,901,118
Interest expense	(148,039,823)	(115,391,692)	(129,524,735)
Federal, state and local grants	-	408,744	-
Contributions from (to) other governments	<u>120,332,100</u>	<u>101,399,850</u>	<u>168,508,612</u>
Total non-operating revenues (expenses)	<u>(14,819,636)</u>	<u>(7,223,221)</u>	<u>40,884,995</u>
Income before capital contributions	88,412,736	99,238,516	147,901,514
Capital contributions	<u>39,036,562</u>	<u>34,901,844</u>	<u>107,554,185</u>
Change in net position	<u>\$ 127,449,298</u>	<u>\$ 134,140,360</u>	<u>\$ 255,455,699</u>

The increase in net position for the Dulles Corridor Enterprise Fund totaled \$127.4 million for the year ended December 31, 2018. The increase in net position for the Dulles Corridor Enterprise Fund totaled \$134.1 million for the year ended December 31, 2017, and an increase in net position totaled \$255.5 million for the year ended December 31, 2016. Total operating income for the Dulles Corridor Enterprise Fund was \$103.2 million in 2018, \$106.5 million in 2017 and \$107.0 million in 2016. Overall, operating revenues and operating expenses from 2018, 2017 and 2016 remain relatively stable.

Total non-operating revenues (expenses) decreased \$7.6 million in 2018 to \$14.8 million in operating expenses. Contributions from (to) other governments increased \$18.9 million. The increase in net contributions from (to) other governments of \$18.9 million was driven by construction activity for Phase 2 of the Dulles Metrorail project and the contributions received from the project's funding partners to finance the project, offset by a transfer to the Washington Metropolitan Area Transit Authority (WMATA) of \$21.6 million for continuing costs Dulles Metrorail Project Phase 1. In 2017, the decrease in net contributions from (to) other governments of \$67.1 million was due to increased construction activity for Phase 2 of the Dulles Metrorail project and the contributions received from the project's funding partners to finance the project, offset by a transfer to the Washington Metropolitan Area Transit Authority (WMATA) of \$7.5 million for continuing costs Dulles Metrorail Project Phase 1 and \$127.0 million for rail cars for the Dulles Metrorail Project Phase 2. Interest expense totaled \$148.0 million, which was a \$32.6 million increase from 2017 primarily due to new regulation GASB 89 which requires all interest incurred during the construction period be expensed rather than capitalized. Investment income totaled \$12.9 million in 2018, \$6.4 million in 2017 and \$1.9 million in 2016.

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Government grants and contributions in support of capital programs for the Dulles Corridor Enterprise Fund totaled \$39.0 million for the fiscal year ended December 31, 2018 and \$34.9 million for the fiscal year ended December 31, 2017. Federal grants in 2018 included \$24.0 million related to the Dulles Metrorail Project, while the Commonwealth contributed \$15.0 million.

STATEMENTS OF NET POSITION – TOTAL BUSINESS TYPE ACTIVITIES

The Statements of Net Position present the financial position of the Airports Authority at the end of the fiscal year. The statements include all assets and liabilities of the Airports Authority. Net Position is the difference between total assets plus deferred outflows and total liabilities plus deferred inflows and is an indicator of the current fiscal health of the Airports Authority.

A summarized comparison of the Airports Authority's assets, liabilities, deferred outflows and inflows, and net position on December 31, 2018, 2017, and 2016, follows:

	Total Business-Type Activities		
	2018	2017 (as restated)	2016
Assets			
Current assets	\$ 2,115,966,840	\$ 1,981,736,194	\$ 1,650,120,403
Non-current assets			
Restricted	1,054,726,683	860,238,619	985,610,636
Unrestricted	12,501,308	23,121,378	18,244,830
Capital assets, net	<u>6,309,221,028</u>	<u>6,060,225,198</u>	<u>5,690,362,241</u>
Total Assets	<u>9,492,415,859</u>	<u>8,925,321,389</u>	<u>8,344,338,110</u>
Deferred Outflows of Resources	<u>138,099,080</u>	<u>91,778,093</u>	<u>93,204,615</u>
Liabilities			
Current liabilities	535,560,579	565,007,275	521,938,173
Non-current liabilities	<u>8,188,930,504</u>	<u>7,974,057,736</u>	<u>7,652,510,932</u>
Total Liabilities	<u>8,724,491,083</u>	<u>8,539,065,011</u>	<u>8,174,449,105</u>
Deferred Inflows of Resources	<u>32,707,639</u>	<u>30,771,363</u>	<u>6,079,547</u>
Net Position			
Net investment in capital assets	915,486,458	770,701,198	730,742,281
Restricted	232,628,421	264,078,390	161,523,955
Unrestricted	<u>(274,798,662)</u>	<u>(587,516,480)</u>	<u>(635,252,163)</u>
Total Net Position	<u>\$ 873,316,217</u>	<u>\$ 447,263,108</u>	<u>\$ 257,014,073</u>

Current assets for the Airports Authority totaled \$2.1 billion on December 31, 2018, an increase of \$134.2 million from 2017. Current assets in 2017 increased \$331.6 million to \$1.9 billion as of December 31, 2017. Current assets for the Aviation Enterprise Fund increased \$297.5 million in 2018, primarily as a result of increased unrestricted investments of \$213.3 million, unrestricted cash of \$104.1 million and accounts receivable of \$3.4 million. There were a \$14.5 million decrease in restricted cash and a \$8.5 decrease in restricted investments.

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Between 2016 and 2017, current assets for the Aviation Enterprise Fund increased \$252.1 million, primarily as a result of a \$250.7 million increase in investments, restricted and unrestricted, and a \$34.2 million increase in restricted cash offset by decreases of \$27.0 million in cash and cash equivalents, \$2.1 million in accounts receivable and \$2.9 million in inventory. Current assets for the Dulles Corridor Enterprise Fund decreased 28.7 percent or \$163.3 million in 2018 due primarily to a \$153.2 million decrease in restricted investments. In 2017, the Dulles Corridor Enterprise Fund's current assets increased \$79.5 million, or 16.3 percent from 2016.

Non-current assets for the Airports Authority increased \$432.9 million from 2017 to 2018 and increased \$249.4 million from 2016 to 2017. The significant changes between 2017 and 2018 include a \$369.8 million increase in construction in progress – Dulles Metrorail Project for spending on Phase 2 of the project, a \$251.0 million increase in restricted cash, a \$118.4 million increase in buildings, systems and equipment and a \$21.7 million increase in construction in progress for the construction at Reagan National Airport. These were offset by decreases in accounts receivable of \$60.9 million and land and other non-depreciable assets of \$31.5 million a reduction in net pension assets of \$9.0 million.

The Airports Authority's current liabilities decreased \$29.4 million from 2017, the result of a \$21.2 million decrease in the current portion of bonds and notes payable in the Aviation Enterprise Fund. Accounts payable and accrued expenses decreased \$21.3 million offset by a \$12.7 million increase in accrued interest payable. In 2017, current liabilities increased \$43.1 million from 2016, the result of a \$24.5 million increase in the current portion of bonds and notes payable in the Aviation Enterprise Fund. Advance billings and payments received in advance increased \$11.4 million and accounts payable and accrued expenses increased \$10.5 million.

In 2018, non-current liabilities increased \$214.9 million to \$8.2 billion. This increase was largely due to the draws and accretion on the TIFIA Loan in 2018 totaling \$200.5 million. Net pension liability and net OPEB liability increased \$21.1 million and \$21.7 million respectively due to new GASB regulation. Bonds payable, net, increased by \$46.7 million. These were offset by decreases of \$14.4 million in other liabilities, \$60.0 million in commercial paper notes and \$23.1 in interest rate swaps payable. The Dulles Corridor Enterprise funds recorded \$22.2 million accretion on the capital appreciation bonds. Other liabilities include \$200.0 million in unearned grant revenues from the Commonwealth. In 2017, non-current liabilities increased \$321.5 million to \$8.0 billion. This increase was largely due to the draws and accretion on the TIFIA Loan in 2017 totaling \$340.2 million. Outstanding Commercial Paper increased \$19.0 million. Net OPEB liability increased by \$8.5 million and the interest rate swaps payable decreased \$13.2 million. Bonds payable, net decreased \$43.0 million in the Aviation Enterprise Funds and increased \$30.8 million in the Dulles Corridor Enterprise fund. The Aviation Enterprise Fund refunded Series 2007A-B Airport Revenue bonds in 2017. The Dulles Corridor Enterprise funds recorded \$36.8 million accretion on the capital appreciation bonds. Other liabilities include \$215.0 million in unearned grant revenues from the Commonwealth.

Total net position, which represents the residual interest in the Airports Authority assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, increased \$426.1 million from 2017 and increased \$633.4 million from 2016. The Aviation Enterprise Fund and Dulles Corridor Enterprise Fund provided \$298.6 million increase and \$127.4 million increase, respectively, for 2018. In 2017, the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund provided \$57.1 million increase and \$133.2 million increase, respectively.

Net investment in capital assets increased \$144.8 million from 2017. The increase in 2018 was attributable to the on-going construction at the airports and the Dulles Metrorail project.

On December 31, 2018, total restricted net position of \$232.6 million consisted of funds restricted for construction, debt service, leases, Dulles Metrorail Project latent defects, Dulles Toll Road repairs, and Public

Safety. This was an overall decrease from 2017 of \$31.4 million. The Aviation Enterprise Fund's restricted net position increased \$19.4 million, primarily due to an increase in assets restricted for construction. The Dulles Corridor Enterprise Fund's restricted net position decreased \$50.8 million largely in assets restricted for construction.

Total unrestricted net position at the end of the reporting period for the Airports Authority was a deficit of \$274.8 million, which represented an overall increase of \$312.7 million from 2017. Unrestricted net position increased \$341.9 million for the Aviation Enterprise Fund and decreased \$29.2 million for the Dulles Corridor Enterprise Fund. These net unrestricted assets may be used to meet any of the Airports Authority's ongoing operational needs, including debt service for the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund, subject to approval by the Airports Authority's Board of Directors. Unrestricted net position is reduced by the debt associated with the Dulles Metrorail Project Phase 1. The costs of this project were effectively transferred to WMATA in 2014 and are no longer reflected on the Airports Authority's financial statements.

CAPITAL FINANCING AND DEBT MANAGEMENT

Aviation Enterprise Fund

The Airports Authority is financing its Aviation Enterprise Fund Capital Construction Program (CCP) through a combination of revenues, entitlements, and discretionary grants received from the Federal Aviation Administration (FAA), state grants, PFCs, and revenue bonds. Long-term debt is the principal source of funding for the CCP.

The Airports Authority has \$740.4 million of outstanding variable rate bonds, which are collateralized by Letters of Credit (LOC) and Direct Purchase Indexed Loans (Index Floaters). In February 2018, the Airports Authority negotiated a reduced interest rate cost with Wells Fargo for the 2003D1 and 2010D Indexed Floater credit facilities and U.S. Bank for the 2011B Indexed Floater credit facility. The interest rate costs of these credit facilities increased as a result of the Tax Cuts and Jobs Act provision reducing the corporate tax rate to 21 percent beginning January 1, 2018 and the associated effect on the Margin Rate Factor provision in the credit facilities agreements.

Further, in September 2018, the Index Floater held by U.S. Bank for the Series 2011B Bonds was amended to reduce the interest rate from 83 percent of LIBOR and 36 basis points (bps) to 80 percent of LIBOR plus 36 bps. Also in September 2018, the LOC held by Royal Bank of Canada for the Series 2011A Bonds expired and was replaced with a LOC provided by Sumitomo Mitsui Banking Corporation through October 2022 with an interest rate of 30 bps. In October 2018, the Index Floater held by Wells Fargo for the Series 2003D1 Bonds expired and was replaced with a LOC provided by TD Bank through October 2022 with an interest rate of 26 bps.

The Airports Authority's Aviation Enterprise Fund's long-term uninsured bonds are rated "AA-" by Fitch, "Aa3" by Moody's, and "AA-" by Standard & Poor's Global Rating Services (S&P). In May 2018, Moody's, Fitch, and S&P affirmed the ratings with "Stable" outlook.

The Airports 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 Airports Authority has maintained a coverage ratio significantly higher than its requirement. For 2018, 2017 and 2016 the Airports Authority's debt service coverage was 1.82, 1.77, and 1.79, respectively.

Dulles Corridor Enterprise Fund

In 2009, a Master Indenture of Trust was created to secure Dulles Toll Road Revenue Bonds issued by the Dulles Corridor Enterprise Fund of the Airports Authority. Under this Indenture, all bonds are secured by a pledge of the Toll Road Revenues derived by the Airports Authority from the operation of the Dulles Toll Road.

In August 2014, the Airports Authority and the USDOT executed the TIFIA Loan Agreement which provides up to \$1.278 billion of financing for Phase 2 of the Dulles Metrorail Project. The Dulles Corridor Enterprise completed monthly draws on the TIFIA Loan with the USDOT totaling \$200.5 million in 2018, \$319.2 million in 2017, and \$222.5 million in 2016. In addition, in 2018, the TIFIA Loan has incurred \$22.2 million in accreted interest costs all of which has been capitalized to the TIFIA Loan draws. The total accreted interest costs that have been capitalized to the TIFIA Loan draws through December 31, 2018 are \$61.4 million.

The Airports Authority's Dulles Corridor Enterprise Fund has four liens (First Senior, Second Senior, Subordinate, and Junior) associated with the Dulles Toll Road Revenue Bonds. The Bonds under these Liens have assigned ratings by Moody's and S&P.

Please refer to Note 14 – Capital Debt for additional details on the Airports Authority long-term debt activity and ratings.

FEDERAL, STATE, AND LOCAL GRANT ACTIVITY

The Airports Authority receives grants from the United States government, the Commonwealth, and other local grantors for certain operating and capital construction programs.

Aviation Enterprise Fund

In 2018, the Aviation Enterprise Fund received \$27.0 million in total federal, state, and local grants in support of operations. This included \$0.9 million in funding for the Law Enforcement Officer Reimbursement Program, which offsets expenses incurred by the Airports Authority's Public Safety personnel serving a support role to the Transportation Security Administration (TSA). Other federal grants included \$0.6 million from the TSA, which was used to offset the expense of training and caring for canines used in explosives detection and \$0.4 million related to the collaborative effort between the Airports Authority and the Department of Justice and Department of Treasury.

In 2016, the Commonwealth, appropriated \$25.0 million for the Commonwealth's fiscal years 2017 and 2018 for the purpose of reducing the airline cost per enplanement at Dulles International and thereby improving the competitiveness of the airport. The Airports Authority received \$25.0 million of Commonwealth funding in 2017 and 2018.

The Aviation Enterprise Fund also recognized \$23.2 million in federal, state, and local grants in support of capital programs in 2018. The FAA's Airport Improvement Program provided \$21.1 million for runway construction and rehabilitation, taxiway reconstruction, and runway safety area improvements.

The Airports Authority's Aviation Enterprise Fund receives FAA funding a total of 500 thousand to each airport for purchase and installation of seventy five (75) Vehicle Movement Area Transponder (VMAT) units for Dulles International Airport (IAD), and Seventy Five (75) units for Reagan National Airport (DCA). The VMATs provides common situational awareness to Air Traffic Control (ATC), vehicle operators and airfield personnel to improve coordination and safety.

Dulles Corridor Enterprise Fund

The Federal Transit Administration is the primary grantor to the Dulles Metrorail Project and has committed a total of \$900.0 million in federal New Starts funding for the project. The \$900.0 million Full Funding Grant Agreement (FFGA) was approved by the FTA on March 10, 2009 and is inclusive of all previously awarded federal grants for the Dulles Metrorail Project. During 2018, the Dulles Corridor Enterprise Fund recognized \$3.0 million of the FFGA award.

During 2018, the Dulles Corridor Enterprise Fund recognized \$15.0 million of state grant in support of capital programs. In the 2014 Transportation Plan and 2014 Budget, the Commonwealth committed to provide \$300.0 million in funds to the Phase 2 Project. These funds were provided over a three year period, \$100.0 million per year beginning in 2014, \$100.0 million in 2015 and \$100.0 million in 2016. In 2013, the Commonwealth provided \$150.0 million in funding towards Phase 1 of the Dulles Metrorail Project in order to allow the Airports Authority to minimize future toll rates charged to users of the Dulles Toll Road. The first \$10.0 million was recognized in 2013, an additional \$30.0 million was recognized in each year for 2014, 2015 and 2016 and an additional \$20.0 million was recognized in 2017.

The Airports Authority received project funding from the Northern Virginia Transportation Authority (NVTA), a total of \$60.0 million, \$33.0 million in 2015 and \$27.0 million in 2016. These funds are used for the construction of the Metrorail Innovation Station which is a part of Phase 2 of the Dulles Metrorail Project. During 2018, MWAA invoiced and received \$6.3 million of NVTA funds.

In 2018, the Airports Authority received funding from the Federal Transit Administration (FTA) for Congestion Mitigation and Air Quality Improvement Program (CMAQ) in the amount of \$7.4 million. The CMAQ funding is used to cover a portion of the costs of the new innovation Station in Fairfax County, Virginia on the Dulles Corridor Metrorail Project (Silver Line).

Please refer to Note 17 – Government Grants for more information on grant activity.

CASH AND INVESTMENT MANAGEMENT – TOTAL BUSINESS TYPE ACTIVITIES

The Airports Authority's cash and cash equivalents increased \$330.0 million to \$1.1 billion as of December 31, 2018. This was driven by an increase of \$128.4 million in the Dulles Corridor Enterprise Fund and an increase in available cash and cash equivalents, both restricted and unrestricted, of \$201.6 million in the Aviation Enterprise Fund. Cash and cash equivalents with an original maturity of three months or less are considered highly liquid investments. Restricted and unrestricted investments increased by \$56.1 million in 2018, which was attributable to a \$188.5 million increase in the Aviation Enterprise Fund and a decrease of \$132.3 million in the Dulles Corridor Enterprise Fund investments.

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The following summary shows the major sources and use of cash:

	Total Business-Type Activities		
	2018	2017	2016
Cash received from operations	\$ 921,470,753	\$ 938,243,936	\$ 925,620,760
Cash expended from operations	(467,686,944)	(449,088,961)	(437,136,219)
Net cash provided by operations	453,783,809	489,154,975	488,484,541
Net cash provided (used) by:			
Noncapital financing activities	195,770,739	242,904,396	175,689,800
Capital and related financing activities	(310,297,210)	(515,404,999)	(583,897,066)
Investing activities	(9,251,218)	(264,168,569)	(265,616,389)
Net increase (decrease) in cash and cash equivalents	330,006,120	(47,514,197)	(185,339,114)
Cash and cash equivalents, beginning of year	736,451,108	783,965,305	969,304,419
Cash and cash equivalents, end of year	<u>\$ 1,066,457,228</u>	<u>\$ 736,451,108</u>	<u>\$ 783,965,305</u>

Cash temporarily idle during 2018 was invested in demand deposits, certificates of deposit, commercial paper, United States government and agency obligations, mutual funds, repurchase agreements collateralized by the United States government or agency obligations, and other permitted investments as listed in the Master Indenture for the Airports Authority's outstanding bonds. During 2018, the Airports Authority's Aviation Enterprise Fund operating account average portfolio balance was \$936.0 million, and the average yield on investments was 1.55 percent. The capital funds are held by an agent for the Trustee but managed by the Airports Authority. For 2018, the capital funds had an average portfolio balance of \$486.1 million and an average yield of 2.42 percent. During 2018, the Airports Authority's Dulles Corridor Enterprise Fund operating account average portfolio balance was \$252.4 million and the average yield on investments was 1.06 percent. As is the case with the Aviation Enterprise Fund, capital funds for the Dulles Corridor Enterprise Fund are held by an agent for the Trustee, but managed by the Airports Authority. For 2018, the capital funds had an average portfolio balance of \$642.5 million and an average yield of 1.39 percent.

Certain Airports Authority funds that will be used for bond requirements and capital projects are invested in long-term instruments. An annual cash flow projection for capital projects is developed for all bond proceeds, and investments are matched to maximize investment income while ensuring cash is available for capital project expenses. All investments must be made following the Investment Policy that was adopted by the Airports Authority's Board.

CAPITAL CONSTRUCTION

Aviation Enterprise Fund

The Aviation Enterprise Fund capitalized \$121.0 million in projects in 2018, principally for the Taxiways B, K, and P, and Runway 4-22 Overlay Phase 1 at Reagan National, and the Airfield Pavement Panel Replacement and the Parking Revenue Control System at Dulles International.

Dulles Corridor Enterprise Fund

The Dulles Corridor Enterprise Fund's Renewal and Replacement program provided funds to address major maintenance requirements including overlays, sound wall repairs, studies, erosion and drainage control, and other maintenance projects. The Renewal and Replacement program is funded from toll road revenues. In addition, the Dulles Corridor Capital Improvement Program funds improvements related to the Dulles Toll Road including, but not limited to: the Main Plaza Revenue Collection System, programmable toll information signage, Intelligent Transportation Management Systems, and additional costs relating to the Dulles Metrorail Project. These projects, which are funded from bond proceeds, Federal Transit Administration grants, and contributions from Fairfax County, Loudoun County, the NVTa and the Commonwealth, include the Dulles Metrorail Project, as well as other studies and improvements. The total Capital Improvement Program budget for 2018 was \$626.2 million, of which \$46.7 million was allocated for Phase 1 of the Dulles Metrorail Project; \$527.6 million was allocated for Phase 2 of the Dulles Metrorail Project; and \$52 million for the Dulles Toll Road.

For more information on capital asset activity, please refer to Note 9 – Changes in Capital Assets.

CONTACTING THE AIRPORTS AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide the Airports Authority's Board, management, investors, creditors, and customers with a general view of the Airports Authority's finances and to demonstrate the Airports Authority's accountability for the funds it receives and expends. For additional information about this report, or for additional financial information, please contact Andrew Rountree, Senior Vice President for Finance and Chief Financial Officer, at the following address: 1 Aviation Circle, Washington, DC, 20001-6000 or e-mail bondholders.information@mwa.com.

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Basic Financial Statements

Statement of Net Position
As of December 31, 2018

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
ASSETS			
Current assets			
Cash and cash equivalents	\$ 112,135,060	\$ 240,567,365	\$ 352,702,425
Restricted cash and cash equivalents	169,986,662	89,571,401	259,558,063
Accounts receivable, net	32,692,099	744,645	33,436,744
Investments	1,086,705,966	-	1,086,705,966
Restricted investments	296,822,320	73,155,142	369,977,462
Inventory	6,558,368	491,404	7,049,772
Prepaid expenses and other current assets	6,244,323	292,085	6,536,408
Total current assets	<u>1,711,144,798</u>	<u>404,822,042</u>	<u>2,115,966,840</u>
Non-current assets			
Restricted:			
Cash and cash equivalents	136,085,791	318,110,949	454,196,740
Accounts receivable	28,693,021	51,022,573	79,715,594
Investments	231,845,133	288,969,216	520,814,349
Total restricted	<u>396,623,945</u>	<u>658,102,738</u>	<u>1,054,726,683</u>
Unrestricted:			
Bond insurance costs	561,673	11,804,623	12,366,296
Other assets	135,012	-	135,012
Total unrestricted	<u>696,685</u>	<u>11,804,623</u>	<u>12,501,308</u>
Capital assets:			
Land and other non-depreciable assets	150,819,463	-	150,819,463
Construction in progress	278,040,322	27,364,516	305,404,838
Construction in progress - Dulles Metrorail Project	-	1,979,450,478	1,979,450,478
Buildings, systems and equipment	7,463,392,198	125,383,636	7,588,775,834
Less: accumulated depreciation	<u>(3,681,152,862)</u>	<u>(34,076,723)</u>	<u>(3,715,229,585)</u>
Capital assets, net	<u>4,211,099,121</u>	<u>2,098,121,907</u>	<u>6,309,221,028</u>
Total non-current assets	<u>4,608,419,751</u>	<u>2,768,029,268</u>	<u>7,376,449,019</u>
Total assets	<u>\$ 6,319,564,549</u>	<u>\$ 3,172,851,310</u>	<u>\$ 9,492,415,859</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - debt refundings	\$ 68,264,913	\$ -	\$ 68,264,913
Deferred outflows - pension plans	43,190,466	2,509,895	45,700,361
Deferred outflows - OPEB plans	<u>22,804,571</u>	<u>1,329,235</u>	<u>24,133,806</u>
Total deferred outflows of resources	<u>\$ 134,259,950</u>	<u>\$ 3,839,130</u>	<u>\$ 138,099,080</u>

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

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Statement of Net Position
As of December 31, 2018

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 78,682,315	\$ 85,990,619	\$ 164,672,934
Advance billings and payments received in advance	27,732,018	81,122,979	108,854,997
Accrued lease obligations	363,875	-	363,875
Due to (due from) other funds	59,285,955	(59,285,955)	-
Accrued interest payable	47,199,628	36,274,271	83,473,899
Current portion of bonds payable	<u>170,935,000</u>	<u>7,259,874</u>	<u>178,194,874</u>
Total current liabilities	<u>384,198,791</u>	<u>151,361,788</u>	<u>535,560,579</u>
Non-current liabilities			
Other liabilities	9,613,793	200,072,212	209,686,005
Commercial paper notes	-	140,000,000	140,000,000
Interest rate swaps payable	112,210,401	-	112,210,401
Net pension liability	21,037,619	1,241,160	22,278,779
Net OPEB liability	28,564,810	1,680,262	30,245,072
TIFIA payable	-	1,054,440,699	1,054,440,699
Bonds payable, net	<u>4,566,661,187</u>	<u>2,053,408,361</u>	<u>6,620,069,548</u>
Total non-current liabilities	<u>4,738,087,810</u>	<u>3,450,842,694</u>	<u>8,188,930,504</u>
Total liabilities	<u>\$ 5,122,286,601</u>	<u>\$ 3,602,204,482</u>	<u>\$ 8,724,491,083</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - debt refundings	\$ 108,988	\$ -	\$ 108,988
Deferred inflows - pension plans	22,346,685	340,507	22,687,192
Deferred inflows - OPEB plans	<u>9,352,441</u>	<u>559,018</u>	<u>9,911,459</u>
Total deferred inflows of resources	<u>\$ 31,808,114</u>	<u>\$ 899,525</u>	<u>\$ 32,707,639</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	\$ 172,839,042	\$ 742,647,416	\$ 915,486,458
Restricted for			
Construction	90,108,575	41,604,672	131,713,247
Debt service	47,913,572	21,521,847	69,435,419
Leases	7,425,415	-	7,425,415
Dulles Rail latent defects	-	15,220,999	15,220,999
Dulles Toll Road repairs	-	8,570,841	8,570,841
Public Safety	262,500	-	262,500
Unrestricted (deficit)	<u>981,180,680</u>	<u>(1,255,979,342)</u>	<u>(274,798,662)</u>
Total net position (deficit)	<u>\$ 1,299,729,784</u>	<u>\$ (426,413,567)</u>	<u>\$ 873,316,217</u>

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

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Statement of Net Position
As of December 31, 2017

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
ASSETS			
Current assets			
Cash and cash equivalents	\$ 8,072,076	\$ 247,788,223	\$ 255,860,299
Restricted cash and cash equivalents	184,513,638	92,843,840	277,357,478
Accounts receivable, net	29,337,331	721,579	30,058,910
Investments	873,390,158	-	873,390,158
Restricted investments	305,283,820	226,366,358	531,650,178
Inventory	6,817,689	62,097	6,879,786
Prepaid expenses and other current assets	6,248,790	290,595	6,539,385
Total current assets	<u>1,413,663,502</u>	<u>568,072,692</u>	<u>1,981,736,194</u>
Non-current assets			
Restricted:			
Cash and cash equivalents	24,008,315	179,225,016	203,233,331
Accounts receivable	19,585,705	121,076,306	140,662,011
Investments	248,241,534	268,101,743	516,343,277
Total restricted	<u>291,835,554</u>	<u>568,403,065</u>	<u>860,238,619</u>
Unrestricted:			
Net pension assets	8,293,270	499,142	8,792,412
Bond insurance costs	727,346	13,132,509	13,859,855
Other assets	469,111	-	469,111
Total unrestricted	<u>9,489,727</u>	<u>13,631,651</u>	<u>23,121,378</u>
Capital assets:			
Land and other non-depreciable assets	182,300,690	-	182,300,690
Construction in progress	256,316,979	25,702,060	282,019,039
Construction in progress - Dulles Metrorail Project	-	1,609,685,489	1,609,685,489
Buildings, systems and equipment	7,347,035,435	123,353,257	7,470,388,692
Less: accumulated depreciation	<u>(3,456,997,918)</u>	<u>(27,170,794)</u>	<u>(3,484,168,712)</u>
Capital assets, net	<u>4,328,655,186</u>	<u>1,731,570,012</u>	<u>6,060,225,198</u>
Total non-current assets	<u>4,629,980,467</u>	<u>2,313,604,728</u>	<u>6,943,585,195</u>
Total assets	<u>\$ 6,043,643,969</u>	<u>\$ 2,881,677,420</u>	<u>\$ 8,925,321,389</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - debt refundings	\$ 70,986,799	\$ -	\$ 70,986,799
Deferred outflows - pension plans	19,653,333	1,137,961	20,791,294
Total deferred outflows of resources	<u>\$ 90,640,132</u>	<u>\$ 1,137,961</u>	<u>\$ 91,778,093</u>

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

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Statement of Net Position
As of December 31, 2017

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 84,285,949	\$ 101,644,823	\$ 185,930,772
Advance billings and payments received in advance	30,575,134	81,122,979	111,698,113
Accrued lease obligations	371,137	-	371,137
Due to (due from) other funds	50,058,713	(50,058,713)	-
Accrued interest payable	47,611,936	23,208,659	70,820,595
Current portion of bonds payable	<u>192,100,000</u>	<u>4,086,658</u>	<u>196,186,658</u>
Total current liabilities	<u>405,002,869</u>	<u>160,004,406</u>	<u>565,007,275</u>
Non-current liabilities			
Other liabilities	8,917,310	215,162,814	224,080,124
Commercial paper notes	-	200,000,000	200,000,000
Interest rate swaps payable	135,294,251	-	135,294,251
Net pension liability	1,073,101	93,210	1,166,311
Net OPEB liability	8,046,359	484,281	8,530,640
TIFIA payable	-	831,656,852	831,656,852
Bonds payable, net	<u>4,544,844,759</u>	<u>2,028,484,799</u>	<u>6,573,329,558</u>
Total non-current liabilities	<u>4,698,175,780</u>	<u>3,275,881,956</u>	<u>7,974,057,736</u>
Total liabilities	<u>\$ 5,103,178,649</u>	<u>\$ 3,435,886,362</u>	<u>\$ 8,539,065,011</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - debt refundings	\$ 127,061	\$ -	\$ 127,061
Deferred inflows - pension plans	22,539,753	351,761	22,891,514
Deferred inflows - OPEB plans	<u>7,312,665</u>	<u>440,123</u>	<u>7,752,788</u>
Total deferred inflows of resources	<u>\$ 29,979,479</u>	<u>\$ 791,884</u>	<u>\$ 30,771,363</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	\$ 235,522,685	\$ 535,178,513	\$ 770,701,198
Restricted for			
Construction	67,922,762	101,827,134	169,749,896
Debt service	51,912,050	12,373,539	64,285,589
Leases	6,280,154	-	6,280,154
Dulles Rail latent defects	-	15,047,632	15,047,632
Dulles Toll Road repairs	-	8,475,218	8,475,218
Public Safety	239,901	-	239,901
Unrestricted (deficit)	<u>639,248,421</u>	<u>(1,226,764,901)</u>	<u>(587,516,480)</u>
Total net position (deficit)	<u>\$ 1,001,125,973</u>	<u>\$ (553,862,865)</u>	<u>\$ 447,263,108</u>

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

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2018

	Aviation Enterprise Fund	Dulles Corridor Enterprise Fund	Total Business-Type Activities
OPERATING REVENUES			
Concessions	\$ 348,624,365	\$ -	\$ 348,624,365
Tolls	-	151,396,932	151,396,932
Rents	280,146,201	-	280,146,201
Landing fees	84,485,059	-	84,485,059
Utility sales	14,401,340	-	14,401,340
Passenger fees	24,317,733	-	24,317,733
Other	14,517,758	-	14,517,758
Total operating revenues	<u>766,492,456</u>	<u>151,396,932</u>	<u>917,889,388</u>
OPERATING EXPENSES			
Materials, equipment, supplies, contract services, and other	200,396,186	28,757,695	229,153,881
Salaries and related benefits	188,258,198	10,973,208	199,231,406
Utilities	25,878,626	199,827	26,078,453
Lease from U.S. Government	5,774,716	-	5,774,716
Depreciation and amortization	227,928,188	8,233,830	236,162,018
Total operating expenses	<u>648,235,914</u>	<u>48,164,560</u>	<u>696,400,474</u>
OPERATING INCOME	<u>118,256,542</u>	<u>103,232,372</u>	<u>221,488,914</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	33,990,909	12,888,087	46,878,996
Interest expense	(190,690,350)	(148,039,823)	(338,730,173)
Federal, state and local grants	26,071,447	-	26,071,447
Fair value gain on swaps	23,083,850	-	23,083,850
Net contributions from (to) other governments	(31,086,446)	120,332,100	89,245,654
Gain from sale of real estate	202,454,919	-	202,454,919
Total non-operating revenues (expenses)	<u>63,824,329</u>	<u>(14,819,636)</u>	<u>49,004,693</u>
GAIN BEFORE CAPITAL CONTRIBUTIONS	<u>182,080,871</u>	<u>88,412,736</u>	<u>270,493,607</u>
CAPITAL CONTRIBUTIONS			
Passenger facility charges	93,352,976	-	93,352,976
Federal, state and local grants	23,169,964	39,036,562	62,206,526
Total capital contributions	<u>116,522,940</u>	<u>39,036,562</u>	<u>155,559,502</u>
NET POSITION (DEFICIT)			
Change in net position	298,603,811	127,449,298	426,053,109
Net position (deficit), beginning of year	<u>1,001,125,973</u>	<u>(553,862,865)</u>	<u>447,263,108</u>
Net position (deficit), end of year	<u>\$ 1,299,729,784</u>	<u>\$ (426,413,567)</u>	<u>\$ 873,316,217</u>

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

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2017

	Aviation Enterprise Fund	Dulles Corridor Enterprise Fund	Total Business-Type Activities
OPERATING REVENUES			
Concessions	\$ 332,007,816	\$ -	\$ 332,007,816
Tolls	-	152,022,663	152,022,663
Rents	283,755,117	-	283,755,117
Landing fees	93,764,918	-	93,764,918
Utility sales	13,260,122	-	13,260,122
Passenger fees	27,872,762	-	27,872,762
Other	10,902,393	-	10,902,393
Total operating revenues	761,563,128	152,022,663	913,585,791
OPERATING EXPENSES			
Materials, equipment, supplies, contract services, and other	209,049,602	26,841,386	235,890,988
Impairment loss / design costs	295,303	-	295,303
Salaries and related benefits	172,174,965	10,457,972	182,632,937
Utilities	25,175,478	206,313	25,381,791
Lease from U.S. Government	5,562,099	-	5,562,099
Depreciation and amortization	224,157,392	8,055,255	232,212,647
Total operating expenses	636,414,839	45,560,926	681,975,765
OPERATING INCOME	125,148,289	106,461,737	231,610,026
NON-OPERATING REVENUES (EXPENSES)			
Investment income	24,739,309	6,359,877	31,099,186
Interest expense	(178,913,318)	(115,391,692)	(294,305,010)
Federal, state and local grants	25,804,757	408,744	26,213,501
Fair value gain on swaps	13,175,314	-	13,175,314
Net contributions from (to) other governments	(48,879,320)	101,399,850	52,520,530
Total non-operating revenues (expenses)	(164,073,258)	(7,223,221)	(171,296,479)
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(38,924,969)	99,238,516	60,313,547
CAPITAL CONTRIBUTIONS			
Passenger facility charges	90,946,857	-	90,946,857
Federal, state and local grants	21,158,222	34,901,844	56,060,066
Total capital contributions	112,105,079	34,901,844	147,006,923
NET POSITION (DEFICIT)			
Change in net position	73,180,110	134,140,360	207,320,470
Net position (deficit), beginning of year (as restated)	927,945,863	(688,003,225)	239,942,638
Net position (deficit), end of year	\$ 1,001,125,973	\$ (553,862,865)	\$ 447,263,108

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

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Statement of Cash Flows
For the year ended December 31, 2018

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating cash receipts from customers	\$ 760,987,122	\$ 151,373,865	\$ 912,360,987
Cash payments to suppliers for goods and services	(236,311,508)	(27,207,578)	(263,519,086)
Cash payments to employees for services	(191,936,983)	(3,121,109)	(195,058,092)
Cash receipts for interfund services	9,109,766	-	9,109,766
Cash payments for interfund services	-	(9,109,766)	(9,109,766)
NET CASH PROVIDED BY OPERATING ACTIVITIES	341,848,397	111,935,412	453,783,809
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash provided by other governments	-	191,100,907	191,100,907
Cash provided to other governments	(21,377,529)	-	(21,377,529)
Interest paid to vendors (refunded)	(23,547)	(539)	(24,086)
Federal, state and local grants in support of operations	26,071,447	-	26,071,447
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	4,670,371	191,100,368	195,770,739
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of bonds/notes	558,430,000	200,540,003	758,970,003
Proceeds from issuance of commercial paper	-	400,000,000	400,000,000
Payments for refunding of bond/notes	(413,875,000)	-	(413,875,000)
Principal payments on bonds/notes	(192,100,000)	(464,086,658)	(656,186,658)
Payments for capital expenditures and construction in progress	(144,165,150)	(411,649,012)	(555,814,162)
Proceeds from sale of capital assets	234,035,109	-	234,035,109
Interest paid on bonds and commercial paper	(140,178,870)	(80,546,393)	(220,725,263)
Federal, state and local grants in aid of construction	16,298,488	35,883,136	52,181,624
Passenger facility charge receipts	91,117,137	-	91,117,137
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	9,561,714	(319,858,924)	(310,297,210)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from short-term investment maturities	1,963,888,732	383,717,507	2,347,606,239
Purchase of short-term investments	(2,172,918,323)	(230,522,340)	(2,403,440,663)
Proceeds from long-term investment maturities	60,306,512	37,994,957	98,301,469
Purchase of long-term investments	(5,743,919)	(45,974,344)	(51,718,263)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(154,466,998)	145,215,780	(9,251,218)
NET DECREASE IN CASH AND CASH EQUIVALENTS	201,613,484	128,392,636	330,006,120
CASH AND CASH EQUIVALENTS, Beginning of year	216,594,029	519,857,079	736,451,108
CASH AND CASH EQUIVALENTS, End of year	\$ 418,207,513	\$ 648,249,715	\$ 1,066,457,228

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

Statement of Cash Flows
For the year ended December 31, 2018

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 118,256,542	\$ 103,232,372	\$ 221,488,914
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	227,675,540	8,233,830	235,909,370
Gain on disposal of assets	252,648	-	252,648
Provision for losses on accounts receivable	371,866	-	371,866
(Increase) decrease in assets:			
Accounts receivable	(3,726,634)	(23,066)	(3,749,700)
Inventory	259,321	(429,307)	(169,986)
Prepaid expenses and other current assets	4,467	(1,490)	2,977
Total Long term assets	(46,341,704)	(2,701,168)	(49,042,872)
Total Net pension assets	8,293,270	499,142	8,792,412
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(2,898,288)	206,416	(2,691,872)
Advance billings and payments received in advance	(2,843,116)	-	(2,843,116)
Due to (due from) other funds	(481,674)	481,674	-
Total OPEB liability	20,518,451	1,195,980	21,714,431
Total pension liability	19,964,518	1,147,950	21,112,468
Total long-term liabilities	2,543,190	93,079	2,636,269
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 341,848,397	\$ 111,935,412	\$ 453,783,809
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Unrealized gain and (loss) on investments	\$ 33,990,909	\$ -	\$ 33,990,909
Contributions to other entities	\$ (9,708,917)	\$ (21,580,000)	\$ (31,288,918)
(Increase) decrease in assets in non operating accounts receivable	\$ -	\$ (48,575,306)	\$ (48,575,306)
Increase (decrease) in capital assets in accounts payable and accrued expenses	\$ (2,712,607)	\$ (16,040,804)	\$ (18,753,411)
Fair value gain on swaps	\$ 23,083,850	\$ -	\$ 23,083,850

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

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Statement of Cash Flows
For the year ended December 31, 2017

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating cash receipts from customers	\$ 778,960,956	\$ 151,883,882	\$ 930,844,838
Cash payments to suppliers for goods and services	(231,471,399)	(26,601,205)	(258,072,604)
Cash payments to employees for services	(180,955,694)	(2,661,565)	(183,617,259)
Cash receipts for interfund services	7,399,098	-	7,399,098
Cash payments for interfund services	-	(7,399,098)	(7,399,098)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>373,932,961</u>	<u>115,222,014</u>	<u>489,154,975</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash provided by other governments	-	250,493,200	250,493,200
Cash provided to other governments	(33,758,552)	-	(33,758,552)
Interest paid to vendors (refunded)	(42,411)	(1,342)	(43,753)
Federal, state and local grants in support of operations	25,804,757	408,744	26,213,501
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(7,996,206)</u>	<u>250,900,602</u>	<u>242,904,396</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	522,135,000	319,239,715	841,374,715
Proceeds from issuance of commercial paper	-	600,000,000	600,000,000
Payments for refunding of bond and commercial paper	(451,705,000)	-	(451,705,000)
Principal payments on bonds and commercial paper	(144,955,000)	(585,032,707)	(729,987,707)
Payments for capital expenditures and construction in progress	(122,662,580)	(589,024,749)	(711,687,329)
Proceeds from sale of capital assets	258,337	24,949	283,286
Refunding of bond insurance costs	1,116,571	-	1,116,571
Interest paid on bonds and commercial paper	(107,020,578)	(90,744,110)	(197,764,688)
Federal, state and local grants in aid of construction	16,649,513	27,982,698	44,632,211
Passenger facility charge receipts	88,332,942	-	88,332,942
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(197,850,795)</u>	<u>(317,554,204)</u>	<u>(515,404,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from short-term investment maturities	1,609,023,333	378,259,920	1,987,283,253
Purchase of short-term investments	(1,840,032,871)	(448,270,558)	(2,288,303,429)
Proceeds from long-term investment maturities	80,828,695	58,865,878	139,694,573
Purchase of long-term investments	(36,940,970)	(65,901,996)	(102,842,966)
NET CASH USED IN INVESTING ACTIVITIES	<u>(187,121,813)</u>	<u>(77,046,756)</u>	<u>(264,168,569)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(19,035,853)</u>	<u>(28,478,343)</u>	<u>(47,514,196)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>235,629,882</u>	<u>548,335,423</u>	<u>783,965,305</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 216,594,029</u>	<u>\$ 519,857,079</u>	<u>\$ 736,451,108</u>

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

Statement of Cash Flows
For the year ended December 31, 2017

	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 125,148,289	\$ 106,461,737	\$ 231,610,026
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	235,555,877	8,036,908	243,592,785
Gain (loss) on disposal of assets	(11,398,485)	18,347	(11,380,138)
Provision for losses on accounts receivable	352,697	-	352,697
Impairment loss on construction in progress	295,303	-	295,303
(Increase) decrease in assets:			
Accounts receivable	1,787,150	(138,781)	1,648,369
Inventory	2,914,969	144,897	3,059,866
Prepaid expenses and other current assets	779,176	24,873	804,049
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	6,541,261	226,084	6,767,345
Advance billings and payments received in advance	13,092,509	-	13,092,509
Due to (due from) other funds	(449,076)	449,076	-
Total pension liabilities	(16,845,926)	(331,675)	(17,177,601)
Total OPEB liabilities	(278,960)	(47,155)	(326,115)
Long-term liabilities	16,438,177	377,703	16,815,880
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 373,932,961	\$ 115,222,014	\$ 489,154,975
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Unrealized gain and (loss) on investments	\$ 841,375	\$ (913,902)	\$ (72,527)
Contributions to other entities	\$ (15,120,768)	\$ (134,526,371)	\$ (149,647,139)
(Increase) decrease in assets in non operating accounts receivable	\$ -	\$ (8,009,694)	\$ (8,009,694)
Increase (decrease) in capital assets in accounts payable and accrued expenses	\$ 17,380,967	\$ (13,601,136)	\$ 3,779,831
Fair value gain on swaps	\$ 13,175,314	\$ -	\$ 13,175,314

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

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Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Metropolitan Washington Airports Authority (the Airports Authority) is an independent interstate agency created by the Commonwealth of Virginia (the Commonwealth) and the District of Columbia with the consent of the United States Congress. The Commonwealth and the District of Columbia enacted essentially identical legislation creating the Airports Authority for the purpose of operating Ronald Reagan Washington National Airport (Reagan National) and Washington Dulles International Airport (Dulles International) (collectively, the Airports).

Pursuant to an Agreement and Deed of Lease, effective June 7, 1987, the Airports were transferred by the U.S. Government to the Airports Authority for an initial term of 50 years. On June 17, 2003, the Agreement and Deed of Lease was extended 30 years to June 6, 2067.

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred responsibility for the operation and maintenance of the Dulles Toll Road to the Airports Authority for an initial term of 50 years. In connection with the transfer, the Airports Authority is constructing the Dulles Metrorail Project and is making other improvements in the Dulles Corridor consistent with VDOT and regional plans.

The Airports Authority is governed by a Board of Directors (the Board) with members appointed by the Governors of the Commonwealth and the State of Maryland, the Mayor of the District of Columbia, and the President of the United States. Only the accounts of the Airports Authority are included in the reporting entity. There are no U.S. or state government agency finances that should be considered for inclusion in the Airports Authority's financial reporting entity.

B. Measurement Focus, Basis of Accounting & Financial Statement Presentation

The financial statements of the Airports Authority are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when incurred.

As defined by the GASB, the Airports Authority reports the operations of the Airports and the Dulles Toll Road, Dulles Metrorail Project, and related improvements as two separate Business-Type Activities. Business-Type Activities are those financed in whole or in part by fees charged to external parties for goods or services. The Airports operate as a single Business-Type Activity and are reported in the Airports Authority's Aviation Enterprise Fund. The Dulles Toll Road, the Dulles Metrorail Project, and related improvements in the Dulles Corridor operate as a single Business-Type Activity and are reported in the Dulles Corridor Enterprise Fund. The effects of interfund activity between these two enterprise funds have been eliminated in the total columns of the financial statements.

Revenues from airlines, concessions, rental cars, parking and toll collections are reported as operating revenues. Financing and investing related transactions are reported as non-operating revenues. All expenses related to

operating the Airports Authority are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

C. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with GAAP in the United States of America requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives of capital assets, the fair value of derivative financial instruments, an allowance for doubtful accounts, pension obligations, other post-employment benefits obligations, and certain self-insured liabilities. Actual results could differ from those estimates.

D. Budgeting Requirements

The Airports Authority's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenditures for the Aviation Enterprise Fund and Dulles Corridor Enterprise Fund. The Airports Authority is not required to demonstrate statutory compliance with its annual operating budgets. Accordingly, budgetary data is not included in the basic financial statements.

E. Net Position

Net position represents the residual interest of all other elements presented in the statement of net position for the Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in three components: *Net investment in capital assets*, which includes capital assets funded from unrestricted and restricted sources, net of accumulated depreciation and outstanding debt attributable to acquisition of the capital assets; *Restricted* when constraints are imposed by third parties or enabling legislation on assets or deferred outflows of resources, net of any liabilities and deferred inflows of resources which will be liquidated with the restricted assets; or *Unrestricted*, which include all remaining assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the preceding two categories.

F. Revenue Recognition

Revenues that result from providing services in connection with the principal ongoing operations of the Airports Authority's enterprises are reported as operating revenues. Revenues are reported net of estimated uncollectible amounts. The Airports Authority's operating revenues are presented in eight major categories as follows:

Concessions – Concession revenues are generated from public parking facilities and from commercial tenants who provide goods and services to the public or to other tenants of the Airports. Commercial tenant operations include car rentals, food and beverage sales, retail and newsstand sales, display advertising, ground transportation, in-flight catering, fixed-based operations, and other provided services. Revenues earned by the Airports Authority for commercial tenant operations are based on negotiated agreements and are usually based on the greater of a minimum annual guarantee or a percentage of the tenants' gross receipts. Parking fees are collected directly by the Airports Authority. Concession revenues are recognized when minimum guarantees are earned or as services are provided or goods are sold to the public or other tenants of the airports.

Tolls – Toll revenues represent revenues collected from vehicles using the Dulles Toll Road and include automated vehicle identification or electronic toll collections, cash collections and violation revenues. Violation revenues are recorded at gross amounts, and the related collection and administrative fees are expensed. Toll revenues are recognized in the period in which the toll road usage occurred.

Rents – Rental revenues are earned through leases of Airports Authority terminal and non-terminal property space. Leases with the airlines are based on full cost recovery plus debt service coverage, through rates and charges as described in Note 3 – Airport Use Agreement and Premises Lease. Other leases are for terms of one or more years and include contractually established rental rates and provisions for annual rent adjustments. Rental revenues include common area maintenance charges as well as cost recovery for normal utility usage in most cases. Terminal and concourse rental rates at Dulles International include cost recovery and debt service coverage for the Automated People Mover system (the AeroTrain). Rental revenue is recognized over the life of the respective leases.

Landing Fees – Landing fees are generated principally from the airlines and are based on the landed weight of aircraft. The landing fee structure is determined annually based on full cost recovery of airside related charges pursuant to an agreement between the Airports Authority and the signatory airlines, as described in Note 3 – Airport Use Agreement and Premises Lease.

Utility Sales – Utility revenues are generated from metered utility usage for terminal and non-terminal tenants whose utility usage is not already included in rental fees. Utility revenues are recognized based on the period of actual usage.

Passenger Fees – Passenger fee revenues are comprised of fees charged to airlines for use of U.S. Customs and Border Protection Federal Inspection facilities and for use of the mobile lounge passenger conveyance system at Dulles International. Passenger fee revenues also include security fees charged to the Transportation Security Administration. Passenger fee revenues are recognized when the facilities and systems are used or when the security services are provided.

Customer Facility Charge – On April 1, 1993, the Airports Authority began requiring the on-airport car rental companies at Reagan National to charge a Customer Facility Charge (CFC) to be used to pay, or to reimburse the Airports Authority, for costs, fees, and expenses associated with financing, maintaining, and operating the car rental companies' Quick Turn-Around Facility, 44 percent of the cost of the south parking structure, 44 percent of the costs of busing service used to transport public parking patrons, and other costs, fees and expenses that may be paid from CFC proceeds. The CFC is \$3.50 in 2018 per rental day and is collected by the car rental companies from each of their customers and subsequently remitted to the Airports Authority. In accordance with the concessions contracts between the Airports Authority and the car rental companies, the CFC cannot be used for the Airports Authority's indirect costs. CFC revenues are included in the Statements of Revenues, Expenses and Changes in Net Position as Concession revenues and associated assets are included in the Statements of Net Position as unrestricted assets.

Other Revenues – The other revenues category includes employee parking fees, medical service fees, and other miscellaneous revenues. Other revenues are recognized during the period the services are provided.

G. Allocations of Overhead and Other Indirect Costs and Project Costs

The majority of costs related to the Aviation Enterprise Fund and the Dulles Corridor Enterprise Fund are directly charged to the appropriate fund as a direct cost. Administrative functions, which represent overhead costs for the entire Airports Authority, as well as other indirect costs, such as Public Safety functions, are initially paid from

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the Aviation Enterprise Fund, but include costs which are appropriately allocable to the Dulles Corridor Enterprise Fund as costs associated with the operation of the Dulles Toll Road or as project management and administration costs for the Dulles Metrorail Project. A cost allocation plan is used to identify and quantify all overhead and other indirect costs appropriately allocable to the Dulles Toll Road or to the Dulles Metrorail Project within the Dulles Corridor Enterprise Fund.

All allocated overhead and other indirect costs are expensed by the Dulles Corridor Enterprise Fund and recognized as a reduction of expenses by the Aviation Enterprise Fund. Costs allocated for 2018 and 2017 are recognized within *Operating Expenses* on the Statements of Revenues, Expenses and Changes in Net Position as follows:

	Year ended December 31,	
	2018	2017
Materials, equipment, supplies, contract services, and other	\$ 1,379,079	\$ 1,330,101
Salaries and related benefits	7,418,287	7,678,263
Utilities	17,454	30,046
Depreciation and amortization	96,178	6,046
Total	\$ 8,910,998	\$ 9,044,456

The Dulles Metrorail Project is being constructed in two phases (refer to Note 4 – The Dulles Toll Road and Construction of the Dulles Metrorail Project). Project overhead costs are allocated between the two phases of the project based on a cost allocation plan and are recorded as expenses.

H. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, commercial paper, United States government and agency obligations, money market funds, and repurchase agreements collateralized by United States government or agency obligations with an original maturity of three months or less, including restricted assets.

I. Investments

The Airports Authority’s investment policy is determined by the Board. Permitted investments are set within the policy. Written investment objectives and procedures are developed by the staff in consultation with the Investment Committee. The Investment Committee meets quarterly to review the portfolio performance, confirm compliance to the policy, and formulate an investment plan for the next quarter.

In accordance with the provisions of GAAP, investments with an original maturity greater than one year are recorded at their fair value and all investment income, including changes in the fair value of investments, are reported as investment income in the financial statements. Investments with an original maturity of less than one year are carried at amortized cost. Fair value measurements are categorized within the fair value hierarchy and are based on the valuation inputs used to measure the fair value of the asset. The inputs are categorized into levels with highest priority given to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3).

Investments consist of securities with an original maturity greater than three months and include United States government and agency obligations, guaranteed investment contracts and repurchase agreements collateralized by United States government or agency obligations, certificates of deposit and commercial paper.

J. Accounts Receivable

Accounts receivable are reported net of estimated uncollectible amounts when earned. The Airports Authority's payment terms range from zero to 30 days (60 days for government agencies), depending on the type of service provided. An allowance for doubtful accounts for the Aviation Enterprise Fund is based on management estimates of uncollectible revenue billings. 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. An allowance for doubtful accounts for the Dulles Corridor Enterprise Fund is based on management estimates of uncollectible revenue billings. Since the receivables in the Dulles Corridor Enterprise Fund are primarily from governmental entities, the allowance for doubtful accounts is not needed.

K. Inventory and Prepaid Items

Inventory consists of supplies, maintenance parts, and bulk materials such as sand and salt, all of which are for use at the Airports and Dulles Toll Road. Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Inventories are valued at cost using the weighted average valuation method. The Airports Authority records all inventory adjustments identified by physical counts directly to expense. Obsolete inventory is either returned to the vendor for credit (if possible) or disposed of according to Airports Authority policy.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

L. Restricted Assets

Assets restricted to specific purposes by legally enforceable requirements are segregated on the Statements of Net Position. Requirements include: externally imposed requirements by creditors (such as through debt covenants), grantors or contributors; laws or regulations of other governments; and constitutional provisions or enabling legislation.

The Airports Authority's restricted assets are expendable. The Airports Authority's policy is to spend restricted assets before unrestricted assets are spent when both are available for the same purpose. Restricted assets necessary to meet current liability obligations are classified as current assets. Restricted assets that are restricted for disbursement in the acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debts are classified as non-current assets.

Assets restricted for construction include the funds available for the design and construction of capital improvements for the Airports and the Dulles Toll Road as well as for construction of the Dulles Metrorail Project. Assets restricted for construction include cash, investments and receivables obtained from debt proceeds, grants and passenger facility charges. Assets restricted for debt service include the cash balances required to pay the semi-annual interest payments as well as the principal for the annual October bond payments. The restricted assets for debt service reserve include cash and investments totaling the maximum amount of required principal payments for the bonds scheduled to come due in one year. The debt service reserve accounts are revalued each year in October. Any amounts in excess of the debt service requirements are transferred to the applicable construction fund or taken into the operating fund of the Airports Authority if the construction funds have been expended. If the debt service reserve is insufficient, the Airports Authority transfers funds into the accounts. Assets restricted for leases represents funds which have been restricted based on operating lease agreements. Assets restricted for Dulles Metrorail Project latent defects and for Dulles Toll

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Road repairs represent cash and investments which are held in accordance with contractual agreements for the construction of the Dulles Metrorail Project as well as the operation of the Dulles Toll Road (refer to Note 4 – The Dulles Toll Road and Construction of the Dulles Metrorail Project). Assets restricted for the benefit of the Airports Authority’s Public Safety department represent cash funds obtained through cooperative seizure activities with federal and state justice agencies (refer to Note 17 – Government Grants).

M. Pensions

For purposes of measuring the net pension liability or (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Civil Service Retirement Systems (CSRS), the Federal Employees’ Retirement System (FERS) and the Airports Authority General and Public Safety Employee Retirement Plans (the Authority Plans) and the additions to and deductions from the CSRS’s, FERS’s and Authority Plans’ net fiduciary position have been determined on the same basis as they were reported by the United States Office of Personnel Management and the actuaries. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Airports Authority recognizes pension expense and deferred outflows of resources and deferred inflows of resources related to pension benefits that result in changes in the components of the net pension liability. Net pension liability is measured as a portion of the actuarial present value of projected benefits payments that is attributed to past period of employee service net of the pensions plan’s fiduciary net position. See Note 7 – Pension Plans and Deferred Compensation Plan.

N. Capital Assets

Capital assets used in operations

Capital assets are stated at historical cost or, if acquired upon termination or expiration of tenant leases, acquisition value at the date of transfer. Costs for capital assets under construction include direct, indirect project management costs and financing costs incurred.

Provision for depreciation has been calculated using the straight-line method over the estimated useful lives of the assets. The cost of internally developed software and other assets, if amortized, uses the straight-line method. The Airports Authority does identify certain intangible assets, such as permanent easements, as having indefinite lives.

The estimated useful lives and corresponding capitalization thresholds are as follows:

<u>Category</u>	<u>Useful Life</u>	<u>Threshold</u>
Equipment	3-15 years	\$10,000
Motor vehicles	3-15 years	\$10,000
Buildings	5-50 years	\$25,000
Systems and structures	5-50 years	\$25,000

Maintenance, repairs, and minor improvements and replacements are expensed as incurred. Permanently impaired capital assets that will continue to be used by the Airports Authority are written down to their measured impaired value; assets the Airports Authority has determined will no longer be used are written off

completely. Pollution remediation obligations that do not qualify for capitalization are accrued as liabilities and expensed when a range of expected outlays is reasonably estimable or upon receipt of goods and services.

Capital assets under construction to be transferred to other governmental agencies

Costs for capital assets under construction, which upon completion will be transferred to other governmental agencies, are stated at historical cost and include direct costs, indirect costs, and financing costs. Indirect costs capitalized as project costs only include construction administration expenses directly attributable to these specific capital asset programs.

The Airports Authority is responsible for acquiring the rights-of-way and property interest, including easements, necessary for the construction of the Dulles Metrorail Project and other projects within the Dulles Corridor. However, the Airports Authority and VDOT are coordinating the acquisition of the property and determining where property interests will be acquired by VDOT in the name of the Commonwealth either through eminent domain or through some other procedure. At the discretion of VDOT, all property in VDOT's control needed for these projects will be made available to the Airports Authority in the form of a land use permit. At the completion of the projects, VDOT shall transfer certain properties acquired for construction and operation of the projects by deed, easement, or permit to the Airports Authority. Although VDOT may hold the legal title to these acquired property interests, the costs incurred to acquire these property interests are included in construction in progress, as the Airports Authority has control of these property interests during the construction period.

Pollution remediation liabilities associated with the capital assets under construction to be transferred to other governmental agencies are capitalized as incurred, as these liabilities are incurred to prepare the capital asset for transfer to another governmental agency and the associated property was acquired with known or suspected pollution that was expected to be remediated.

Once construction is completed and the asset is accepted by the other government agency, the Airports Authority will account for the transfer in accordance with the relevant accounting requirements.

O. Capitalization of Interest

Interest incurred during 2017 that relates to the construction or production of capital assets or to the construction of assets that are discrete projects and intended for donation to other entities is capitalized. For interest on tax-exempt debt, the amount of interest to be capitalized is calculated by offsetting interest expense incurred with interest earned on invested debt proceeds, from the date of the borrowing until completion of the project. This net capitalized interest is allocated to completed projects based on the completion date of each project funded with proceeds from that particular debt issue. For interest on taxable debt, the amount of interest capitalized is calculated by applying the interest rate of the debt to the average amount of the accumulated expenditures during the period.

Effective January 1, 2018, interest incurred during the period that relates to the construction or production of capital assets or to the construction of assets that are discrete projects and intended for donation to other entities is no longer capitalized, but recognized as an expense as a result of the implementation of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Please see Z - Recently Issued Accounting Pronouncements for further details of the GASB 89 Statement.

P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statements of Net Position contains a separate section for deferred inflows of resources which represent an acquisition of net position that applies to a future period and will be recognized as an inflow of resources in a future period. The Airports Authority recognizes deferred inflows for debt refundings, pension plans, and OPEB plans. Deferred outflows and 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 and changes in assumptions are recognized in pension expense 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 project and actual earnings are recognized in pension expense using a systematic and rational method over a closed five-year period.

Q. Long-Term Debt

Debt issuance costs represent expenses incurred in the process of issuing bonds, commercial paper notes and interest rate swaps and are expensed as incurred. Insurance related to debt issuance is amortized over the life of the related debt. Original issue discounts or premiums are amortized using the effective-interest method over the life of the related debt. Interest on capital appreciation debt is accreted using the straight-line method. For debt refunded, the difference between the reacquisition price and the net carrying amount of the refunded debt is deferred and amortized as a component of interest expense using the straight-line method over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

R. Federal, State & Local Grants

The Airports Authority receives federal, state, and local grants in support of specific operational programs, its Capital Construction Program (CCP) and the Dulles Metrorail Project. Grants are recognized as related expenditures are made and all eligibility requirements are met.

Grants recognized for services provided directly to a government entity are reported as operating revenues in the Statements of Revenues, Expenses and Changes in Net Position. Grants obtained through operational activities that are not related to services provided to any governmental entity are reported as non-operating revenues. Grants for capital asset acquisition, facility development, and/or rehabilitation and long-term planning are reported as capital contributions. Capital contributions are reported in the Statements of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses.

S. Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. PFCs may be used for airport projects that meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impact resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The Airports Authority has imposed PFCs since November 1993 at Reagan National and since January 1994 at Dulles International. PFCs are collected by the airlines and remitted on a monthly basis to the Airports Authority. The Airports Authority accounts for PFCs on an accrual basis, based on the month the charges were collected by the airlines. Due to their restricted use, PFCs are categorized as capital contributions.

T. Lease Obligations

The Airports were transferred by the federal government to the Airports Authority under the terms of a lease (the Federal Lease) which transferred a leasehold interest in all of the Airports' then-existing real property, including access highways and related facilities, and transferred title to all equipment, materials, furnishings, and other personal property appurtenant to or located on the Airports' property (other than particular property required for federal air traffic control responsibilities). Upon expiration of the Federal Lease, the Airports, including improvements, will be returned to the Federal government. Since the transfer, the Airports Authority has acquired title to land and aviation easements adjacent to Dulles International for airport expansion. All land acquired after the transfer is not subject to the Federal Lease except that, pursuant to amendments to the Federal Lease, any after-acquired land in the Airports Authority's possession at the expiration of the Federal Lease will revert to the federal government.

The Airports Authority accounts for the Federal Lease as an operating lease. The Federal Lease provides for an annual base rental payable to the United States Treasury and is subject to annual adjustment for inflation and interest. The Airports Authority invests the monthly lease payments in an interest-bearing account or investments allowed by the Airports Authority Investment Policy and makes semi-annual payments, including interest, to the Federal government. In accordance with generally accepted accounting principles for an operating lease, the property originally transferred under the Federal Lease does not appear on the Statements of Net Position.

The Dulles Toll Road is operated under the Permit and Operating Agreement (the Permit) from VDOT. Under the terms of the Permit, the Airports Authority has the exclusive right to establish, charge, and collect tolls and other user fees for the use of the Dulles Toll Road until the expiration of the term, or earlier termination, of the Permit. Under the terms of the Permit, the revenues from the Dulles Toll Road are to pay for the operation and maintenance of the Dulles Toll Road, to pay the debt service associated with construction of the Dulles Metrorail Project and other Dulles Corridor improvements, and to fund reserves associated with maintaining and preserving the Dulles Toll Road. Any residual amounts are to be paid to VDOT within 180 days of the end of the fiscal year. Upon the expiration of the term, or earlier termination, of the Permit, all facilities of the Dulles Toll Road, including any improvements, will be returned to VDOT in its original or an enhanced condition.

Other than the residual amounts which may be owed by the Airports Authority to VDOT, the Permit does not require any significant consideration in exchange for the Airports Authority's access to operate and maintain the Dulles Toll Road.

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The Airports Authority has entered into leases for office space used exclusively by Dulles Metrorail Project personnel with lease terms consistent with the construction period for the Dulles Metrorail Project. The expenditures under these operating leases are capitalized as construction in progress costs of the Dulles Metrorail Project.

The Airports Authority has entered into a lease for office space used for the locating of office personnel originally situated in the Corporate Office Building on Reagan National. The expenditure under this operating lease is expensed as incurred.

U. Post-Employment Benefits

The Airports Authority provides OPEB of healthcare and life insurance. The Airports Authority recognizes expense and deferred outflows of resources and deferred inflows of resources related to OPEB that result in changes in the components of the net OPEB liability. The contribution requirements are based upon projected pay-as-you-go financing requirements and funding for future benefits. The Airports Authority pays 80 percent of the health premium costs, 45 percent of the dental premium costs, and 100 percent of the basic life insurance costs for eligible employees, with the retirees paying the remaining premium costs and 100 percent of the cost of supplemental life insurance. See Note 8 – Other Post-Employment Benefits.

V. Compensated Absences

Airports Authority employees are granted paid vacation at rates of 13 to 30 days per year, depending on their length of employment. General employees may accumulate up to a maximum of 30 days. Firefighters who work a 56-hour week may accumulate up to a maximum of 6 weeks. Executive employees exceeding a specified pay scale are entitled to accumulate up to 60 days. The accumulated vacation is accrued when incurred, as employees will be paid for accumulated vacation either during their future service to the Airports Authority or upon their termination of service. The calculation of the liability is based on compensation rates plus related employer-paid benefits in effect as of the end of the current fiscal year. The portion of this liability expected to be paid within the next year is reflected in accrued expenses while the amount expected to be paid out after one year is included in other non-current liabilities.

Airports Authority employees earn 13 days of sick leave per year. Unused sick leave for employees enrolled in the Airports Authority's retirement plan is counted at retirement as additional time worked for calculation of the pension benefit. There is no liability for unpaid accumulated sick leave, as the Airports Authority does not pay any amounts when employees separate from service.

W. Advance Billings and Payments Received in Advance

Advance billings consist of certain charges for rents, landing fees, and passenger fees to be earned at both airports and certain non-airline rental income at Dulles International. The applicable advance billing charges for rents, landing fees, and passenger fees charged to airlines are determined by the calculation of settlement (refer to Note 3 - Airport Use and Lease Agreement and Premises Lease). Advance billings as a result of settlement are recognized on a straight-line basis over a term of one year. The applicable non-airline rental income represents lease rentals, received in advance, for certain ground leases entered into with developers. The applicable non-airline rental income is recognized as revenue on a straight-line basis over the terms of the related leases when the term is less than one year. The applicable revenue for leases with developers with terms in excess of one year is recognized using the effective-interest method over the terms of the related agreements.

Payments received in advance represent remittances received from tenants in payment of future period rent obligations, in payment of future periods for annual parking permits or which exceed that tenant's total outstanding obligations to the Airports Authority.

X. Self-Insurance

The Airports Authority provides employee group medical and dental insurance through a combination of self-insured and insured arrangements. Under the self-insured plans, the Airports Authority assumes the financial risk for the payment of employee medical and pharmacy claim expenses incurred by participants. Under the fully insured plans, the Airports Authority pays a fixed premium for employee health care, prescription drugs, and dental insurance, and the insurance company assumes the risk for all claims expenses.

Risk management insurance is also provided through a combination of self-insured and insured arrangements (refer to Note 19 – Risk Management). The cost of claims reported and an estimate of claims incurred but not reported is charged to operating expenses. Liabilities for unpaid claims are accrued based on management's estimate using actual costs, historical experience, current trends, and quarterly actuarial reviews. Liabilities for unpaid claims expected to be paid out within the next year are included on the Statements of Net Position in accounts payable and accrued expenses, while liabilities for unpaid claims which are expected to be paid out in years subsequent to the next year are included in other long-term liabilities. The appropriateness of the self-insurance accrued liabilities is continually reviewed and updated by management.

Y. Taxes

The Airports Authority is exempt from the payment of federal and state income, property, and certain other taxes.

Z. Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), improves the accounting and financial reporting by state and local governments for postemployment benefits. The requirements of GASB 75 are effective for periods beginning after June 15, 2017. The Airports Authority implemented the Statement and the details are described in Note 2 - Implementation of GASB 75 and 85.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes standards of accounting and financial reporting for certain asset retirement obligations, a legally enforceable liability associated with the retirement of

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a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Airports Authority will review the Statement and incorporate any required changes to their financial reporting.

GASB Statement No. 84, *Fiduciary Activities* establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Airports Authority will review the Statement and incorporate any required changes in their financial reporting.

GASB Statement No. 85, *Omnibus 2017* establishes accounting and financial reporting requirements for blended component units, goodwill, fair value measurements and application, and postemployment benefits. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Airports Authority implemented the Statement and the details are described in Note 2 - Implementation of GASB 75 and 85.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of refunding debt. It also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The implementation required no changes in the financial reporting.

GASB Statement No. 87, *Leases* improves the accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Airports Authority will review the Statement and incorporate any required changes in their financial reporting.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the accounting and financial reporting for liability that arises from a contractual obligation. The Statement requires additional information related to debt be disclosed for unused lines of credit, assets pledged as collateral. It also requires disclosure for the debt direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Airports Authority will review the Statement and incorporate any required changes in their financial reporting.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing and to simplify accounting for interest cost incurred before the end of a construction period. The Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Airports Authority early implemented the Statements and incorporated the changes in the financial reporting as allowed by the standard.

GASB Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*, improves the consistency and comparability of reporting a government's majority equity interest in a legally

separate organization. The Statement requires a disclosure on a majority equity interest in a legally separate organization as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Airports Authority will review the Statement and incorporate any required changes in the financial reporting.

2. IMPLEMENTATION OF GASB 75 AND GASB 85

Effective on January 1, 2017, the Airports Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which improved the accounting and financial reporting for postemployment benefits other than pensions. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit plans, such as the Airports Authority's plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 75 replaced the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employers Plans*.

Effective on January 1, 2017, the Airports Authority implemented GASB Statement No. 85, *Omnibus 2017* which amended and clarified certain provisions of GASB 75. The requirements for GASB 85 are effective for reporting periods beginning after June 15, 2017. The Airports Authority adopted this GASB early as of January 1, 2017.

Change in Method of Accounting for OPEB Liability and OPEB Contributions

As part of the implementation of GASB 75, the Airports Authority changed its method of accounting for its OPEB liability, to measure the portion of the present value of projected benefit payments to be provided through their OPEB plans to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the OPEB plan's fiduciary net position. The 2017 financial statements were restated as part of the implementation to conform to the 2018 accounting requirements for comparative purposes, and the opening net positions were adjusted to reflect the cumulative effect of the change impacting periods prior to 2017.

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	Aviation Enterprise		
	2017	2017	2017
	CAFR Presentation	Restatement	Restated Balance
Change in Net Position	\$ 72,901,150	\$ 278,960	\$ 73,180,110
Net Position, beginning of year	944,045,739	(16,099,876)	927,945,863
Net position, end of year	<u>\$ 1,016,946,889</u>	<u>\$ (15,820,916)</u>	<u>\$ 1,001,125,973</u>

	Dulles Corridor Enterprise		
	2017	2017	2017
	CAFR Presentation	Restatement	Restated Balance
Change in Net Position	\$ 134,093,205	\$ 47,155	\$ 134,140,360
Net Position, beginning of year	(687,031,666)	(971,559)	(688,003,225)
Net position, end of year	<u>\$ (552,938,461)</u>	<u>\$ (924,404)</u>	<u>\$ (553,862,865)</u>

	Total Business-Type Activities		
	2017	2017	2017
	CAFR Presentation	Restatement	Restated Balance
Change in Net Position	\$ 206,994,355	\$ 326,115	\$ 207,320,470
Net Position, beginning of year	257,014,073	(17,071,435)	239,942,638
Net position, end of year	<u>\$ 464,008,428</u>	<u>\$ (16,745,320)</u>	<u>\$ 447,263,108</u>

As a result of the accounting change, OPEB expense decreased \$0.3 million for the Aviation Enterprise Fund. On the financial statements, OPEB expense is presented on the line salaries and related benefits. This resulted in a \$0.3 million increase to operating income for the Aviation Enterprise Fund.

OPEB expense for the Dulles Corridor Enterprise Fund, which is presented on the salaries and related benefits line, decreased \$0.1 million, which resulted in a \$0.1 million increase in operating income.

Net position as of January 1, 2017, decreased from \$944.0 million as originally reported, to \$927.9 million for the Aviation Enterprise Fund which represents the cumulative impact of the OPEB liability (asset) as it relates to projected benefit payments discounted to their actuarial present value and attributed to the periods of employee service. Net position as of January 1, 2017, decreased from a negative \$687.0 million as originally reported, to a negative \$688.0 million for the Dulles Corridor Enterprise Fund.

Change in Presentation of Deferred Outflows and Deferred Inflows of Resources

As a result of the implementation of GASB 75, net OPEB assets of \$0.6 million were eliminated and a net OPEB liability was recorded for \$8.0 million for the Aviation Enterprise Fund and for \$0.5 million for the Dulles Corridor Enterprise Fund. As part of this implementation, the net OPEB liabilities were allocated between the Authority's two Enterprise Funds based on the payroll for active employees for each Enterprise.

The Authority recorded deferred inflows on OPEB plans of \$7.3 million for the Aviation Enterprise Fund and \$0.4 million for the Dulles Corridor Enterprise Fund. Deferred inflows are shown as separate segments on the Statement of Net Position above and are offset by an increase/decrease in total assets.

3. AIRPORT USE AGREEMENT AND PREMISES LEASE

The Airport Use Agreement and Premises Lease Agreement (Use and Lease Agreement) provides for the use and occupancy of facilities at the Airports and establishes the rates and charges, including landing fees and terminal rents, to be paid by the major airlines (Signatory Airlines) serving the Airports. Airline payments of rents, fees and other charges pay for the costs assigned to the airline-supported cost centers. The Airports Authority's other revenues, principally concession revenue, pay for the costs assigned to other cost centers at the Airports, such as roadways, parking areas and non-airline revenue generating portions of the terminal.

In February 1990, the Airports Authority entered into a long-term Airport Use and Lease Agreement with the Signatory Airlines serving the Airports. That Use and Lease Agreement was for a term of 25 years to expire on September 30, 2014, but was extended through December 31, 2014, terminating as of the end of the 2014 fiscal year. In November 2014, the Airports Authority's Board approved a new Use and Lease Agreement which became effective January 1, 2015. The new Use and Lease Agreement became effective with nearly all of the airlines providing service at Reagan National and Dulles International. For airlines operating at Reagan National, the term of agreement is 10 years, starting from the effective date of the agreement to December 31, 2024. For airlines operating at Dulles International, the term of agreement was originally three years, starting from the effective date of the agreement to December 31, 2017. In 2016, the First Universal Amendment to the Use and Lease Agreement (First Amendment) was agreed upon between the Airports Authority and the Signatory Airlines, which extended the Use and Lease Agreement for Dulles International through December 31, 2024.

The Authority and the Signatory airlines amended the 2015 Agreement as it relates to the operations of the airlines and other airlines at Dulles by amending the 2015 Agreement's definition of "Revenues" to exclude proceeds from the Authority's sale of certain Authority-owned land at Dulles and adding new provisions which, among other things, provide for the Authority's use of the proceeds it obtains from the sale of such land.

Both the former and the new Use and Lease Agreements are hybrid agreements, which include elements of both compensatory and residual rate-making methodologies. The Use and Lease Agreements are compensatory to the extent the costs are allocated to specified cost centers, and the users of those cost centers are responsible for paying the costs. Signatory Airlines agree to pay fees that allow the Airports Authority to recover the total cost requirement of the airline-supported cost centers, which include airfield, terminal, equipment (e.g., loading bridges, baggage conveyors and devices), passenger conveyance, and the International Arrivals Building at Dulles International. The Airports Authority is responsible for all non-airline cost centers, such as general aviation, ground transportation, and Dulles International cargo.

The residual element of the Use and Lease Agreement provides that, in accordance with a formula, the Airports Authority will share its revenue, after certain expenses, referred to as Net Remaining Revenue (NRR), with the Signatory Airlines. To calculate the Airports Authority's and the Signatory Airlines' respective shares of NRR, the total amount of NRR is first segregated by Airport. NRR at each Airport is then reduced by depreciation, debt service coverage on Senior Bonds and Subordinated Bonds and coverage in the tenant equipment cost centers allocable to each Airport, with the Signatory Airlines receiving 100 percent of an amount equal to the debt service coverage on any Senior Bonds and Subordinated Bonds and coverage in the tenant equipment cost centers and the Airports Authority receiving 100 percent of an amount equal to depreciation.

Rates and charges are established annually and are based on projected activity and costs. The Use and Lease Agreement provides for a mid-year adjustment to rates and charges. In addition, at any time during the year if revenues fall five percent or more below projections, rates and charges may be adjusted to provide for full cost recovery plus debt service coverage.

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The Use and Lease Agreement has rate making features that are designed to ensure the Airports Authority's debt service and related coverage obligations under the Indenture are met. The Use and Lease Agreement authorizes the Airports Authority to make immediate rate adjustments in the event projected revenues are not adequate to meet the rate covenant under the Indenture. These adjustments are referred to as "Extraordinary Coverage Protection Payments" under the Use and Lease Agreement. The Indenture requires there be 125 percent coverage on the debt service on the Bonds. Under the Use and Lease Agreement, the Airports Authority sets its airline rates and charges at each Airport to recover its costs in the airline-supported cost centers. These costs include 100 percent of the debt service assigned to these cost centers, plus debt service coverage at varying amounts, depending on the Airport and the year, to satisfy, with respect to this debt service, the 125 percent coverage covenant included in the Indenture.

Under the previous Use and Lease Agreement in effect through December 31, 2014, airline-funded debt service coverage at both Reagan National and Dulles International was 25 percent of debt service. In the first three years of the new Use and Lease Agreement, from 2015-2017, airline-funded debt service coverage at both Reagan National and Dulles International will be 35 percent of debt service. In the fourth through ninth years of the new Use and Lease Agreement, from 2018-2023, airline-funded debt service coverage will be 30 percent of debt service only at Reagan National. This requirement was extended to Dulles International under the First Amendment. In 2024, the final year of the new Use and Lease Agreement, airline-funded debt service coverage will be 25 percent of debt service at Reagan National. This requirement was also extended to Dulles International under the First Amendment.

In the event the 125 percent debt service coverage is not met at an Airport, an adjustment in the airlines rates and charges will occur at that Airport to produce compliance with the coverage covenant. In the event the Airports Authority is unable to adjust airline rates sufficiently at the Airport that failed to generate the required 125 percent debt service coverage, under the Use and Lease Agreement, the Airports Authority shall adjust the rates at the other Airport as necessary to fulfill the Airports Authority's obligation to meet the debt service coverage covenant required by the Indenture.

The Use and Lease Agreement provides for a Capital Construction Program (CCP) at each of the Airports. The approved CCP at Reagan National includes a \$1 billion capital construction program including the following projects: (i) a project for the design and construction of a new commuter concourse; (ii) a project consisting of "enabling projects" associated with the commuter concourse project; (iii) a Terminal B/C "Secure National Hall" project; (iv) a project consisting of a set of "enabling projects" associated with the "Secure National Hall" project; (v) a project consisting of preliminary planning and design work on a facility to expand or replace current Terminal A; and (vi) a project for the design and construction of a new structured parking garage (collectively, the "Reagan National CCP"). In addition, the Reagan National CCP will include various airfield, roadway, utility and other projects.

The CCP at Dulles International includes a \$142.0 million three-year CCP that is expected to include major maintenance to the existing infrastructure of buildings, airfields, roadways, utilities and other projects (the "Dulles CCP"). The First Amendment to the Use and Lease Agreement added \$445.6 million of additional capital projects and extended the Dulles CCP through December 31, 2024. Per the Use and Lease Agreement, with regards to Dulles International, the Airports Authority may undertake a portion of the Dulles CCP, but will not be required to do so and may fund the projects it elects to undertake through the issuance of debt. The Reagan National CCP and the Dulles CCP together comprise the 2015-2024 CCP.

An airline that files for bankruptcy has the right to reject its Use and Lease Agreement with the Airports Authority. In the event the Airports Authority does not recover all of its costs pursuant to the Use and Lease Agreement with a bankrupt carrier, the Airports Authority may adjust the rates and charges for all Signatory

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Airlines in a subsequent rate period to recover the rates and charges due from the bankrupt carrier. As a result, if a Signatory Airline were to reject its lease of space at either Airport, the unrecovered rental costs could be allocated among the remaining airline tenants.

If an airline is not a Signatory Airline, it is required to pay rates and charges set by the Airports Authority in accordance with regulations adopted by the Board and United States Department of Transportation requirements.

The Use and Lease Agreement excludes Dulles Toll Road revenues to ensure no revenues from the operation of the Airports will be used to support the operation of the Dulles Toll Road or finance Dulles Toll Road improvements or the Dulles Metrorail Project.

NRR at Reagan National will be shared as shown in the table below:

<u>Year in Which NRR is Generated</u>	<u>NRR Sharing</u>	<u>Maximum Amount of Airports Authority Share Usable at Dulles International in Year Following Year of Generation</u>
2014, 2015, 2016	100% Airports Authority/ 0% Airlines	\$40 million
2017	55% Airports Authority/ 45% Airlines	\$35 million
2018	55% Airports Authority/ 45% Airlines	\$30 million
2019 through 2023	45% Airports Authority/ 55% Airlines	\$25 million
2024	NRR allocation between the Airports Authority and the Airlines, as well as any limitation on the use of the Airports Authority's share at Dulles International, to be described in a new airport use and lease agreement, which would be effective in 2025, or, if none, in accordance with the allocation for NRR generated in 2023, as described above.	

NRR at Dulles International will be shared in the same manner as it had been shared under the previously existing agreement. At Dulles International, NRR will be divided equally between the Airports Authority and the Signatory Airlines up to a plateau of \$15.6 million (in 2014 dollars) escalated by the U.S. Implicit Price Deflator Index from the base date of January 1, 2014 to the current year. The remainder will then be split with 25 percent allocated to the Airports Authority and 75 percent allocated to the Signatory Airlines.

The Signatory Airlines' share of NRR, referred to as Transfers, is used to lower airline rates and charges in the year following the year the NRR is earned. The Airports Authority uses its share of NRR to finance its Capital, Operating and Maintenance Investment Program or for any other lawful purpose. Under the new formula, the Airports Authority will retain an increased level of NRR from Reagan National and have the ability to use revenues generated at Reagan National to pay outstanding debt service costs at Dulles International, up to a maximum of \$40 million per year in years 2014, 2015, 2016, \$35 million in 2017 and \$30 million in 2018. Such revenue sharing between Reagan National and Dulles International is allowed under the Use and Lease Agreement.

Under the Use and Lease Agreement, the Airports Authority may increase its allocable share of NRR, with regard to Reagan National, in the event any new legislation is enacted which expands the Perimeter Rule by allowing

additional flights in excess of the 1,250 mile perimeter. For each new pair of beyond-perimeter flights, the Airports Authority would be entitled to \$1.5 million from NRR, before any sharing of NRR occurs with the airlines. For the years ended December 31, 2018 and 2017, the Signatory Airlines' Transfer amounts were \$145.9 million and \$145.2 million, and the Airports Authority's share of NRR was \$116.5 million and \$96.5 million, respectively.

The Use and Lease Agreement also provides for an annual settlement whereby rates and charges are recalculated using audited financial data to determine any airline over- or under-payment for airline-supported cost centers. For the years ended December 31, 2018 and 2017, the settlement resulted in net charges to the Signatory Airlines of \$9.3 million and \$8.9 million, respectively. Each year's net charge adjusts the amount of revenue recognized during that year, with either a corresponding receivable due from the Signatory Airlines (refer to Note 6 – Accounts Receivable) or advance billings.

4. THE DULLES TOLL ROAD AND CONSTRUCTION OF THE DULLES METRORAIL PROJECT

Dulles Toll Road

On November 1, 2008, the Virginia Department of Transportation (VDOT) transferred operational and financial control of the Dulles Toll Road (Omer L. Hirst – Adelard L. Brault Expressway) (DTR) to the Airports Authority for a term of 50 years, upon the terms and conditions set forth by the Master Transfer Agreement dated December 29, 2006, and the Permit and Operating Agreement dated December 29, 2006, each entered into by and between VDOT and the Airports Authority. Concurrent with this transfer of rights and responsibility, VDOT contributed to the Airports Authority approximately \$272.1 million of capital property, including \$254.8 million of construction in progress for the Dulles Metrorail Project. The Airports Authority accounted for the transfer in accordance with GAAP. The Airports Authority took control and responsibility for all the assets associated with the transfer of the DTR and accordingly recorded the capital assets on its Statement of Net Position.

In exchange for the rights to the revenues from operation of the Dulles Toll Road and certain other revenues described in the VDOT Agreements, the Airports Authority agreed to (i) operate and maintain the Dulles Toll Road, (ii) cause the design and construction of the extension of the WMATA Metrorail system from a location near the Metrorail Orange Line West Falls Church station on I-66 through Tysons Corner to Dulles International and beyond Route 772 to Loudoun County (the Dulles Metrorail Project) and (iii) make other improvements in the Dulles Corridor consistent with VDOT and regional plans. The Dulles Corridor is defined as the transportation corridor with an eastern terminus of the East Falls Church Metrorail station at I-66 and a western terminus of Route 772 in Loudoun County, Virginia.

The Airports Authority is solely responsible for setting toll rates and collecting tolls on the Dulles Toll Road, following its process for issuing regulations and in consultation with the Dulles Corridor Advisory Committee. The Dulles Corridor Advisory Committee is an eight-member committee, composed of two representatives for each of the Airports Authority, Fairfax County, Loudoun County, and the Commonwealth, to provide the Airports Authority with advice on issues related to the management, improvement, and expansion of the Dulles Corridor, as well as changes to the toll rates on the Dulles Toll Road.

The Airports Authority may not use any net revenues pledged for payment of the Airport System Revenue Bonds or Notes to support the operation of the Dulles Toll Road or to pay debt service on Dulles Toll Road Revenue Bonds. Likewise, the Airports Authority may not use any revenues pledged for payment of the Dulles Toll Road Revenue Bonds or Notes to support the operation of the Airports or to pay debt service on Airport System Revenue Bonds or Notes. The deficit in Unrestricted Net Assets is expected to be reversed over time through the accumulation of additional reserves resulting from future Dulles Toll Road revenue growth. Future Dulles

Toll Road revenue will be used to service the debt following the transfer to WMATA for the construction of the Metrorail extension. Debt service through 2018 is also augmented by a contribution of \$150.0 million from the Commonwealth. The Airports Authority augmented its debt service by \$15.0 million for the year ended December 31, 2018 and by \$20.0 million for the year ended December 31, 2017.

Dulles Metrorail Project

The Airports Authority is funding and constructing the 23.1-mile Dulles Metrorail Project in two phases. Phase 1 of the Dulles Metrorail Project extends 11.7 miles from a location near the Metrorail Orange Line West Falls Church station to Wiehle Avenue in Reston, Virginia. It includes five new stations and improvements to the existing WMATA Service and Inspection Yard at the West Falls Church station. Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue through Dulles International property and west into Loudoun County, Virginia. Phase 2 of the Dulles Metrorail Project is expected to include six new stations and a maintenance yard located on Dulles International property.

The Dulles Metrorail Project is being funded with a combination of toll road revenue bonds secured by a pledge of Dulles Toll Road revenues, federal grants, and contributions from local jurisdictions. In addition, approximately 4.1 percent of the costs are expected to be paid from Passenger Facility Charges of the Airports. The current Use and Lease Agreement, as more fully described in Note 3 – Airport Use Agreement and Premises Lease, limits to \$10.0 million the amount of airport capital costs that can be incurred for construction of the Dulles Metrorail Project at Dulles International, unless otherwise agreed upon. As of December 31, 2018, the Airports Authority has approximately \$2.1 billion of Dulles Toll Road revenue bonds payable (refer to Note 14 – Capital Debt).

Upon completion of construction of each phase of the Dulles Metrorail Project and acceptance by WMATA into the Metrorail system, the Airports Authority will transfer, without financial retribution, ownership of the completed phase of the project to WMATA. At that point, WMATA will become the owner and operator of the completed phase and will be solely responsible for its operation and maintenance. None of the operating and maintenance expenses of the completed phase will constitute operating or maintenance expenses of the Airports Authority. Such expenses will be payable entirely from WMATA's operating and other revenues (including revenues derived from the operation of the Dulles Metrorail Project). The debt associated with construction of each phase of the Dulles Metrorail Project will remain with the Airports Authority and will not be transferred to WMATA.

The Airports Authority reports the Construction in progress amounts related to both phases of the Dulles Metrorail Project in its Statement of Net position. These are disclosed in Note 9 – Changes in Capital Assets. Assets transferred to WMATA for Phase 1 and Phase 2 are removed from the Airports Authority's Statement of Net Position and reported in the financial reports of WMATA.

Phase 1 of the Dulles Metrorail Project consisting of the 11.7 mile extension and related assets were accepted by WMATA and began operating on July 26, 2014. At that time, the assets were transferred to WMATA in their entirety and WMATA obtained ownership and title to these assets. These assets included the rail track, rail stations, buildings, power substations, rail cars, land, easements, right-of-ways etc. WMATA is responsible for all ongoing operating and maintenance costs pertaining to these transferred assets.

The transfer of these assets resulted in a reduction of \$3.29 billion (\$3.14 billion in 2014, \$0.09 billion in 2015, \$0.04 billion in 2016, \$0.01 billion in 2017 and \$0.02 billion in 2018) in construction in progress as shown on the Authority's Statement of Net Position and a \$3.29 billion non-operating expense (contribution to other governments) on the Authority's Statement of Revenues, Expenses and Changes in Net Position. It is expected

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the final project closeout for Phase 1 of the Dulles Metrorail Project will occur over the next few years and as part of the project close out, the Authority will transfer these additional costs on an on-going basis. In addition to these costs, costs for Metrorail cars will be included in these subsequent transfers.

Phase 2 of the Dulles Metrorail Project consisting of the 11.4 miles extension and related assets is still under construction. The Metrorail cars for Phase 2 are substantially complete and were transferred to WMATA in 2017. WMATA obtains all ownership and title to these assets. The transfer of these Metrorail cars resulted in a reduction of \$127.0 million in Construction in progress shown on the Authority's Statement of Net Position and a \$127.0 million non-operating expense (contribution to governments) on the Authority's Statement of Revenues, Expenses and Changes in Net Position in 2017.

5. DEPOSITS AND INVESTMENTS

The Airports Authority's investment policy, as approved by the Board, requires deposits in excess of the federally insured amount be held at institutions with a Kroll Bond Rating Agency rating of B or above. In the event a financial institution's rating falls below this level, the deposits are to be reduced to the federally insured amount. The Airports Authority's practice is to sweep all demand deposits at the close of each business day into overnight money market fund investments.

As of December 31, 2018 and 2017, the Airports Authority had various certificates of deposit in the amount of \$18.8 million and \$17.8 million, respectively, of which \$12.3 million and \$12.5 million, respectively, were not covered by insurance and were not collateralized with securities held by the pledging financial institutions. These certificates of deposit were held at institutions with a Kroll Bond Rating Agency rating of B or above. These certificates of deposit were part of the Airports Authority's Linked Deposit Program, whereby a portion of the reserve funds were deposited with banks that have a Community Reinvestment Act rating of "outstanding" or the Local Deposit Program established for regional banks with a Community Reinvestment Act rating of "satisfactory". Participants in the Local Deposit Program must collateralize any deposit over the Federal Deposit Insurance Corporation (FDIC) limit.

The Airports Authority maintains multiple imprest cash funds in certain departments. These amounts are not covered by insurance and are not collateralized. These funds totaled \$0.16 million and \$0.18 million as of December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, cash and cash equivalents and investments were classified on the Statements of Net Position as follows:

	2018			2017		
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities
Cash and cash equivalents						
Current, unrestricted	\$ 112,135,060	\$ 240,567,365	\$ 352,702,425	\$ 8,072,076	\$ 247,788,223	\$ 255,860,299
Current, restricted	169,986,662	89,571,401	259,558,063	184,513,638	92,843,840	277,357,478
Non-current, restricted	<u>136,085,791</u>	<u>318,110,949</u>	<u>454,196,740</u>	<u>24,008,315</u>	<u>179,225,016</u>	<u>203,233,331</u>
Total cash and cash equivalents	418,207,513	648,249,715	1,066,457,228	216,594,029	519,857,079	736,451,108
Investments						
Current, unrestricted	1,086,705,966	-	1,086,705,966	873,390,158	-	873,390,158
Current, restricted	296,822,320	73,155,142	369,977,462	305,283,820	226,366,358	531,650,178
Non-current, restricted	<u>231,845,133</u>	<u>288,969,216</u>	<u>520,814,349</u>	<u>248,241,534</u>	<u>268,101,743</u>	<u>516,343,277</u>
Total investments	<u>1,615,373,419</u>	<u>362,124,358</u>	<u>1,977,497,777</u>	<u>1,426,915,512</u>	<u>494,468,101</u>	<u>1,921,383,613</u>
Total cash, cash equivalents, and investments	<u>\$2,033,580,932</u>	<u>\$1,010,374,073</u>	<u>\$3,043,955,005</u>	<u>\$1,643,509,541</u>	<u>\$1,014,325,180</u>	<u>\$2,657,834,721</u>

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Cash and cash equivalents and securities as of December 31, 2018 and 2017 were comprised of the following:

	2018			2017		
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business- Type Activities	Aviation Enterprise	Dulles Corridor Enterprise	Total Business- Type Activities
Cash deposits	\$ 118,598,369	\$ 1,762,158	\$ 120,360,527	\$ 109,709,253	\$ 3,924,636	\$ 113,633,889
Money market	321,856,281	648,174,045	970,030,326	127,796,807	517,623,591	645,420,398
Securities	<u>1,593,126,282</u>	<u>360,437,870</u>	<u>1,953,564,152</u>	<u>1,406,003,481</u>	<u>492,776,953</u>	<u>1,898,780,434</u>
Total cash, cash equivalents, and investments	<u>\$2,033,580,932</u>	<u>\$1,010,374,073</u>	<u>\$3,043,955,005</u>	<u>\$1,643,509,541</u>	<u>\$1,014,325,180</u>	<u>\$2,657,834,721</u>

Fair Value Measurements

In accordance with the provisions of GAAP, investments with an original maturity greater than one year are recorded at their fair value and all investment income, including changes in the fair value of investments, are reported as investment income in the financial statements. Investments with an original maturity greater than one year include debt securities, non-participatory guaranteed investment contracts and repurchase agreements. Investments with an original maturity of less than one year are carried at amortized cost. Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The inputs are categorized into levels with highest priority given to unadjusted quoted prices in active markets (level 1) and the lowest priority to unobservable inputs (level 3):

Level 1	Unadjusted quoted prices for identical instruments in active markets.
Level 2	Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets in markets that are not active; inputs other than quoted prices that are observable.
Level 3	Valuations derived from valuation techniques in which significant inputs are unobservable.

In instances where inputs used to measure fair value fall into two different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest priority level input that is significant to the valuation.

The change in carrying value of total securities during 2018 was \$54.8 million. At December 31, 2018 and 2017, the carrying value and the Fair Value Measures Used of the securities was determined through the portfolio tracking system and verified with the Trustee statements. The portfolio tracking system uses an independent company for pricing with a goal of producing fixed income evaluations representing a market based measurement that represents their good faith opinion as to what the holder would receive in an orderly transaction (for an institutional round lot position typically \$1 million or greater) under current market conditions. They use a global team of 200 evaluators to create the evaluation each day. Given that, on average, less than 1% of the outstanding U.S. dollar debt trades on any given day, they generally draw parallels from current market activity to generate evaluations for the majority of issues that have not traded. There were no changes in valuation techniques or nonrecurring fair value measurements in 2018.

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Investment Type	Carrying Value as of December 31, 2018			Fair Value Measures Using			Amortized Cost
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities							
Treasury	\$ 535,813,680	\$ 346,962,554	\$ 882,776,234	\$ -	\$ 465,330,506	\$ -	\$ 417,445,728
Fannie Mae	113,873,609	-	113,873,609	-	19,972,200	-	93,901,409
Freddie Mac	216,325,881	11,729,406	228,055,287	-	30,479,285	-	197,576,002
Farmer Mac	64,457,678	-	64,457,678	-	-	-	64,457,678
Farm Credit	9,801,828	-	9,801,828	-	-	-	9,801,828
Home Loan	372,176,089	1,745,910	373,921,999	-	9,849,300	-	364,072,699
Commercial Paper	158,610,712	-	158,610,712	-	-	-	158,610,712
Nonparticipatory Contracts							
MBIA GIC 1	33,645,518	-	33,645,518	-	-	-	33,645,518
Dexia (FSA) GIC 1	30,215,597	-	30,215,597	-	-	-	30,215,597
Repurchase Agreements:							
BOA Repo 1	6,580,610	-	6,580,610	-	-	-	6,580,610
Morgan Stanley Repo 1	51,625,080	-	51,625,080	-	-	-	51,625,080
Total securities	\$1,593,126,282	\$ 360,437,870	\$1,953,564,152	\$ -	\$ 525,631,291	\$ -	\$ 1,427,932,861

1 Collateralized by Federal Agency Notes

Investment Type	Carrying Value as of December 31, 2017			Fair Value Measures Using			Amortized Cost
	Aviation Enterprise	Dulles Corridor Enterprise	Total Business-Type Activities	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities							
Treasury	\$ 499,051,397	\$ 469,098,602	\$ 968,149,999	\$ -	\$ 449,103,073	\$ -	\$ 519,046,926
Fannie Mae	14,988,311	-	14,988,311	-	-	-	14,988,311
Freddie Mac	24,976,959	-	24,976,959	-	-	-	24,976,959
Farmer Mac	89,727,679	-	89,727,679	-	24,943,000	-	64,784,679
Farm Credit	24,985,111	-	24,985,111	-	-	-	24,985,111
Home Loan	560,353,098	23,678,351	584,031,449	-	35,913,530	-	548,117,919
Commercial Paper	69,854,121	-	69,854,121	-	-	-	69,854,121
Nonparticipatory Contracts							
MBIA GIC 1	33,645,518	-	33,645,518	-	-	-	33,645,518
Dexia (FSA) GIC 1	30,215,597	-	30,215,597	-	-	-	30,215,597
Repurchase Agreements:							
BOA Repo 1	6,580,610	-	6,580,610	-	-	-	6,580,610
Morgan Stanley Repo 1	51,625,080	-	51,625,080	-	-	-	51,625,080
Total securities	\$1,406,003,481	\$ 492,776,953	\$1,898,780,434	\$ -	\$ 509,959,603	\$ -	\$ 1,388,820,831

1 Collateralized by Federal Agency Notes

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The tables below present the Airports Authority's investments in accordance with GAAP:

	As of December 31, 2018	
	Cost	Carrying Value
Securites with original maturity 1 year and over	\$ 654,596,941	\$ 647,698,095
Securites with original maturity less than 1 year	1,300,618,987	1,305,866,057
	\$1,955,215,928	\$1,953,564,152

	As of December 31, 2017	
	Cost	Carrying Value
Securites with original maturity 1 year and over	\$ 640,587,687	\$ 632,026,408
Securites with original maturity less than 1 year	1,264,751,697	1,266,754,026
	\$1,905,339,384	\$1,898,780,434

Credit Risk

Credit Risk is the risk that the Airports Authority will lose money due to the default of the issuer or investment counterparty of the security.

The primary objectives of the Airports Authority's investment policy are the safety of capital, the liquidity of the portfolio and the yield of investments. Bond proceeds may be invested in securities as permitted in the bond indentures; otherwise, assets of the Airports Authority may be invested in United States Treasury securities; short-term obligations of the United States Government agencies; short-term obligations of the Commonwealth, the State of Maryland, and the District of Columbia; certificates of deposit with banks that have a Kroll Rating Agency rating of "B" or better, or that are fully insured or collateralized; prime CP rated "A1" and "P1" by Standard & Poor's Rating Services (S&P) and Moody's Investors Service Inc. (Moody's), respectively; prime bankers' acceptance notes; repurchase agreements whose underlying collateral consists of the foregoing; money market or mutual funds or other such securities or obligations that may be approved by the Finance Committee by modification of the Airports Authority's policy.

The table below summarizes the investments by type and credit rating as of December 31, 2018:

Investment Type	Credit Rating		
	Moody's	S&P	Fitch
Treasury	Aaa	AA+	AAA
Fannie Mae	Aaa	Not Rated	AAA
Freddie Mac	Aaa	Not Rated	AAA
Farmer Mac	Not Rated	Not Rated	Not Rated
Farm Credit	Aaa	Not Rated	AAA
Home Loan	Aaa	Not Rated	Not Rated
MBIA GIC ¹	Ba3	Not Rated	Not Rated
Dexia (FSA) GIC ¹	Baa3	BBB	Not Rated
Commercial Paper	P1	A1	F1
Debt Service Reserve Repurchase Agreements:			
BOA Repo ¹	Baa2	A-	A
Morgan Stanley Repo ¹	A3	BBB+	A

¹ Underlying rating of the counterparties

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Airports Authority would not be able to recover the value of its deposits, investments or collateral securities that were in the possession of an outside party. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Airports Authority and are held by either the counterparty or the counterparty's trust department or agent but not in the Airports Authority's name.

The Airports Authority's Investment Policy requires securities be insured or registered investments or securities held by the Airports Authority or its agent in the Airports Authority's name. As of December 31, 2018 and 2017, all the Airports Authority's securities are held by the Airports Authority or its agent in the Airports Authority's name and are fully insured or registered investments.

Repurchase agreements and guaranteed investment contracts are required to be collateralized at 103.0 percent and require the collateral to be Authorized Investments as described in the Investment Policy and the Master Bond Indenture.

The fair value of the collateral for the guaranteed investment contracts was \$68.1 million on December 31, 2018. The fair value of the collateral for the Debt Service Reserve repurchase agreements was \$60.0 million as of December 31, 2018. All the collateral for these contracts was held by the Airports Authority's agent in the Airports Authority's name.

Interest Rate Risk

The Airports Authority's investment policy as approved by the Board is designed to maximize investment earnings, while protecting the security of the principal and providing adequate liquidity. The overriding policy for investment decisions is to have funds available as needed for construction and general operating expenses. The Airports Authority's Investment Committee meets quarterly and determines the investment horizon for each fund based on current construction or operating needs and the prevailing market conditions. Each investment transaction shall seek to ensure capital losses are avoided, whether they are from securities defaults or erosion of market value. The Airports Authority mitigates interest rate risk by managing the weighted average maturity of each portfolio type to best meet liquidity needs.

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As of December 31, 2018 and 2017, the Airports Authority had the following investments with the respected weighted average maturity in years:

Investment Type	As of December 31,	
	2018	2017
Treasury	1.6	1.7
Fannie Mae	0.6	0.6
Freddie Mac	0.4	0.1
Farmer Mac	0.3	0.4
Farm Credit	0.7	0.9
Home Loan	0.5	0.5
Commercial Paper	0.3	0.1
MBIA GIC	15.5	16.5
Dexia (FSA) GIC	16.8	17.8
Debt Service Reserve Repurchase Agreements:		
BOA Repo	4.8	5.8
Morgan Stanley Repo	17.4	18.4

Concentration of Credit Risk

The Airports Authority, as previously described, is limited to investments allowed by the bond indentures and the authorized investment policy. However, the policy does not limit the aggregation of investments in any one type of security. There are providers of securities in which the Airports Authority has invested individually more than 5.0 percent of the total portfolio.

As of December 31, 2018 and 2017, investments accounted for the following percentages of the total portfolio:

Investment Type	As of December 31,	
	2018	2017
Treasury	45.2%	51.0%
Fannie Mae	5.8%	0.8%
Freddie Mac	11.7%	1.3%
Farmer Mac	3.3%	4.7%
Farm Credit	0.5%	1.3%
Home Loan	19.1%	30.8%
MBIA GIC	1.7%	1.8%
Dexia (FSA) GIC	1.6%	1.6%
Commercial Paper	8.1%	3.7%
Debt Service Reserve Repurchase Agreements:		
BOA Repo	0.3%	0.3%
Morgan Stanley Repo	2.7%	2.7%
	100.0%	100.0%

6. ACCOUNTS RECEIVABLE

As of December 31, 2018 and 2017, Accounts receivable consisted of the following:

	As of December 31,	
	2018	2017
Trade accounts receivable	\$ 29,165,663	\$ 23,792,219
Less: allowance for doubtful accounts	(2,330,782)	(1,974,943)
Trade accounts receivable, net	26,834,881	21,817,276
Settlement due from airline tenants	3,959,206	7,269,669
Grants receivable in support of operations	693,235	522,986
Other receivables	1,949,422	448,979
Total current accounts receivable	<u>\$ 33,436,744</u>	<u>\$ 30,058,910</u>
Grants receivable in support of capital programs	\$ 66,721,052	\$ 129,734,472
Passenger facility charge receivables	11,885,152	10,808,470
Other	1,109,390	119,069
Total restricted accounts receivable	<u>\$ 79,715,594</u>	<u>\$ 140,662,011</u>

During 2018, there were no bankruptcy filings reported. The total uncollectible amount written off during 2018 was \$16,857 out of which \$701 related to DCA, \$6,113 to IAD, \$9,918 related to telecommunications, and related to Limos \$125. Accounts Receivable judged to be uncollectible and written off in 2017 totaled \$15,660.

The Airports Authority judges existing reserves sufficient to cover any potentially uncollectible receivables owed as of December 31, 2018 and December 31, 2017.

7. PENSION PLANS AND DEFERRED COMPENSATION PLAN

The Airports Authority participates in two United States government pension plans: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Each is considered a cost-sharing, multiple-employer public employee retirement system. The CSRS was established by the Civil Service Retirement Act and the FERS was established by the Federal Employees' Retirement System Act of 1986. Employees hired before December 31, 1983 are members of the CSRS unless they elected to transfer to the FERS either before December 31, 1987 or during the special enrollment period from July 1, 1998 through December 31, 1998. Effective April 1, 1987, a Thrift Savings Plan was added whereby CSRS and FERS members can contribute a percentage of their salaries on a tax-deferred basis up to the Internal Revenue Service elective deferral limit (\$18,500 in 2018 and \$18,000 in 2017).

In addition to the above described Plans, the Airports Authority maintains single-employer defined benefit pension plans that cover its regular employees and its police and fire (public safety) employees hired on or after June 7, 1987. The Airports Authority also offers employees a deferred compensation plan and a money purchase pension plan.

Under the CSRS, employees contribute 7.0 percent of their base pay (7.5 percent for public safety employees) and the Airports Authority matches the employees' contributions. Retirement benefits are based on length of service and the average of the employee's three highest years of base pay. Employees are eligible to retire at

age 55 with 30 years of service; age 60 with 20 years of service; or age 62 with 5 years of service. Public safety employees can retire at age 50 with 20 years of service or any age with 25 years of service. Retirement annuities range from 7.5 percent to a maximum 80.0 percent of the average of the employee's three highest years of base pay depending on an employee's length of service. The numbers of regular employees enrolled in the CSRS were 9 and 10 as of December 31, 2018 and 2017, respectively.

Under the FERS, employees derive benefits from three different sources: a Basic Benefit Plan (BBP), Social Security, and a Thrift Savings Plan. Employee contributions to the BBP range from 0.8 percent of base pay for regular employees to 1.3 percent for public safety employees. The Airports Authority's contribution ranges from 10.7 percent of base pay for regular employees to 23.3 percent of base pay for public safety employees. Employees are eligible to retire when they have 10 years of service and have reached a minimum retirement age based on date of birth and ranging from 55 to 57 years of age. Retirement annuities range from 1.0 percent (less than 20 years of service) to 1.1 percent (20 or more years of service) of the average of the employee's three highest years of base pay for each year of service. Public safety employees can retire at age 50 with 20 years of service or at any age with 25 years of service. These employees receive retirement benefits equal to 1.7 percent of the average of the employee's three highest years of base pay for every year of service up to 20 years plus 1.0 percent of the same average three-year high for every year of service over 20 years. The numbers of regular employees enrolled in the FERS were 16 and 20 as of December 31, 2018 and 2017, respectively.

The Airports Authority's base pay for employees covered by the CSRS and the FERS for the years ended December 31, 2018 and 2017 was \$2.7 million and \$3.1 million, respectively. Employee contributions to the federal pension plans for 2018 and 2017 were \$77 thousand and \$83 thousand, respectively. Employer contributions to the federal pension plans for 2018 and 2017 were \$273 thousand and \$340 thousand, respectively. These contributions represent 100 percent of required contributions for each of the respective years. The Airports Authority's total base pay for all employees, including employees covered by CSRS and FERS, was \$134.6 million and \$122.4 million in 2018 and 2017, respectively. The pension expense, deferred inflows and outflows for these pension plans are not recognized by the Airports Authority. See Schedule 3 – Schedule of Employer Contributions.

Plan documents and audited plan financials for the CSRS and FERS plans may be obtained by written request to: U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA, 16017.

Airports Authority Pension Plans

Effective January 1, 1989, the Airports Authority established a retirement benefits program for employees hired on or after June 7, 1987. Employee coverage and service credit was retroactive to June 7, 1987. The program includes the Airports Authority's General Employee Retirement Plan (the "Regular Plan," covering regular employees) and the Police Officers and Firefighters Retirement Plan (the "Police and Firefighter Plan," covering public safety employees) with the exception of employees working less than 20 hours per week and other temporary employees. Collectively, these plans are referred to as "the Plans." Both are considered to be single-employer defined benefit plans. Any amendment to the Plans must be approved by the Airports Authority's Retirement Committee.

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The Plans provide retirement and death benefits to plan members and beneficiaries. As of December 31, 2018, the number of employees participating in the Plans was:

	Regular		Public Safety		Total	
	2018	2017	2018	2017	2018	2017
Current Participants						
Vested	720	712	249	240	969	952
Non-vested	425	443	113	114	538	557
Retirees/disabled employees currently receiving benefits	519	444	128	111	647	555
Terminated vested participants	252	268	76	80	328	348
Total	1,916	1,867	566	545	2,482	2,412

Regular employees who retire at or after age 60 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.2 percent of final-average eligible compensation up to covered compensation and 1.6 percent of final-average base pay above covered compensation for each year of credited service (maximum of 30 years). Eligible compensation includes base pay and shift differential for wage grade employees. Regular employees with at least five years of service can receive benefits starting at age 55 with a 5.0 percent reduction in benefits for each year the participant is younger than age 60. Employees do not contribute to the Regular Plan.

Public safety employees who retire at age 55 with five years of service or at any age with 25 years of service are entitled to an annual retirement benefit of 2.0 percent of final-average base pay for service up to 25 years and 1.0 percent of the final-average base pay for service between 25 and 30 years. Public safety employees with at least 25 years of service can receive benefits starting before age 50; however, the benefit is reduced by 5 percent for each year by which benefits begin prior to age 50. Public safety employees are required to contribute 1.5 percent of base pay per year of participation to the Police and Firefighter Plan. This contributed amount is accumulated with a 5.0 percent interest rate and is returned when a benefit is forfeited. The Airports Authority contributes the remaining amounts necessary to fund the Plans using the entry age normal actuarial method in addition to an amount necessary to amortize the total pension liability.

For the Plans, the final-average base pay is the average of the employee's highest consecutive 78 bi-weekly pay periods in the most recent 120 months, while covered compensation is the 35-year average of the Social Security Wage Bases ending with the year in which the participant attains Social Security normal retirement age. A participant's years of benefit service include the number of hours of accrued unused sick leave at a participant's termination provided the maximum amount of benefit service that may be credited to a participant is 30 years. A pre-retirement surviving spouse benefit is payable in the event of death, equal to 50.0 percent of the benefit which would have been payable had the employee retired, provided the employee had at least five years of service. Retiree benefits are adjusted annually by the lesser of one-half of the Consumer Price Index or 4.0 percent.

Contributions Required and Made

The Airports Authority's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Employer contributions are determined in accordance with the plan provisions and are approved by the Airports Authority's Retirement Committee. Level percentages of payroll employer contribution rates are determined using the entry age actuarial cost method. The total pension liability is being amortized over a period of 20 years on a closed basis.

The Airports Authority contributed 6.27 percent of the applicable base payroll to the Regular Plan and 12.81 percent of the applicable base payroll to the Police and Firefighters Plan in 2018. The employer contribution rates in 2017 were 6.85 percent for the Regular Plan and 10.16 percent for the Police and Firefighters Plan. The Airports Authority's base payroll for employees covered by the Regular Plan was \$103.2 million and \$92.9 million for 2018 and 2017, respectively. The base payroll for employees covered by the Police and Firefighters Plan was \$28.7 million and \$26.4 million for 2018 and 2017, respectively. The Airports Authority contributed \$6.5 million and \$6.4 million to the Regular Plan and \$3.7 million and \$2.7 million to the Police and Firefighters Plan in 2018 and 2017, respectively.

Net Pension Liability

The components of the net pension liability of the Plans as of December 31, 2018 and 2017 were as follows:

General Employees Retirement Plan

Actuarial Valuation Date	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)	Plan Fiduciary Net Position as a Percentage of the TPL
12/31/2018	\$ 185,452,879	\$ 172,434,524	\$ 13,018,355	92.98%
12/31/2017	172,160,605	180,953,017	(8,792,412)	105.11%

Police Officers & Firefighters Retirement Plan

Actuarial Valuation Date	Total Pension Liability (TPL) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)	Plan Fiduciary Net Position as a Percentage of the TPL
12/31/2018	\$ 112,758,280	\$ 103,497,856	\$ 9,260,424	91.79%
12/31/2017	109,636,800	108,470,489	1,166,311	98.94%

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The total pension liability was determined by an actuarial valuation as of December 31, 2018 and 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Dates	December 31, 2018
Actuarial Cost Method	Entry-age actuarial cost method
Amortization Method	20-year level dollar, closed
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Discount rate / Investment return	7.5%, net of expenses
(b) Projected salary increases	General Plan: 3.0% to 4.2% per year; Police & Fire: 3.0% - 6.0% per year
(a) and (b) include inflation at	2.50%
(c) Cost of living adjustments	1.25%
(d) Mortality Rates	<u>For General Employees Plan:</u> RP-2014 Mortality Tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>For Police Officers and Firefighters Plan:</u> RP-2014 Blue Collar Employee Mortality Tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015

Trends in assets in excess of TPL and annual covered payroll are both affected by inflation. Expressing the TPL in excess of assets as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the lower this percentage, the stronger the retirement plans. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, the size or composition of the population covered by the Plans, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the TPL as a factor. The Fiduciary Net Position is determined on the same basis of accounting as for benefits, payments, and valuation of investments.

All assets of the Airports Authority pension plans are held in trust at the Bank of New York Mellon. A copy of the Plans audited financial statements, Plan documents, and required supplementary information for the Plans may be obtained by written request to: Metropolitan Washington Airports Authority, Attention: Compensation and Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000.

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Changes in the Net Pension Liability

<u>General Employees Retirement Plan</u>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2017	\$ 172,160,605	\$ 180,953,017	\$ (8,792,412)
Changes for the year:			
Service cost	6,128,140	-	6,128,140
Interest	13,106,559	-	13,106,559
Differences between expected and actual experience	3,307,142	-	3,307,142
Changes of assumptions	(2,180,330)	-	(2,180,330)
Contribution - employer	-	6,534,804	(6,534,804)
Net investment income	-	(7,659,109)	7,659,109
Benefit payments	(7,069,237)	(7,069,237)	-
Plan administrative expenses	-	(324,951)	324,951
Net changes	<u>13,292,274</u>	<u>(8,518,493)</u>	<u>21,810,767</u>
Balances as of December 31, 2018	<u>\$ 185,452,879</u>	<u>\$ 172,434,524</u>	<u>\$ 13,018,355</u>

<u>General Employees Retirement Plan</u>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2016	\$ 155,598,670	\$ 155,360,766	\$ 237,904
Changes for the year:			
Service cost	5,548,643	-	5,548,643
Interest	11,883,159	-	11,883,159
Differences between expected and actual experience	4,571,544	-	4,571,544
Changes of assumptions	68,595	-	68,595
Contribution - employer	-	6,365,276	(6,365,276)
Net investment income	-	24,963,769	(24,963,769)
Benefit payments	(5,510,006)	(5,510,006)	-
Plan administrative expenses	-	(226,788)	226,788
Net changes	<u>16,561,935</u>	<u>25,592,251</u>	<u>(9,030,316)</u>
Balances as of December 31, 2017	<u>\$ 172,160,605</u>	<u>\$ 180,953,017</u>	<u>\$ (8,792,412)</u>

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Police Officers and Firefighters Retirement Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2017	\$ 109,636,800	\$ 108,470,489	\$ 1,166,311
Changes for the year:			
Service cost	2,808,136	-	2,808,136
Interest	8,277,775	-	8,277,775
Differences between expected and actual experience	(2,465,511)	-	(2,465,511)
Changes of assumptions	(1,349,721)	-	(1,349,721)
Contribution - employer	-	3,702,894	(3,702,894)
Contribution - member	-	430,147	(430,147)
Net investment income	-	(4,800,788)	4,800,788
Benefit payments	(4,149,199)	(4,149,199)	-
Plan administrative expenses	-	(155,687)	155,687
Net changes	<u>3,121,480</u>	<u>(4,972,633)</u>	<u>8,094,113</u>
Balances as of December 31, 2018	<u>\$ 112,758,280</u>	<u>\$ 103,497,856</u>	<u>\$ 9,260,424</u>

Police Officers and Firefighters Retirement Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2016	\$ 100,225,777	\$ 93,790,974	\$ 6,434,803
Changes for the year:			
Service cost	3,261,511	-	3,261,511
Interest	7,633,684	-	7,633,684
Differences between expected and actual experience	1,988,277	-	1,988,277
Contribution - employer	-	2,680,653	(2,680,653)
Contribution - member	-	395,786	(395,786)
Net investment income	-	15,201,677	(15,201,677)
Benefit payments	(3,472,449)	(3,472,449)	-
Plan administrative expenses	-	(126,152)	126,152
Net changes	<u>9,411,023</u>	<u>14,679,515</u>	<u>(5,268,492)</u>
Balances as of December 31, 2017	<u>\$ 109,636,800</u>	<u>\$ 108,470,489</u>	<u>\$ 1,166,311</u>

The long-term expected rate of return on the pension plans is 7.5 percent for 2017 and 2018. The long-term expected rate of return was determined using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation), 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.

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 and 2017 is summarized in the following table:

For year ended December 31, 2018 and 2017

Asset Class	Allocation Target	Long-Term Expected Real Rate of Return ¹
Domestic Equity	40%	7.5%
International Equity	20%	8.5%
Domestic Bonds	20%	2.5%
Convertible Bonds ²	10%	4.5%
Real Estate	10%	4.5%
Total	100%	

¹ The long-term expected rates of return listed are expected arithmetic average returns over the foreseeable future based on reasonable return expectations but cannot be guaranteed. These returns exclude inflation. The long-term annual inflation assumption used is currently 2.5%.

² 50% of the nominal return on Domestic Equity plus 2% yield.

The annual money-weighted rates of return, net of investment expenses, for the year ended December 31, 2018 and 2017, were -4.23% and 16.38%, respectively, for the Retirement Plan for General Employees and -4.38% and 16.58%, respectively, for the Retirement Plan for Police Officers and Firefighters.

Discount Rate

The discount rate used to measure the NPL was 7.5 percent for 2017 and 2018. The projection of cash flows used to determine the discount rate assumed contributions from plan participants will be made at the current contribution rate and contributions from the Airports Authority will be made at required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments to current participants. Therefore, long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the discount rate affect the measurement of the NPL. Lower discount rates produce a higher NPL and higher discount rates produce a lower NPL. Because the discount rate does not affect the measurement of assets, the percentage change in the net pension liability can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the net pension liability to the discount rate.

For the year ended December 31, 2018

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
<u>Net pension liability (asset)</u>			
General Employees Retirement Plan	\$ 35,848,452	\$ 13,018,355	\$ (6,250,881)
Police Officers & Firefighters Retirement Plan	24,315,802	9,260,424	(3,237,708)

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For the year ended December 31, 2017

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
<u>Net pension liability (asset)</u>			
General Employees Retirement Plan	\$ 12,647,548	\$ (8,792,412)	\$ (26,855,488)
Police Officers & Firefighters Retirement Plan	15,895,233	1,166,311	(11,032,943)

The Net Pension Asset, Net Pension Liability and related deferred outflows and inflows were allocated between the Aviation Enterprise and the Dulles Corridor Enterprise based on the allocated wages and benefits per the cost allocation model. In 2018, the General Employees Retirement Plan and the Police Officers and Firefighters Retirement Plan had the net pension liabilities, which were allocated to the Aviation Enterprise and the Dulles Corridor Enterprise.

Pension Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the Airports Authority recognized pension expenses of \$10.0 million and \$5.0 million respectively for the General Plan and Police and Firefighter Plan. For the year ended December 31, 2017, the Airports Authority recognized pension expenses of \$5.6 million and \$3.8 million respectively for the Regular Plan and Police and Firefighter Plan. At December 31, 2018 and 2017, the Airports Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources and will be recognized in future pension expenses as follows:

For the year ended December 31, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>General Employees Retirement Plan</u>		
Differences between expected and actual experience	\$ 6,984,246	\$ -
Changes in assumptions	2,534,767	5,611,861
Differences between projected and actual earnings on pension plan investments	18,685,596	8,363,148
Total	<u>\$ 28,204,609</u>	<u>\$ 13,975,009</u>

For the year ended December 31, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>General Employees Retirement Plan</u>		
Differences between expected and actual experience	\$ 4,844,777	\$ -
Changes in assumptions	3,266,419	4,474,605
Differences between projected and actual earnings on pension plan investments	3,453,818	11,215,864
Total	<u>\$ 11,565,014</u>	<u>\$ 15,690,469</u>

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Amount reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expenses as follows:

Year ended December 31,	Deferred Outflows/(Inflows) of Resources
2019	\$ 3,970,117
2020	2,243,205
2021	2,438,209
2022	4,687,066
2023	133,086
Thereafter	757,917
	\$ 14,229,600

For the year ended December 31, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Police Officers & Firefighters Retirement Plan		
Differences between expected and actual experience	\$ 4,422,106	\$ 2,168,461
Changes in assumptions	1,651,332	1,236,204
Differences between projected and actual earnings on pension plan investments	11,422,314	5,307,518
Total	\$ 17,495,752	\$ 8,712,183

For the year ended December 31, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Police Officers & Firefighters Retirement Plan		
Differences between expected and actual experience	\$ 5,149,819	\$ -
Changes in assumptions	1,919,239	58,427
Differences between projected and actual earnings on pension plan investments	2,157,222	7,142,618
Total	\$ 9,226,280	\$ 7,201,045

Amount reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expenses as follows:

Year ended December 31,	Deferred Outflows/(Inflows) of Resources
2019	\$ 2,356,062
2020	1,277,453
2021	1,475,233
2022	3,112,552
2023	526,626
Thereafter	35,643
	\$ 8,783,569

The Fiduciary Net Position is determined on the same basis of accounting as for benefits, payments, and valuation of investments.

Deferred Compensation Plan

The Airports Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, effective as of July 2, 1989, is available to all career and non-career term employees and permits the deferral of a portion of regular compensation until future years. Participation in the plan is optional. Until December 31, 2013, the Airports Authority matched 100 percent of participant contributions for career employees up to the first 2 percent of regular compensation and matched an additional 50 percent of participant contributions between 2 percent and 4 percent of regular compensation. As of January 1, 2014, the Airports Authority's matching contributions are made to the Governmental Profit Sharing Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, and accordingly, the related assets of the plan are not reflected on the Airports Authority's Statement of Net Position. The trust agent for the plan is the Lincoln Financial Group. Investments are managed for participants by the Lincoln Financial Group through one of several investment options or a combination thereof. The choice of the investment option(s) is made by each participant. Amounts contributed by participants to the deferred compensation plan, along with the Airports Authority's matching contribution, totaled \$12.8 million and \$11.6 million in the years ended December 31, 2018 and 2017, respectively.

Governmental Profit Sharing Plan

The Airports Authority established a new supplemental defined contribution retirement plan under Section 401(a) of the Internal Revenue Code (the "Supplemental Savings Plan") effective May 15, 2013. The Airports Authority's matching contributions, the contributions it makes to match, fully or partially, the contributions career employees elect to make under the Retirement Savings Plan, are made under the new Supplemental Savings Plan as of January 1, 2014. For eligible employees, the Airports Authority matches 100 percent of participant contributions up to the first 2 percent of regular compensation and matches an additional 50 percent of participant contributions between 2 percent and 4 percent of regular compensation. The Airports Authority contributed \$3.4 million and \$3.1 million in the years ended December 31, 2018 and 2017, respectively.

8. OTHER POST-EMPLOYMENT BENEFITS

The Airports Authority provides post-employment group healthcare, dental, and life insurance benefits for its retired employees. The Airports Authority Retired Employees Healthcare Plan (the Healthcare Plan) is a single-employer defined benefit healthcare, dental, and life insurance plan and is administered by the Airports Authority. The Healthcare Plan provides medical, dental, and life insurance benefits to eligible retirees and their dependents (the Participants). Participants hired prior to January 1, 2016 are eligible for the Healthcare Plan if they have attained 5 years of eligible service. All other Participants are eligible for the Healthcare Plan if they have attained 10 years of eligible service. As of December 31, 2018, 707 Participants were receiving health insurance benefits, and 667 Participants were receiving life insurance benefits. As of December 31, 2017, 657 Participants were receiving health insurance benefits, and 632 Participants were receiving life insurance benefits under the Healthcare Plan.

The management of the Airports Authority can establish and amend benefit provisions of the Healthcare Plan. The Airports Authority created and began funding an Employee Welfare Benefits Trust (the Trust) in February 2005 in order to provide a funding mechanism for its other post-employment benefit obligations.

There are no separate stand-alone financial reports for the Healthcare Plan. A copy of the plan documents may be obtained by written request to: Metropolitan Washington Airports Authority, Attention: Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000.

Contributions Required and Made

The contribution requirements of the Healthcare Plan’s Participants and the Airports Authority for health and dental insurance are established and may be amended by the management of the Airports Authority. The contribution requirements are based upon projected pay-as-you-go financing requirements and funding for future benefits. The Airports Authority pays 80 percent of the health premium costs and 45 percent of the dental premiums costs, with the retirees paying the remaining premium costs. For the years ended December 31, 2018 and 2017, the Airports Authority’s share of health and dental insurance premium costs totaled \$7.0 million and \$6.7 million, respectively. Plan participants contributed \$1.5 million and \$1.9 million of the total premiums for the years ended December 31, 2018 and 2017, respectively. The monthly contribution requirements for participants in the Healthcare Plan depend on several factors including provider choices, participant age, and type of benefit coverage.

Monthly Contributions for Retirees Under 65 for 2018

Provider Choices	Retiree Only	Retiree Plus Spouse	Retiree Plus Child(ren)	Family
United Healthcare Choice	\$ 147	\$ 307	\$ 278	\$ 437
United Healthcare Choice Plus	163	340	308	483
Kaiser Permanente HMO	110	230	208	329
MetLife Dental	16	32	42	65

Monthly Contributions for Retirees Over 65 for 2018

Provider Choices	Retiree Only	One > Age 65 One < Age 65	Two Party Medicare	Family Medicare
United Healthcare Choice	\$ 130	\$ 290	\$ 272	\$ 403
United Healthcare Choice Plus	N/A	307	N/A	417
Kaiser Permanente HMO	56	176	113	210
MetLife Dental	16	32	32	65

Monthly Contributions for Retirees Under 65 for 2017

Provider Choices	Retiree Only	Retiree Plus		Family
		Spouse	Child(ren)	
United Healthcare Choice	\$ 147	\$ 307	\$ 278	\$ 437
United Healthcare Choice Plus	163	340	308	483
Kaiser Permanente HMO	110	230	208	329
MetLife Dental	16	32	42	65

Monthly Contributions for Retirees Over 65 for 2017

Provider Choices	Retiree Only	One > Age 65		Two Party	
		One < Age 65	Medicare	Medicare	Family Medicare
United Healthcare Choice	\$ 130	\$ 290	\$ 272	\$ 350	
United Healthcare Choice Plus	130	309	272	387	
Kaiser Permanente HMO	56	166	113	222	
MetLife Dental	16	32	42	65	

The Airports Authority offers two life insurance options to its Participants. Under Option 1, the Airports Authority pays 100 percent of the Participant's basic and supplemental life insurance cost. Basic life insurance cost is reduced to 25 percent of the Participant's life insurance in force at the time of retirement. Supplemental life insurance is a multiple of the basic life insurance (1 to 5 times) the Participant had selected prior to retirement. Supplemental life insurance is reduced at a rate of 2 percent each month so that at the end of 50 months, no supplemental life insurance coverage remains in force.

Option 2 is available to Participants who retire from the Airports Authority on or after May 1, 2007. Under Option 2, the Airports Authority pays 100 percent of the Participant's basic life insurance cost. Basic life insurance cost is reduced to 25 percent of the Participant's life insurance in force at the time of retirement. Participants pay 100 percent of the cost of supplemental life insurance. The amount of supplemental life insurance in force remains equal to the amount the Participant had at the time of retirement but is reduced by 50 percent at age 70 and another 50 percent at age 75.

As of December 31, 2018, 101 out of 667 retired employees had supplemental coverage. The total retiree premiums were approximately \$575 thousand, of which retiree contributions covered approximately \$33 thousand and the Authority paid the balance of \$542 thousand. As of December 31, 2017, 106 out of 632 retired employees had supplemental coverage. The total retiree premiums were approximately \$531 thousand, of which retiree contributions covered approximately \$15 thousand and the Authority paid the balance of \$516 thousand.

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The number of employees covered by the benefit terms for the Healthcare Plan is as follows:

	Health and Dental		Life Insurance		Total	
	2018	2017	2018	2017	2018	2017
Inactive employees or beneficiaries						
currently receiving benefits	707	640	667	618	1,374	1,258
Active Employees	1,409	1,517	1,261	1,517	2,670	3,034
Total	2,116	2,157	1,928	2,135	4,044	4,292

Net OPEB Liability

The components of the net OPEB liability of the plans as of December 31, 2018 and 2017 were as follows:

Health and Dental Plan

Actuarial Valuation Date	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)	Plan Fiduciary Net Position as a Percentage of the TOL
12/31/2018	\$ 133,769,570	\$ 108,718,499	\$ 25,051,071	81.27%
12/31/2017	121,162,577	114,784,311	6,378,266	94.74%

Life Insurance Plan

Actuarial Valuation Date	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)	Plan Fiduciary Net Position as a Percentage of the TOL
12/31/2018	\$ 15,775,027	\$ 10,581,026	\$ 5,194,001	67.07%
12/31/2017	13,323,752	11,171,378	2,152,374	83.85%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing the benefit costs between the employer and plan members to that point.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, including but not limited to future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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Significant actuarial assumptions used in determining the total OPEB liability are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry-age, normal
Amortization Method	20-year level dollar, closed
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Investment rate of return	7.50%, net of expenses
(b) Projected salary increases	Variable rate 3.0% to 6.0%
(a) and (b) include inflation at	2.50%
(c) Mortality Rates	<u>Active Employees</u> RP-2014 Employee Mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Retired, Disabled and Survivor</u> RP2014 Healthy Annuitant mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Hazardous Duty Active Employees</u> RP-2014 Blue Collar Employee mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Hazardous Duty Retired, Disabled and Survivor</u> RP-2014 Blue Collar Health Annuitant mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
(d) Healthcare Cost Trend Rate	5.4%

Changes in the Net OPEB Liability

The net OPEB liability and related deferred outflows and inflows were allocated between the Aviation Enterprise and the Dulles Corridor Enterprise based on the allocated wages and benefits per the cost allocation model.

<u>Health and Dental Plan</u>	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2017	\$ 121,162,577	\$ 114,784,311	\$ 6,378,266
Changes for the year:			
Service cost	4,160,250	-	4,160,250
Interest	8,825,467	-	8,825,467
Difference between expected and actual experience	11,266,531	-	11,266,531
Changes in assumptions or other inputs	(4,665,877)	-	(4,665,877)
Contribution - employer	-	6,979,378	(6,979,378)
Net investment income	-	(6,017,417)	6,017,417
Benefit payments*	(6,979,378)	(6,979,378)	-
Administrative expenses	-	(48,395)	48,395
Net changes	<u>12,606,993</u>	<u>(6,065,812)</u>	<u>18,672,805</u>
Balance as of December 31, 2018	<u>\$ 133,769,570</u>	<u>\$ 108,718,499</u>	<u>\$ 25,051,071</u>

<u>Health and Dental Plan</u>	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2016	\$ 115,203,256	\$ 99,134,297	\$ 16,068,959
Changes for the year:			
Service cost	4,046,749	-	4,046,749
Interest	8,397,075	-	8,397,075
Contribution - employer	-	6,741,693	(6,741,693)
Net investment income	-	16,243,975	(16,243,975)
Benefit payments*	(6,484,503)	(6,484,503)	-
Administrative expenses	-	(36,762)	36,762
Other changes	-	(814,389)	814,389
Net changes	<u>5,959,321</u>	<u>15,650,014</u>	<u>(9,690,693)</u>
Balance as of December 31, 2017	<u>\$ 121,162,577</u>	<u>\$ 114,784,311</u>	<u>\$ 6,378,266</u>

* Net of retiree contributions

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<u>Life Insurance Plan</u>	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2017	\$ 13,323,752	\$ 11,171,378	\$ 2,152,374
Changes for the year:			
Service cost	420,433	-	420,433
Interest	959,053	-	959,053
Difference between expected and actual experience	2,144,545	-	2,144,545
Contribution - employer	-	542,007	(542,007)
Net investment income	-	(585,642)	585,642
Benefit payments*	(1,072,756)	(1,072,756)	-
Administrative expenses	-	(4,710)	4,710
Other changes	-	530,749	(530,749)
Net changes	<u>2,451,275</u>	<u>(590,352)</u>	<u>3,041,627</u>
Balance as of December 31, 2018	<u>\$ 15,775,027</u>	<u>\$ 10,581,026</u>	<u>\$ 5,194,001</u>

<u>Life Insurance Plan</u>	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2016	\$ 12,571,989	\$ 9,650,622	\$ 2,921,367
Changes for the year:			
Service cost	402,899	-	402,899
Interest	921,428	-	921,428
Contribution - employer	-	515,565	(515,565)
Net investment income	-	1,581,334	(1,581,334)
Benefit payments*	(572,564)	(572,564)	-
Administrative expenses	-	(3,579)	3,579
Net changes	<u>751,763</u>	<u>1,520,756</u>	<u>(768,993)</u>
Balance as of December 31, 2017	<u>\$ 13,323,752</u>	<u>\$ 11,171,378</u>	<u>\$ 2,152,374</u>

* Net of retiree contributions

The long term expected rate of return on OPEB plan investments is 7.5% for 2017 and 2018. The long-term expected rate of return for the OPEB plans was determined using the best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation), 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.

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Best estimates of arithmetic real rates of return for each major asset class included in the Healthcare Plan's target asset allocation as of December 31, 2018 and 2017 is summarized in the following table:

For year ended December 31, 2018 and 2017

<u>Asset Class</u>	<u>Allocation Target</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	55%	7.5%
International Equity	15%	8.5%
Domestic Bonds	30%	2.5%
Convertible Bonds	0%	4.5%
Real Estate	0%	4.5%
Total	100%	

Discount Rate

The Discount rate used to measure the total OPEB liability was 7.5% for 2017 and 2018. The Airports Authority is advance funding the postemployment medical and life insurance benefits; the Authority is using the same rate that is used for funding the retirement plan benefits.

Changes in the discount rate affect the measurement of the net OPEB liability. Lower discount rates produce a higher net OPEB liability and higher discount rates produce a lower net OPEB liability. Because the discount rate does not affect the measurement of assets, the percentage change in the net OPEB liability can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the Net OPEB liability to the discount rate.

For the Year Ended December 31, 2018

<u>Net OPEB Liability</u>	<u>1% Decrease 6.5%</u>	<u>Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Health and Dental Plan	\$ 40,260,527	\$ 25,051,071	\$ 12,284,566
Life Insurance Plan	7,434,122	5,194,001	3,361,343

For the Year Ended December 31, 2017

<u>Net OPEB Liability (asset)</u>	<u>1% Decrease 6.5%</u>	<u>Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Health and Dental Plan	\$ 23,027,126	\$ 6,378,266	\$ (7,215,655)
Life Insurance Plan	4,195,574	2,152,374	495,069

The net OPEB liability and related deferred outflows and inflows were allocated between the Aviation Enterprise and the Dulles Corridor Enterprise based on the current active employees payroll cost by enterprise. In 2018 and 2017, the Health and Dental and the Life Insurance plans reported a net OPEB liability which were separately allocated to the Aviation Enterprise and Dulles Corridor Enterprise funds.

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Health Care Cost Trend Rates

The following presents the net OPEB liability of the Airports Authority, as well as what the Airports Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that a 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

For the Year Ended December 31, 2018

	1% Decrease	Trend Rate	1% Increase
<u>Net OPEB Liability</u>	<u>4.4%</u>	<u>5.4%</u>	<u>6.4%</u>
Health and Dental Plan	\$ 9,729,087	\$ 25,051,071	\$ 43,694,026

For the Year Ended December 31, 2017

	1% Decrease	Trend Rate	1% Increase
<u>Net OPEB Liability (asset)</u>	<u>4.5%</u>	<u>5.5%</u>	<u>6.5%</u>
Health and Dental Plan	\$ (8,232,074)	\$ 6,378,266	\$ 24,438,475

OPEB Deferred Outflows of Resources and Deferred Inflow of Resources

For the year ended December 31, 2018, the Airports Authority recognized OPEB expenses of \$6.4 million and \$0.9 million respectively for the Health and Dental and Life Insurance plans. For the year ended December 31, 2017, the Airports Authority recognized OPEB expenses of \$3.3 million and \$0.4 million respectively for the Health and Dental and Life Insurance plans. At December 31, 2018 and 2017, the Airports Authority reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources and will be recognized in future OPEB expenses as follows:

For the Year Ended December 31, 2018

<u>Health and Dental Plan</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 9,892,564	\$ -
Changes in assumptions	-	4,096,868
Differences between projected and actual earnings on OPEB plan investments	11,700,992	5,298,706
	<u>\$ 21,593,556</u>	<u>\$ 9,395,574</u>

For the Year Ended December 31, 2017

<u>Health and Dental Plan</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between projected and actual earnings on OPEB plan investments	\$ -	\$ 7,064,941
	<u>\$ -</u>	<u>\$ 7,064,941</u>

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Amount reported as deferred outflows and deferred inflows of resources related to Health and Dental OPEB will be recognized in future OPEB expenses as follows:

Year Ended December 31,	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,963,971
2020	1,963,971
2021	1,963,970
2022	3,730,206
2023	804,958
Thereafter	1,770,906
	\$ 12,197,982

For the Year Ended December 31, 2018

Life Insurance Plan	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 1,401,453	\$ -
Differences between projected and actual earnings on OPEB plan investments	1,138,797	515,885
	\$ 2,540,250	\$ 515,885

For the Year Ended December 31, 2017

Life Insurance Plan	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between projected and actual earnings on OPEB plan investments	\$ -	687,847
	\$ -	\$ 687,847

Amount reported as deferred outflows and deferred inflows of resources related to Life Insurance OPEB will be recognized in future OPEB expenses as follows:

Year Ended December 31,	Deferred Outflows/(Inflows) of Resources
2019	\$ 325,079
2020	325,079
2021	325,079
2022	497,042
2023	212,342
Thereafter	339,744
	\$ 2,024,365

The Fiduciary Net Position is determined on the same basis of accounting as for benefits, payments and valuation of investments.

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9. CHANGES IN CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2018 and 2017 was as follows:

Capital assets not being depreciated:				
Land and other non-depreciable assets	\$ 182,300,690	\$ 39,730	\$ (31,520,957)	\$ 150,819,463
Construction in progress - Aviation Enterprise	256,316,979	140,907,421	(119,184,078)	278,040,322
Construction in progress - Dulles Corridor Enterprise	1,635,387,549	394,980,065	(23,552,620)	2,006,814,994
Total Capital assets not being depreciated	<u>2,074,005,218</u>	<u>535,927,216</u>	<u>(174,257,655)</u>	<u>2,435,674,779</u>
Other capital assets:				
Buildings	2,546,420,883	1,926,317	-	2,548,347,200
Systems and structures	4,705,228,921	114,649,044	(55,367)	4,819,822,598
Equipment	141,568,136	5,123,388	(2,254,311)	144,437,213
Motor vehicles	77,170,752	1,474,915	(2,476,844)	76,168,823
Total other capital assets	<u>7,470,388,692</u>	<u>123,173,664</u>	<u>(4,786,522)</u>	<u>7,588,775,834</u>
Less accumulated depreciation:				
Buildings	1,205,081,603	60,723,050	-	1,265,804,653
Systems and structures	2,109,400,104	164,100,329	(55,367)	2,273,445,066
Equipment	117,296,320	4,656,405	(946,365)	121,006,360
Motor vehicles	52,390,685	4,955,991	(2,373,170)	54,973,506
Total accumulated depreciation	<u>3,484,168,712</u>	<u>234,435,775</u>	<u>(3,374,902)</u>	<u>3,715,229,585</u>
Totals	<u>\$ 6,060,225,198</u>	<u>\$ 424,665,105</u>	<u>\$ (175,669,275)</u>	<u>\$ 6,309,221,028</u>

	<u>Balance as of January 1, 2017</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Balance as of December 31, 2017</u>
Capital assets not being depreciated:				
Land and other non-depreciable assets	\$ 182,738,053	\$ -	\$ (437,363)	\$ 182,300,690
Construction in progress - Aviation Enterprise	181,352,288	150,394,285	(75,429,594)	256,316,979
Construction in progress - Dulles Corridor Enterprise	1,167,772,789	609,913,486	(142,298,726)	1,635,387,549
Total capital assets not being depreciated	<u>1,531,863,130</u>	<u>760,307,771</u>	<u>(218,165,683)</u>	<u>2,074,005,218</u>
Other capital assets:				
Buildings	2,568,701,743	12,920,297	(35,201,157)	2,546,420,883
Systems and structures	4,659,237,473	46,282,688	(291,240)	4,705,228,921
Equipment	133,930,174	8,821,606	(1,183,644)	141,568,136
Motor vehicles	77,960,577	2,200,696	(2,990,521)	77,170,752
Total other capital assets	<u>7,439,829,967</u>	<u>70,225,287</u>	<u>(39,666,562)</u>	<u>7,470,388,692</u>
Less accumulated depreciation:				
Buildings	1,165,713,556	62,947,743	(23,579,696)	1,205,081,603
Systems and structures	1,951,249,523	158,153,040	(2,459)	2,109,400,104
Equipment	114,001,955	4,476,883	(1,182,518)	117,296,320
Motor vehicles	50,365,822	4,982,176	(2,957,313)	52,390,685
Total accumulated depreciation	<u>3,281,330,856</u>	<u>230,559,842</u>	<u>(27,721,986)</u>	<u>3,484,168,712</u>
Totals	<u>\$ 5,690,362,241</u>	<u>\$ 599,973,216</u>	<u>\$ (230,110,259)</u>	<u>\$ 6,060,225,198</u>

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Depreciation expense was incurred by the Business-Type Activities of the Airports Authority during the fiscal years as follows:

	2018	2017
Aviation Enterprise Fund	\$ 227,529,831	\$ 223,865,294
Dulles Corridor Enterprise Fund	6,905,944	6,694,548
Total Depreciation Expense	234,435,775	230,559,842
Amortization of Bond Insurance Costs	1,726,243	1,652,805
Total Depreciation and Amortization	\$ 236,162,018	\$ 232,212,647

The Airports Authority completed multiple capital asset construction and development projects during the years ended December 31, 2018 and 2017. Within the Aviation Enterprise Fund, at Reagan National, projects completed in 2017 included the Corporate Office Building Relocation and the Public Wi-Fi Cellular service. Within the Aviation Enterprise Fund, at Reagan National, projects completed in 2018 included Taxiways B, K, and P and Runway 4-22 Overlay Phase 1. At Dulles International, projects completed in 2018 included the Taxilanes B and J Reconstruction and the Parking Revenue Control System. At Dulles International, projects completed in 2017 included portions of the Airfield Pavement Panel Replacement and new police training facility.

As of December 31, 2018, ongoing projects at Reagan National included continued Secure National Hall and New North Concourse preconstruction and Terminal A General Rehabilitation Program. Ongoing projects for Dulles International include additional Airfield Pavement Panel replacements and the Conveyor and Building Changes for Inline Baggage Screening. As of December 31, 2018, the Aviation Enterprise Fund's commitments with contractors for capital asset construction and development projects were \$528.7 million.

Within the Dulles Corridor Enterprise Fund, projects completed in 2018 included the Sound Wall 113, 108, and 101 and the Westbound Fairfax County Parkway Waterline. Within the Dulles Corridor Enterprise Fund, projects completed in 2017 included Main Plaza Revenue Collection Tunnel and additional work completed for Chatham's Ford Noise Wall, Mclean Hamlet Noise Wall and Odricks Corner New Wall. In addition, the Airports Authority is funding and constructing the 23.1-mile Dulles Metrorail Project in two phases. The Airports Authority completed construction of Phase 1 of the Dulles Metrorail Project which extended 11.7 miles from a location near the Metrorail Orange Line West Falls Church Station to Wiehle Avenue in Reston, Virginia. It included five new stations and improvements to the existing WMATA Service and Inspection Yard at the West Falls Church Station. In 2018, additional costs of \$21.6 million dollars were incurred and transferred to WMATA as additional costs to Phase 1. Phase 2 of the Dulles Metrorail Project will extend the Metrorail system an additional 11.4 miles from Wiehle Avenue through Dulles International and west into Loudoun County, Virginia. Phase 2 of the Dulles Metrorail Project is expected to include six new stations and a maintenance yard located on Dulles International property. As of December 31, 2018, ongoing projects included Phase 2 of the Dulles Metrorail Project and the Toll System Ramp Improvements. As of December 31, 2018, the Dulles Corridor Enterprise Fund's commitments with contractors for capital asset construction and development projects were \$471.6 million.

Services for the above commitment amounts had not been provided as of December 31, 2018, and accordingly, no liability has been recorded in the accompanying financial statements. Construction projects are financed by revenue bonds secured by aviation and toll road revenues, commercial paper, passenger facility charges, and grants and contributions from Federal, state and local governments.

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Interest included as part of the capitalized value of the assets constructed during the years ended December 31, 2018 and 2017 were as follows:

	As of December 31,	
	2018	2017
Interest costs incurred	\$ 338,730,173	\$ 333,584,824
Less: interest costs capitalized	-	39,279,814
Interest costs expensed	<u>\$ 338,730,173</u>	<u>\$ 294,305,010</u>
	2018	2017
Investment income earned	\$ 46,878,996	\$ 31,333,895
Less: interest income capitalized	-	234,709
Investment income recognized	<u>\$ 46,878,996</u>	<u>\$ 31,099,186</u>

10. ACCOUNTS PAYABLE

A detail of accounts payable and accrued expenses as of December 31, 2018 and 2017 was as follows:

	As of December 31,	
	2018	2017
Trade accounts payable and accruals	\$ 147,593,088	\$ 169,038,069
Accrued compensation and benefits	12,778,139	12,474,766
Current portion of claims	2,609,600	2,580,517
Security deposits	1,692,107	1,837,420
Total accounts payable and accrued expenses	<u>\$ 164,672,934</u>	<u>\$ 185,930,772</u>

11. LEASE COMMITMENTS

Property Held for Lease

The Airports Authority has entered into various operating leases with tenants for the use of space at the Airports Authority's facilities, including buildings, terminals, and airfield areas.

Leases with minimum annual guarantee provisions provide for minimum lease amounts as well as contingent fees based on the tenants' volume of business at the Airports. These leases have various lease terms, may include provisions for annual increases in the minimum annual guarantee amounts, and may be reviewed periodically to ensure compliance with payments of the contingent fees and other terms of the leases. Most concession leases at the Airports have minimum annual guarantee provisions.

The Use and Lease Agreement (refer to Note 3 – Airport Use Agreement and Premises Lease) provides for terminal and other facility and space rentals by the airlines at the Airports. Airlines that have signed the Use and Lease Agreement are responsible for full cost recovery plus debt service coverage for these facilities until the termination date of the Use and Lease Agreement.

The Airports Authority has also entered into various fixed rate lease agreements with tenants for facilities and space at the Airports. These leases have various lease terms and usually include provisions for annual rent increases.

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Minimum future rentals scheduled to be received on operating leases that have initial or remaining non-cancelable terms in excess of one year, as calculated in 2018 dollars, are:

Year ending December 31, 2018	Minimum Annual Guaranteed Leases	Airline Terminal Leases	Fixed Rate Leases	Total
2019	\$ 132,082,103	\$ 240,176	\$ 27,822,623	\$ 160,144,902
2020	93,839,458	234,868	23,581,504	117,655,830
2021	85,863,630	261,212	21,359,960	107,484,802
2022	45,900,536	276,955	13,164,630	59,342,121
2023	18,306,600	278,105	9,612,321	28,197,026
2024 and thereafter	72,978,918	-	109,312,652	182,291,570
Total minimum future rentals	<u>\$ 448,971,245</u>	<u>\$ 1,291,316</u>	<u>\$ 204,853,690</u>	<u>\$ 655,116,251</u>

The above amounts do not include contingent rentals and fees in excess of minimums, which amounted to \$56.7 million and \$42.6 million for the years ended December 31, 2018 and 2017 respectively. Total income from leases, including minimum annual guarantees and contingent rentals and fees, totaled \$495.3 million and \$482.4 million for the years ended December 31, 2018 and 2017, respectively.

Property Leased from Others

The Airports Authority has an 80 year lease (the Federal Lease), with negotiable extensions, with the United States Government for the Airports. This lease is due to expire on June 6, 2067. The lease requires an annual inflation-adjusted base amount and interest earned on funds reserved monthly in a lease payment reserve account to be paid on a semi-annual basis. The Airports Authority invests the monthly lease payments per the Airports Authority's Investment Policy.

The Airports Authority has entered into non-cancellable office space leases in Herndon, and Crystal City, Virginia. The Herndon location's total rentable space of 58,763 square feet includes additional rentable space of 6,378 square feet entered into during 2014. The Crystal City location's total rentable space is 74,248 square feet. The Crystal City lease commenced on March 23, 2017 and includes parking and rent which is abated for the initial 12 months. Beginning April 2017, the lease expense is amortized on a monthly basis.

Beginning April, 2018 The Airports Authority entered into a lease of two land/parking parcels on Jefferson Davis Highway, to relocate the Transportation Network Company and Limousine activity of airport grounds during the Project Journey Construction.

Minimum future rentals scheduled to be paid on the operating leases in effect on December 31, 2018 as calculated in 2018 dollars, are as follows:

Year ending December 31,	Federal Lease	Office Space Lease	Land/Parking Parcels	Total
2019	\$ 5,795,560	\$ 4,815,004	\$ 974,400	\$ 11,584,964
2020	5,795,560	3,576,203	993,888	10,365,651
2021	5,795,560	3,207,282	1,013,760	10,016,602
2022	5,795,560	3,283,138	1,034,034	10,112,732
2023	5,795,560	3,360,891	259,782	9,416,233
2024 and thereafter	254,087,504	15,189,055	-	269,276,559
Total minimum future rentals	<u>\$ 283,065,304</u>	<u>\$ 33,431,573</u>	<u>\$ 4,275,864</u>	<u>\$ 320,772,741</u>

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Total rental expense paid to the United States Government for the years ended December 31, 2018 and 2017 was \$5.8 million and \$5.6 million, respectively. The 2018 and 2017 expenses related to the office space lease and parking parcels totaled \$4.8 million and \$1.8 million, respectively.

12. CHANGES IN LONG-TERM NON-DEBT LIABILITIES

Activity for non-current liabilities, other than for capital debt, for the years ended December 31, 2018 and 2017 was as follows:

	Activity during year ended December 31, 2018				As of December 31, 2018	
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	\$ 10,414,391	\$ 9,731,325	\$ 10,749,061	\$ 9,396,655	\$ 8,164,377	\$ 1,232,278
Claims ¹	5,957,817	1,713,309	1,664,227	6,006,899	2,609,600	3,397,299
Arbitrage	915,225	496,101	-	1,411,326	-	1,411,326
Deferred rent revenue	2,952,552	692,550	-	3,645,102	-	3,645,102
Deferred grant revenue	215,000,000	-	15,000,000	200,000,000	-	200,000,000
	<u>\$ 235,239,985</u>	<u>\$ 12,633,285</u>	<u>\$ 27,413,288</u>	<u>\$ 220,459,982</u>	<u>\$ 10,773,977</u>	<u>\$ 209,686,005</u>

¹ See Note 19 – Risk Management

	Activity during year ended December 31, 2017				As of December 31, 2017	
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	\$ 9,621,100	\$ 10,727,026	\$ 9,933,735	\$ 10,414,391	\$ 8,579,344	\$ 1,835,047
Claims ¹	6,371,480	2,490,822	2,904,485	5,957,817	2,580,517	3,377,300
Arbitrage	1,779,164	-	863,939	915,225	-	915,225
Deferred rent revenue	787,080	2,165,472	-	2,952,552	-	2,952,552
Deferred grant revenue	230,000,000	-	15,000,000	215,000,000	-	215,000,000
	<u>\$ 248,558,824</u>	<u>\$ 15,383,320</u>	<u>\$ 28,702,159</u>	<u>\$ 235,239,985</u>	<u>\$ 11,159,861</u>	<u>\$ 224,080,124</u>

¹ See Note 19 – Risk Management

13. ACCOUNTING AND FINANCIAL REPORTING FOR DERIVATIVES

In 2001, the Airports Authority began a risk management program to assist in managing the interest cost on outstanding and future debt. The Airports Authority has entered into a number of interest rate swap agreements (collectively, the Swap Agreements) to hedge against potential future increases in interest rates. All of the Airports Authority's Swap Agreements were entered into in connection with the planned issuance of Aviation Enterprise Fund variable rate debt and represent floating-to-fixed rate agreements. The Swap Agreements were written on a forward-starting basis to either hedge future new money Bonds or to synthetically advance refund Bonds that could not be advance refunded on a conventional basis because of their tax status.

Based on the Swap Agreements, the Airports Authority owes interest calculated at a notional amount multiplied by a fixed rate to the counterparties. In return, the counterparties owe the Airports Authority interest, based on the notional amount multiplied by a variable rate equal to 72 percent of the 1-month London Inter Bank Offered Rate (LIBOR). The variable rate received from the counterparties is intended to closely correlate to the interest rate the Airports Authority pays on the underlying variable rate debt. Only the net difference in interest

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payments is actually exchanged with the counterparties, while the Airports Authority continues to pay interest to the bondholders at the variable rate provided by the bonds associated with the Swap. During the term of the Swap Agreement, the Airports Authority pays or receives the difference between the fixed rate on the Swaps and 72 percent of the 1-month LIBOR.

The chart below provides summary information with respect to the Airports Authority's Swap Agreements:

Trade Date	Effective Date	Counterparty	Ratings ¹	Original Notional Amount	Outstanding Notional Amount as of 12/31/2018	Hedged Series	Termination Value ² as of 12/31/2018	Fixed Rate
07/31/01	08/29/02	Bank of America, N.A.	Aa3/A+/AA-	\$ 80,590,000	\$ 18,270,000	2011A-2	\$ (845,281)	4.445%
06/15/06	10/01/09	J.P. Morgan Chase Bank	Aa2/A+/AA	190,000,000	157,890,000	2011A-3	(36,073,346)	4.099%
06/15/06	10/01/09	Bank of America, N.A.	Aa3/A+/AA-	110,000,000	91,410,000	2009D/2010C-2	(20,867,432)	4.099%
06/15/06	10/01/10	Wells Fargo Bank, N.A.	Aa2/A+/AA-	170,000,000	145,200,400	2010D	(34,839,772)	4.112%
09/12/07	10/01/11	Wells Fargo Bank, N.A.	Aa2/A+/AA-	125,000,000	105,025,000	2011A-1	(19,584,570)	3.862%
Total				<u>\$ 675,590,000</u>	<u>\$ 517,795,400</u>		<u>\$ (112,210,401)</u>	

¹ Long-term ratings of Moody's, S&P, and Fitch, respectively, as of December 31, 2018.

² A negative value represents a payment by the Airports Authority to the counterparty if the swap is terminated in the current market; a positive value represents a receipt by the Airports Authority if the swap is terminated in the current market.

Accounting and Financial Reporting for Derivative Instruments

All of the Aviation Enterprise Fund's forward-starting swap transactions and those swap transactions associated with issued debt were determined to be ineffective in 2008 and are recognized at fair value on the Statements of Revenue, Expenses and Changes in Net Position. GAAP requires that if a derivative instrument is found to be ineffective in the first reporting period, evaluation of effectiveness in subsequent reporting periods should not be performed. Therefore, since all of the Airports Authority's derivatives were found to be ineffective at the end of December 31, 2008, hedge accounting ceased permanently, and the changes in the value of the instruments are reported in the Statements of Revenue, Expenses and Changes in Net Position as a fair value gain or (loss).

Derivative Fair Value Summary

For the years ended December 31, 2018 and 2017, all of the Airports Authority's interest rate swaps were recognized on the Statements of Net Position as liabilities at fair value. The fair value of the Swaps on December 31, 2018 and 2017 was a loss of \$112.2 million and \$135.3 million, respectively. This represents the maximum loss that would be recognized if all counterparties failed to perform as contracted. The change in fair value of Swaps for 2018 was a gain of \$23.1 million. The change in fair value of Swaps for 2017 was a gain of \$13.2 million. Changes in the fair value of the Airports Authority's Swaps are recorded as fair value gains or losses on the Statements of Revenue, Expenses and Changes in Net Position. In addition, net interest payments to the counterparties are recorded in the financial statements.

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The fair value of the Airports Authority's Swaps as of December 31, 2018, and 2017 was as follows:

Effective Date	Counterparty	Outstanding		Fair Value as of 12/31/2018	Fair Value as of 12/31/2017	Change in Fair Value
		Notional Amount	Maturity			
2002	Bank of America, N.A.	\$ 18,270,000	2021	\$ (845,281)	\$ (1,597,130)	\$ 751,849
2009	J.P. Morgan Chase Bank	157,890,000	2039	(36,073,346)	(43,406,178)	7,332,832
2009	Bank of America, N.A.	91,410,000	2039	(20,867,432)	(24,608,278)	3,740,846
2010	Wells Fargo Bank, N.A.	145,200,400	2040	(34,839,772)	(41,730,343)	6,890,571
2011	Wells Fargo Bank, N.A.	105,025,000	2039	(19,584,570)	(23,952,322)	4,367,752
	Total	<u>\$ 517,795,400</u>		<u>\$ (112,210,401)</u>	<u>\$ (135,294,251)</u>	<u>\$ 23,083,850</u>

Fair Value Measurements

The Airports Authority categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Airports Authority's Swaps are classified as Level 3, valuations derived from valuation techniques in which significant inputs are unobservable. The Swaps are valued by the counterparties.

Risks

Credit Risk – The Airports Authority is exposed to the creditworthiness of the swap counterparties. To manage this risk, the Airports Authority will only enter into Swap Agreements with counterparties having a rating of at least 'A.'

The Airports Authority's Swap Agreements do not require the Airports Authority to post collateral for any reason. The counterparties to the Swaps are required to post collateral if their credit ratings fall below Aa3/AA- but only if the fair values of the Swaps are positive, or in the Airports Authority's favor. As of December 31, 2018 and 2017, all outstanding swap fair values were negative, or in the counterparty's favor, so no collateral has been posted.

The Airports Authority does not enter into any master netting agreements.

Interest Rate Risk – The Airports Authority is exposed to interest rate risk on its Swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, the Airports Authority's net payment on the swap increases.

Basis Risk – The Airports Authority may be exposed to basis risk when the payments received from the counterparties are not sufficient to completely offset the debt service payments on the underlying variable rate bonds. As of December 31, 2018, the weighted average interest rate on the Airports Authority's hedged variable-rate debt was 1.85 percent and 72 percent of LIBOR was 1.80 percent. As of December 31, 2017, the weighted average interest rate on the Airports Authority's hedged variable-rate debt was 1.19 percent and 72 percent of LIBOR was 1.13 percent.

Termination Risk – The Airports Authority or its counterparties may terminate a swap if the other party fails to perform under the terms of the contract. In the event that the swap is terminated prior to maturity, the Airports Authority may owe a make-whole termination payment to a counterparty or receive a termination payment from a counterparty that could be substantial.

Tax Risk – The Airports Authority is exposed to the risk that future tax law changes or trading relationships lead to an increase in the ratio of tax-exempt to taxable yields.

14. CAPITAL DEBT

The Airports Authority utilizes a variety of debt instruments, including short-term and long-term borrowings, fixed and variable rate products, and taxable and tax-exempt debt, to finance construction of capital projects for both Enterprise Funds. The Internal Revenue Service (IRS) has set up rules for the investment of bond proceeds of tax-exempt debt limiting the interest income that can be earned. All of the Airports Authority's tax-exempt debt follows the IRS rules for calculation and rebate of arbitrage. The Airports Authority had a \$1.4 million arbitrage liability as of December 31, 2018 and a \$0.9 million arbitrage liability as of December 31, 2017.

AVIATION ENTERPRISE FUND DEBT

A Master Indenture of Trust was created in 1990 to secure Airport System Revenue Bonds issued by the Aviation Enterprise Fund of the Airports Authority. This Master Indenture was amended effective September 1, 2001, to, in part, change the definition of Annual Debt Service to accommodate the issuance of secured commercial paper, to permit the Airports Authority to release certain revenues from the definition of revenues, and to expand the list of permitted investments to include new, safe investment vehicles designed to increase the return on the Airports Authority's investments. Under this amended Master Indenture, all bonds are collateralized by a pledge of Net Revenues of the Airports Authority which is "senior" to the "subordinated" pledge given by the Airports Authority in connection with the issuance of its bonds prior to 1990.

On May 2, 2001, the Airports Authority's Board adopted Resolution No. 01-6 allowing the issuance of Commercial Paper (CP) Notes for the Aviation Enterprise Fund in a not-to-exceed amount of \$500.0 million. The principal purpose of the CP Notes is to pay or provide for certain capital improvements at the Airports or to refund other forms of indebtedness.

Recent Transactions

On May 31, 2018, the Airports Authority's Aviation Enterprise Fund issued \$558.4 million of Series 2018A Airport System Revenue and Refunding Bonds. Series 2018A Bonds refunded \$413.9 million of outstanding Series 2008A and 2009C Bonds for \$63.3 million of debt service savings and paid for the cost of issuance of the bonds. In addition, \$232.8 million of New Money Bonds were issued to fund \$199.5 million of capital projects at the Airports and the associated interest and cost of issuance.

The refunding produced total gross savings of \$81.5 million, or \$63.3 million, on a present value basis. Annual debt service savings in the near term range from \$8.0 to \$19.6 million from 2019 through 2021.

Bonds Payable

The Aviation Enterprise Fund's long-term bonds issued and outstanding as of December 31, 2018 and 2017 were as follows:

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		Issue Date	Interest Rates	Maturing on	Amount	Outstanding at December 31,	
						2018	2017
Series 2003D-1	Revenue Bonds	10/01/03					
Term			Variable (1.720%) ¹	2019-2033		\$ 51,625,000	\$ 53,825,000
Series 2008A	Revenue Bonds	06/24/08					
Serial						-	167,770,000
Series 2009B	Revenue Bonds	04/01/09					
Serial			3.900%-5.250%	2019-2026	\$131,930,000		
Term			5.000%	2029	31,450,000		
Term			5.000%	2029	<u>31,455,000</u>	194,835,000	204,605,000
Series 2009C	Revenue Bonds	07/02/09					
Serial			4.375%-5.000%	2019		7,305,000	268,510,000
Series 2009D-1-2	Revenue Bonds	07/02/09					
Term			Variable (4.099%) ²	2019-2039		113,700,000	116,785,000
Series 2010A	Revenue Bonds	07/28/10					
Serial			4.000%-5.000%	2019-2030	\$157,495,000		
Term			4.625%	2035	5,100,000		
Term			5.000%	2035	87,305,000		
Term			5.000%	2039	<u>49,505,000</u>	299,405,000	309,345,000
Series 2010B	Revenue Refunding Bonds	07/28/10					
Serial			4.000%-5.000%	2019-2027		115,380,000	132,130,000
Series 2010C-1-2	Revenue Refunding Bonds	09/22/10					
Term			Variable C-1 (1.710%) ³	2033	\$51,675,000		
Term			Variable C-2 (4.099%) ⁴	2039	<u>89,830,000</u>	141,505,000	145,540,000
Series 2010D	Revenue Bonds	09/22/10					
Term			Variable (4.112%) ⁵	2040		145,200,000	148,840,000
Series 2010F-1	Revenue Refunding Bonds	11/17/10					
Serial			4.375%-5.000%	2020-2031		61,820,000	61,820,000
Series 2011A-1-2-3	Revenue Refunding Bonds	09/21/11					
			Variable A-1 (3.862%) ⁶	2019-2039	\$105,025,000		
			Variable A-2 (4.445%) ⁷	2019-2021	18,270,000		
			Variable A-3 (4.099%) ⁸	2019-2035	<u>45,770,000</u>	169,065,000	180,020,000
Series 2011B	Revenue Refunding Bonds	09/21/11					
			Variable (2.240%) ⁹	2019-2041		119,315,000	133,715,000
Series 2011C	Revenue Refunding Bonds	09/29/11					
Serial			5.000%	2019-2028		130,575,000	139,320,000
Series 2011D	Revenue Refunding Bonds	09/29/11					
Serial			3.250%-5.000%	2019-2031		7,585,000	8,020,000
Series 2012A	Revenue Refunding Bonds	07/03/12					
Serial			3.000%-5.000%	2019-2032		267,130,000	277,780,000
Series 2012B	Revenue Refunding Bonds	07/03/12					
Serial			5.000%	2019		3,745,000	7,315,000
Series 2013A	Revenue Refunding Bonds	07/11/13					
Serial			4.000%-5.00%	2019-2033	\$160,135,000		
Term			5.000%	2038	18,870,000		
Term			5.000%	2043	<u>24,090,000</u>	203,095,000	207,205,000
Series 2013B	Revenue Refunding Bonds	07/11/13					
Serial			2.997%-3.979%	2019-2023		17,360,000	21,145,000
Series 2013C	Revenue Refunding Bonds	07/11/13					
Serial			3.000%-5.000%	2020-2022		11,005,000	11,005,000
Series 2014A	Revenue Refunding Bonds	07/03/14					
Serial			3.000%-5.00%	2019-2034	\$403,810,000		
Term			4.000%	2039	23,605,000		
Term			5.000%	2044	<u>29,290,000</u>	456,705,000	482,435,000

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		<u>Issue Date</u>	<u>Interest Rates</u>	<u>Maturing on</u>	<u>Amount</u>	<u>Outstanding at December 31,</u>	
				<u>1-Oct</u>		<u>2018</u>	<u>2017</u>
Series 2015A	Revenue Refunding Bonds	01/29/15					
Serial							
Term			5.000%	2033	\$96,745,000		
Term			5.000%	2034	<u>67,035,000</u>		
						163,780,000	163,780,000
Series 2015B	Revenue Refunding Bonds	07/15/15					
Serial			2.750%-5.00%	2019-2035	\$167,650,000		
Term			5.000%	2035	51,900,000		
Term			5.000%	2040	16,955,000		
Term			5.000%	2045	<u>21,640,000</u>		
						258,145,000	266,050,000
Series 2015C	Revenue Refunding Bonds	07/15/15					
Serial			3.125%-5.00%	2019-2035		27,975,000	30,625,000
Series 2015D	Revenue Refunding Bonds	07/15/15					
Serial			2.700%-4.485%	2020-2030	\$17,905,000		
Term			4.963%	2035	<u>12,585,000</u>		
						30,490,000	30,490,000
Series 2016A	Revenue Refunding Bonds	07/07/16					
Serial			4.000%-5.000%	2030-2036		362,655,000	362,655,000
Series 2016B	Revenue Refunding Bonds	07/07/16					
Serial			5.000%	2020-2032		23,370,000	23,370,000
Series 2017A	Revenue Refunding Bonds	07/07/17					
Serial			5.000%	2019-2037	\$389,060,000		
Term			5.000%	2038-2042	41,415,000		
Term			5.000%	2043-2047	<u>52,855,000</u>		
						483,330,000	517,975,000
Series 2018A	Revenue Refunding Bonds	07/03/18					
Serial			5.000%	2019-2038	\$434,430,000		
Term			5.000%	2039-2043	65,590,000		
Term			5.000%	2044-2048	<u>58,410,000</u>		
						558,430,000	-
						\$ 4,424,530,000	\$ 4,472,075,000
						<u>313,066,187</u>	<u>264,869,759</u>
Plus (Less) unamortized discount/premium, net						\$ 4,737,596,187	\$ 4,736,944,759
Total Aviation Enterprise Debt						<u>\$ 4,737,596,187</u>	<u>\$ 4,736,944,759</u>

¹ Interest rates on Series 2003D-1 Bonds are reset weekly by the Remarketing Agent. As of 12/31/18, the rate was 1.720%.

² Interest rates on Series 2009D-1 are reset weekly, and interest rates on Series 2009D-2 are reset daily by the Remarketing Agent. The Bonds are hedged with a Swap Agreement at a fixed rate of 4.099%. Refer to Note 13 for information on the Airports Authority's swaps.

^{3, 4} Interest rates on Series 2010C-1 are reset weekly, and rates on Series 2010C-2 are reset weekly by the Remarketing Agent. As of 12/31/18, the rate on Series 2010C-1 was 1.710%. The 2010C-2 Bonds are hedged with a Swap Agreement at a rate of 4.099%. Refer to Note 13 for information on the Airport Authority's swaps.

⁵ Interest rates on Series 2010D are calculated weekly using 80% of the 1-month LIBOR Index Rate plus a spread of .37% multiplied by a margin factor of 1%. The Bonds are hedged with a Swap Agreement at a fixed rate of 4.112%. Refer to Note 13 for information on the Airports Authority's swaps.

^{6, 7, 8} Interest rates on Series 2011A-1-2-3 Bonds are reset weekly. As of 12/31/18, the rate was 1.740%. The 2011A-1 Bonds are hedged with a Swap Agreement at a fixed rate of 3.862%. The 2011A-2 Bonds are hedged with a Swap Agreement at a fixed rate of 4.445%. The 2011A-3 Bonds are hedged with a Swap Agreement at a rate of 4.099%. Refer to Note 13 for information on the Airports Authority's swaps.

⁹ Interest rates on Series 2011B Bonds are calculated monthly using 80% of the 1-month LIBOR Index Rate plus a spread of .36%. As of 12/31/18, the rate was 1.240%.

Source: Airports Authority Records

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Changes to the Aviation Enterprise Fund's Bonds Payable balances were as follows:

Balance as of December 31, 2016			\$	4,755,394,773
Bonds Issued				
Series	2017A	Revenue Refunding Bonds	\$	<u>522,135,000</u>
				522,135,000
Bonds Refunded				
Series	2007A		\$	(87,795,000)
Series	2007B			<u>(363,910,000)</u>
				(451,705,000)
Principal Payments				(144,955,000)
Change in Unamortized Discount/Premium				<u>56,074,986</u>
Balance as of December 31, 2017			\$	<u>4,736,944,759</u>
Bonds Issued				
Series	2018A	Revenue Refunding Bonds	\$	<u>558,430,000</u>
				558,430,000
Bonds Refunded				
Series	2008A		\$	(159,630,000)
Series	2009C			<u>(254,245,000)</u>
				(413,875,000)
Principal Payments				(192,100,000)
Change in Unamortized Discount/Premium				<u>48,196,428</u>
Balance as of December 31, 2018			\$	<u>4,737,596,187</u>
Balance as of December 31, 2018 - Short Term			\$	170,935,000
Balance as of December 31, 2018 - Long Term				<u>4,566,661,187</u>
			\$	<u>4,737,596,187</u>

Maturities and Sinking Fund Requirements

Principal payments on the Aviation Enterprise Fund's long-term bonds are due annually on October 1. The following table summarizes the maturities and sinking fund requirements for the Aviation Enterprise Fund Senior Debt, not including any unamortized discount or premium:

Year Ending December 31,	Principal	Interest	Total Debt Service
2019	\$ 170,935,000	\$ 210,318,111	\$ 381,253,111
2020	186,875,000	202,461,226	389,336,226
2021	190,125,000	193,833,121	383,958,121
2022	196,760,000	184,815,562	381,575,562
2023	202,200,000	175,962,080	378,162,080
2024-2028	1,062,580,000	731,318,345	1,793,898,345
2029-2033	1,245,175,000	453,761,053	1,698,936,053
2034-2038	798,375,000	180,710,571	979,085,571
2039-2043	254,065,000	59,369,771	313,434,771
Thereafter	117,440,000	15,614,250	133,054,250
	<u>\$ 4,424,530,000</u>	<u>\$ 2,408,164,090</u>	<u>\$ 6,832,694,090</u>

Insurance

The Airports Authority reviews each bond sale to determine if there is value in providing investors municipal bond insurance. As of December 31, 2018 and 2017, the Airports Authority's Aviation Enterprise Fund had insured \$96.7 million and \$105.5 million of long-term bonds, respectively. This represented 2.0 percent of total bonds as of December 31, 2018 and 2.2 percent of total bonds as of December 31, 2017.

Aviation Enterprise Fund bonds were insured by Berkshire Hathaway (BHAC) in 2018 and 2017.

Insurer	Amount Insured at December 31, 2018	Percent of Total Bonds Payable	Amount Insured at December 31, 2017	Percent of Total Bonds Payable
BHAC	<u>\$ 96,695,000</u>	<u>2.0%</u>	<u>\$ 105,465,000</u>	<u>2.2%</u>

Commercial Paper Notes

The Airports Authority's Aviation Enterprise Fund has an authorized commercial paper program in an aggregate principal amount not to exceed \$500.0 million outstanding at any time. The Airports Authority currently has in place one credit facility allowing the Airports Authority to support the issuance of up to \$200.0 million of Commercial Paper (CP) Notes (CP Notes) at any given time. The CP Notes are structured as short-term demand obligations under the Amended and Restated Eleventh Supplemental Indenture and the Twenty-second Supplemental Indenture. The Notes are collateralized by certain pledged funds, including Net Revenues on parity with the bonds. They are further collateralized by an irrevocable direct pay Letter of Credit (LOC) facility. The Airports Authority's obligation to repay amounts drawn under the LOC is collateralized by a promissory note issued to the provider.

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The CP Notes were issued in two series.

Series One CP Notes were authorized for issuance of up to \$250.0 million in 2004 and suspended in March 2014. The LOC securing the Series One CP Notes expired and thus the program is noted as suspended.

Series Two CP Notes were authorized for issuance of up to \$200.0 million in March 2014 and collateralized by an irrevocable direct pay LOC issued by Industrial and Commercial Bank of China (ICBC) expiring in February 2022 in the amount of \$200.0 million in principal and \$13.3 million in interest. As of December 31, 2018 and 2017, the Airports Authority had no outstanding Series Two CP Notes.

Liquidity Facilities

The Airports Authority has \$740.4 million of outstanding variable rate bonds, which are further collateralized by LOC and Direct Purchase Indexed Loans (Index Floaters). The following table lists the liquidity facilities supporting the variable rate bonds as of December 31, 2018:

Bank Provider	Credit Facility	Associated Program/Series	Interest Rate	Expiration Date	Series Original Amount	Outstanding as of December 31, 2018	Interest Draw Allowed	Maximum Draw Allowed
ICBC	LOC	CP: Series Two	17 bps	2/25/2022	\$ 200,000,000	\$ -	\$ 9,000,000	\$ 209,000,000
SMBC	LOC	2011 A VRDO	30 bps	10/4/2022	233,635,000	169,065,000	2,667,985	171,732,985
SMBC	LOC	2010 C VRDO	34 bps	9/21/2020	170,000,000	141,505,000	2,233,065	143,738,065
TD Bank	LOC	2009 D VRDO	35 bps	2/28/2021	136,825,000	113,700,000	1,794,279	115,494,279
TD Bank	LOC	2003 D1	26 bps	10/4/2022	150,000,000	51,625,000	814,685	52,439,685
U.S. Bank	Index Floater	2011 B	80% LIBOR + 36 bps	4/1/2020	207,640,000	119,315,000	-	119,315,000
Wells Fargo	Index Floater	2010 D	80% LIBOR + 37 bps	9/22/2020	170,000,000	145,200,000	-	145,200,000

Credit Ratings

The Aviation Enterprise Fund's underlying credit ratings as of December 31, 2018 and 2017 are depicted in the table below:

Mode	Lien Position	Rating as of December 31, 2018		Rating as of December 31, 2017	
		Moody's / S&P / Fitch		Moody's / S&P / Fitch	
Fixed	Senior	Aa3 / AA- / AA-		Aa3 / AA- / AA-	
Variable, CP	Senior	P-1 / A-1 / F1		P-1 / A-1 / F1	
Variable, 2003D-1 VRDO *	Senior	Aa1/VMIG1 AAA/A-1+ AA+/F1+		N/A	
Variable, 2009D VRDO *	Senior	Aa1/VMIG1 AAA/A-1+ AA+/F1+		Aa1/VMIG1 AAA/A-1+ AA+/F1+	
Variable, 2010C VRDO *	Senior	Aa2/VMIG1 AAA/A-1 AA-/F1		Aa2/VMIG1 AA+/A-1 AA-/F1	
Variable, 2011A VRDO *	Senior	Aa1/VMIG1 AA+/A-1 AA+/F1		Aa1/VMIG1 AAA/A-1+ AAA/F1+	

* Joint Default Analysis with Moody's, Joint Criteria Rating with S&P, Dual Party Pay Criteria with Fitch

DULLES CORRIDOR ENTERPRISE FUND DEBT

In August of 2009, a Master Indenture of Trust was created to secure Dulles Toll Road Revenue Bonds issued by the Dulles Corridor Enterprise Fund of the Airports Authority. Under this Master Indenture, all bonds are secured by a pledge of the Toll Road Revenues derived by the Airports Authority from the operation of the Dulles Toll Road. The pledge of the Toll Road Revenues securing the Series 2009A Bonds (First Senior Lien), however, is senior to the pledge to Toll Road Revenues securing the Series 2009B-C-D Bonds and Series 2010A-B Bonds

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(Second Senior Lien). Following the Second Senior Lien pledge are the bonds that were issued on a Subordinate Lien, the Series 2010D Bonds.

On June 8, 2011, the Airports Authority Board adopted Resolution No. 11-16 allowing the issuance of CP Notes for the Dulles Corridor Enterprise Fund in a not-to-exceed amount of \$300.0 million. The principal purpose of the CP Notes is to provide funds to finance the costs of the Dulles Metrorail Project and certain Capital Improvement Program (CIP) projects and refund other forms of indebtedness.

On May 9, 2014, the Airports Authority's application for a secured loan under the Transportation Infrastructure Finance and Innovation Act of 1978 (TIFIA) to finance a portion of the costs of Phase 2 of the Metrorail Project was approved by the United States Department of Transportation (USDOT) in principal amount of \$1.278 billion. Subsequently, on July 16, 2014, the Airports Authority Board adopted Resolution No. 14-23 authorizing execution of the TIFIA Loan Agreement and issuance of Dulles Toll Road Junior Lien Revenue Bonds, TIFIA Series 2014.

Bonds Payable

The Dulles Corridor Enterprise Fund's bonds payable as of December 31, 2018 and 2017 were as follows:

	Issue Date	Interest Rates	Maturing on October 1	Amount	Outstanding at December 31 2018	2017
Series 2009A Revenue Bonds	08/12/09					
CIBs Term		5.125%	2032	\$ 22,140,000		
CIBs Term		5.000%	2039	89,735,000		
CIBs Term		5.250%	2044	<u>86,125,000</u>	\$ 198,000,000	\$ 198,000,000
Series 2009B Revenue Bonds	08/12/09	3.500%-7.910%	2018-2040		307,042,212	293,960,178
CABs						
Series 2009C Revenue Bonds	08/12/09	6.500%	2038-2041		249,775,000	249,775,000
Convertible CABs						
Series 2009D Revenue Bonds	08/12/09	7.462%	2045-2046		400,000,000	400,000,000
Build America Bonds						
Series 2010A Revenue Bonds	05/27/10	6.625%	2029-2037		95,989,915	89,932,315
CABs Term						
Series 2010B Revenue Bonds	05/27/10	6.500%	2040-2044		235,000,000	224,019,625
Convertible CABs Term						
Series 2010D Revenue Bonds	05/27/10	8.000%	2042-2047		150,000,000	150,000,000
Build America Bonds						
Series 2014A Revenue Refunding Bonds	5/22/2014	4.824%	2051-2053		421,760,000	421,760,000
					<u>\$ 2,057,567,127</u>	<u>\$ 2,027,447,118</u>
Plus (Less) unamortized discount/premium, net					3,101,108	5,124,339
Total Dulles Corridor Enterprise Bonds Payable					<u>\$ 2,060,668,235</u>	<u>\$ 2,032,571,457</u>

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Changes to the Dulles Corridor Enterprise Fund's Bonds Payable balances during 2018 and 2017 were as follows:

Balance as of December 31, 2016	<u>\$ 2,001,766,932</u>
Principal Payments	(4,032,707)
Plus: Change in Accretion of Capital Appreciation Bonds	36,775,152
Change in unamortized (discount) or premium, net	<u>(1,937,920)</u>
Balance as of December 31, 2017	<u>\$ 2,032,571,457</u>
Principal Payments	(4,086,658)
Plus: Change in Accretion of Capital Appreciation Bonds	34,206,669
Change in unamortized (discount) or premium, net	<u>(2,023,233)</u>
Balance as of December 31, 2018	<u><u>\$ 2,060,668,235</u></u>
Balance as of December 31, 2018 - ST	7,259,874
Balance as of December 31, 2018 - LT	<u>2,053,408,361</u>
	<u><u>\$ 2,060,668,235</u></u>

Maturities and Sinking Fund Requirements

Principal payments on the Dulles Corridor Enterprise Fund's long-term bonds are due annually on October 1. The following table summarizes the maturities and sinking fund requirements for the Dulles Corridor Enterprise Fund Senior Debt, not including any unamortized discount or premium:

Year Ending December 31,	Principal	Interest	Total Debt Service
2019	\$ 7,259,874	\$ 109,974,489	\$ 117,234,363
2020	3,505,221	107,674,141	111,179,362
2021	3,466,610	108,122,753	111,589,363
2022	3,422,177	108,607,185	112,029,362
2023	9,267,174	117,442,189	126,709,363
2024-2028	37,876,420	598,135,394	636,011,814
2029-2033	106,365,878	770,390,694	876,756,572
2034-2038	161,765,555	887,475,715	1,049,241,270
2039-2043	400,041,046	820,180,791	1,220,221,837
Thereafter	951,313,650	300,283,825	1,251,597,475
	<u>\$ 1,684,283,605</u>	<u>\$ 3,928,287,176</u>	<u>\$ 5,612,570,781</u>

Insurance

As of December 31, 2018 and 2017, the Airports Authority's Dulles Corridor Enterprise Fund had insured \$303.1 million and \$307.2 million of long-term bonds, respectively with Assured Guaranty. This represented 14.7 percent of total bonds as of December 31, 2018 and 15.2 percent of total bonds as of December 31, 2017.

Insurer	Amount Insured at December 31, 2018	Percent of Total Bonds Payable	Amount Insured at December 31, 2017	Percent of Total Bonds Payable
Assured Guaranty	\$ 303,118,482	14.7%	\$ 307,205,140	15.2%

Commercial Paper Notes

The CP Notes are structured as short-term demand obligations under the Seventh Supplemental Indenture. They are collateralized by certain pledged funds, including Net Revenues on parity with the bonds. They are further collateralized by an irrevocable direct pay LOC facility. The Airports Authority's obligation to repay amounts drawn under such LOCs is collateralized by a promissory note issued by the Airports Authority. The CP Notes are collateralized by an irrevocable direct pay LOC of \$300.0 million (and an additional \$20.0 million for interest draw) issued by J.P. Morgan Chase Bank, National Association.

In April 2018, CP Notes, Series One, Reimbursement Agreement with J.P. Morgan Chase Bank, N.A. was extended two years through April 2020. The outstanding balance was \$140.0 million as of December 31, 2018.

Changes to the Dulles Corridor Enterprise Fund's Commercial Paper Notes balances during 2018 and 2017 were as follows:

	CP Notes
Balance as of December 31, 2016	\$ 181,000,000
Commercial Paper Notes Refunded	(581,000,000)
Commercial Paper Notes Issued	600,000,000
Balance as of December 31, 2017	\$ 200,000,000
Commercial Paper Notes Refunded	(460,000,000)
Commercial Paper Notes Issued	400,000,000
Balance as of December 31, 2018	\$ 140,000,000

Notes Payable

The Dulles Corridor Enterprise TIFIA Loan with the USDOT consists of monthly draws. Interest and principal will begin to be paid after substantial completion of Phase 2 of the Metrorail Project. Interest is accreted monthly and capitalized semi-annually on April 1 and October 1. The interest amount as of December 31, 2018 is \$61.4 million.

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Changes to the Dulles Corridor Enterprise Fund's TIFIA Notes Payable during 2018 and 2017 were as follows:

	<u>TIFIA Notes Outstanding</u>
Total TIFIA Balance as of December 31, 2016	\$ 473,300,887
Total Draws in 2017	<u>319,239,715</u>
Total Draws as of December 31, 2017	<u>792,540,602</u>
Total Draws in 2018	<u>200,540,003</u>
Total Draws as of December 31, 2018	<u>\$ 993,080,605</u>
Accreted Interest in 2015	\$ 5,759,192
Accreted Interest in 2016	12,424,295
Accreted Interest in 2017	20,932,763
Accreted Interest in 2018	<u>22,243,844</u>
Total Accreted Interest as of December 31, 2018	<u>\$ 61,360,094</u>
Total TIFIA Balance as of December 31, 2018	<u>\$ 1,054,440,699</u>

Credit Ratings

The Dulles Corridor Enterprise Fund's underlying credit ratings as of December 31, 2018 and 2017 are depicted in the table below:

Mode	Lien Position	Rating as of Decemeber 31, 2018	Rating as of Decemeber 31, 2017
		Moody's / S&P / Fitch	Moody's / S&P / Fitch
Fixed	First Senior	A2 / A- / NR	A2 / A- / NR
Fixed	Second Senior	Baa1 / BBB+ / NR	Baa1 / BBB+ / NR
Fixed	Second Senior ¹	A2 / AA / NR	A2 / AA / NR
Fixed	Subordinate	Baa2 / BBB+ / NR	Baa2 / BBB+ / NR
Fixed	Junior	Baa2 / A- / NR	Baa2 / A- / NR
Variable, CP	Second Senior	P-1 / A-1 / NR	P-1 / A-1 / NR

¹ Enhanced Rating

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15. NET POSITION

Net position consisted of the following, as of December 31, 2018:

	As of December 31, 2018				
	Net Investment in Capital Assets	Restricted for			
		Construction	Debt Service	Debt Service Reserve	Leases
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-
Investments	-	-	-	-	-
Restricted investments	-	254,188,182	115,789,280	-	-
Inventory	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-
Non-current assets					
Restricted					
Cash and cash equivalents *	-	632,667,536	52,120,038	4,846,715	7,017,363
Accounts receivable	-	78,509,842	-	-	1,205,752
Investments	-	-	-	513,863,160	-
Unrestricted:					
Bond insurance costs	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets	6,309,221,028				
Total Assets	6,309,221,028	965,365,560	167,909,318	518,709,875	8,223,115
Deferred outflows of resources					
Deferred outflows - debt refundings	68,264,913	-	-	-	-
Deferred outflows - pension plans	-	-	-	-	-
Deferred outflows - OPEB plans	-	-	-	-	-
Total deferred outflows of resources	68,264,913				
Current liabilities					
Accounts payable and accrued expenses	113,667,951	-	-	-	10,620
Advance billings and payments received in advance	-	66,122,979	15,000,000	-	-
Accrued lease obligations	-	-	-	-	-
Accrued interest payable	-	-	83,473,899	-	-
Current portion of bonds payable	170,935,000	-	-	-	-
Non-current liabilities					
Other liabilities	1,454,395	200,000,000	-	-	787,080
Commercial paper notes	140,000,000	-	-	-	-
Interest rate swaps payable	-	-	-	-	-
Net Pension liability	-	-	-	-	-
Net OPEB liability	-	-	-	-	-
TIFIA payable	914,671,610	16,078,644	-	123,690,445	-
Bonds payable, net	4,121,161,539	551,450,690	-	395,019,430	-
Total Liabilities	5,461,890,495	833,652,313	98,473,899	518,709,875	797,700
Deferred inflows of resources					
Deferred inflows - debt refundings	108,988	-	-	-	-
Deferred inflows - pension plans	-	-	-	-	-
Deferred inflows - OPEB plans	-	-	-	-	-
Total deferred inflows of resources	108,988				
Net position (deficit)	\$ 915,486,458	\$ 131,713,247	\$ 69,435,419	\$ -	\$ 7,425,415

* Includes the portion of restricted cash and cash equivalents classified as current on the Statement of Net Position

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As of December 31, 2018

Restricted for			Unrestricted	Total Business- Type Activities
Dulles Rail Latent Defects	Dulles Toll Road Repairs	Public Safety		
\$ -	\$ -	\$ -	\$ 352,702,425	\$ 352,702,425
-	-	-	33,436,744	33,436,744
-	-	-	1,086,705,966	1,086,705,966
-	-	-	-	369,977,462
-	-	-	7,049,772	7,049,772
-	-	-	6,536,408	6,536,408
15,220,999	1,619,652	262,500	-	713,754,803
-	-	-	-	79,715,594
-	6,951,189	-	-	520,814,349
-	-	-	12,366,296	12,366,296
-	-	-	135,012	135,012
-	-	-	-	6,309,221,028
<u>15,220,999</u>	<u>8,570,841</u>	<u>262,500</u>	<u>1,498,932,623</u>	<u>9,492,415,859</u>
-	-	-	-	68,264,913
-	-	-	45,700,361	45,700,361
-	-	-	24,133,806	24,133,806
-	-	-	69,834,167	138,099,080
-	-	-	50,994,363	164,672,934
-	-	-	27,732,018	108,854,997
-	-	-	363,875	363,875
-	-	-	-	83,473,899
-	-	-	7,259,874	178,194,874
-	-	-	7,444,530	209,686,005
-	-	-	-	140,000,000
-	-	-	112,210,401	112,210,401
-	-	-	22,278,779	22,278,779
-	-	-	30,245,072	30,245,072
-	-	-	-	1,054,440,699
-	-	-	1,552,437,889	6,620,069,548
-	-	-	1,810,966,801	8,724,491,083
-	-	-	-	108,988
-	-	-	22,687,192	22,687,192
-	-	-	9,911,459	9,911,459
-	-	-	32,598,651	32,707,639
<u>\$ 15,220,999</u>	<u>\$ 8,570,841</u>	<u>\$ 262,500</u>	<u>\$ (274,798,662)</u>	<u>\$ 873,316,217</u>

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Net position consisted of the following, as of December 31, 2017:

	As of December 31, 2017				
	Net Investment in Capital Assets	Restricted for			
		Construction	Debt Service	Debt Service Reserve	Leases
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-	-
Investments	-	-	-	-	-
Restricted investments	-	408,862,305	122,787,873	-	-
Inventory	-	-	-	-	-
Prepaid expenses and other current assets	-	-	-	-	-
Non-current assets					
Restricted					
Cash and cash equivalents *	-	413,075,106	42,318,311	1,659,121	6,741,115
Accounts receivable	-	140,318,204	-	-	343,807
Investments	-	-	-	509,377,682	-
Unrestricted:					
Net pension assets	-	-	-	-	-
Bond insurance costs	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets	6,060,225,198	-	-	-	-
Total Assets	<u>6,060,225,198</u>	<u>962,255,615</u>	<u>165,106,184</u>	<u>511,036,803</u>	<u>7,084,922</u>
Deferred outflows of resources					
Deferred outflows - debt refundings	70,986,799	-	-	-	-
Deferred outflows - pension plans	-	-	-	-	-
Total deferred outflows of resources	<u>70,986,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities					
Accounts payable and accrued expenses	133,096,909	-	-	-	17,688
Advance billings and payments received in advance	-	66,122,979	15,000,000	-	-
Accrued lease obligations	-	-	-	-	-
Accrued interest payable	-	-	70,820,595	-	-
Current portion of bonds and notes payable	192,100,000	-	-	-	-
Non-current liabilities					
Other liabilities	968,817	200,000,000	15,000,000	-	787,080
Commercial paper notes	200,000,000	-	-	-	-
Interest rate swaps payable	-	-	-	-	-
Net Pension liability	-	-	-	-	-
Net OPEB liability	-	-	-	-	-
TIFIA payable	662,712,738	66,442,352	-	102,501,762	-
Bonds payable, net	4,171,505,274	459,940,388	-	408,535,041	-
Total Liabilities	<u>5,360,383,738</u>	<u>792,505,719</u>	<u>100,820,595</u>	<u>511,036,803</u>	<u>804,768</u>
Deferred inflows of resources					
Deferred inflows - debt refundings	127,061	-	-	-	-
Deferred inflows - pension plans	-	-	-	-	-
Deferred inflows - OPEB plans	-	-	-	-	-
Total deferred inflows of resources	<u>127,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position (deficit)	<u>\$ 770,701,198</u>	<u>\$ 169,749,896</u>	<u>\$ 64,285,589</u>	<u>\$ -</u>	<u>\$ 6,280,154</u>

* Includes the portion of restricted cash and cash equivalents classified as current on the Statement of Net Position

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As of December 31, 2017

Restricted for			Unrestricted	Total Business- Type Activities
Dulles Rail Latent Defects	Dulles Toll Road Repairs	Public Safety		
\$ -	\$ -	\$ -	\$ 255,860,299	\$ 255,860,299
-	-	-	30,058,910	30,058,910
-	-	-	873,390,158	873,390,158
-	-	-	-	531,650,178
-	-	-	6,879,786	6,879,786
-	-	-	6,539,385	6,539,385
15,047,632	1,509,623	239,901	-	480,590,809
-	-	-	-	140,662,011
-	6,965,595	-	-	516,343,277
-	-	-	8,792,412	8,792,412
-	-	-	13,859,855	13,859,855
-	-	-	469,111	469,111
-	-	-	-	6,060,225,198
<u>15,047,632</u>	<u>8,475,218</u>	<u>239,901</u>	<u>1,195,849,916</u>	<u>8,925,321,389</u>
-	-	-	-	70,986,799
-	-	-	20,791,294	20,791,294
-	-	-	<u>20,791,294</u>	<u>91,778,093</u>
-	-	-	52,816,175	185,930,772
-	-	-	30,575,134	111,698,113
-	-	-	371,137	371,137
-	-	-	-	70,820,595
-	-	-	4,086,658	196,186,658
-	-	-	7,324,227	224,080,124
-	-	-	-	200,000,000
-	-	-	135,294,251	135,294,251
-	-	-	1,166,311	1,166,311
-	-	-	8,530,640	8,530,640
-	-	-	-	831,656,852
-	-	-	1,533,348,855	6,573,329,558
-	-	-	<u>1,773,513,388</u>	<u>8,539,065,011</u>
-	-	-	-	127,061
-	-	-	22,891,514	22,891,514
-	-	-	7,752,788	7,752,788
-	-	-	<u>30,644,302</u>	<u>30,771,363</u>
<u>\$ 15,047,632</u>	<u>\$ 8,475,218</u>	<u>\$ 239,901</u>	<u>\$ (587,516,480)</u>	<u>\$ 447,263,108</u>

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The Aviation Enterprise Fund's debt service reserve accounts were over-funded by \$13.0 million as of December 31, 2018 and \$5.7 million as of December 31, 2017. The Dulles Corridor Enterprise Fund's debt service reserve accounts were over-funded by \$2.9 million as of December 31, 2018 and under-funded \$0.6 million as of December 31, 2017. Over-funded amounts can only be withdrawn from the Aviation Enterprise Fund's debt service reserve accounts once a year, based on balances as of October 1. Dulles Corridor Enterprise Fund's debt service reserve accounts are balanced twice a year, based on balances as of April 1 and October 1.

16. AVIATION ENTERPRISE FUND REVENUES

Aviation Enterprise Fund revenues, net of estimated uncollectible revenues, for the years ended December 31, 2018 and December 31, 2017, were as follows:

<u>Gross Revenues</u>	<u>Year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Concessions	\$ 348,716,330	\$ 332,092,589
Rents	280,286,094	283,903,984
Landing fees	84,540,563	93,819,456
Utility sales	14,406,946	13,265,312
Passenger fees	24,317,733	27,872,762
Other	<u>14,596,656</u>	<u>10,961,722</u>
Total gross revenues	766,864,322	761,915,825
Less: Estimated uncollectible revenues	<u>(371,866)</u>	<u>(352,697)</u>
Total net operating revenues	<u>\$ 766,492,456</u>	<u>\$ 761,563,128</u>

Concentrations of Revenues

Several airlines, and their affiliates, represent concentrations of revenues for the Airports Authority. At Reagan National, American, Delta, Southwest, United Airlines and JetBlue comprised approximately 94.9 percent of Signatory Airline Revenues during 2018. At Dulles International, American Airlines, United Airlines, Delta, British and Lufthansa comprised approximately 67.3 percent of Signatory Airline Revenues during 2018. Combined, these seven airlines represented approximately 78.1 percent of total Signatory Airline Revenues during 2018 for the Airports Authority.

17. GOVERNMENT GRANTS

The Airports Authority receives, predominately on a cost-reimbursement basis, grants from the United States government, the Commonwealth, and other local grantors for certain operating and capital construction programs. Government grants and counties' contributions recorded by the Airports Authority during the years ended December 31, 2018 and 2017 totaled \$200.2 million and \$270.2 million, respectively. In fiscal years 2018 and 2017, the Airports Authority recognized federal, state and local grants for operating and capital programs as follows.

Operating Programs

The Law Enforcement Officer Reimbursement Program, which is recorded as Operating Revenue, offsets expenses incurred by the Airports Authority's Public Safety personnel serving a support role to the Transportation Security Administration (TSA). Explosives detection funds are used to offset the expense of training and caring for canines used in explosives detection. The Department of Justice and the U.S. Treasury Equitable Sharing Agreements are collaborative efforts between these agencies and the Airports Authority's police department wherein both entities share in the proceeds from the sale of confiscated items. The Airports Authority's proceeds may only be used for certain types of expenditures as defined by these agencies.

In 2016, the Commonwealth, pursuant to the 2016-2018 Appropriation Act awarded the Airports Authority \$25 million of Commonwealth funding in the Commonwealth's Fiscal Year 2017 and \$25 million of Commonwealth funding in the Commonwealth's Fiscal Year 2018 for the purpose of reducing the airline cost per enplanement at Dulles International and thereby improving the competitiveness of the airport.

In 2017, U.S Department of Homeland Security, Federal Emergency Management Agency, Protection and National Preparedness awarded the Airports Authority \$595 thousand. The purpose of this grant is to enhance the capacity of the Airports Authority, as well as the surrounding city and county jurisdictions in the National Capital Region to be better prepared to respond and recover from a Complex Coordinated Terrorist Attacks (CCTA).

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	Award Recognized Year Ended Dec. 31,	
	2018	2017
Grants in Support of Operations		
Operating Revenue		
TSA Security Fees		
TSA - Law enforcement officer reimbursement program	\$ 934,130	\$ 851,460
Grant recognized as operating revenues	934,130	851,460
Non-Operating Revenue		
Federal Grants		
TSA - National explosive detection canine team program	606,000	606,000
Department of Justice - Equitable sharing agreement ^{1,2}	345,909	42,734
Department of Treasury - Equitable sharing agreement ^{1,2}	9,921	76,989
Federal Emergency Management Agency - CCTA Program	101,068	25,685
Urban Areas Security Initiative - NCR IMT Program	5,140	17,559
Federal Emergency Management Agency Snow Assistance and Severe Storm Program	-	306,558
Total Federal Grants	1,068,038	1,075,525
State Grant		
Commonwealth of Virginia Funding to IAD	25,000,000	25,000,000
Commonwealth of Virginia Funding - Equitable sharing agreement ^{1,2}	3,409	-
Virginia Department Emergency Management - Snow Assistance	-	102,186
Virginia Department Emergency Management - NCR-IMT Program	-	35,790
Total State Fund	25,003,409	25,137,976
Grants recognized as non-operating revenues	26,071,447	26,213,501
Total Federal, State, and Local grants in support of operations	\$ 27,005,577	\$ 27,064,961

¹ Funds received under this agreement can be expended for items which may be capitalized or expensed in accordance with the Airports Authority's capitalization thresholds.

² While the agreement remains in effect as of December 31, 2018, the amount of future awards is dependent on the occurrence of future events.

Capital Programs

The Airports Authority Dulles Corridor Enterprise Fund receives grants in support of Phase 1 of the Dulles Metrorail Project. The Federal Transit Administration (FTA) is the primary grantor, with total federal New Starts funding commitments for the project totaling \$900 million. The state and local funding sources for Phase 1 of the Dulles Metrorail Project include transportation bonds issued by the Commonwealth and a Fairfax County transportation improvement district property tax. In addition, the Virginia Transportation Act of 2000 dedicated \$75 million to the project from Surface Transportation Program funds. In 2009, USDOT allocated \$77.3 million in

American Recovery and Reinvestment Act (ARRA) funding to the project. These funds replaced Section 5309 funds that were scheduled to be received in the final year (2016) of the FFGA. As of February 2012, the Airports Authority had fulfilled its ARRA local match requirement of \$199.2 million, and the close-out of the ARRA grant was completed on April 16, 2012. For 2017, a total of \$14.3 million of the New Starts funding of Phase 1 of the Dulles Metrorail Project was invoiced and received. For 2018, a total of \$7.4 million of New Starts Funding of Phase 1 of the Dulles Metrorail Project was invoiced and received.

The Airports Authority's Aviation Enterprise Fund receives federal and state grants in support of its construction program. The federal programs, primarily through the FAA's Airport Improvement Program (AIP), including annual entitlement grants, provide funding for airport development, airport planning, and noise compatibility programs from the Airports and Airways Trust Funds in the form of entitlement and discretionary grants for eligible projects. The Commonwealth also provides discretionary funds for capital programs.

In 2018, the Airports Authority receives Voluntarily Low Emissions (VALE) grant from FAA in the amount of 4 million. The VALE grant is used to provide funding for the design and Installation of 112 Electrical Recharging Stations for Electric Ground Support Equipment (VALE Project) at Dulles International Airport. The electric charging stations and necessary electrical infrastructure improvements would be permanently located at the Airport within and surrounding the Main Terminal baggage basement, and GSE maintenance facility.

The Airports Authority's Aviation Enterprise Fund receives FAA funding a total of 500 thousand to each airport for purchase and installation of seventy five (75) Vehicle Movement Area Transponder (VMAT) units for Dulles International Airport (IAD), and Seventy Five (75) units for Reagan National Airport (DCA). The VMATs provides common situational awareness to Air Traffic Control (ATC), vehicle operators and airfield personnel to improve coordination and safety.

Phase 2 of the Dulles Metrorail Project extends 11.4 miles from the Metrorail Wiehle Avenue Station in Reston through Dulles International to Route 772 in Loudoun County, Virginia. It includes six new stations and a maintenance yard on Dulles International property. Construction is currently underway and the project is currently scheduled to be complete for passenger service in the first quarter of 2020.

The Airports Authority receives project funding from the Northern Virginia Transportation Authority (NVTA), a total of \$60.0 million, \$33.0 million in 2015 and \$27.0 million in 2016. These funds are used for the construction of the Metrorail Innovation Station which is a part of Phase 2 of the Dulles Metrorail Project. During 2018, a total of \$6.3 million of the remaining NVTA funds was received.

In 2018, the Airports Authority receives funding from the Federal Transit Administration (FTA) for Congestion Mitigation and Air Quality Improvement Program (CMAQ) in the amount of \$7.4 million. The CMAQ funding is used to cover a portion of the costs of the new innovation Station in Fairfax County, Virginia on the Dulles Corridor Metrorail Project (Silver Line).

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	Award Recognized Year Ended Dec. 31,		Award Remaining
	2018	2017	Dec. 31, 2018
<u>Grants in Support of Capital Programs</u>			
Federal Grants			
Federal Aviation Administration			
AIP - Improve Runway 4/22 and 15/33 Safety Area - Phase	\$ 2,000,000	\$ -	\$ -
AIP - Taxilane B Reconstruction and Widening, East	2,221,117	-	-
AIP -Taxilane B Reconstruction and Widening, West	5,985,184	-	89,464
AIP - Hold Bay 4 Reconstruction and Reconfiguration	858,750	-	-
AIP - Improve runway 15/33 and 4/22 safety area	715,373	765,900	-
AIP - Rehabilitation of Taxiway K and P	564,112	5,077,012	-
AIP - Rehabilitation of Runway 4/22	4,416,800	9,807,246	-
AIP -Taxiway J 9,middle section Reconstruction	4,248,565	645,805	157,926
AIP - Taxilane C and Taxiway Z Reconstruction	-	2,862,260	285,484
AIP - Taxilane B Reconstruction and Widening, East	57,909	-	-
Total Federal Aviation Administration Grants	<u>21,067,810</u>	<u>19,158,223</u>	<u>532,874</u>
Federal Transit Administration			
FFGA - Dulles Metrorail Project (Phase 1)	2,955,378	1,198,988	20,286,366
FFGA - Congestion Mitigation & Air Quality Improvement Program (CMAQ) Phase 2	7,401,073	-	-
Internal Revenue Service			
Build America Bonds interest subsidy	<u>13,680,111</u>	<u>13,702,855</u>	<u>-</u>
Total Federal Grants	<u>45,104,372</u>	<u>34,060,066</u>	<u>20,819,240</u>
Commonwealth of Virginia Grant			
Department of Aviation - AeroTrain	2,000,000	2,000,000	-
Virginia Department of Transportation - Dulles Toll Road Subsidy	<u>15,000,000</u>	<u>20,000,000</u>	<u>15,000,000</u>
Total Commonwealth of Virginia Grants	<u>17,000,000</u>	<u>22,000,000</u>	<u>15,000,000</u>
Local Grant			
Northern Virginia Transportation Authority (NVTA) - Phase 2	6,293,823	21,543,990	-
Arlington County - Arlington County Police Firing Range Agreement	102,154	-	-
Total Local Grants	<u>6,395,977</u>	<u>21,543,990</u>	<u>-</u>
Total Federal, State, and Local grants in support of capital programs	<u>68,500,349</u>	<u>77,604,056</u>	<u>35,819,240</u>
Local Counties Contributions for Dulles Metrorail Project			
Fairfax County Contributions (Phase 2)	68,269,046	108,278,342	121,274,675
Loudoun County Contributions (Phase 2)	<u>36,393,886</u>	<u>57,224,570</u>	<u>64,189,571</u>
	104,662,932	165,502,912	185,464,246
Total Federal, State, and Local grants including counties contributions in support of capital programs.	<u>\$ 173,163,281</u>	<u>\$ 243,106,968</u>	<u>\$ 221,283,486</u>

18. PASSENGER FACILITY CHARGES

As of December 31, 2018, the FAA has approved ten PFC applications for a total authority of \$3.5 billion for the Airports Authority's Aviation Enterprise Fund. Each PFC application is approved for the individual airport. However, PFC fees may be imposed at one airport and used for approved projects at either airport.

PFC revenue for 2017 and 2018 was as follows:

	Reagan National	Dulles International	Total
PFC Revenue 2017	\$ 47,470,884	\$ 43,475,973	\$ 90,946,857
PFC Revenue 2018	\$ 46,656,493	\$ 46,696,483	\$ 93,352,976
Total Applications	\$ 1,019,820,277	\$ 2,442,302,508	\$ 3,462,122,785
PFC Revenue Received Through December 31, 2018	\$ 808,039,111	\$ 873,265,207	\$ 1,681,304,318
Estimated Final Collection Date	February 1, 2023	December 31, 2038	

PFC collections totaling \$43.6 million and \$45.0 million in 2018 and 2017, respectively, were applied to debt service payments.

In accordance with the regulations, based on the approval date from the FAA and continuing through the PFC collection period, the FAA reduces the Airports Authority's share of entitlement grants by 75.0 percent.

19. RISK MANAGEMENT

The Airports Authority is exposed to a variety of risks or losses related to operations (i.e., injuries to employees or to members of the public or damage to Airports Authority or public property). This exposure is managed through a combination of self-insured and insured arrangements.

Major insurance coverages include airport liability, workers' compensation, property, equipment breakdown, environmental impairment, public officials, employment practices, law enforcement, crime, fiduciary, business travel, cyber risk, terrorism and executive risk. The Airports Authority manages a deductible for the first \$500 thousand of each workers' compensation loss, and maintains a deductible or self-insured retention from \$0 to \$1.0 million (depending on type) on all other risk management/insurance losses. Claim payments did not exceed insurance coverage for each of the past three years.

Accruals are maintained to recognize the self-insured risk of loss and encompass all offices within the Airports Authority. The accruals are determined based on insurance claim practices and actuarial estimates for prior and current year claims. The appropriateness of the accruals is continually reviewed and updated by management on a quarterly basis.

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The overall accrual for potential losses as of December 31, 2018 was \$6.0 million, which was the same as December 31, 2017. Changes in the claim liability accounts in fiscal years 2018, 2017 and 2016 were as follows:

Fiscal Year	Beginning Balance	Claims and Changes in Estimates	Claim Payments	Ending Balance
2016	\$4,731,103	\$4,282,571	\$2,642,194	\$6,371,480
2017	\$6,371,480	\$2,490,822	\$2,904,485	\$5,957,817
2018	\$5,957,817	\$1,713,309	\$1,664,227	\$6,006,899

20. OTHER COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies, principally the U.S. government, the Commonwealth and local Counties, are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including for amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Airports Authority expects such amounts, if any, to be immaterial.

Pollution Remediation

The Airports Authority continually monitors its properties to identify polluted sites for which the Airports Authority would be named a responsible party. Identified pollution remediation obligations as of December 31, 2018 and 2017 were \$0.4 million and \$1.1 million, respectively. Routine pollution prevention, control, and monitoring costs are expensed as incurred. Pollution prevention, control, and monitoring expenses for the years ended December 31, 2018 and 2017 were \$6.1 million and \$6.5 million, respectively.

Rights-of-Way Purchases

The Airports Authority acquires property interests for the Dulles Metrorail Project through negotiated settlement or through the VDOT's Commissioner of Highways power of eminent domain. The Airports Authority is responsible for all costs associated with such proceedings and for the payment of all compensation and damages for the properties acquired. As of December 31, 2018 and 2017, the Airports Authority had acquired multiple property interests through negotiated settlement and the power of eminent domain for a total of \$13.1 million and \$1.2 million respectively; several of the parcels acquired by eminent domain were not settled in 2018, and therefore the final compensation and damages were not determined. No estimate of the final compensation and damages for these acquired properties was recorded as of December 31, 2018.

Northern Virginia Criminal Justice Training Academy

The Airports Authority is a member of the Northern Virginia Criminal Justice Training Academy (the Academy), which provides criminal justice training to seventeen participating police and sheriff agencies from Northern Virginia. Academy members cannot withdraw from the Academy while any bonds of the Academy are issued and outstanding. As of June 30, 2017, the most recent period for which audited financials were available, the Academy had \$7.9 million in revenue bonds outstanding. Payments by the Airports Authority to the Academy for training services totaled \$0.3 million for both the years ended December 31, 2018 and 2017, respectively.

21. LITIGATION

The Airports Authority is involved in various claims and lawsuits arising in the ordinary course of business that are covered by insurance or that the Airports Authority does not believe to be material. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the Airports Authority's general counsel, the likely outcome in these matters which are not covered by insurance, including the lawsuit described below will not have a material adverse effect on the financial condition of the Airports Authority. Moreover, to the knowledge of the Airports Authority, there is, except as described below, no litigation pending or threatened against the Airports Authority that contests the creation, existence, powers or jurisdiction of the Airports Authority, or the validity or effect of the Federal Act, the Federal Lease, the Virginia Act or the District Act.

1. Kerpen v. Metropolitan Washington Airports Authority.

On July 5, 2016, six users of the Dulles Toll Road, individually and on behalf of all others similarly situated, filed a class action complaint against the Airports Authority, the United States Department of Transportation and the Secretary of Transportation in the federal district court for the District of Columbia. In the lawsuit as originally filed, among other claims, the plaintiffs claimed that the payment of tolls on the Dulles Toll Road may not be used to subsidize the construction of the Dulles Metrorail Project and questioned the constitutionality of the Airports Authority and certain of its activities as operator of the Dulles Toll Road that are related to the Dulles Metrorail Project and to the Airports Authority's Dulles Corridor Enterprise. The lawsuit was transferred to the federal district court for the Eastern District of Virginia in November 2016. Soon thereafter, the plaintiffs amended their complaint to add certain allegations and claims regarding the operation of the Aviation Enterprise by the Airports Authority and requesting, among other things, that the Secretary of Transportation retake possession of the Airports from the Airports Authority. Many of the claims raised in the amended complaint are substantially similar to claims made in previous litigation challenging the tolls the Airports Authority has set for the Dulles Toll Road and/or the constitutionality of the Airports Authority, all of which have been concluded in favor of the Airports Authority.

On May 30, 2017, the federal district court in Virginia granted the motions to dismiss filed by Airports Authority and the federal defendants, rejected all claims asserted by plaintiffs in the amended complaint, and dismissed the amended complaint with prejudice. See Kerpen v. Metropolitan Washington Airports Authority, et al., 260 F. Supp. 3d 5567 (E.D. Va. 2017)

Plaintiffs thereafter filed an appeal of the district court's ruling in the U.S. Court of Appeals for the Fourth Circuit. On October 22, 2018, a decision was issued by the court of appeals in which it rejected all arguments presented by the plaintiffs in their appeal, and affirmed the district court's decision. See 907 F. 3d 152 (2018).

Plaintiffs have indicated an intention to seek review of the court of appeals' decision in the U.S. Supreme Court. Plaintiffs have until March 21, 2019, to seek this review by filing a petition for a writ of certiorari with the Supreme Court. While the Airports Authority will continue to vigorously defend against the claims raised in this litigation, it cannot predict what action the Supreme Court might take, or whether a decision by that court which is adverse to the Airports Authority will directly affect the Aviation Enterprise.

2. Schneider v. Metropolitan Washington Airports Authority

On May 10, 2018, a new lawsuit was filed against the Airports Authority in the federal district court in Alexandria which challenged the toll rates that the Airports Authority has established for the Dulles Toll Road. The suit was filed as a class action, on behalf of all users of the toll road since 2008, by a single individual who is a resident of

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Arlington County, Virginia. The suit seeks damages, to be distributed to class members, in an amount no less than the toll road revenues the Airports Authority has over the years "paid . . . or earmarked" for the Dulles Corridor Metrorail project.

This lawsuit presents a single claim that is premised upon the same undisputed fact which formed the basis for different legal claims asserted in earlier lawsuits challenging Dulles Toll Road toll rates – i.e., that the toll rates the Airports Authority has established are at levels that produce revenues in excess of the revenues required simply to operate and maintain the toll road itself. The claim asserted in this lawsuit is that the toll rates are "excessive" and thereby unfairly and impermissibly burden the plaintiff's use of the toll road and, as a result, violate his federal constitutional "right to travel intrastate."

The Airports Authority's motion to dismiss this action was argued before the district court on August 24, 2018, and a decision is expected to be issued in the near future.

22. SUBSEQUENT EVENTS

On January 1, 2019, new Dulles Toll Road rates went into effect with a 75¢ increase at main toll plaza, 50¢ increase on ramps. The toll rate for passenger vehicles at the Main Toll Plaza on the Dulles Toll Road will increase to \$3.25 at the main toll plaza, and to \$1.50 on ramps. The 2019 toll increase was approved by the Metropolitan Washington Airports Authority Board of Directors following a public comment period in 2018 that included three public meetings throughout the Dulles Corridor and an online forum.

The rate adjustments are necessary for the Airports Authority to fulfill its commitment to operate and maintain the Dulles Toll Road and to construct the Dulles Corridor Metrorail Project. That commitment is contained in agreements with the Commonwealth of Virginia and local governments in Northern Virginia, and is based in substantial part on the parties' agreement that funding for the Metrorail Project is to come from Dulles Toll Road revenues, as well as contributions by the federal government, the Commonwealth, Fairfax and Loudoun counties, and the Airports Authority. Under its agreement with the Commonwealth of Virginia, the Airports Authority assumed responsibility for the operation and maintenance of the Dulles Toll Road for a 50-year period beginning in November 2008.

On January 29, 2019, the Airports Authority defeased the outstanding Series 2015D Bonds in the amount of \$30.5 million. This defeasance was associated with the Western Lands sale. The Series 2015D Bonds refunded the Series 2005C Bonds, of which proceeds were used to fund the purchase of the Western Lands. The cost to defease the Series 2015D Bonds was \$34.0 million and was funded by the release of the Series 2015D Bonds debt service funds and debt service reserve fund in the amount of \$3.4 million, as well as \$30.6 million from the proceeds of the sale of the Western Lands.

The Dulles Corridor Enterprise completed loan draws on the TIFIA loan with the USDOT totaling \$78.3 million and FTA draws of \$0.5 million in the 1st quarter of 2018.

REQUIRED SUPPLEMENTAL INFORMATION (unaudited)

SCHEDULE 1 – CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

General Employees Retirement Plan

Fiscal year ending December 31,	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Changes for the year:						
Service cost	\$ 6,128,140	\$ 5,548,643	\$ 5,294,135	\$ 4,917,894	\$ 4,596,269	\$ 4,285,977
Interest	13,106,559	11,883,159	11,357,903	10,121,292	9,413,518	8,636,527
Differences between expected and actual experience	3,307,142	4,571,544	1,128,023	901	(1,122,634)	377,551
Changes in assumptions	(2,180,330)	68,595	(5,963,403)	5,375,564	-	-
Benefit payments	(7,069,237)	(5,510,006)	(4,641,220)	(3,978,260)	(3,572,654)	(2,939,701)
Net changes in Total Pension Liability	<u>13,292,274</u>	<u>16,561,935</u>	<u>7,175,438</u>	<u>16,437,391</u>	<u>9,314,499</u>	<u>10,360,354</u>
Total Pension Liability - Beginning	<u>172,160,605</u>	<u>155,598,670</u>	<u>148,423,232</u>	<u>131,985,841</u>	<u>122,671,342</u>	<u>112,310,988</u>
Total Pension Liability - Ending (a)	<u>\$ 185,452,879</u>	<u>\$ 172,160,605</u>	<u>\$ 155,598,670</u>	<u>\$ 148,423,232</u>	<u>\$ 131,985,841</u>	<u>\$ 122,671,342</u>
Plan Fiduciary Net Position						
Changes for the year:						
Contribution - employer	\$ 6,534,804	\$ 6,365,276	\$ 4,553,940	\$ 1,431,907	\$ 4,812,943	\$ 5,903,067
Net investment income	(7,659,109)	24,963,769	11,755,443	2,102,247	6,366,579	20,759,598
Benefit payments	(7,069,237)	(5,510,006)	(4,641,220)	(3,978,260)	(3,572,655)	(2,939,701)
Plan administrative expenses	(324,951)	(226,788)	(175,504)	(186,879)	(225,762)	(59,919)
Net changes in Plan Fiduciary Net Position	<u>(8,518,493)</u>	<u>25,592,251</u>	<u>11,492,659</u>	<u>(630,985)</u>	<u>7,381,105</u>	<u>23,663,045</u>
Plan Fiduciary Net Position - Beginning	<u>180,953,017</u>	<u>155,360,766</u>	<u>143,868,107</u>	<u>144,499,092</u>	<u>137,117,987</u>	<u>113,454,942</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 172,434,524</u>	<u>\$ 180,953,017</u>	<u>\$ 155,360,766</u>	<u>\$ 143,868,107</u>	<u>\$ 144,499,092</u>	<u>\$ 137,117,987</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 13,018,355</u>	<u>\$ (8,792,412)</u>	<u>\$ 237,904</u>	<u>\$ 4,555,125</u>	<u>\$ (12,513,251)</u>	<u>\$ (14,446,645)</u>
Plan Fiduciary Net Position as Percentage of the TPL	92.98%	105.11%	99.85%	96.93%	109.48%	111.78%
Covered Payroll	\$ 100,814,342	\$ 99,305,842	\$ 90,852,722	\$ 85,760,198	\$ 82,620,662	\$ 79,926,284
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	12.91%	-8.85%	0.26%	5.31%	-15.15%	-18.07%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

SCHEDULE 1 – CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (continued)

Police Officers and Firefighters Retirement Plan

Fiscal year ending December 31,	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Changes for the year:						
Service cost	\$ 2,808,136	\$ 3,261,511	\$ 2,342,298	\$ 2,318,795	\$ 2,187,801	\$ 2,252,676
Interest	8,277,775	7,633,684	6,742,144	6,153,445	5,646,934	5,066,533
Differences between expected and actual experience	(2,465,511)	1,988,277	2,606,881	1,998,229	643,950	1,716,317
Changes of assumptions	(1,349,721)	-	2,455,053	(86,408)	-	-
Benefit payments	(4,149,199)	(3,472,449)	(2,894,779)	(2,233,670)	(1,492,134)	(981,032)
Net changes in Total Pension Liability	3,121,480	9,411,023	11,251,597	8,150,391	6,986,551	8,054,494
Total Pension Liability - Beginning	109,636,800	100,225,777	88,974,180	80,823,789	73,837,238	65,782,744
Total Pension Liability - Ending (a)	<u>\$ 112,758,280</u>	<u>\$ 109,636,800</u>	<u>\$ 100,225,777</u>	<u>\$ 88,974,180</u>	<u>\$ 80,823,789</u>	<u>\$ 73,837,238</u>
Plan Fiduciary Net Position						
Changes for the year:						
Contribution - employer	\$ 3,702,894	\$ 2,680,653	\$ 2,174,817	\$ 592,481	\$ 2,408,703	\$ 3,224,322
Contribution - member	430,147	395,786	381,736	379,419	368,102	357,463
Net investment income	(4,800,788)	15,201,677	7,478,417	1,082,654	3,979,334	12,634,140
Benefit payments	(4,149,199)	(3,472,449)	(2,894,779)	(2,233,670)	(1,492,134)	(981,032)
Plan administrative expenses	(155,687)	(126,152)	(82,287)	(98,471)	(89,888)	(42,023)
Net changes in Plan Fiduciary Net Position	(4,972,633)	14,679,515	7,057,904	(277,587)	5,174,117	15,192,870
Plan Fiduciary Net Position - Beginning	108,470,489	93,790,974	86,733,070	87,010,657	81,836,540	66,643,670
Plan Fiduciary Net Position - Ending (b)	<u>\$ 103,497,856</u>	<u>\$ 108,470,489</u>	<u>\$ 93,790,974</u>	<u>\$ 86,733,070</u>	<u>\$ 87,010,657</u>	<u>\$ 81,836,540</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 9,260,424	\$ 1,166,311	\$ 6,434,803	\$ 2,241,110	\$ (6,186,868)	\$ (7,999,302)
Plan Fiduciary Net Position as Percentage of the TPL	91.79%	98.94%	93.58%	97.48%	107.65%	110.83%
Covered Payroll	\$ 27,969,406	\$ 26,937,796	\$ 27,708,013	\$ 25,360,689	\$ 25,617,129	\$ 24,978,683
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	33.11%	4.33%	23.22%	8.84%	-24.15%	-32.02%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE 2 – SCHEDULE OF CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS

Schedule of Contributions - General Employees Retirement Plan

Fiscal Year Ended December 31	Actuarially Determined Contribution (ADC)	Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 5,903,067	\$ 5,903,067	\$ -	\$ 79,926,284	7.39%
2014	\$ 4,812,943	\$ 4,812,943	\$ -	\$ 82,620,662	5.83%
2015	\$ 1,431,907	\$ 1,431,907	\$ -	\$ 85,760,198	1.67%
2016	\$ 4,553,940	\$ 4,553,940	\$ -	\$ 90,852,722	5.01%
2017	\$ 6,365,276	\$ 6,365,276	\$ -	\$ 99,305,842	6.41%
2018	\$ 6,534,804	\$ 6,534,804	\$ -	\$ 100,814,342	6.48%

Schedule of Contributions - Police Officers & Firefighters Retirement Plan

Fiscal Year Ended December 31	Actuarially Determined Contribution (ADC)	Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2013	\$ 3,224,322	\$ 3,224,322	\$ -	\$ 24,978,683	12.91%
2014	\$ 2,408,703	\$ 2,408,703	\$ -	\$ 25,617,129	9.40%
2015	\$ 592,481	\$ 592,481	\$ -	\$ 25,360,689	2.34%
2016	\$ 2,174,817	\$ 2,174,817	\$ -	\$ 27,708,013	7.85%
2017	\$ 2,680,653	\$ 2,680,653	\$ -	\$ 26,937,796	9.95%
2018	\$ 3,702,894	\$ 3,702,894	\$ -	\$ 27,969,406	13.24%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule of Employer Contributions

The total pension liability was determined by an actuarial valuation as of December 31, two years prior to the end of the fiscal year in which contributions are reported. The Airports Authority's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered-employee payroll, are designed to accumulate sufficient assets to pay benefits when due. Employer contributions are determined in accordance with the Plan provisions and are approved by the Airports Authority's Retirement Committee.

SCHEDULE 2- SCHEDULE OF CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS (continued)

Methods and assumptions used to determine contribution rates:

Valuation Dates	December 31, 2018
Actuarial Cost Method	Entry-age actuarial cost method
Amortization Method	20-year level dollar, closed
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Discount rate / Investment return	7.5%, net of expenses
(b) Projected salary increases	General Plan: 3.0% to 4.2% per year; Police & Fire: 3.0% - 6.0% per year
(a) and (b) include inflation at	2.50%
(c) Cost of living adjustments	1.25%
(d) Mortality Rates	<u>For General Employees Plan:</u> RP-2014 Mortality Tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015 <u>For Police Officers and Firefighters Plan:</u> RP-2014 Blue Collar Employee Mortality Tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015

All assets of the Airports Authority pension plans are held in trust at the Bank of New York Mellon. A copy of the Plans audited financial statements, Plan documents, and required supplementary information for the Plans may be obtained by written request to: Metropolitan Washington Airports Authority, Attention: Compensation Benefits Department, 1 Aviation Circle, Washington, DC 20001-6000.

SCHEDULE 3 – SCHEDULE OF EMPLOYER CONTRIBUTIONS – U.S. GOVERNMENT PENSION PLANS

For the Year Ended December 31,	Civil Service Retirement System	Federal Employees Retirement System	Total
2009	\$ 261,505	\$ 714,790	\$ 976,295
2010	\$ 244,560	\$ 714,234	\$ 958,794
2011	\$ 206,310	\$ 726,618	\$ 932,928
2012	\$ 177,952	\$ 674,483	\$ 852,435
2013	\$ 134,062	\$ 631,912	\$ 765,974
2014	\$ 94,739	\$ 571,974	\$ 666,713
2015	\$ 78,597	\$ 489,635	\$ 568,232
2016	\$ 69,078	\$ 377,289	\$ 446,367
2017	\$ 63,698	\$ 276,429	\$ 340,127
2018	\$ 62,064	\$ 210,598	\$ 272,662

Plan documents and audited plan financials for the CSRS and FERS plans may be obtained by written request to: U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA, 16017.

SCHEDULE 4 – CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

Health and Dental Plan

Fiscal year ending December 31,	2018	2017
Total OPEB Liability		
Changes for the year:		
Service cost	\$ 4,160,250	\$ 4,046,749
Interest	8,825,467	8,397,075
Differences between expected and actual experience	11,266,531	-
Changes in assumptions or other inputs	(4,665,877)	-
Benefit payments*	(6,979,378)	(6,484,503)
Net changes in Total OPEB Liability	12,606,993	5,959,321
Total OPEB Liability - Beginning	121,162,577	115,203,256
Total OPEB Liability - Ending (a)	\$ 133,769,570	\$ 121,162,577
Plan Fiduciary Net Position		
Changes for the year:		
Contribution - employer	\$ 6,979,378	\$ 6,741,693
Net investment income	(6,017,417)	16,243,975
Benefit payments*	(6,979,378)	(6,484,503)
Administrative expenses	(48,395)	(36,762)
Other changes	-	(814,389)
Net changes in Plan Fiduciary Net Position	(6,065,812)	15,650,014
Plan Fiduciary Net Position - Beginning	114,784,311	99,134,297
Plan Fiduciary Net Position - Ending (b)	\$ 108,718,499	\$ 114,784,311
Net OPEB Liability - Ending (a) - (b)	\$ 25,051,071	\$ 6,378,266
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	81.27%	94.74%
Covered Employee Payroll	\$ 119,088,291	\$ 124,394,132
Net OPEB Liability as a Percentage of Covered Employee Payroll	21.04%	5.13%

* Net of retiree contributions

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE 4 – CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS (continued)

Life Insurance Plan

Fiscal year ending December 31,	2018	2017
Total OPEB Liability		
Changes for the year:		
Service cost	\$ 420,433	\$ 402,899
Interest	959,053	921,428
Differences between expected and actual experience	2,144,545	-
Benefit payments*	(1,072,756)	(572,564)
Net changes in Total OPEB Liability	2,451,275	751,763
 Total OPEB Liability - Beginning	 13,323,752	 12,571,989
Total OPEB Liability - Ending (a)	\$ 15,775,027	\$ 13,323,752

Plan Fiduciary Net Position

Changes for the year:		
Contribution - employer	\$ 542,007	\$ 515,565
Net investment income	(585,642)	1,581,334
Benefit payments*	(1,072,756)	(572,564)
Administrative expenses	(4,710)	(3,579)
Other changes	530,749	-
Net changes in Plan Fiduciary Net Position	(590,352)	1,520,756
 Plan Fiduciary Net Position - Beginning	 11,171,378	 9,650,622
Plan Fiduciary Net Position - Ending (b)	\$ 10,581,026	\$ 11,171,378
Net OPEB Liability - Ending (a) - (b)	\$ 5,194,001	\$ 2,152,374
 Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	 67.07%	 83.85%
Covered Employee Payroll**	\$ 108,817,537	\$ 124,394,132
Net OPEB Liability as a Percentage of Covered Employee Payroll	4.77%	1.73%

* Net of retiree contributions

** For 2018, payroll limited to employees with benefit coverage.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SCHEDULE 5 – SCHEDULE OF CONTRIBUTIONS FOR OPEB PLANS

Schedule of Contributions - Health and Dental Plan

Fiscal Year Ended December 31	Actuarially Determined Contribution (ADC)	Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2017	\$ 6,741,693	\$ 6,741,693	\$ -	\$ 124,394,132	5.42%
2018	6,979,378	6,979,378	-	119,088,291	5.86%

Schedule of Contributions - Life Insurance Plan

Fiscal Year Ended December 31	Actuarially Determined Contribution (ADC)	Contribution in Relation to ADC	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2017	\$ 515,565	\$ 515,565	\$ -	\$ 124,394,132	0.41%
2018	542,007	542,007	-	108,817,537	0.50%

SCHEDULE 5 – SCHEDULE OF CONTRIBUTIONS FOR OPEB PLANS (continued)

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry-age, normal
Amortization Method	20-year level dollar, closed
Assets Valuation Method	5-year smooth market
Actuarial Assumptions:	
(a) Investment rate of return	7.50%, net of expenses
(b) Projected salary increases	Variable rate 3.0% to 6.0%
(a) and (b) include inflation at	2.50%
(c) Mortality Rates	<u>Active Employees</u> RP-2014 Employee Mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Retired, Disabled and Survivor</u> RP2014 Healthy Annuitant mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Hazardous Duty Active Employees</u> RP-2014 Blue Collar Employee mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
	<u>Hazardous Duty Retired, Disabled and Survivor</u> RP-2014 Blue Collar Health Annuitant mortality tables, including separate tables for males and females, with generational improvement based upon 75% of projection scale MP-2015
(d) Healthcare Cost Trend Rate	5.4%

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Your Journey Begins With Us.

STATISTICAL SECTION

This part of the Airports Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Airports Authority’s overall financial health.

Financial Trends: (S-1 through S-3): These schedules contain trend information to help the reader understand how the Airports Authority’s financial performance and well-being have changed over time.

Revenue Capacity: (S-4 through S-12): These schedules contain information to help the reader assess the factors affecting the Airports Authority’s ability to generate airline and non-airline revenues.

Debt Capacity: (S-13 through S-16): These schedules present information to help the reader assess the affordability of the Airports Authority’s current levels of outstanding debt and the Airports Authority’s ability to issue additional debt in the future.

Demographic and Economic Information: (S-17 through S-22): These schedules offer demographic and economic indicators to help the reader understand the environment within which the Airports Authority’s financial activities take place and to help make comparisons over time and with other airports.

Operating Information: (S-23 through S-40): These schedules contain information about the Airports Authority’s operations and resources to help the reader understand how the Airports Authority’s financial information relates to the services the Airports Authority provides and the activities it performs.

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Exhibit S-1 – COMPONENTS OF NET POSITION
 (Expressed in Thousands)

	2018	2017 ³	2016	2015	2014 ²	2013	2012	2011 ¹	2010	2009
NET POSITION AT YEAR END COMPOSED OF:										
Net investment in capital assets	\$ 915,486.5	\$ 770,701.2	\$ 730,742.3	\$ 429,894.0	\$ (1,206,194.3)	\$ 1,925,134.4	\$ 1,930,730.2	\$ 1,681,513.6	\$ 1,420,180.3	\$ 1,099,998.9
Restricted	232,628.4	264,078.4	161,524.0	307,505.8	513,195.1	363,436.8	179,513.0	165,379.4	107,411.4	144,904.2
Unrestricted	(274,798.7)	(570,771.2)	(635,252.2)	(803,778.0)	432,220.8	334,459.3	181,940.0	190,318.7	294,997.1	291,906.6
Cumulative prior period adjustment ^{1,2,3}	-	(16,745.30)	-	-	18,295.20	-	-	(50,718.9)	-	-
TOTAL NET POSITION	\$ 873,316.2	\$ 447,263.1	\$ 257,014.1	\$ (66,378.2)	\$ (242,483.2)	\$ 2,623,030.5	\$ 2,292,183.2	\$ 1,822,588.8	\$ 1,536,809.7	\$ 1,059,796.5

¹ Cumulative adjustment for 2011 relates to change in accounting principle with the implementation of GASB Statement No. 65.

² Cumulative adjustment for 2014 relates to change in accounting principles with the implementation of GASB Statement No. 68.

³ Cumulative adjustment for 2017 relates to change in accounting principles with the implementation of GASB Statement No. 75.

Source: Airports Authority Records

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Exhibit S-2 – REVENUES, EXPENSES AND CHANGES IN NET POSITION

(Expressed in Thousands)

	2018	2017 ³	2016	2015	2014 ²	2013	2012	2011 ¹	2010	2009
OPERATING REVENUES										
Concessions	\$ 348,624.4	\$ 332,007.8	\$ 316,453.5	\$ 286,049.6	\$ 253,486.1	\$ 236,254.0	\$ 227,719.9	\$ 227,600.0	\$ 230,973.6	\$ 217,461.2
Tolls	151,396.9	152,022.7	151,731.0	151,431.8	148,652.7	127,059.3	101,596.1	94,659.5	88,038.2	64,893.6
Rents	280,146.2	283,755.1	307,981.0	316,082.5	293,951.1	305,301.8	301,637.0	275,428.2	226,375.7	193,736.1
Landing fees	84,485.1	93,764.9	93,422.1	105,741.3	118,863.5	128,386.8	112,282.6	110,255.7	101,637.9	96,934.6
Utility sales	14,401.3	13,260.1	13,019.3	12,920.0	12,524.3	12,143.7	11,704.7	11,979.6	12,464.9	13,227.2
Passenger fees	24,317.7	27,872.8	32,544.3	30,500.9	34,247.9	32,829.0	33,442.8	30,331.2	25,913.5	30,665.4
Other	14,517.8	10,902.5	10,639.8	10,546.0	9,103.9	8,108.5	8,169.3	8,381.2	6,509.1	6,428.9
TOTAL OPERATING REVENUES	917,889.4	913,585.9	925,791.0	913,272.1	870,829.5	850,083.1	796,551.4	758,635.4	691,912.9	623,347.0
OPERATING EXPENSES										
Materials, equipment, supplies, contract services and other	229,153.9	235,891.0	213,153.0	220,678.1	225,612.6	228,982.4	215,571.2	209,352.0	203,460.1	173,143.4
Impairment loss/design costs	-	295.3	2,045.6	-	8,000.4	-	40,239.0	-	-	-
Salaries and related benefits	199,231.4	182,959.1	182,595.5	178,040.3	170,379.5	166,384.6	161,294.8	157,370.4	156,535.4	144,617.0
Utilities	26,078.5	25,381.8	25,927.2	25,917.7	26,444.5	26,342.1	27,445.5	26,779.2	24,565.1	28,209.6
Lease from U.S. Government	5,774.7	5,562.1	5,502.2	5,392.4	5,297.5	5,335.3	5,303.9	5,180.6	5,101.1	5,066.1
Depreciation and amortization	236,162.0	232,212.6	241,138.3	245,070.0	242,367.3	243,653.2	257,296.1	215,291.9	219,060.3	185,914.1
TOTAL OPERATING EXPENSES	696,400.5	682,301.9	670,361.8	675,098.5	678,101.8	670,697.6	707,150.5	613,974.1	608,722.0	536,950.2
OPERATING INCOME (LOSS)	221,488.9	231,284.0	255,429.2	238,173.6	192,727.7	179,385.5	89,400.9	144,661.3	83,190.9	86,396.8
NON-OPERATING REVENUES (EXPENSES)										
Passenger facility charges, financing costs	-	-	-	-	-	-	-	-	-	(944.8)
Investment income	46,879.0	31,099.2	19,842.1	15,957.0	16,677.9	10,138.4	14,539.6	35,615.8	27,787.0	13,617.0
Interest expense	(338,730.2)	(294,305.0)	(318,726.5)	(312,014.9)	(266,110.4)	(238,369.6)	(229,471.5)	(240,011.8)	(240,220.4)	(154,780.8)
Federal, state and local grants	26,071.4	26,213.5	703.7	798.4	1,056.7	736.7	1,229.0	982.4	1,865.0	1,415.2
Fair value gain (loss) on swaps	23,083.9	13,175.3	16,447.9	1,196.5	(54,156.5)	81,963.0	6,422.5	(96,249.9)	(34,978.4)	103,731.4
Other Income	-	-	-	5,877.3	-	-	-	-	-	-
Contributions to other governments	89,245.7	52,520.5	130,861.6	3,424.7	(3,045,602.6)	-	(313.8)	(1,297.9)	(10,086.1)	(650.2)
Gain from sale of real estate	202,454.9	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	49,004.7	(171,296.5)	(150,871.2)	(284,761.0)	(3,348,134.9)	(145,531.5)	(207,594.2)	(300,961.4)	(255,632.9)	(37,612.2)
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	270,493.6	59,987.5	104,558.0	(46,587.4)	(3,155,407.2)	33,854.0	(118,193.3)	(156,300.1)	(172,442.0)	48,784.6
CAPITAL CONTRIBUTIONS										
Passenger facility charges	93,353.0	90,946.9	89,811.1	88,552.4	82,278.8	79,056.9	83,263.6	78,626.9	80,088.4	78,520.8
Federal, state and local grants	62,206.5	56,060.0	129,023.1	134,140.1	189,319.5	209,436.4	336,552.4	287,116.1	377,482.7	346,729.8
Other capital property acquired	-	-	-	-	-	8,500.0	4,067.7	5,180.0	650.0	2,978.0
TOTAL CAPITAL CONTRIBUTIONS	155,559.5	147,006.9	218,834.2	222,692.5	271,598.3	296,993.3	423,883.7	370,923.0	458,221.1	428,228.6
Cumulative change in net position due to restatements ^{1,2}	-	326.1	-	-	18,295.2	-	-	(50,718.9)	-	-
CHANGE IN NET POSITION^{1,2}	\$ 426,053.1	\$ 207,320.5	\$ 323,392.2	\$ 176,105.1	\$(2,865,513.7)	\$ 330,847.3	\$ 305,690.4	\$ 163,904.0	\$ 285,779.1	\$ 477,013.2

¹ Cumulative adjustment for 2011 relates to change in accounting principle with the implementation of GASB Statement No. 65.

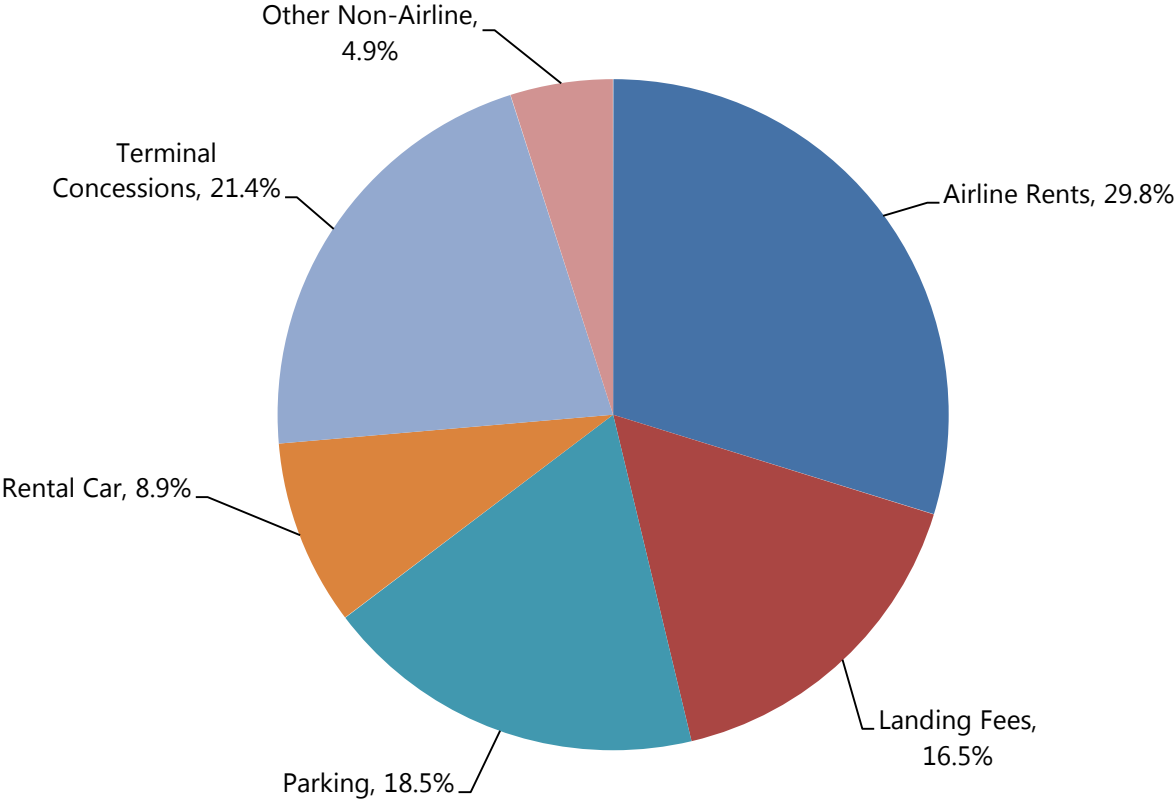
² Cumulative adjustment for 2014 relates to change in accounting principle with the implementation of GASB Statement No. 68.

³ Cumulative adjustment for 2017 relates to change in accounting principle with the implementation of GASB Statement No. 75. See Note 2 for more information.

Source: Airports Authority Records

Exhibit S-5 – OPERATING REVENUES – REAGAN NATIONAL

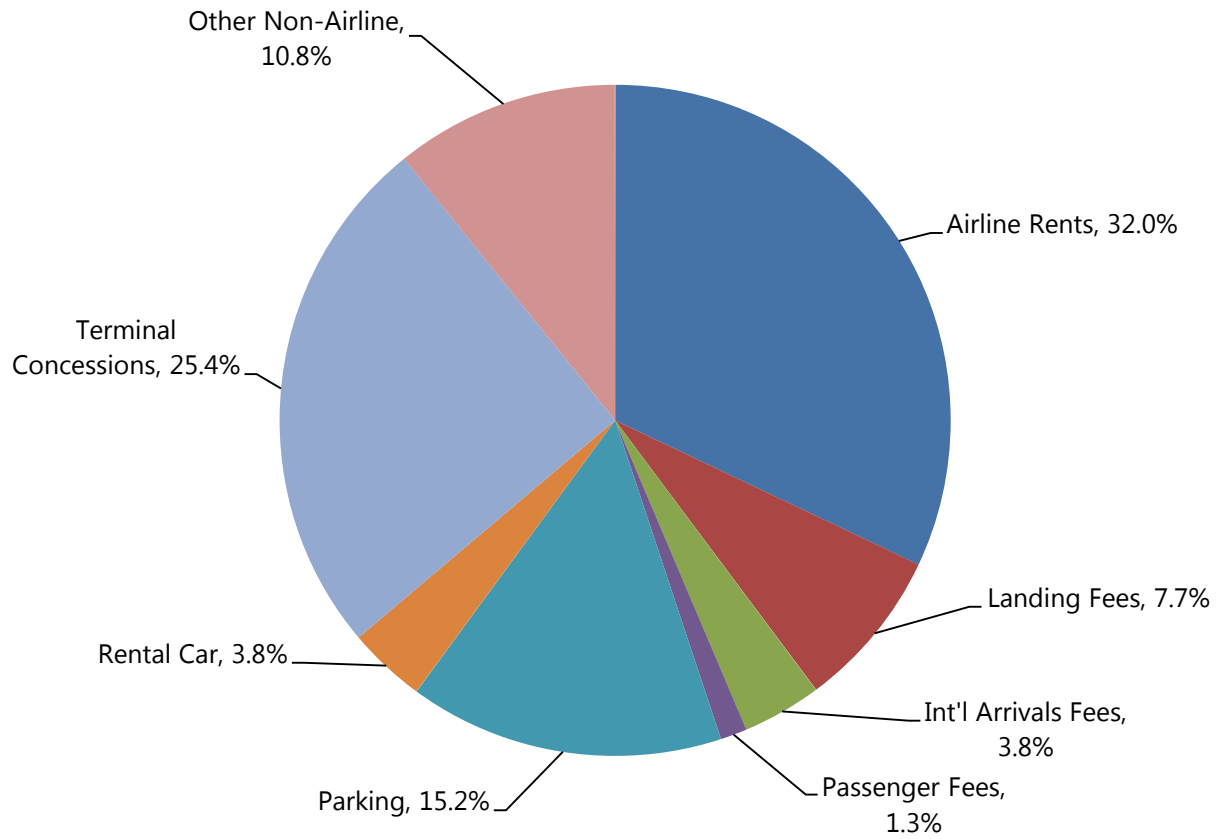
2018



Source: Airports Authority Records

Exhibit S-6 – OPERATING REVENUES – DULLES INTERNATIONAL

2018



Source: Airports Authority Records

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Exhibit S-7 – RATES AND CHARGES

Reagan National Rates

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Signatory Airline Rates										
Signatory Airline Cost Per Enplanement (CPE)	\$ 11.60	\$ 13.44	\$ 13.44	\$ 13.32	\$ 11.26	\$ 13.39	\$ 12.79	\$ 13.37	\$ 13.52	\$ 12.28
Signatory Airline CPE (including prior year Settlement)	\$ 11.66	\$ 13.44	\$ 13.15	\$ 13.65	\$ 10.90	\$ 14.19	\$ 12.28	\$ 13.94	\$ 12.84	\$ 12.49
Landing Fee	\$ 3.55	\$ 4.14	\$ 3.90	\$ 4.03	\$ 3.72	\$ 4.19	\$ 3.55	\$ 3.42	\$ 3.16	\$ 2.81
Terminal A - Average Rate	\$ 128.28	\$ 167.08	\$ 173.23	\$ 167.24	\$ 122.88	\$ 157.51	\$ 145.23	\$ 160.22	\$ 174.48	\$ 111.55
Terminal B & C - Average Rate	\$ 208.96	\$ 245.83	\$ 250.05	\$ 228.27	\$ 154.72	\$ 207.32	\$ 191.82	\$ 208.51	\$ 194.94	\$ 180.68
Type 6 - Covered/Unenclosed	\$ 5.32	\$ 5.54	\$ 5.37	\$ 5.29	\$ 5.30	\$ 5.13	\$ 5.57	\$ 5.55	\$ 5.42	\$ 5.35
Type 7 - Uncovered/Unenclosed	\$ 1.33	\$ 1.39	\$ 1.34	\$ 1.32	\$ 1.32	\$ 1.28	\$ 1.39	\$ 1.39	\$ 1.35	\$ 1.34
Non-Signatory Airline Rates										
General Aviation Landing Fees	\$ 4.40	\$ 4.20	\$ 3.94	\$ 3.91	\$ 4.01	\$ 4.30	\$ 3.86	\$ 3.59	\$ 3.52	\$ 2.93
Landing Fee	\$ 5.50	\$ 5.25	\$ 4.93	\$ 4.89	\$ 5.01	\$ 5.37	\$ 4.83	\$ 4.48	\$ 4.40	\$ 3.66
Terminal A	\$ 173.67	\$ 170.22	\$ 142.56	\$ 156.57	\$ 143.48	\$ 165.83	\$ 154.95	\$ 148.47	\$ 175.85	\$ 111.15
Terminal B & C	\$ 265.39	\$ 242.98	\$ 247.21	\$ 233.31	\$ 217.16	\$ 236.82	\$ 223.82	\$ 229.12	\$ 213.51	\$ 199.45
Rental Car Customer Facility Charge										
Customer Facility Charge (Per Rental Day)	\$ 3.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50

Dulles International Rates

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Signatory Airline Rates										
Signatory Airline CPE	\$ 16.53	\$ 17.00	\$ 21.00	\$ 23.67	\$ 26.55	\$ 26.47	\$ 25.01	\$ 21.70	\$ 16.40	\$ 15.37
Signatory Airline CPE (including prior year Settlement)	\$ 15.72	\$ 16.26	\$ 22.15	\$ 23.46	\$ 26.39	\$ 27.29	\$ 25.84	\$ 20.25	\$ 17.16	\$ 14.21
Landing Fee	\$ 1.46	\$ 1.34	\$ 2.35	\$ 3.41	\$ 4.59	\$ 4.23	\$ 3.72	\$ 3.50	\$ 3.44	\$ 3.14
Concourse C & D	\$ 59.49	\$ 56.54	\$ 65.61	\$ 79.23	\$ 81.65	\$ 87.07	\$ 91.69	\$ 74.24	\$ 57.12	\$ 38.37
Concourse B	\$ 92.47	\$ 90.28	\$ 120.65	\$ 141.65	\$ 158.30	\$ 167.33	\$ 178.71	\$ 140.80	\$ 78.53	\$ 62.18
Main Terminal	\$ 273.99	\$ 273.93	\$ 358.77	\$ 321.17	\$ 314.51	\$ 349.40	\$ 362.73	\$ 277.55	\$ 198.18	\$ 142.72
Concourse A	\$ 178.18	\$ 146.62	\$ 211.99	\$ 250.65	\$ 257.05	\$ 290.57	\$ 317.42	\$ 226.91	\$ 188.48	\$ 144.38
Z-Gates	\$ 44.29	\$ 48.75	\$ 60.13	\$ 91.23	\$ 147.46	\$ 139.17	\$ 149.29	\$ 153.12	\$ 172.95	\$ 57.82
Type 6 - Covered/Unenclosed	\$ 5.32	\$ 5.54	\$ 5.37	\$ 5.57	\$ 5.42	\$ 5.47	\$ 5.35	\$ 5.42	\$ 5.42	\$ 5.35
Type 7 - Uncovered/Unenclosed	\$ 1.33	\$ 1.39	\$ 1.34	\$ 1.39	\$ 1.35	\$ 1.37	\$ 1.34	\$ 1.36	\$ 1.35	\$ 1.34
Airside Operations Building		N/A	N/A	N/A	\$ 46.97	\$ 40.44	\$ 48.94	\$ 38.38	\$ 33.77	\$ 25.28
International Arrivals Building	\$ 5.20	\$ 5.42	\$ 7.11	\$ 7.68	\$ 8.64	\$ 8.76	\$ 8.31	\$ 6.59	\$ 6.55	\$ 4.10
Concourse C International Arrival Building	\$ 8.60	\$ 10.02	\$ 10.91	\$ 10.23	\$ 9.46	\$ 9.60	\$ 9.16	\$ 6.52	\$ 4.72	\$ 2.98
Passenger Conveyance	\$ 1.55	\$ 1.73	\$ 1.82	\$ 1.65	\$ 1.85	\$ 1.83	\$ 2.08	\$ 2.40	\$ 2.20	\$ 2.02
Non-Signatory Airline Rates										
General Aviation Landing Fee	\$ 5.89	\$ 5.96	\$ 5.81	\$ 6.14	\$ 4.96	\$ 4.75	\$ 4.15	\$ 4.23	\$ 4.09	\$ 4.32
Landing Fee	\$ 7.67	\$ 7.76	\$ 7.57	\$ 8.07	\$ 6.53	\$ 6.26	\$ 5.46	\$ 5.56	\$ 5.38	\$ 5.68
Concourse C & D	\$ 94.53	\$ 90.46	\$ 90.34	\$ 94.88	\$ 96.32	\$ 92.04	\$ 88.29	\$ 83.93	\$ 65.96	\$ 54.98
Concourse B	\$ 166.87	\$ 159.73	\$ 166.01	\$ 177.61	\$ 186.01	\$ 167.32	\$ 169.92	\$ 155.86	\$ 95.20	\$ 81.87
Main Terminal	\$ 433.82	\$ 422.81	\$ 432.16	\$ 420.15	\$ 386.24	\$ 401.15	\$ 405.23	\$ 333.25	\$ 253.13	\$ 210.52
International Arrivals Building	\$ 7.09	\$ 7.81	\$ 8.37	\$ 8.43	\$ 9.15	\$ 9.27	\$ 9.41	\$ 7.61	\$ 7.18	\$ 5.28
Concourse C International Arrival Building	\$ 10.67	\$ 10.98	\$ 11.39	\$ 9.77	\$ 9.55	\$ 9.03	\$ 9.89	\$ 8.40	\$ 7.71	\$ 4.80
Concourse A	\$ 218.42	\$ 234.54	\$ 311.55	\$ 315.58	\$ 292.12	\$ 297.90	\$ 336.02	\$ 270.24	\$ 226.58	\$ 195.45
Z-Gates	\$ 128.69	\$ 107.18	\$ 82.12	\$ 93.99	\$ 158.82	\$ 97.06	\$ 158.08	\$ 141.76	\$ 194.60	\$ 187.23
Passenger Conveyance	\$ 2.76	\$ 2.69	\$ 2.51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Passenger Facility Charges

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Reagan National	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Dulles International	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50

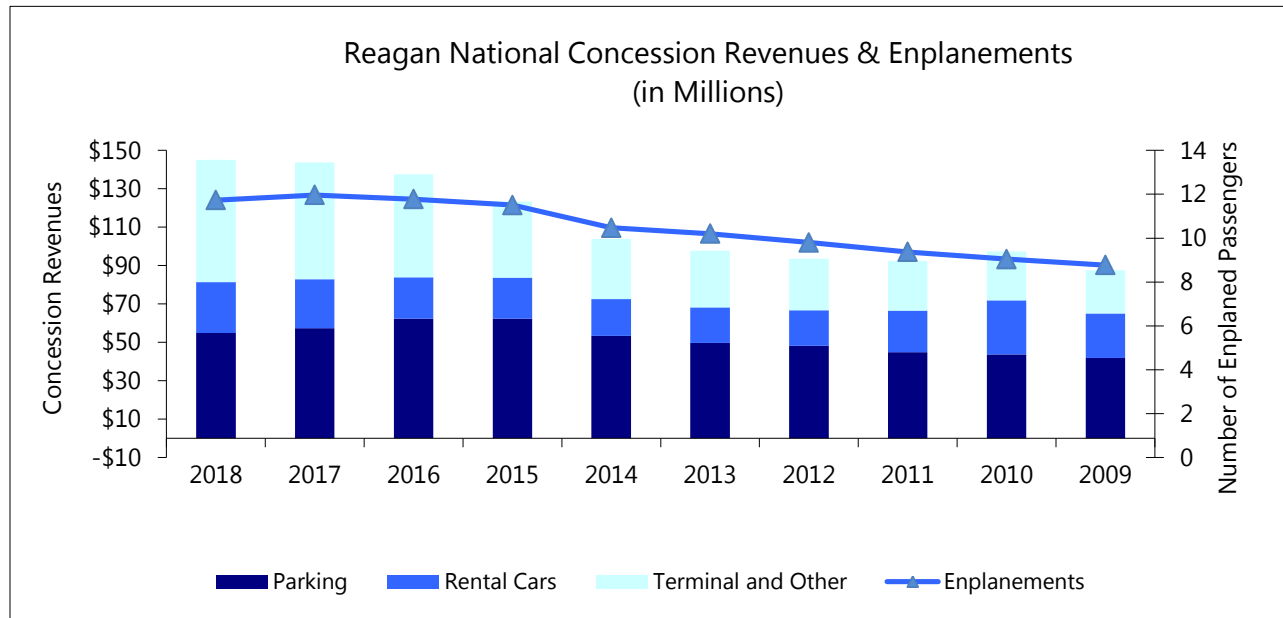
Dulles Toll Road Toll Rates

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Two-Axle Vehicles										
Main Plaza	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 1.75	\$ 1.50	\$ 1.25	\$ 1.00	\$ 0.75
Ramp Plaza	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.50

As discussed in Note 3 - Airport Use Agreement and Premises Lease (Use and Lease Agreement), airline rates and charges are calculated pursuant to the formulas set forth in the Use and Lease Agreement. The Use and Lease Agreement provides for the calculation of annual rates and charges, with rate adjustments at midyear, or any time revenues fall 5% or more below projections. The rates presented in the above tables are average rates, as calculated at the time of settlement.

Source: Airports Authority Records

Exhibit S-8 – CONCESSION REVENUES AND ENPLANEMENTS – REAGAN NATIONAL

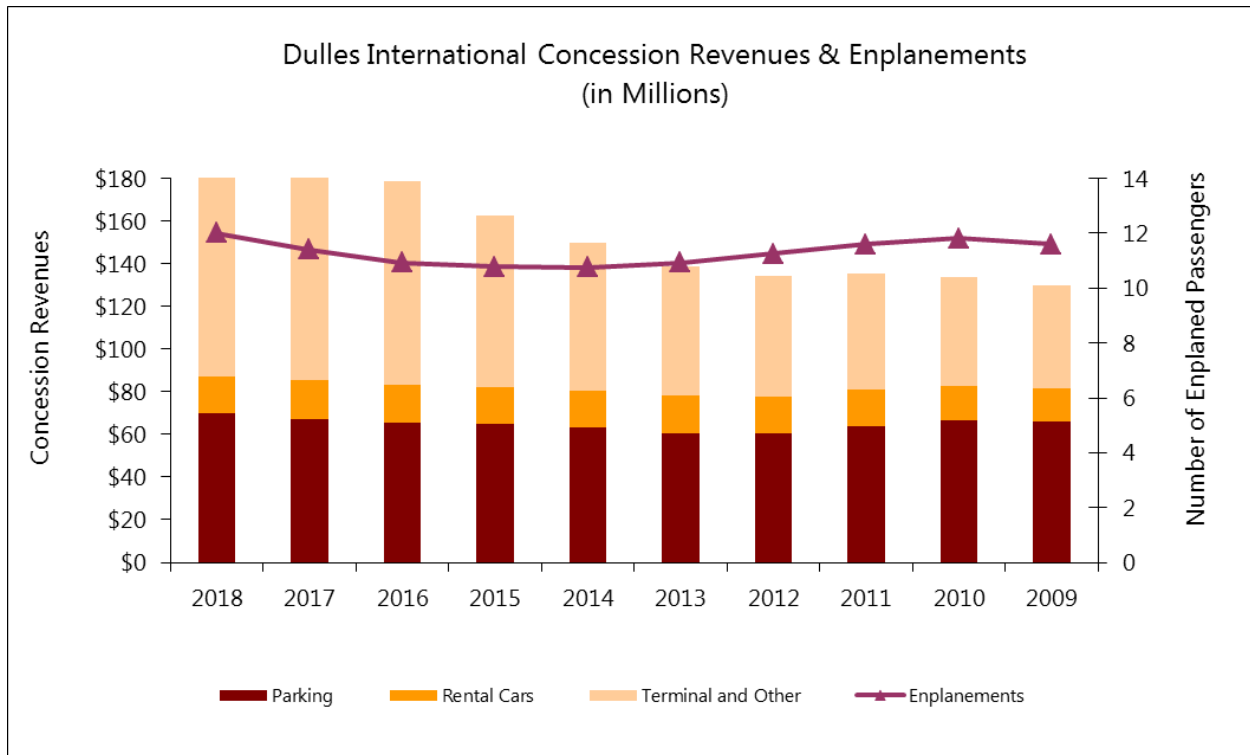


Annual enplanements include domestic and transborder passengers for both commercial and non-commercial (including military, general aviation, and charter) flights. Enplanements are a measurement of an airport's usage and are influenced by many factors including availability of air service, price of airfare, location of the airport, and macroeconomic factors. Enplanements at Reagan National set a new record in 2017 and decreased slightly in 2018.

Concession revenues make up the vast majority of the Airports Authority's non-airline revenues. The Airports Authority retains all risk related to the fluctuation of parking revenue, its largest concession revenue source. Parking revenue is highly dependent on passenger traffic and varies year to year. However, the majority of the Airports Authority's rental car and terminal concession contracts contain a fixed component as well as a variable component. In most cases, the Airports Authority is guaranteed a minimum payment by a tenant and then shares excess revenue with the tenant if sales exceed a predetermined amount. As passenger enplanements have increased over the past several years, so too have concession revenue. Parking revenue, for example, has increased 31.3 percent from 2009. Food and beverage revenue has increased 153.5 percent and advertising revenue has increased 93.2 percent during the same period. The food and beverage tenants in the terminal have undergone major redevelopment in recent years.

Source: Airports Authority Records

Exhibit S-9 – CONCESSION REVENUES AND ENPLANEMENTS – DULLES INTERNATIONAL

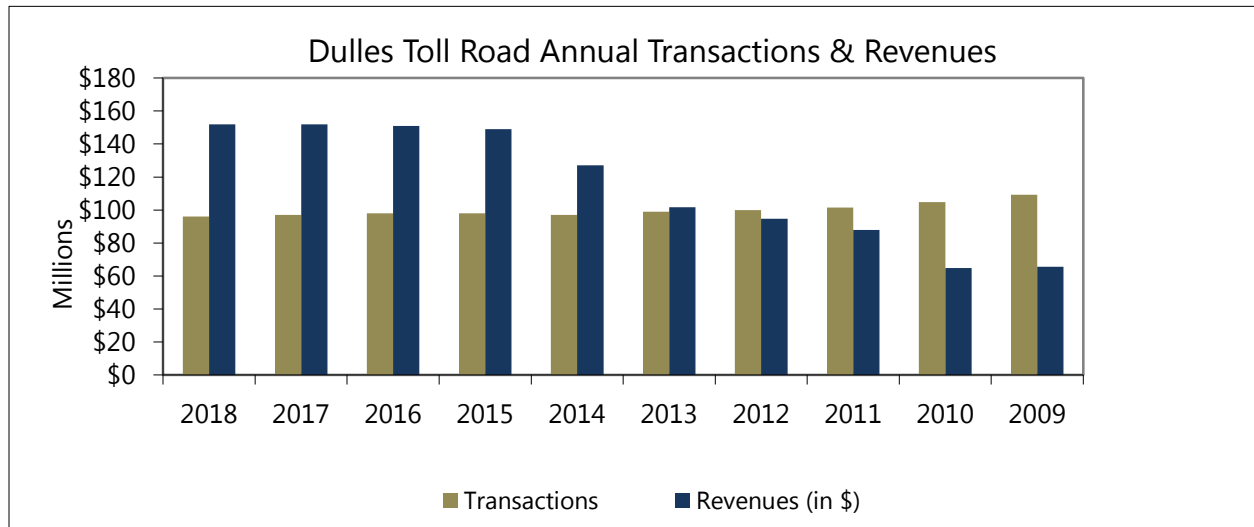


Annual enplanements include domestic and transborder passengers for both commercial and non-commercial (including military, general aviation, and charter) flights. Enplanements are a measurement of an airport's usage and are influenced by many factors including availability of air service, price of airfare, location of the airport, and macroeconomic variables. Enplanements at Dulles International increased in 2018, which was the fourth consecutive year of growth.

Concession revenues, which are directly correlated with passenger enplanements, make up the vast majority of the Airports Authority's non-airline revenues. The Airports Authority retains all risk related to the fluctuation of parking revenue, its largest concession revenue source. Parking revenue is highly dependent on passenger traffic and varies year to year. Parking revenue has increased 15.4 percent from 2013. The majority of the Airports Authority's rental car and terminal concession contracts contain a fixed component as well as a variable component. In most cases, the Airports Authority is guaranteed a minimum payment by a tenant and then shares excess revenue with the tenant if sales exceed a predetermined amount. This has helped the Airports Authority maintain strong concession revenue despite lower enplanement figures in recent years. Total concession revenue per enplaned passenger increased from \$11.2 in 2009 to \$16.9 in 2018, a 51.2 percent increase. Since 2009, rental car revenue increased 10.6 percent, food and beverage increased 91.1 percent, display advertising increased 92.2 percent.

Source: Airports Authority Records

Exhibit S-10 – DULLES TOLL ROAD TRANSACTIONS AND REVENUES



Annual transactions include the number of revenue transactions (i.e., each recorded toll payment, whether mainline or ramp), non-revenue transactions (i.e., police, emergency vehicles, school and public transit buses, etc.), and violations (i.e., each transaction where the full toll amount was not collected at the time of the transaction, whether due to avoidance, electronic misreading, or otherwise, and where the amount was subsequently collected) processed in the calendar year ending December 31.

Transactions measure roadway usage and are impacted by toll rate increases. The Dulles Toll Road was transferred to the Airports Authority on November 1, 2008. Since assuming responsibility in 2008, the Airports Authority Board of Directors approved Toll Rate increases effective January 1, 2010, January 1, 2011, January 1, 2012, January 1, 2013, and January 1, 2014.

Source: Airports Authority Records

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Exhibit S-11 – DULLES TOLL ROAD MONTHLY TRANSACTIONS AND REVENUES

DULLES TOLL ROAD TRANSACTIONS - MONTHLY

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
January	7,721,766	7,720,943	6,801,818	7,421,306	7,533,849	7,919,077	8,022,521	7,824,547	8,299,024	8,466,696
February	7,220,350	7,397,887	7,597,218	6,949,373	6,897,287	7,409,382	7,889,749	7,764,687	6,657,821	8,416,445
March	7,881,365	8,402,723	8,546,164	8,067,467	7,813,556	7,979,292	8,687,041	9,018,150	9,349,797	9,310,414
April	8,240,851	7,991,692	8,376,903	8,531,503	8,366,358	8,596,720	8,181,616	8,483,334	9,199,462	9,337,263
May	8,554,042	8,614,230	8,486,112	8,630,483	8,677,032	8,773,942	8,717,049	8,835,657	9,115,093	9,360,939
June	8,333,660	8,608,525	8,761,470	8,763,974	8,475,065	8,388,250	8,726,637	8,949,690	9,389,948	9,630,452
July	8,042,336	7,930,833	8,156,218	8,622,889	8,425,436	8,437,968	8,418,491	8,375,850	9,011,255	9,508,324
August	8,469,333	8,427,385	8,502,760	8,348,215	8,074,295	8,550,839	8,700,231	8,681,495	9,016,174	9,298,209
September	7,815,932	8,063,784	8,153,590	8,316,546	8,175,388	8,293,200	8,113,485	8,476,912	8,748,923	9,173,068
October	8,752,423	8,564,148	8,584,122	8,660,062	8,670,164	8,713,861	8,428,482	8,724,624	9,140,399	9,573,659
November	7,747,540	7,888,215	7,889,319	7,806,575	7,504,223	7,944,233	8,161,592	8,169,587	8,420,491	8,710,278
December	7,553,116	7,479,547	7,862,834	8,122,250	7,894,372	7,669,453	7,844,178	8,230,422	8,337,797	8,546,869
Total	96,332,714	97,089,912	97,718,528	98,240,643	96,507,025	98,676,217	99,891,072	101,534,955	104,686,184	109,332,616

DULLES TOLL ROAD REVENUES - MONTHLY

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
January	12,186,157	\$ 12,029,155	\$ 10,543,515	\$ 11,389,551	\$ 11,628,573	\$ 10,053,324	\$ 8,178,917	\$ 7,252,137	\$ 6,943,140	\$ 4,985,174
February	11,348,785	11,530,241	11,704,668	10,642,237	10,649,396	9,443,886	8,054,220	7,207,088	5,527,103	4,966,879
March	11,679,743	12,738,684	13,167,526	12,344,215	12,024,127	10,204,385	8,819,788	8,357,690	7,926,739	5,480,864
April	13,601,677	12,741,647	12,896,331	13,092,256	12,881,743	10,830,020	8,398,229	7,899,087	7,758,412	5,525,242
May	13,351,664	13,351,053	13,116,779	13,324,202	13,288,581	11,411,164	8,900,082	8,222,220	7,682,533	5,557,699
June	12,986,914	13,420,335	13,454,426	13,442,996	13,173,845	10,787,616	8,884,182	8,395,804	7,881,709	5,731,147
July	12,344,931	12,500,196	12,716,315	13,284,638	12,991,259	10,820,010	8,579,991	7,897,235	7,576,203	5,708,503
August	13,633,094	13,249,423	13,221,979	12,991,819	12,548,064	11,114,413	8,824,605	8,107,776	7,615,869	5,517,772
September	12,323,123	12,713,052	12,794,683	12,918,314	12,777,532	10,778,250	8,255,318	7,918,571	7,374,258	5,483,727
October	13,717,697	13,481,517	13,558,343	13,374,739	13,127,022	11,503,339	8,549,445	8,145,202	7,673,235	5,697,597
November	12,173,457	12,456,183	12,336,830	12,114,303	11,523,551	10,339,310	8,235,967	7,665,907	7,191,951	5,183,999
December	12,049,690	11,811,177	12,219,638	12,512,489	12,039,048	9,774,124	7,915,344	7,590,822	6,887,014	5,054,951
Total	\$ 151,396,932	\$ 152,022,663	\$ 151,731,033	\$ 151,431,759	\$ 148,652,741	\$ 127,059,841	\$ 101,596,088	\$ 94,659,539	\$ 88,038,167	\$ 64,893,554

Notes:

- 1) Toll rates were adjusted in May 2005, January 2010, January 2011, January 2012, January 2013, and January 2014.
- 2) Transactions include cash and electronic transactions, violations, and non-revenue transactions (i.e., police, emergency vehicles, school and public transit buses, etc.).

Sources: Airports Authority Records

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Exhibit S-12 – TOP 10 PAYORS

PAYOR ¹	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
United Airlines	\$ 109,802,261	\$ 133,947,096	\$ 128,975,358	\$ 163,582,680	\$ 161,331,091	\$ 200,836,207	\$ 195,607,915	\$ 132,761,970	\$ 117,389,911	\$ 97,782,264
American Airlines	104,368,260	76,146,046	74,721,175	65,649,533	20,480,216	28,574,259	26,924,185	25,628,008	22,380,542	20,472,606
Signature Flight Support	26,922,051	17,474,253	12,765,027	12,932,607	13,595,464	12,233,542	9,961,070	9,654,269	8,282,227	9,202,521
Delta Airlines	20,256,169	31,405,402	30,456,819	33,489,855	31,051,104	35,998,400	37,438,965	31,832,207	24,763,314	17,974,561
Rasier, LLC	18,951,471	17,728,518	12,162,144	*	*	*	*	*	*	*
Southwest	18,856,395	19,415,900	20,897,539	20,455,778	12,506,395	12,571,064	*	*	*	*
IAD DC Holdings, LLC	17,505,729	15,664,239	15,259,065	11,440,879	*	*	9,890,712	10,093,319	*	*
In-Ter-Space Services, Inc.	16,445,659	16,598,211	11,049,855	*	*	*	*	*	*	*
Dulles Duty Free, LLC	15,182,787	14,307,223	14,287,142	14,909,516	*	*	*	*	*	*
Hertz Rent-A-Car	13,551,344	*	*	11,493,331	10,086,569	10,441,012	11,262,291	11,749,340	12,397,487	11,751,506
JetBlue Airways	*	15,908,662	15,687,679	17,104,209	11,283,876	11,108,347	11,318,923	10,399,704	*	*
US Airways	*	*	*	12,031,385	39,492,497	56,417,666	42,523,675	43,538,638	39,941,628	38,060,252
Lufthansa German Airline	*	*	*	*	9,841,438	*	*	*	*	*
JC Decaux/AK Media	*	*	*	*	9,430,087	10,262,622	10,804,427	11,969,794	11,751,277	8,245,804
British Airways	*	*	*	*	*	10,259,009	9,973,602	*	*	*
Continental Airlines	*	*	*	*	*	*	*	9,984,056	8,267,352	8,161,420
Vanguard Car Rental USA	*	*	*	*	*	*	*	*	9,737,445	8,518,193
Avis Rent-A-Car	*	*	*	*	*	*	*	*	8,658,845	8,293,921
Northwest Airlines	*	*	*	*	*	*	*	*	*	*
TOTAL²	\$361,842,126	\$358,595,550	\$336,261,803	\$363,089,773	\$319,098,737	\$388,702,128	\$365,705,765	\$ 297,611,305	\$ 263,570,028	\$ 228,463,048

* Payor did not comprise top ten for the given year, and as such, revenue is not presented for comparative purposes.

¹ Payors are determined based on invoiced tenant. Amounts exclude payments made by payors on behalf of other tenants per agreements between tenants.

² Passenger facility charges and grants are excluded from amounts.

Source: Airports Authority Records

2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT
Metropolitan Washington Airports Authority

Exhibit S-13 – DEBT SERVICE COVERAGE – AVIATION ENTERPRISE FUND

	2018	2017 ^{6,7}	2016	2015	2014 ⁵
NET REVENUE:					
Operating Revenue	\$ 766,492,456	\$ 761,563,128	\$ 774,060,008	\$ 761,840,377	\$ 722,176,805
Revenue Adjustments ¹	(9,721,135)	(15,202,568)	(18,998,524)	(25,302,779)	(32,095,870)
Prior Year Transfers ²	192,723,884	150,429,830	141,117,166	103,644,629	78,096,697
Adjusted Revenue	949,495,205	896,790,390	896,178,650	840,182,227	768,177,632
Operating Expenses	648,235,914	636,414,839	625,647,298	630,472,211	616,983,636
Operating Expenses Adjustments ³	(301,687,629)	(309,516,657)	(301,882,075)	(309,049,646)	(296,707,434)
Direct Operating Expenses	346,548,285	326,898,182	323,765,223	321,422,565	320,276,202
Net Revenue Available for Debt Service	602,946,920	569,892,208	572,413,427	518,759,662	447,901,430
DEBT SERVICE					
1998A Airport System Revenue Bonds	-	-	-	-	-
1998B Airport System Revenue & Refunding Bonds	-	-	-	-	-
1999A Airport System Revenue & Refunding Bonds	-	-	-	-	-
2001A Airport System Revenue Bonds	-	-	-	-	-
2001B Airport System Revenue Bonds	-	-	-	-	-
2002A Airport System Revenue Bonds	-	-	-	-	-
2002B Airport System Revenue Bonds	-	-	-	-	-
2002C Airport System Revenue Variable Rate Refunding Bonds	-	-	-	-	-
2002D Airport System Revenue Refunding Bonds	-	-	-	-	-
2003A Airport System Revenue Refunding Bonds	-	-	-	-	-
2003B Airport System Revenue Refunding Bonds	3,130,309	2,636,700	2,319,489	-	-
2003C Taxable Airport System Revenue Refunding Bonds	-	-	-	-	-
2003D Airport System Revenue Variable Rate Bonds	-	-	-	2,329,969	1,735,804
2004A Airport System Revenue Refunding Bonds	-	-	-	-	7,782
2004B Airport System Revenue Bonds	-	-	-	-	7,002,346
2004C-1 Airport System Revenue Refunding Bonds	-	-	-	-	912,895
2004C-2 Airport System Revenue Refunding Bonds	-	-	-	-	2,832,309
2004D Airport System Revenue Refunding Bonds	-	-	-	-	18,643,472
2005A Airport System Revenue Bonds	-	-	-	10,645,260	19,838,515
2005B Airport System Revenue Bonds	-	-	-	1,467,322	2,516,115
2005C Taxable Airport System Revenue Bonds	-	-	-	993,753	1,703,571
2005D Airport System Revenue Bonds	-	-	-	223,120	382,489
2006A Airport System Revenue Bonds	-	-	4,163,865	7,346,516	11,201,123
2006B Airport System Revenue Bonds	-	-	7,433,464	12,760,704	16,567,503
2006C Airport System Revenue Refunding Bonds	-	-	1,687,918	2,893,066	2,778,070
2007A Airport System Revenue Bonds	-	8,813,330	15,092,539	15,096,013	15,085,864
2007B Airport System Revenue Bonds	-	17,045,577	30,262,154	29,367,074	30,196,961
2008A Airport System Revenue Bonds	10,612,641	19,701,855	21,030,075	17,694,731	19,765,600
2009A Airport System Revenue Bonds	-	-	-	-	-
2009B Airport System Revenue Bonds	18,826,808	16,879,438	15,178,598	14,928,697	14,294,086
2009C Airport System Revenue Bonds	890,000	-	-	-	-
2009D Airport System Revenue Bonds	-	-	-	-	-
2010A Airport System Revenue Bonds	22,823,602	19,517,127	19,642,731	24,873,804	20,453,504
2010B Airport System Revenue Refunding Bonds	20,858,363	23,273,795	23,281,173	23,289,781	23,301,847
2010C Airport System Revenue Variable Rate Refunding Bonds	7,675,046	7,021,921	6,712,280	6,656,616	6,208,429
2010D Airport System Revenue Variable Rate Bonds	10,545,670	10,228,410	10,226,351	9,957,615	9,223,171
2010F-1 Airport System Revenue Refunding Bonds	3,057,874	3,062,843	3,071,721	3,064,830	3,062,716
2011A Airport System Revenue and Refunding Bonds	17,886,883	17,679,965	17,561,705	17,292,635	17,396,150
2011B Airport System Revenue and Refunding Bonds	16,952,197	15,211,048	14,075,471	12,719,610	12,208,206
2011C Airport System Revenue Refunding Bonds	15,315,677	15,421,908	15,441,560	15,468,077	14,909,393
2011D Airport System Revenue Refunding Bonds	777,116	777,116	775,846	780,470	780,598
2012A Airport System Revenue Refunding Bonds	22,008,307	22,123,765	17,497,635	13,775,073	10,565,206
2012B Airport System Revenue Refunding Bonds	3,898,830	3,926,221	3,937,013	3,976,897	4,065,535
2013A Airport System Revenue Refunding Bonds	11,129,282	4,636,247	7,041,412	6,141,396	6,760,835
2013B Airport System Revenue Refunding Bonds	4,455,741	4,469,410	3,645,642	1,318,238	713,237
2013C Airport System Revenue Refunding Bonds	526,873	528,040	528,188	528,235	507,819
2014A Airport System Revenue Refunding Bonds	44,492,480	41,583,307	39,578,905	36,226,596	14,205,003
2015A Airport System Revenue Refunding Bonds	8,136,296	8,140,299	8,170,115	6,688,075	-
2015B Airport System Revenue and Refunding Bonds	17,588,956	16,384,738	15,600,408	6,862,621	-
2015C Airport System Revenue Refunding Bonds	4,050,827	4,072,778	4,067,218	1,704,252	-
2015D Airport System Revenue Refunding Bonds	1,314,765	1,317,667	1,318,680	608,287	-
2016A Airport System Revenue Refunding Bonds	14,514,119	14,482,108	7,152,271	-	-
2016B Airport System Revenue Refunding Bonds	1,163,790	1,167,278	561,044	-	-
2017A Airport System Revenue Refunding Bonds	41,413,999	19,340,466	-	-	-
2018A Airport System Revenue Refunding Bonds	5,002,632	-	-	-	-
Series One Airport System Revenue Commercial Paper Notes	-	-	-	-	56,513
Series Two Airport System Revenue Commercial Paper Notes	-	-	-	32,689	-
Variable rate fees	2,749,015	2,658,068	3,568,135	-	-
Net Debt Service	\$ 331,795,824	\$ 322,101,425	\$ 320,623,606	\$ 307,711,751	\$ 309,882,667
DEBT SERVICE COVERAGE	1.82	1.77	1.79	1.69	1.45

¹ Revenue adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, restricted revenue, investment earnings and pension expenses with the implementation of GASB 68.

² Transfers are the Signatory Airlines' share of Net Remaining Revenue as defined and calculated in accordance with the Use and Lease Agreement and transferred by the Airports Authority from the General Purpose Fund to the Airline Transfer Account.

³ Operating expense adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, Federal lease, depreciation and amortization, non-cash items and pension valuation.

⁴ Operating Expenses for 2012 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 65.

⁵ Operating Expenses for 2014 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 68.

⁶ 2018 Debt Service Coverage includes Financing Fees.

⁷ Operating Expenses for 2017 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 75.

Sources: Master Indenture of Trust for Airport System Revenue Bonds, Use and Lease Agreement, and Airports Authority Records

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	2013	2012 ⁴	2011	2010	2009
\$	723,023,251	\$ 694,947,564	\$ 663,975,831	\$ 603,874,716	\$ 558,453,459
	(26,773,503)	(28,946,572)	(22,231,153)	(28,660,133)	(28,048,911)
	61,907,217	61,560,812	61,613,810	65,848,672	72,352,566
	758,156,965	727,561,804	703,358,488	641,063,255	602,757,114
	630,771,681	673,038,768	578,768,172	573,920,149	506,888,004
	(307,615,823)	(365,677,287)	(274,239,044)	(281,071,560)	(245,208,025)
	323,155,858	307,361,481	304,529,128	292,848,589	261,679,979
	435,001,107	420,200,323	398,829,360	348,214,666	341,077,135
	-	-	-	-	-
	-	-	1,131,638	12,232,774	18,080,308
	-	-	-	3,498,470	5,533,497
	-	1,977,993	13,958,418	17,088,664	15,642,420
	-	-	664,264	877,895	765,360
	-	7,032,131	10,176,763	8,959,111	8,276,261
	-	508,463	678,816	678,794	575,748
	-	-	12,988,294	15,543,684	16,894,925
	-	4,036,507	6,539,153	5,735,734	5,653,245
	6,187,091	11,868,132	10,759,464	9,127,960	9,204,996
	2,277,598	3,650,225	4,090,647	4,093,404	4,080,345
	1,956,023	3,348,217	3,351,651	3,355,828	3,346,857
	1,844,695	1,399,066	1,047,095	1,329,203	3,033,369
	445,207	662,965	663,340	663,704	663,053
	12,008,736	11,895,492	11,074,530	10,932,881	8,513,411
	1,564,952	1,564,952	1,564,943	2,670,647	2,304,178
	4,818,603	4,815,468	4,814,541	5,042,973	4,524,687
	26,075,389	26,084,526	26,087,988	26,108,986	24,379,800
	20,963,081	18,197,721	19,311,222	17,455,181	18,369,390
	2,513,890	2,514,469	2,517,176	1,276,671	861,656
	1,703,568	1,703,566	1,703,567	1,703,547	1,700,941
	382,489	382,488	382,489	1,427,855	1,773,881
	11,114,293	11,366,225	9,012,953	5,311,454	8,392,188
	17,898,654	15,874,849	14,347,548	10,644,288	9,946,372
	2,947,158	2,440,111	2,259,501	2,244,344	1,903,483
	15,060,629	15,108,005	15,102,592	15,072,933	13,723,351
	31,674,272	28,308,735	26,508,630	19,948,918	20,751,616
	20,404,277	21,072,490	12,508,425	9,151,564	2,495,585
	-	-	926,568	1,777,662	3,874,659
	12,979,995	13,007,178	11,812,024	5,874,908	3,497,817
	-	-	747,333	-	8,278,752
	-	-	-	-	1,200,444
	17,350,621	15,766,681	13,840,460	5,703,441	-
	23,294,136	23,327,344	22,718,966	7,594,350	-
	2,946,520	2,686,266	3,646,635	1,077,058	-
	10,443,465	10,593,189	10,159,919	1,765,403	-
	2,513,706	2,845,154	3,166,627	286,326	-
	16,247,272	13,551,233	2,628,205	-	-
	11,943,904	11,751,722	3,417,931	-	-
	15,339,560	15,374,273	3,851,186	-	-
	778,241	775,697	196,019	-	-
	9,107,325	5,860,900	-	-	-
	1,733,107	469,023	-	-	-
	2,672,871	-	-	-	-
	288,218	-	-	-	-
	249,451	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	99,345	72,679	197,813	764,555	759,104
	-	132,223	107,862	46,916	58,482
	-	-	-	-	-
	-	-	-	-	-
\$	309,828,342	\$ 312,026,358	\$ 290,663,196	\$ 237,068,086	\$ 229,060,181
	1.40	1.12	1.37	1.47	1.49

Notes:
The Aviation Enterprise Fund has three programs: Operating and Maintenance (O&M); Capital, Operating and Maintenance Investment Program (COMIP); and Capital Construction Program (CCP).
All outstanding debt are on a Senior Lein basis and Lein requirement is 1.25.
This Exhibit shows debt service coverage calculations for the Aviation Enterprise Fund as defined in the Master Indenture of Trust for Airport System Revenue Bonds. The Master Indenture of Trust includes a rate covenant provision specifying that the Airports Authority will fix and adjust fees and other charges for use of the Airports Authority, including services rendered by the Airports Authority pursuant to the Airline Use Agreement and Premises Lease calculated to be at least sufficient to produce net revenues to provide for the larger of the following: (i) amounts needed for making required deposits to various accounts in the fiscal year; or (ii) an amount not less than 125 percent of the annual debt service with respect to Airport Revenue Bonds.
Debt service coverage calculations for all years shown in this Exhibit exceed the minimum requirement as defined in the Master Indenture of Trust; more recent coverage levels reflect the completion of major projects in Dulles International's CCP. It is important to note that net revenue, revenue, and expenses are presented in this Exhibit in accordance with definitions found in the Master Indenture of Trust. Additionally, debt service does not include debt paid from bond funds for capitalized interest or debt service paid from interest earnings.

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Exhibit S-14 – DEBT SERVICE COVERAGE – DULLES CORRIDOR ENTERPRISE FUND

	2018	2017 ³	2016	2015	2014 ²
NET REVENUE					
Total Dulles Corridor Enterprise Fund Revenue	\$ 151,396,932	\$ 152,022,663	\$ 151,731,033	\$ 157,309,065	\$ 148,652,741
Less: Non Operating & Maintenance Program Revenue	-	-	-	(5,891,537)	-
Total Dulles Toll Road Gross Revenue	151,396,932	152,022,663	151,731,033	151,417,528	148,652,741
Add: Total Investment Income	12,888,087	6,359,877	1,901,118	1,895,715	3,142,751
Less: Non Operating & Maintenance Program Investment Income	(3,128,993)	(5,309,244)	(1,640,774)	(2,141,025)	(2,852,609)
Revenue	161,156,026	153,073,296	151,991,377	151,172,218	148,942,883
Total Dulles Corridor Enterprise Fund Operating Expenses	48,164,560	45,560,926	44,714,514	44,626,297	48,441,763
Less: Non Operating & Maintenance Program Operating Expenses	(18,673,475)	(16,710,659)	(15,036,058)	(15,712,624)	(21,689,595)
Total Dulles Toll Road Operating Expenses	29,491,085	28,850,267	29,678,456	28,913,673	26,752,168
Less: Operating & Maintenance Program Depreciation and Amortization and GASB 68	(187,290)	(173,922)	(590,117)	(684,793)	(417,498)
Operating Expenses	29,303,795	28,723,500	29,088,339	28,228,880	26,334,670
Total Dulles Corridor Enterprise Fund Interest Expense	156,336,501	115,391,692	129,524,735	122,617,710	63,532,479
Less: Non Operating & Maintenance Program Interest Expense	(156,302,826)	(115,391,619)	(129,524,730)	(122,616,508)	(63,531,144)
Interest Expense	33,675	73	5	1,202	1,335
Net Revenue Available for Debt Service	\$ 131,818,555	\$ 124,349,723	\$ 122,903,033	\$ 122,942,136	\$ 122,606,878
DEBT SERVICE					
	LIEN				
2009A Dulles Toll Road Revenue Bonds (Current Interest Bonds)	First Senior	10,142,988	10,142,988	10,142,988	10,142,988
2009B Dulles Toll Road Revenue Bonds (Capital Appreciation Bonds)	Second Senior	8,127,194	6,211,394	9,502,644	6,765,000
2009C Dulles Toll Road Revenue Bonds (Convertible Capital Appreciation Bonds)	Second Senior	16,235,375	16,235,375	4,058,844	-
2009D Dulles Toll Road Revenue Bonds (Current Interest Bonds, Build America Bonds)	Second Senior	29,848,000	29,848,000	29,848,000	29,847,129
2009D Dulles Toll Road Revenue Bonds (35% Subsidy)	Second Senior	(9,767,758)	(9,737,922)	(9,732,710)	(9,694,630)
2010B Dulles Toll Road Revenue Bonds (Convertible Capital Appreciation Bonds)	Second Senior	3,818,750	-	-	-
Commercial Paper Series One	Second Senior	1,105,723	1,783,211	443,288	190,383
2010D Dulles Toll Road Revenue Bonds (Current Interest Bonds)	Subordinate	12,000,000	12,000,000	12,000,000	12,000,000
2010D Dulles Toll Road Revenue Bonds (35% Subsidy)	Subordinate	(3,927,000)	(3,913,350)	(3,914,400)	(3,897,600)
2014A Dulles Toll Road Revenue Refunding Bonds (Current Interest Bonds)	Second Senior	21,088,000	21,088,000	21,088,000	12,828,533
Net Debt Service		\$ 88,671,272	\$ 83,657,696	\$ 73,436,654	\$ 70,857,828
	LIEN				
DEBT SERVICE COVERAGE BY LIEN	REQUIREMENT				
First Senior Lien	2.00	13.00	12.26	12.12	12.09
Second Senior Lien	1.35	1.64	1.65	1.88	2.45
Subordinate Lien	1.20	1.49	1.49	1.67	2.11

Notes:

The Dulles Corridor Enterprise Fund has three programs: Operating and Maintenance, Renewal & Replacement, and the Capital Improvement Program. Debt service coverage for the Dulles Corridor Enterprise Fund is calculated according to the Master Indenture of Trust for Dulles Toll Road Revenue Bonds. As such, the calculation excludes non Operating & Maintenance Program activity.

The Airports Authority has covenanted in the Master Indenture that it will establish, charge, and collect Tolls for the privilege of traveling on the Dulles Toll Road at rates sufficient to meet the Operation and Maintenance Expenses and produce Net Revenues that are at least at the debt service levels set forth in the table above. If either (i) the annual budget adopted by the Airports Authority for any Fiscal Year is inadequate to meet the rate covenant for that year; or (ii) the audited financial statements regarding the Dulles Toll Road show that the Airports Authority did not satisfy the rate covenant for any Fiscal Year, then the Airports Authority is required to engage a Toll Road Consultant to conduct a study and take the actions recommended by the Toll Road Consultant.

Debt service coverage calculations for all years shown in this Exhibit exceed the minimum requirement as defined in the Master Indenture; coverage levels will reflect the issuance of additional bonds as work on the Dulles Metrorail Project continues. The Dulles Corridor Enterprise did not incur any long term debt prior to 2009.

It is important to note that net revenue, revenue and expenses are presented in this Exhibit in accordance with definitions found in the Master Indenture. Additionally, debt service excludes accreted interest associated with the Capital Appreciation Bonds.

¹Operating Expenses for 2012 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 65.

²Operating Expenses for 2014 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 68.

³Operating expenses for 2017 have been adjusted as a result of the change in accounting principle with the implementation of GASB Statement No. 75.

Sources: Master Indenture of Trust for Dulles Toll Road Revenue Bonds and Airports Authority Records

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2013	2012 ¹	2011	2010	2009
\$ 127,059,841	\$ 101,603,839	\$ 94,659,538	\$ 88,038,168	\$ 64,893,554
-	(7,750)	-	-	-
127,059,841	101,596,089	94,659,538	88,038,168	64,893,554
(1,854,080)	1,182,797	10,932,190	7,419,127	1,137,968
1,993,621	(985,573)	(10,731,882)	(7,287,582)	(1,121,482)
127,199,382	101,793,313	94,859,846	88,169,713	64,910,040
39,925,946	34,111,704	35,205,986	34,801,734	30,094,846
(12,950,640)	(9,463,606)	(9,877,753)	(8,476,815)	(4,129,722)
26,975,306	24,648,098	25,328,233	26,324,919	25,965,124
(473,942)	(273,686)	(319,822)	(178,113)	(141,864)
26,501,364	24,374,412	25,008,411	26,146,806	25,823,260
21,467,437	19,322,104	18,060,020	31,072,729	11,414,822
(19,923,877)	(14,338,842)	(18,050,020)	(31,072,113)	(11,414,822)
1,543,560	4,983,262	10,000	616	-
\$ 99,154,458	\$ 72,435,639	\$ 69,841,435	\$ 62,022,291	\$ 39,086,780
10,142,988	10,142,988	10,142,988	10,372,412	3,686,895
9,227,500	7,445,000	1,601,250	-	-
-	-	-	-	-
29,848,000	29,848,000	29,848,000	30,523,133	10,849,511
(9,992,364)	(10,446,800)	(10,446,800)	(10,683,097)	(3,797,329)
-	-	-	-	-
271,115	90,536	4,808	-	-
12,000,000	12,000,000	12,000,000	7,133,333	-
(4,017,300)	(4,200,000)	(4,200,000)	(2,496,667)	-
-	-	-	-	-
\$ 47,479,939	\$ 44,879,724	\$ 38,950,246	\$ 34,849,114	\$ 10,739,077
9.78	7.14	6.89	5.98	10.60
2.51	1.95	2.24	2.05	3.64
2.09	1.61	1.79	1.78	N/A

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Exhibit S-15 – DEBT SERVICE REQUIREMENTS BY ENTERPRISE FUND

Aviation Enterprise Fund (\$ in thousands)

YEAR	TOTAL REVENUES ¹	DIRECT OPERATING EXPENSES ²	NET REVENUES AVAILABLE FOR DEBT SERVICE	Debt Service			Coverage
				Principal	Interest	Total	
2018	\$ 949,495	\$ 346,548	\$ 602,947	\$ 166,854	\$ 164,942	\$ 331,796	1.82
2017	896,790	326,898	569,892	155,285	166,816	322,101	1.77
2016	896,179	323,765	572,414	139,940	180,683	320,623	1.79
2015	840,182	321,422	518,760	128,531	179,181	307,712	1.69
2014	768,177	320,276	447,901	126,102	183,781	309,883	1.45
2013	758,157	323,156	435,001	125,388	184,440	309,828	1.40
2012	727,562	307,361	420,201	121,601	190,425	312,026	1.35
2011	703,358	304,529	398,829	107,656	183,007	290,663	1.37
2010	641,063	292,849	348,214	87,883	149,185	237,068	1.47
2009	602,757	261,680	341,077	87,306	141,754	229,060	1.49

¹ Total revenues include prior year transfers, see Exhibit S-13.

² Operating expense adjustments are calculated in accordance with the Master Indenture of Trust to adjust for such items as non-Aviation or non-O&M related entities and funds, Federal lease, depreciation and amortization, and non-cash items.

Dulles Corridor Enterprise Fund (\$ in thousands)

YEAR	TOTAL REVENUES ³	DIRECT OPERATING EXPENSES ⁴	NET REVENUES AVAILABLE FOR DEBT SERVICE	Lien	Debt Service			Capital Appreciation	Total	Coverage
					Principal	Interest				
2018	\$ 161,156	\$ 29,337	\$ 131,819	First Senior		\$ 10,143		\$ 10,143	13.00	
				Second Senior	4,087	62,328	4,041	70,456	1.64	
				Subordinate		8,073		8,073	1.49	
2017	\$ 153,073	\$ 28,850	\$ 124,223	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	12.25	
				Second Senior	4,045	59,217	2,166	65,428	1.64	
				Subordinate	-	8,087	-	8,087	1.48	
2016	\$ 151,991	\$ 29,088	\$ 122,903	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	12.12	
				Second Senior	7,588	45,705	1,914	55,207	1.88	
				Subordinate	-	8,086	-	8,086	1.67	
2015	\$ 151,172	\$ 28,230	\$ 122,942	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	12.12	
				Second Senior	8,687	41,387	2,535	52,609	1.96	
				Subordinate	-	8,106	-	8,106	1.74	
2014	\$ 148,943	\$ 26,336	\$ 122,607	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	12.09	
				Second Senior	4,202	33,172	2,563	39,937	2.45	
				Subordinate	-	8,102	-	8,102	2.11	
2013	\$ 127,199	\$ 28,045	\$ 99,154	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	9.78	
				Second Senior	9,042	20,127	185	29,354	2.51	
				Subordinate	-	7,983	-	7,983	2.09	
2012	\$ 101,793	\$ 29,358	\$ 72,436	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	7.14	
				Second Senior	5,745	19,492	1,700	26,937	1.95	
				Subordinate	-	7,800	-	7,800	1.61	
2011	\$ 94,860	\$ 25,018	\$ 69,841	First Senior	\$ -	\$ 10,143	\$ -	\$ 10,143	6.89	
				Second Senior	-	19,406	1,601	21,007	2.24	
				Subordinate	-	7,800	-	7,800	1.79	
2010	88,170	26,147	62,022	First Senior	-	\$ 10,372	\$ -	\$ 10,372	5.98	
				Second Senior	-	19,840	-	19,840	2.05	
				Subordinate	-	4,637	-	4,637	1.78	
2009	64,910	25,823	39,087	First Senior	-	\$ 3,687	\$ -	\$ 3,687	10.60	
				Second Senior	-	7,052	-	7,052	3.64	
				Subordinate	-	-	-	-	N/A	

³ Includes revenues and investment income from the Operating & Maintenance program; See Exhibit S-14.

⁴ Includes operating expenses, less depreciation and amortization, and interest expense from the Operating & Maintenance program; see Exhibit S-14.

The Dulles Corridor Enterprise did not have any long term debt prior to 2009.

Source: Airports Authority Records

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Exhibit S-16 – RATIOS OF OUTSTANDING DEBT

Long-Term Debt - Aviation Enterprise Fund
(\$ in Thousands)

Outstanding Debt by Type	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
First Senior Lien Revenue Bonds	\$ 4,424,530	\$ 4,472,075	\$ 4,546,600	\$ 4,780,260	\$ 4,870,030	\$ 4,950,835	\$ 5,036,470	\$ 5,217,005	\$ 5,132,360	\$ 4,870,540
Unamortized Premiums and (Discounts)	313,066	264,870	208,795	170,520	139,997	92,387	95,234	13,352	14,776	20,469
Commercial Paper Notes	-	-	-	-	21,000	21,000	21,000	38,500	58,500	215,000
PFC, Bank Participation Notes	-	-	-	-	-	-	-	-	-	-
Total Long-Term/Short-Term Debt, Net	\$ 4,737,596	\$ 4,736,945	\$ 4,755,395	\$ 4,950,780	\$ 5,031,027	\$ 5,064,222	\$ 5,152,704	\$ 5,268,857	\$ 5,205,636	\$ 5,106,009
Total Enplaned Passengers	23,751	23,373	22,718	22,299	21,229	21,145	21,050	20,964	20,857	20,386
Debt Per Enplanement	199.47	202.67	209.32	222.02	236.99	239.50	244.78	251.33	249.59	250.47

Long-Term Debt - Dulles Corridor Enterprise Fund
(\$ in Thousands)

Outstanding Debt by Type	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
First Senior Lien Revenue Bonds	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000	\$ 198,000
Second Senior Lien Revenue Bonds	1,709,567	1,679,447	1,646,705	1,608,640	1,570,333	1,107,277	1,073,337	1,038,110	998,868	774,339
Subordinate Lien	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	-
Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	-
Commercial Paper Notes	140,000	200,000	181,000	210,000	164,455	300,000	149,550	550	-	-
TIFIA Loan	1,054,441	831,657	491,484	256,599	-	-	-	-	-	-
Full Funding Grant Agreement Note	-	-	-	100,000	156,317	350,000	200,000	-	-	-
Unamortized Premium (Discount)	3,101	5,124	7,062	8,918	10,696	(4,922)	(5,002)	(5,079)	(5,151)	(5,224)
Total Long-Term/Short-Term Debt, Net	\$ 3,255,109	\$ 3,064,228	\$ 2,674,251	\$ 2,532,157	\$ 2,249,801	\$ 2,100,355	\$ 1,765,885	\$ 1,381,581	\$ 1,341,717	\$ 967,115
Total Road Transactions	96,333	97,090	97,719	98,241	96,507	98,676	99,891	101,535	104,686	109,333
Debt Per Transaction	33.79	31.56	27.37	25.77	23.31	21.29	17.68	13.61	12.82	8.85

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Exhibit S-17 – AIRPORT INFORMATION

Ronald Reagan Washington National Airport

Location:	Three miles south from downtown Washington, D.C. along the Potomac River in Arlington County, VA	
Acres:	860 +/- acres	
Airport Code:	DCA	
Runways:	1/19	7,169 feet
	15/33	5,204 feet
	4/22	5,000 feet
Aircraft Capability:	Group IV - Boeing 767-300	
Terminal:	Terminal A	249,224 square feet
	Terminal B/C	994,030 square feet
	Total Terminal Space	1,243,254 square feet
	Number of Passenger Gates	44
	Number of Hardstand Positions	12
	Total Aircraft Positions	56
Parking:	Garage Parking	6,400 spaces
	Electric Car Charging Stations	29 spaces
	Surface Parking	2,653 spaces
	Cell Phone Waiting Area Parking	- spaces
	Total Public Parking	9,053 spaces
	Tenant Employee Parking	3,312 spaces
	Total Parking	12,365 spaces
Cargo:	Number of Cargo Buildings	1
	Cargo Space	47,882 square feet
International:	No facilities	
Tower:	TRACON - Vint Hill, VA - Operating 24 Hours/Day 7 Days/Week	
Fixed Base Operators:	Signature Flight Support	
Intermodal Access:	George Washington Parkway, VA State Route 233 Washington DC Metrorail System - Blue and Yellow Lines Virginia Railway Express	

Data as of December 31, 2018
Source: Airports Authority Records

Exhibit S-17 – AIRPORT INFORMATION (continued)

Washington Dulles International Airport
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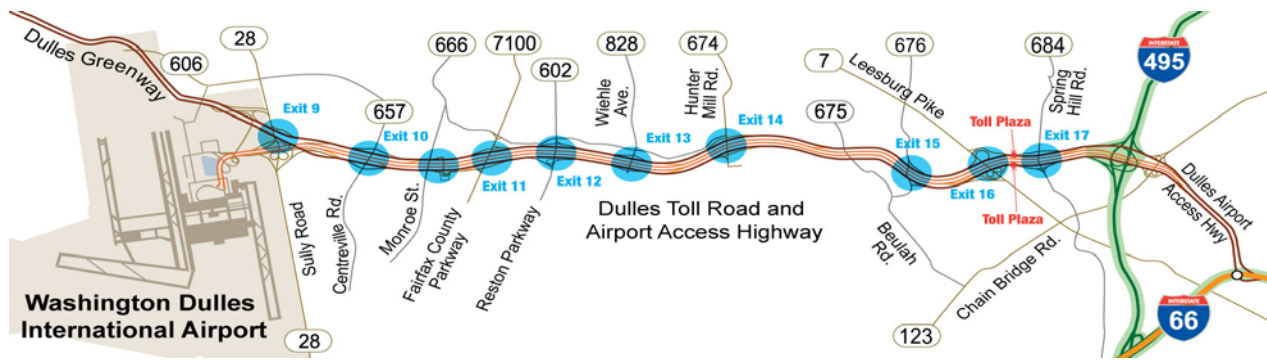
Location:	Twenty-six miles west from downtown Washington, D.C., located in Fairfax and Loudoun Counties, VA		
Acres:	11,184 +/- acres		
Airport Code:	IAD		
Runways:	1C/19C	11,500 feet	
	1R/19L	11,500 feet	
	12/30	10,500 feet	
	1L/19R	9,400 feet	
Aircraft Capability:	Group VI - Airbus A-380		
Terminal:	Main Terminal	1,319,845 square feet	
	Concourse A	189,852 square feet	
	Concourse B	942,600 square feet	
	Concourse C/D	900,064 square feet	
	Concourse C International Arrivals Building	57,000 square feet	
	Z Gates	18,916 square feet	
	International Arrivals Building	268,000 square feet	
	Total Terminal Space	3,696,277 square feet	
		Number of Passenger Gates	93
		Maximum Aircraft Positions	133
Parking:	Garage Parking	8,325 spaces	
	Electric Car Charging Stations	8 spaces	
	Surface Parking	14,865 spaces	
	Cell Phone Waiting Area Parking	240 spaces	
	Total Public Parking	23,430 spaces	
	Tenant Employee Parking	6,849 spaces	
	Total Parking	30,279 spaces	
Cargo:	Number of Cargo Buildings	6	
	Cargo Space	551,716 square feet	
International:	Customs/Immigration Federal Inspection Facility		
Tower:	TRACON - Vint Hill, VA - Operating 24 Hours/Day 7 Days/Week		
Fixed Base Operators:	Jet Aviation (Formerly IAD DC Holdings)		
	Signature Flight Support		
Intermodal Access:	Dulles Access Highway, VA State Routes 267 and 28		
	Washington Flyer Bus Service from Wiehle-Reston East Metrorail Station		
	Metro Bus 5A - D.C. - Dulles Line		

Data as of December 31, 2018
Source: Airports Authority Records

Exhibit S-18 – DULLES TOLL ROAD INFORMATION

Dulles Toll Road

Location:	Eight-lane limited access highway that is situated on Virginia State Route 267. The Dulles Toll Road's eastern terminus is inside the Capital Beltway (Interstate 495) and the western terminus is the Dulles Greenway.	
Roadway Length:	13.43 miles	
Year of Construction:	1984	
Toll Collection Plazas:	Mainline: 1	Exit Ramp: 19
Toll Collection Methods:	Cash and Electronic Toll Collection (E-ZPass)	
Number of Toll Collection Lanes:	59	
E-ZPass Only Collection Lanes:	32	
Intersecting Roadways:	Chain Bridge Road (SR 123) Capital Beltway (I-495) Spring Hill Road (SR 684) Leesburg Pike (SR 7) Trap Road Hunter Mill Road (SR 674)	Wiehle Ave. (SR 828) Reston Parkway (SR 602) Fairfax County Parkway (SR 7100) Monroe Street Centreville Road (SR 657) Sully Road (SR 28)
Parallel Roadways:	Interstate 66 US Route 29 US Route 50	Leesburg Pike (SR 7) State Route 236

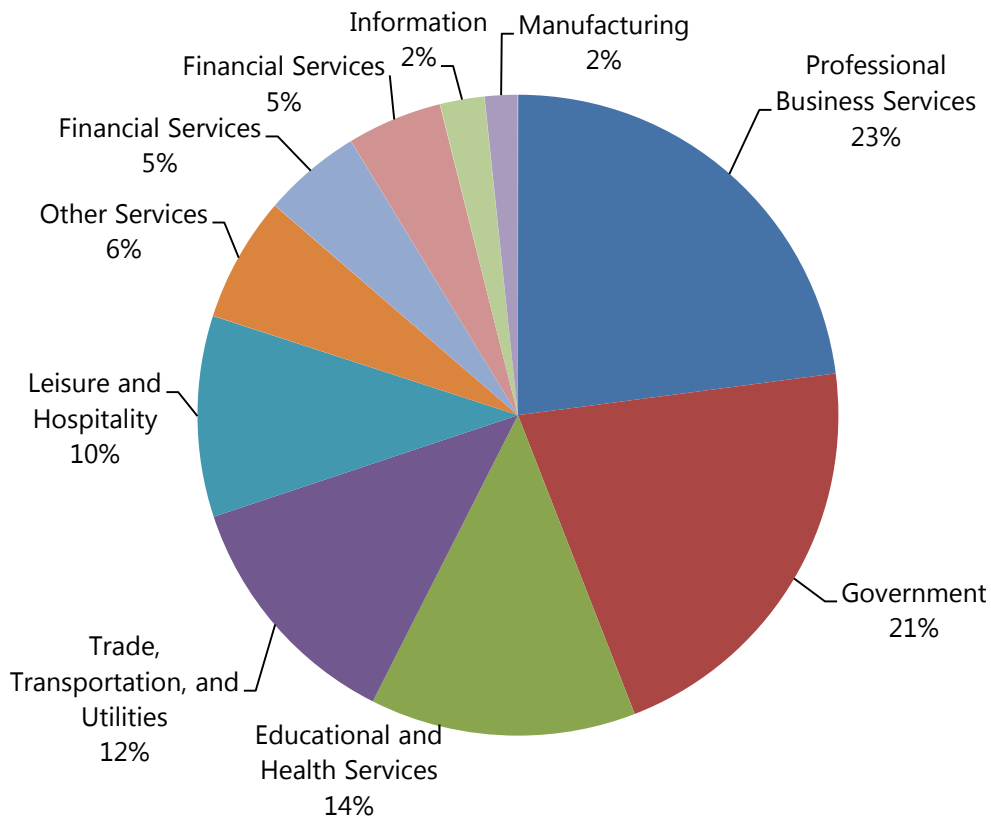


Data as of January 9, 2018
 Source: Airports Authority Records

Exhibit S-19 – EMPLOYMENT BY INDUSTRY

Industry	Annual Average Numbers of Employees (in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Professional Business Services	762.8	754.2	741.6	722.7	748.1	708.4	694.9	688.7	680.3	674.1
Government	702.9	700.9	701.8	694.8	685.6	696.9	695.7	691.2	687.6	674.9
Educational and Health Services	446.1	447.6	424.8	418.7	397.1	390.6	381.9	368.7	357.1	349.4
Trade, Transportation, and Utilities	412.7	411.0	413.9	403.0	395.5	405.8	376.4	378.8	377.2	377.6
Leisure and Hospitality	337.1	333.7	321.5	305.1	298.9	293.6	275.3	267.6	259.9	258.1
Other Services	209.9	197.0	200.6	195.8	235.6	185.8	183.1	182.6	182.0	183.7
Mining, Logging, and Construction	165.0	158.7	157.2	152.0	147.9	140.1	145.5	141.5	139.9	148.7
Financial Services	159.6	157.7	154.4	150.5	154.6	157.0	149.9	145.7	146.5	148.1
Information	74.6	71.4	74.6	76.1	73.7	75.6	79.7	80.5	80.3	83.5
Manufacturing	55.6	53.8	53.5	49.3	45.4	47.3	49.6	50.3	52.1	55.4
DC-VA-MD-WV - Metropolitan Statistical Area	3,326.3	3,286.0	3,243.9	3,168.0	3,182.3	3,101.1	3,032.0	2,995.6	2,962.9	2,953.5

Airports Service Region Employment by Sector - 2018



Source: U.S Department of Labor, Bureau of Labor Statistics (Preliminary December 2018 data)

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Exhibit S-20 – MAJOR PRIVATE EMPLOYERS

Fortune 500 Companies (By Revenue) Headquartered in the Air Trade Area

Employer	Fortune 500 Rank		2018 Revenue (in \$ Millions)	State	Industry
	2018	2017			
Fannie Mae	21	20	\$ 112,394	DC	Financial Services
Freddie Mac	38	39	74,676	VA	Financial Services
Lockheed Martin Corp.	59	56	51,048	MD	Aerospace & Defense
General Dynamics Corp.	99	90	31,271	VA	Aerospace & Defense
Capital One Financial Corp.	101	100	29,999	VA	Financial Services
Northrop Grumman	118	114	25,803	VA	Aerospace & Defense
Marriott International Inc.	127	163	22,894	MD	Hospitality & Travel
Danaher Corp.	162	144	18,330	DC	Technology
AES Corp.	214	163	13,850	VA	Energy
Leidos Holdings	292	381	10,170	VA	Information Technology
Hilton Worldwide Holdings Inc.	324	241	9,140	VA	Hospitality
DXC Technology	374	*	7,607	VA	Information Technology
Discovery Communications Inc.	409	412	6,873	MD	Mass Media & Entertainment
NVR	444	446	6,322	VA	Homebuilders
Booz Allen Hamilton	482	481	5,804	VA	Professional Services
			\$ 426,181		

Fifteen Washington-area companies were on the Fortune 500 list of the country's largest companies by revenue in 2018.

* Did not make the list in 2017.

Major Private-Sector Employers of Metro-Area Employees

Employer	Number of Metro-Area Employees	Industry
MedStar Health	17,214	Health Care
General Dynamics Corp.	17,080	Aerospace & Defense
Marriott International Inc.	16,773	Hospitality & Travel
Inova Health System	16,000	Health Care
Booz Allen Hamilton Inc.	12,226	Professional Services
Giant Food LLC	10,613	Food & Drug Stores
Deloitte LLP	9,998	Professional Services
Leidos Holdings Inc.	9,000	Technology
Hilton Worldwide Holdings Inc.	8,388	Hospitality & Travel
Kaiser Permanente of the Mid-Atlantic States	7,925	Health Care
Verizon Communications Inc.	7,443	Telecommunications
Capital One Financial Corp.	7,339	Financial Services
Accenture Federal Services	6,900	Federal Contracting
Children's National Health System	6,813	Health Care
Northrop Grumman Corp.	5,800	Aerospace & Defense
Adventist HealthCare	5,529	Health Care
The Long & Foster Cos. Inc.	5,067	Real Estate
Securitas Security Services USA	4,493	Security
Holy Cross Health	4,200	Hospital
IBM	4,000	Technology

Source: Washington Business Journal 2018 Book of Lists

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Exhibit S-21 – POPULATION TRENDS

Annual Estimates of the Resident Population (in Thousands)

JURISDICTION	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District of Columbia	694.0	681.2	672.2	658.9	646.4	632.3	619.0	605.0	592.2	580.2
Arlington County, VA	235.0	230.1	229.2	226.9	224.9	221.1	216.1	209.3	217.2	210.1
City of Alexandria, VA	160.0	155.8	153.5	150.6	148.9	146.3	144.1	140.8	149.8	144.6
Central Jurisdictions	1089.0	1,067.1	1,054.9	1,036.4	1,020.2	999.7	979.2	955.1	959.2	934.9
Fairfax County, VA	1148.4	1,138.7	1,142.2	1,137.5	1,130.9	1,118.6	1,104.3	1,086.6	1,036.4	1,018.3
Montgomery County, MD	1058.8	1,043.9	1,040.1	1,030.4	1,016.7	1,004.7	991.6	976.0	970.6	953.5
Prince George's County, MD	912.8	908.0	909.5	904.4	890.1	881.1	874.0	865.7	832.2	828.7
City of Fairfax, VA	24.1	24.2	24.0	24.5	24.0	23.5	22.9	22.6	24.6	24.0
City of Falls Church, VA	14.6	14.0	13.9	13.6	13.5	13.2	12.8	12.5	12.0	11.4
Inner Suburbs	3158.7	3,128.8	3,129.7	3,110.4	3,075.2	3,041.1	3,005.6	2,963.4	2,875.8	2,835.9
Prince William County, VA	463.0	455.2	451.7	446.1	438.6	430.3	419.5	406.6	376.8	364.3
Loudoun County, VA	398.1	385.9	375.6	363.1	349.7	336.9	326.3	315.5	300.5	289.8
Frederick County, MD	252.0	247.6	245.3	243.7	241.4	239.6	237.3	234.2	227.4	226.1
Charles County, MD	159.7	157.7	156.1	154.7	152.9	150.6	149.2	147.1	142.0	141.2
Stafford County, VA	146.6	144.4	142.0	140.0	136.8	134.4	132.2	129.9	123.3	121.5
Spotsylvania County, VA	133.0	132.0	130.5	129.2	127.3	125.7	124.5	122.9	120.7	119.9
Calvert County, MD	91.5	91.3	90.6	90.6	90.5	89.6	89.3	88.9	89.2	88.6
Fauquier County, VA	69.5	69.1	68.8	68.2	67.2	66.5	66.1	65.4	67.9	67.2
Jefferson County, WV	56.3	56.4	56.5	55.7	55.1	54.5	54.3	53.7	53.0	52.1
Warren County, VA	39.6	39.2	39.1	39.0	38.7	38.1	37.7	37.5	36.8	36.9
Manassas City, VA	41.5	41.5	41.8	42.1	41.7	40.6	39.3	38.3	36.5	34.7
Fredericksburg City, VA	28.4	28.3	28.1	28.4	28.1	27.3	25.9	24.4	23.3	22.8
Clarke County, VA	14.5	14.4	14.4	14.4	14.3	14.3	14.2	14.1	14.5	14.5
Manassas Park City, VA	16.6	15.9	15.7	15.2	16.1	15.8	15.5	14.4	12.1	11.4
Outer Suburbs	1910.3	1,878.9	1,856.2	1,830.4	1,798.4	1,764.2	1,731.3	1,692.8	1,624.0	1,591.0
DC-MD-VA-WV Metropolitan Statistical Area	6158.0	6,074.8	6,040.8	5,977.2	5,893.8	5,805.0	5,716.1	5,611.3	5,459.0	5,361.8
Personal Income (Millions)	\$ 428,480	\$ 405,390	\$ 391,938	\$ 376,413	\$ 362,511	\$ 358,420	\$ 347,744	\$ 326,709	\$ 312,522	\$ 314,078
Per Capital Income	\$ 69,581	\$ 66,733	\$ 64,882	\$ 62,975	\$ 61,507	\$ 61,743	\$ 60,836	\$ 58,223	\$ 57,249	\$ 58,577

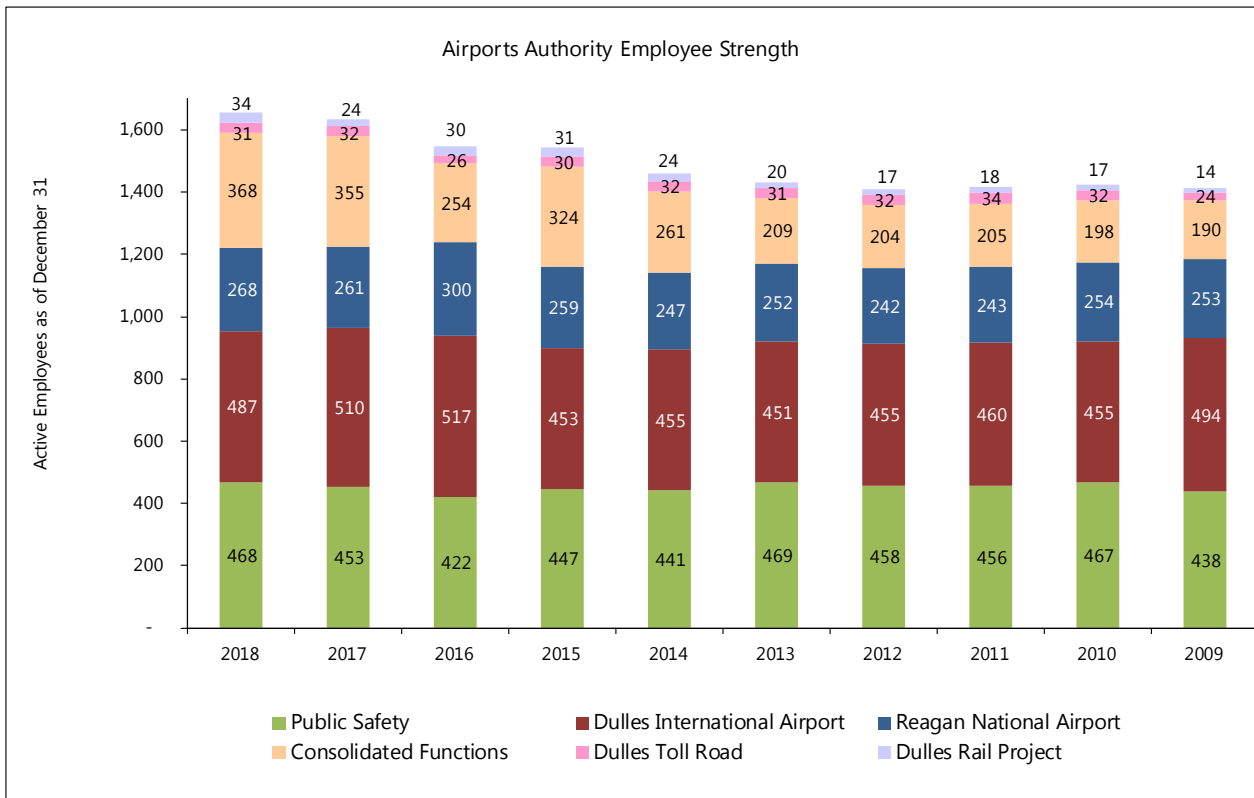
The DC-MD-VA-WVA Metropolitan Statistical Area is the Air Trade Area for the Airports Authority. Ronald Reagan Washington National Airport is located in Arlington County, VA and Washington Dulles International Airport is located in Fairfax and Loudoun Counties, VA. The Dulles Toll Road is located in Fairfax County, VA.

The U.S. Census Bureau produces the estimates of each county's population, starting with the revised population estimate for the prior year. The Census Bureau then adds or subtracts the demographic components of population change (e.g., births, deaths, net migration) calculated for that period. Resident population estimates are revised annually; therefore, results above may not agree to estimates presented in prior years.

The U.S. Bureau of Economic Analysis uses wages from the Bureau of Labor Statistics Quarterly Census of Employment and Wages for all four quarters to estimate annual metropolitan area personal income.

Source: U.S. Census Bureau, Population Division, Release Date: December 2017; U.S. Bureau of Economic Analysis, Release Date: March 2018

Exhibit S-22 – AIRPORTS AUTHORITY EMPLOYEE STRENGTH



Employee Strength represents the number of active employees as of the last pay period of the fiscal year. It does not include members of the Student Employment Program, which offers full-time, part-time, and seasonal employment opportunities to full and part-time students, casual employees, part time temporary employees, full time temporary employees, and the Chantilly and Pulley Partnership Programs with Fairfax County and Alexandria City Public Schools that gives opportunities to students with disabilities.

The Office of Public Safety has primary responsibility for assuring public safety and security at the Airports and the Dulles Toll Road. It includes the Police Department, the Fire Department, and the Public Safety Administration Department.

Consolidated Functions includes the Board Office, Executive Office, Office of Communications, Office of Finance, Office of Engineering, Office of Airline Business Development, General Counsel, Office of Audit, Office of Supply Chain Management, Office of Real Estate, Office of Marketing and Consumer Strategy, Office of Customer and Concessions Development, Office of Human Resources, Office of Strategy and Business Transformation & Performance, and Office of Technology. Consolidated Functions support both Airports, the Dulles Toll Road, the Dulles Metrorail Project, and Public Safety.

From November 1, 2008 to September 30, 2009, the operations of the Dulles Toll Road were contracted to Virginia Department of Transportation (VDOT). On October 1, 2009, VDOT employees of the Dulles Toll Road became Airports Authority employees.

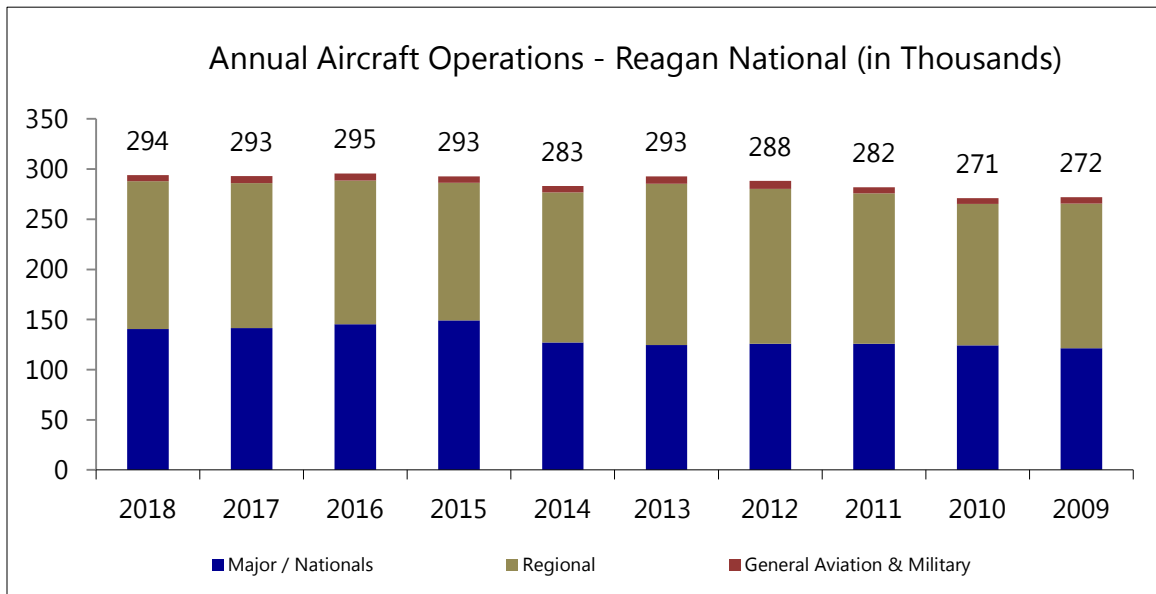
Although the Dulles Metrorail Project was not an Airports Authority responsibility until November 1, 2008, the Airports Authority commenced hiring employees specifically for this function in 2007.

Source: Airports Authority Records

Exhibit S-23 – AIRCRAFT OPERATIONS BY AIRPORT – REAGAN NATIONAL

Year	Major / Nationals	Regional	General Aviation	Military	Total
2018	140,458	147,516	3,114	2,739	293,827
2017	141,466	144,471	3,916	3,244	293,097
2016	145,227	143,358	3,363	3,472	295,420
2015	149,140	137,197	3,112	3,332	292,781
2014	127,250	149,343	3,740	2,847	283,180
2013	124,643	160,603	5,057	2,353	292,656
2012	125,720	154,448	6,441	1,567	288,176
2011	125,834	150,084	5,236	616	281,770
2010	124,205	140,972	4,788	1,132	271,097
2009	121,446	144,165	5,261	1,274	272,146

This exhibit depicts the Airport’s total operations, defined as take-offs and landings, across the top of the chart, with each year’s respective component operations by carrier type shown in bar graph format.



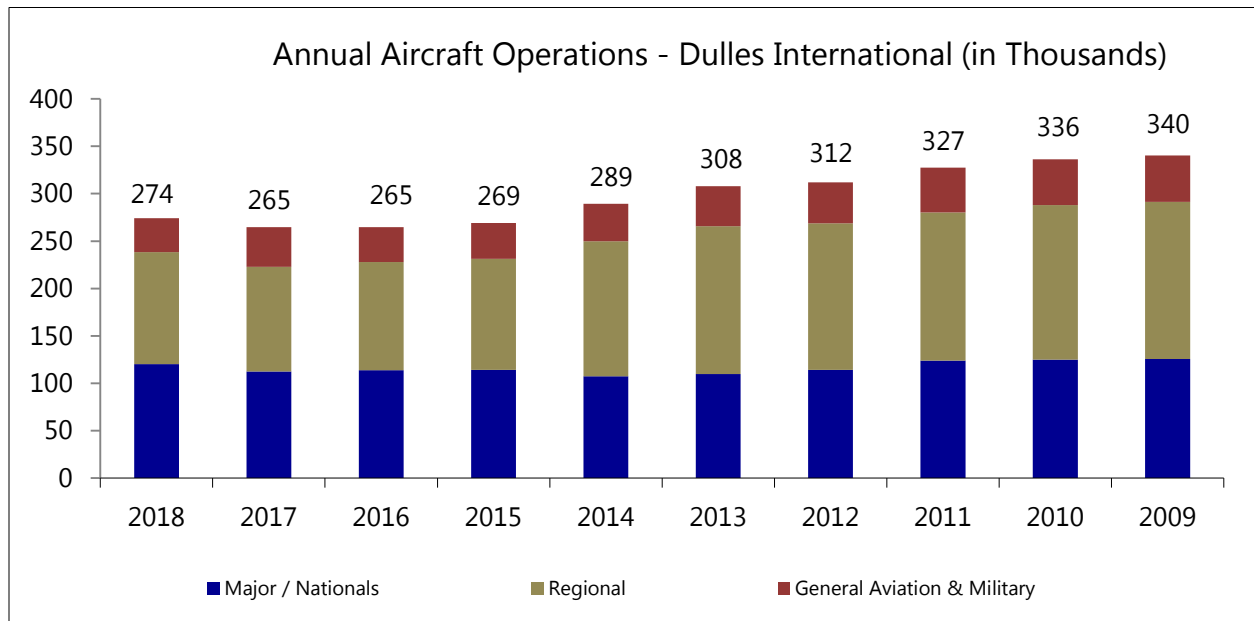
Several factors affect the activity levels at Reagan National, including its proximity to downtown Washington, the FAA’s High Density Rule, which imposes limits on the number of flights, and the Perimeter Rule, which generally limits non-stop flights to a radius of 1,250 statute miles. In addition, the Airports Authority’s noise abatement program includes limitations on certain aircraft operations after 9:59pm and before 7:00am.

In 2018, there were 293,827 operations, compared to an average of 284,732 from 2008 through 2017. The increase was driven by a 2012 slot transaction between Delta and US Airways, which created new service by US Airways and JetBlue. In addition, four new slots were authorized by the passage of a FAA Reauthorization Bill in 2012, which added new service and a new airline, Virgin America, at Reagan National.

Exhibit S-24 – AIRCRAFT OPERATIONS BY AIRPORT – DULLES INTERNATIONAL

Year	Major / Nationals	Regional	General Aviation	Military	Total
2018	120,302	117,907	35,528	544	274,281
2017	112,425	110,556	40,820	774	264,575
2016	113,846	114,203	36,256	461	264,766
2015	114,199	117,263	37,126	482	269,070
2014	107,477	142,400	38,965	540	289,382
2013	109,825	155,789	41,218	984	307,816
2012	114,138	154,647	42,540	753	312,078
2011	123,767	156,431	46,846	451	327,495
2010	125,011	163,042	47,845	633	336,531
2009	125,531	166,046	48,221	569	340,367

This exhibit depicts the Airport’s total operations, defined as take-offs and landings, across the top of the chart, with each year’s respective component operations by carrier type shown in bar graph format.



Since 2009, flight operations have declined 19.4 percent due to a decrease in domestic traffic as a result of airline industry consolidations, replacement of frequent turbo prop and regional jet flights with less frequent mainline service, and the shifting of beyond perimeter passenger demand to Reagan National as slots were opened up. In 2018, total aircraft operations increased by 3.67 percent from 2017 levels to 274,281 marking this first year that Dulles has experienced an increase in operations since 2005. This increase was driven mainly by United Airlines planned growth of its Dulles hub.

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Exhibit S-25 – COMMERCIAL PASSENGER ENPLANEMENTS

Year	Reagan National: Domestic Passenger Enplanements	Annual Growth	Dulles International: Domestic Passenger Enplanements	Annual Growth	Industry: Domestic Passenger Enplanements	Annual Growth
2018	11,526,279	-2.0%	7,956,547	6.6%	442,138,660 ¹	4.7%
2017	11,763,471	1.4%	7,466,031	4.5%	422,290,984	4.2%
2016	11,600,333	2.7%	7,144,653	0.1%	405,096,848	3.2%
2015	11,298,258	10.1%	7,139,042	0.4%	392,353,910	-18.4%
2014	10,257,226	2.6%	7,112,454	-3.8%	480,588,729	2.7%
2013	9,993,676	4.0%	7,396,633	-5.8%	467,885,283	1.1%
2012	9,606,805	4.0%	7,855,073	-4.9%	462,600,676	0.5%
2011	9,236,748	3.9%	8,261,152	-3.5%	460,091,034	1.5%
2010	8,891,204	3.0%	8,564,825	1.6%	453,172,772	0.8%
2009	8,634,011	-5.6%	8,429,620	-9.5%	449,388,803	-8.0%

Year	Reagan National: International/ Transborder Passenger Enplanements	Annual Growth	Dulles International: International/ Transborder Passenger Enplanements	Annual Growth	Industry: International/ Transborder Passenger Enplanements	Annual Growth
2018	183,576	0.4%	3,986,716	3.3%	72,111,567 ²	4.4%
2017	182,929	9.6%	3,857,629	3.7%	69,072,382	6.7%
2016	166,929	-15.6%	3,719,341	4.0%	64,701,399	2.7%
2015	197,719	-1.7%	3,574,810	0.2%	63,013,932	-24.4%
2014	201,127	-1.4%	3,566,920	3.0%	83,372,386	2.9%
2013	204,020	12.5%	3,463,983	4.4%	81,009,988	4.9%
2012	181,350	43.9%	3,317,819	1.9%	77,198,460	2.0%
2011	126,064	-12.7%	3,256,804	2.5%	75,692,629	1.4%
2010	144,340	8.3%	3,177,235	1.9%	74,645,512	7.6%
2009	133,232	-10.3%	3,117,151	5.3%	69,399,251	-0.8%

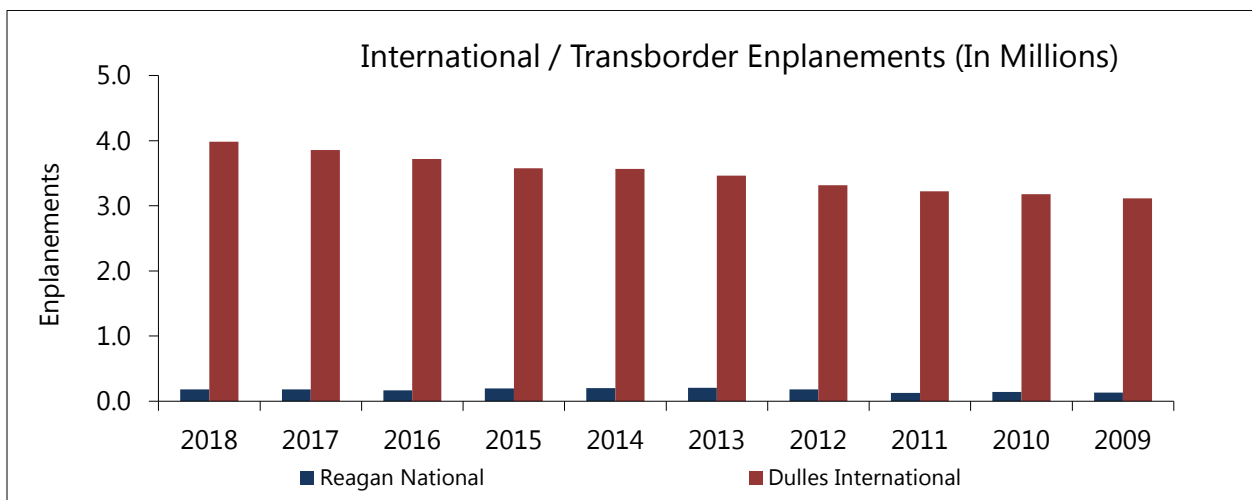
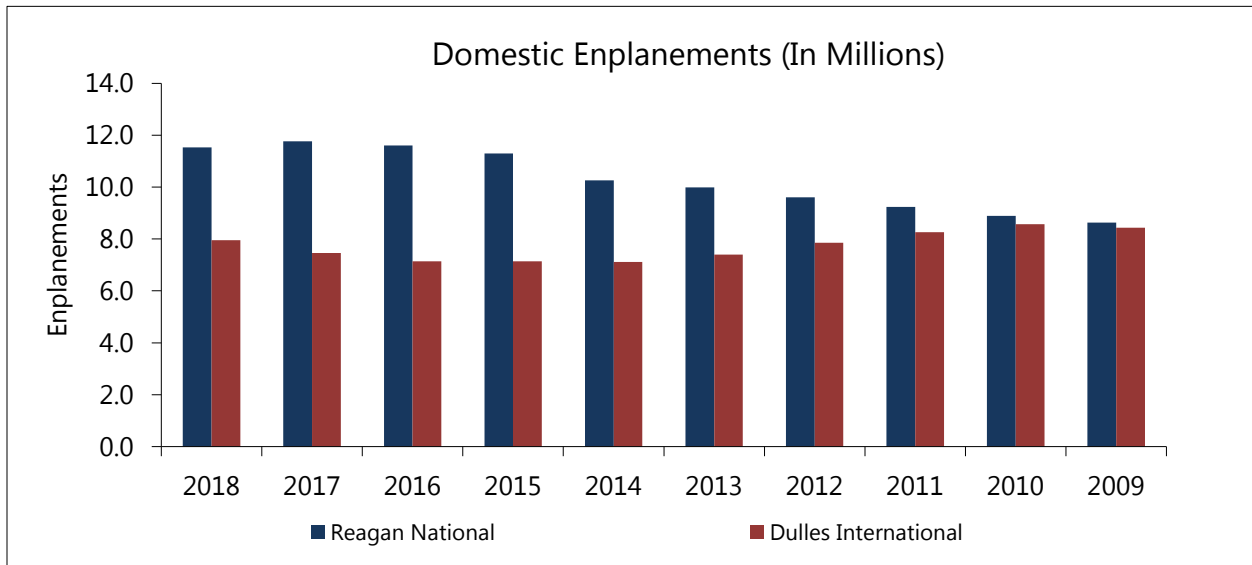
Prior years' comparative information may be adjusted for additional information or to conform with current year presentation. Excludes general aviation and military enplanements.

¹Data is based on Domestic U.S. DOT T-100 Onboard Passenger Data for the following airlines: Alaska (AS), American (AA), Hawaiian (HA), JetBlue (B6), Southwest (WN), and United (UA) to emulate past A4A data that only included these airlines. All data is for the year ended November 30, 2018.

²Data is based on Domestic U.S. DOT T-100 Onboard Passenger Data for the following airlines: Alaska (AS), American (AA), Hawaiian (HA), JetBlue (B6), Southwest (WN), and United (UA) to emulate past A4A data that only included these airlines. All data is for the year ended August 31, 2018.

Source: Airports Authority Records, Airlines for America (A4A) Monthly Traffic Report, U.S. DOT T-100 Onboard Passenger Data

Exhibit S-25 – COMMERCIAL PASSENGER ENPLANEMENTS (continued)



Domestic commercial enplanements at Reagan National decreased 1.9 percent in 2018. The growth in passenger traffic at Reagan National passenger slowed notably in 2017 compared to 2016, when the full effect of the divestiture of 52 operating slots from US Airways/American to Southwest, JetBlue, and Virgin American was realized. International traffic accounted for approximately 1 percent of Reagan National's total enplanements in 2018.

Total enplanements at Dulles International grew to 12.0 million in 2018, due to growth in domestic and international enplanements. Dulles International served a record 4.0 million international enplaned passengers in 2018, which was the 15th consecutive year of international growth.

Source: Airports Authority Records

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Exhibit S-26 – MARKET SHARE BY LANDED WEIGHT – REAGAN NATIONAL

(Expressed in Thousands of Pounds)

Airlines ¹	2018		2017		2016		2015	
	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
American	3,226,093	23.52%	3,463,276	25.35%	3,788,628	27.00%	1,427,907	10.27%
Southwest	1,959,795	14.29%	1,748,496	12.80%	1,975,312	14.08%	1,945,206	13.99%
Republic (American Eagle)	1,847,354	13.47%	1,466,389	10.74%	1,039,282	7.41%	226,520	1.63%
Delta	1,406,846	10.26%	1,370,801	10.04%	1,377,218	9.82%	1,337,791	9.61%
PSA	1,313,691	9.58%	1,244,806	9.11%	990,714	7.06%	408,290	2.94%
JetBlue	1,045,994	7.63%	1,004,733	7.36%	1,120,843	7.99%	1,123,683	8.08%
United	727,170	5.30%	653,505	4.78%	635,272	4.53%	700,245	5.04%
Trans States (American Connection)	443,615	3.24%	411,881	3.02%	11,836	0.08%	3,702	0.03%
Republic Airline (Delta)	331,388	2.42%	296,739	2.17%	0	0.00%	0	0.00%
Alaska	261,619	1.91%	208,706	1.53%	208,971	1.49%	208,669	1.50%
Frontier	150,551	1.10%	149,999	1.10%	151,142	1.08%	152,231	1.10%
Endeavor (Delta Connection)	146,506	1.07%	114,050	0.83%	107,929	0.77%	167,775	1.21%
ExpressJet (United Express)	133,726	0.98%	161,800	1.18%	150,712	1.08%	132,967	0.96%
Signature	120,652	0.88%	79,138	0.58%	60,097	0.43%	58,401	0.42%
Sky Regional (Air Canada)	104,789	0.76%	106,662	0.78%	107,862	0.77%	108,236	0.78%
GoJet (Delta Connection)	101,633	0.74%	133,936	0.98%	66,049	0.47%	20,744	0.15%
Envoy Air (American Eagle)	89,162	0.65%	43,368	0.32%	1,483	0.01%	36,935	0.27%
Air Canada Jazz	67,965	0.50%	73,701	0.54%	64,158	0.46%	67,026	0.48%
SkyWest (United Express)	64,660	0.46%	140,745	1.03%	77,267	0.55%	121,280	0.87%
Mesa (United Express)	57,150	0.42%	72,442	0.53%	63,300	0.45%	19,950	0.14%
SkyWest (Alaska Airlines)	45,574	0.33%	0	0.00%	0	0.00%	0	0.00%
Virgin America	28,476	0.21%	193,428	1.42%	186,701	1.33%	185,290	1.33%
Republic (United Express)	27,071	0.20%	87,092	0.64%	109,620	0.78%	41,827	0.30%
MN Airlines	7,385	0.05%	44,575	0.33%	86,550	0.62%	90,358	0.65%
SkyWest (Delta Connection)	3,953	0.03%	197	0.00%	94	0.00%	47	0.00%
MN Airlines (Sun Country)	146	0.00%	3,606	0.03%	0	0.00%	0	0.00%
Other ²	0	0.00%	384,837	2.81%	1,649,106	11.74%	5,317,167	38.25%
GRAND TOTAL	13,712,964	100.00%	13,658,908	100.00%	14,030,146	100.00%	13,902,247	100.00%

¹ Prior years' comparative information has been modified as necessary based on revisions from carriers.

² Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records

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2014		2013		2012		2011		2010		2009	
Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
1,337,039	10.34%	1,413,537	10.74%	1,241,473	9.69%	1,338,976	10.58%	1,328,912	10.99%	1,322,046	10.95%
799,870	6.19%	181,298	1.38%	46,242	0.36%	0	0.00%	0	0.00%	0	0.00%
63,039	0.49%	4,722	0.04%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,347,547	10.42%	1,398,371	10.63%	1,567,782	12.23%	1,639,911	12.96%	1,594,441	13.19%	888,197	7.36%
325,395	2.52%	511,885	3.89%	390,287	3.05%	287,884	2.28%	298,624	2.47%	243,601	2.02%
831,771	6.43%	733,485	5.58%	532,902	4.16%	301,954	2.39%	48,306	0.40%	97	0.00%
799,485	6.18%	938,342	7.14%	647,716	5.06%	593,033	4.69%	688,696	5.69%	727,557	6.03%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
207,389	1.60%	209,664	1.59%	174,242	1.36%	156,081	1.23%	154,756	1.28%	156,469	1.30%
150,181	1.16%	193,827	1.47%	356,844	2.79%	412,373	3.26%	211,315	1.75%	154,449	1.28%
186,956	1.45%	95,464	0.73%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
115,361	0.89%	77,454	0.59%	93,609	0.73%	44	0.00%	0	0.00%	0	0.00%
58,613	0.45%	46,858	0.36%	47,838	0.37%	34,392	0.27%	20,669	0.17%	13,811	0.11%
107,112	0.83%	61,689	0.47%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
129,558	1.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
64,145	0.50%	66,988	0.51%	88,639	0.69%	83,063	0.66%	80,913	0.67%	79,314	0.66%
61,192	0.47%	6,162	0.05%	7,285	0.06%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
81,090	0.63%	49,368	0.38%	19,440	0.15%	0	0.00%	0	0.00%	0	0.00%
49,724	0.38%	45,756	0.35%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
88,602	0.69%	61,158	0.47%	46,324	0.36%	37,719	0.30%	0	0.00%	292	0.00%
47	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
6,122,461	47.36%	7,051,155	53.63%	7,551,071	58.94%	7,763,217	61.38%	7,668,833	63.39%	8,482,821	70.29%
12,926,577	100.00%	13,147,183	100.00%	12,811,694	100.00%	12,648,647	100.00%	12,095,465	100.00%	12,068,654	100.00%

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Exhibit S-27 – MARKET SHARE BY LANDED WEIGHT – DULLES INTERNATIONAL
(Expressed in Thousands of Pounds)

Airlines ¹	2018		2017		2016		2015	
	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share	Landed Weights	Market Share
United	6,640,796	37.20%	6,313,309	37.59%	6,061,065	36.20%	5,850,223	35.44%
Mesa (United Express)	1,746,287	9.78%	1,889,093	11.25%	1,832,724	10.95%	1,558,933	9.44%
Signature	653,277	3.66%	376,851	2.24%	625,638	3.74%	573,319	3.47%
Air Wisconsin (United Express)	579,510	3.25%	103,354	0.62%	0	0.00%	0	0.00%
Lufthansa	477,694	2.68%	479,590	2.86%	482,661	2.88%	458,813	2.79%
Delta	462,882	2.59%	421,357	2.51%	382,964	2.29%	377,066	2.28%
British Airways	424,962	2.38%	451,336	2.69%	464,889	2.78%	472,437	2.86%
American	391,354	2.19%	352,409	2.10%	357,513	2.13%	314,182	1.90%
Federal Express	373,431	2.09%	346,403	2.06%	364,015	2.17%	385,843	2.34%
Commutair	367,705	2.06%	442,384	2.63%	449,365	2.68%	324,419	1.96%
Southwest	329,316	1.84%	306,525	1.83%	284,330	1.70%	310,896	1.88%
Emirates	318,565	1.78%	297,003	1.77%	309,339	1.85%	201,786	1.22%
Air France	311,505	1.75%	323,252	1.93%	308,314	1.84%	301,451	1.83%
Jet Aviation Dulles, LLC	243,960	1.37%	222,739	1.33%	353,888	2.11%	400,148	2.43%
Alaska	208,345	1.17%	56,143	0.33%	55,196	0.33%	43,856	0.27%
Qatar Airways	203,116	1.14%	206,514	1.23%	201,963	1.21%	203,018	1.23%
All Nippon	202,764	1.14%	203,318	1.21%	202,764	1.21%	202,764	1.23%
Korean Air	202,507	1.13%	198,210	1.18%	201,102	1.20%	193,562	1.17%
JetBlue	192,409	1.08%	196,300	1.17%	198,959	1.19%	200,751	1.22%
Saudi Arabian	181,158	1.01%	197,224	1.17%	201,080	1.20%	201,643	1.22%
Ethiopian Airlines	179,678	1.01%	185,341	1.10%	171,609	1.03%	164,575	1.00%
PSA	169,877	0.95%	188,648	1.12%	206,370	1.23%	126,459	0.77%
Air China	166,257	0.93%	154,614	0.92%	108,933	0.65%	109,545	0.66%
Frontier	163,153	0.91%	140,923	0.84%	86,161	0.51%	300,613	1.82%
KLM Royal Dutch	159,312	0.89%	161,907	0.96%	149,604	0.89%	147,229	0.89%
Ethihad	155,124	0.87%	155,993	0.93%	155,568	0.93%	167,326	1.01%
South African	146,193	0.82%	159,855	0.95%	171,666	1.03%	155,980	0.94%
Turkish Airlines	140,603	0.79%	138,612	0.83%	159,915	0.96%	139,246	0.84%
SAS	138,123	0.77%	139,504	0.83%	139,011	0.83%	135,879	0.82%
Virgin Atlantic	135,255	0.76%	134,620	0.80%	140,395	0.84%	152,272	0.92%
Trans States (United Express)	133,329	0.75%	219,860	1.31%	421,909	2.52%	668,513	4.05%
TACA International	125,192	0.70%	115,370	0.69%	113,314	0.68%	120,116	0.73%
COPA	122,845	0.69%	113,236	0.67%	107,601	0.64%	102,756	0.62%
Aer Lingus	115,363	0.65%	69,090	0.41%	56,268	0.34%	47,240	0.29%
Icelandair	103,869	0.58%	116,667	0.69%	91,560	0.55%	73,710	0.45%
Austrian	102,216	0.57%	98,254	0.59%	101,547	0.61%	132,213	0.80%
United Parcel Service	96,359	0.54%	102,855	0.61%	96,090	0.57%	89,541	0.54%
Air India	86,362	0.48%	40,178	0.24%	0	0.00%	0	0.00%
Brussels	79,370	0.44%	73,031	0.43%	67,944	0.41%	58,573	0.35%
Endeavor (Delta Connection)	73,681	0.41%	71,964	0.43%	73,227	0.44%	43,980	0.27%
GoJet Airlines (Delta Connection)	73,597	0.41%	38,928	0.23%	12,464	0.07%	812	0.01%
Royal Air Maroc	69,520	0.39%	62,302	0.37%	15,196	0.09%	0	0.00%
Porter	66,690	0.37%	66,196	0.39%	61,009	0.36%	58,169	0.35%
Virgin America	62,066	0.35%	217,197	1.29%	230,149	1.37%	232,872	1.41%
SkyWest (United Express)	59,219	0.33%	2,716	0.00%	0	0.00%	1,297	0.00%
Avianca	50,722	0.29%	50,606	0.30%	50,236	0.30%	50,236	0.30%
Air Georgian	50,662	0.29%	51,089	0.30%	33,981	0.20%	0	0.00%
Aeroflot	50,000	0.28%	34,400	0.21%	37,182	0.22%	42,588	0.26%
Omni Air International	49,177	0.28%	33,530	0.20%	34,807	0.21%	34,168	0.21%
SkyWest (Delta Connection)	47,514	0.27%	52,588	0.31%	24,903	0.15%	12,356	0.07%
Aeromexico	41,422	0.23%	39,680	0.24%	37,697	0.23%	42,734	0.26%
Cathay Pacific	29,899	0.17%	0	0.00%	0	0.00%	0	0.00%
Republic Airlines (American Eagle)	24,133	0.14%	28,407	0.17%	599	0.00%	2,249	0.01%
Air Canada Jazz	20,009	0.11%	9,072	0.01%	0	0.00%	0	0.00%
ExpressJet (United Express)	13,481	0.08%	12,925	0.08%	1,052	0.01%	127,408	0.77%
Vuela Aviacion, S.A.	10,637	0.06%	0	0.00%	0	0.00%	0	0.00%
LAN Peru SA	9,517	0.05%	50,240	0.30%	38,080	0.23%	0	0.00%
ExpressJet (Delta Connection)	2,160	0.01%	12,531	0.08%	30,412	0.18%	43,265	0.26%
Republic (United Express)	72	0.00%	27,724	0.17%	375	0.00%	20,594	0.12%
Compass Airlines (Delta Connection)	0	0.00%	8,365	0.05%	22,007	0.13%	5,448	0.03%
Silver Airways	0	0.00%	143	0.00%	91,314	0.55%	101,175	0.61%
Shuttle America (Delta Connection)	0	0.00%	72	0.00%	29,511	0.18%	58,049	0.35%
Other ²	15,857	0.09%	30,693	0.25%	33,842	0.20%	166,335	1.03%
GRAND TOTAL	17,850,058	100.00%	16,793,240	100.00%	16,741,277	100.00%	16,510,631	100.00%

¹ Prior years' comparative information has been modified as necessary based on revisions from carriers.

² Includes airlines no longer serving Dulles International or carriers with insignificant activity.

Source: Airports Authority Records

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Exhibit S-31 – MARKET SHARE BY ENPLANED CARGO WEIGHT – REAGAN NATIONAL

(Expressed in Pounds)

Airlines ¹	2018		2017		2016		2015	
	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
Domestic								
American	957,177	34.51%	2,441,247	60.57%	1,112,583	43.13%	1,224,376	30.00%
Southwest	462,864	16.69%	372,865	9.25%	344,327	13.35%	209,111	5.12%
Delta	285,714	10.30%	299,941	7.44%	369,456	14.32%	445,186	10.92%
Alaska	213,174	7.68%	91,464	2.27%	46,045	1.79%	33,986	0.83%
United	119,407	4.31%	92,568	2.30%	128,209	4.97%	150,478	3.69%
MN Airlines	1,199	0.04%	79,058	1.96%	64,803	2.51%	36,599	0.90%
US Airways	0	0.00%	0	0.00%	0	0.00%	1,561,869	38.27%
Frontier	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Continental	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Federal Express	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Republic (Midwest)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Northwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Midwest	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Air Canada	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Regional								
PSA	606,335	21.85%	450,078	11.17%	282,662	10.96%	196,229	4.81%
Trans States Airlines (American Connection)	127,977	4.61%	101,825	2.53%	362	0.01%	15	0.00%
Envoy Air (American Eagle)	164	0.01%	1,167	0.03%	0	0.00%	2,947	0.07%
Air Wisconsin (US Airways Express)	0	0.00%	79,155	1.96%	228,819	8.87%	209,909	5.14%
American Eagle	0	0.00%	19,263	0.48%	109	0.00%	0	0.00%
Piedmont	0	0.00%	1,655	0.04%	1,545	0.06%	2,071	0.05%
SkyWest (Continental Connection)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Chautauqua (Continental Express)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Continental Express	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Republic (Midwest Connect)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mesaba Aviation (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Pinnacle (Northwest Airlink)	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Other ²	0	0.00%	0	0.00%	0	0.00%	0	0.00%
TOTAL DOMESTIC	2,774,011	100.00%	4,030,286	100.00%	2,578,920	99.97%	4,072,776	99.80%
Air Carrier - Chartered	0	0.00%	0	0.00%	0	0.00%	6,567	0.16%
Regional	0	0.00%	0	0.00%	655	0.03%	1,668	0.04%
TOTAL TRANSBORDER/INTERNATIONAL	0	0.00%	0	0.00%	655	0.03%	8,235	0.20%
GRAND TOTAL	2,774,011	100.00%	4,030,286	100.00%	2,579,575	100.00%	4,081,011	100.00%

¹ Prior years' comparative information has been modified as necessary based on revisions from carriers.

² Includes airlines no longer serving Reagan National or carriers with insignificant activity.

Source: Airports Authority Records

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2014		2013		2012		2011		2010		2009	
Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share	Cargo Weight	Market Share
741,760	24.80%	613,811	24.68%	987,384	24.47%	1,115,895	30.74%	347,170	9.83%	438,101	16.27%
57,682	1.93%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
340,027	11.36%	360,095	14.48%	429,637	10.64%	344,901	9.51%	286,798	8.11%	156,417	5.80%
36,729	1.23%	79,491	3.20%	47,177	1.17%	50,987	1.41%	113,101	3.20%	97,411	3.61%
93,875	3.13%	78,564	3.16%	3,468	0.09%	10,406	0.29%	18,691	0.53%	16,191	0.60%
2,307	0.08%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,313,813	43.93%	399,430	16.06%	714,094	17.70%	543,956	14.98%	618,598	17.51%	554,872	20.61%
0	0.00%	502,027	20.19%	690,220	17.11%	428,095	11.79%	863,751	24.45%	499,669	18.56%
0	0.00%	8,998	0.36%	133,778	3.32%	95,266	2.62%	157,450	4.46%	110,081	4.09%
0	0.00%	0	0.00%	809,428	20.06%	779,768	21.48%	910,324	25.77%	549,860	20.42%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	28,589	0.81%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	21,974	0.62%	85,523	3.18%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	11,783	0.44%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	53	0.00%
196,549	6.57%	272,804	10.97%	96,824	2.40%	135,206	3.72%	82,369	2.33%	56,727	2.11%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
1,766	0.06%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
196,073	6.56%	159,049	6.40%	112,633	2.79%	124,420	3.43%	73,300	2.07%	63,295	2.35%
1,773	0.06%	6,005	0.24%	7,862	0.19%	0	0.00%	0	0.00%	0	0.00%
7,492	0.25%	3,442	0.14%	1,543	0.04%	139	0.00%	348	0.01%	412	0.02%
0	0.00%	0	0.00%	14	0.00%	525	0.01%	0	0.00%	0	0.00%
0	0.00%	0	0.00%	0	0.00%	340	0.01%	1,758	0.05%	1,969	0.07%
0	0.00%	0	0.00%	0	0.00%	334	0.01%	5,848	0.17%	8,900	0.33%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	2,116	0.06%	39,083	1.45%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	14	0.00%	345	0.01%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1,901	0.07%
0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
2,989,846	99.96%	2,483,716	99.88%	4,034,062	99.98%	3,630,238	100.00%	3,532,199	99.98%	2,692,593	99.99%
0	0.00%	240	0.01%	25	0.01%	66	0.00%	592	0.02%	200	0.01%
1,117	0.04%	2,651	0.11%	601	0.01%	0	0.00%	0	0.00%	0	0.00%
1,117	0.04%	2,891	0.12%	626	0.02%	66	0.00%	592	0.02%	200	0.01%
2,990,963	100.00%	2,486,607	100.00%	4,034,688	100.00%	3,630,304	100.00%	3,532,791	100.00%	2,692,793	100.00%

Exhibit S-34 – TOP 30 PASSENGER ORIGIN AND DESTINATION MARKETS IN 2018 – REAGAN NATIONAL

Reagan National

Domestic				International		
Destination Airport	State	Trip Length*	Total O&D	Destination Airport	Country	Total O&D
Boston Logan	MA	SH	1,181,897	Toronto Pearson	Canada	145,421
Atlanta	GA	SH	882,099	Montreal Dorval	Canada	52,775
Chicago O'Hare	IL	MH	865,028	Cancun	Mexico	41,119
Orlando	FL	MH	806,687	Nassau	Bahamas	37,284
Los Angeles	CA	LH	544,086	Lima	Peru	34,157
Tampa	FL	MH	499,834	Ottawa	Canada	32,640
Miami	FL	MH	497,385	Guatemala City	Guatemala	31,435
Ft. Lauderdale	FL	MH	459,629	Vancouver	Canada	30,578
Dallas/Fort Worth	TX	MH	438,976	San Salvador	El Salvador	29,589
New York La Guardia	NY	SH	422,071	Montego Bay	Jamaica	26,261
Denver	CO	MH	411,309	Buenos Aires	Argentina	25,076
Minneapolis/ St. Paul	MN	MH	357,784	Bermuda	Bermuda	21,993
Dallas Love Field	TX	MH	354,790	Punta Cana	Dominican Republic	21,263
Detroit	MI	SH	335,697	Mexico City	Mexico	19,765
Chicago Midway	IL	MH	329,152	Santo Domingo	Dominican Republic	19,369
San Francisco	CA	LH	327,060	San Jose	Costa Rica	19,346
New Orleans	LA	MH	325,022	Calgary	Canada	19,244
St. Louis	MO	MH	317,106	Shanghai	China	18,708
Nashville	TN	SH	301,716	Santiago	Chile	17,638
Phoenix	AZ	LH	273,067	San Jose Del Cabo	Mexico	17,550
Kansas City	MO	MH	247,002	Bogota	Colombia	17,347
Jacksonville	FL	MH	243,776	Tel Aviv Yafo Ben Gurion	Israel	16,473
Providence	RI	SH	243,336	Tegucigalpa	Honduras	15,735
Charleston	SC	SH	240,215	Tokyo Narita	Japan	15,165
Seattle	WA	LH	232,284	London Heathrow	United Kingdom	14,463
Hartford	CT	SH	230,978	Seoul	South Korea	14,220
Columbus	OH	SH	222,745	Hong Kong	China	13,965
Raleigh/Durham	NC	SH	219,445	Port of Spain	Trinidad & Tobago	13,893
Houston Intercontinental	TX	MH	218,981	Puerto Vallarta	Mexico	13,621
Indianapolis	IN	SH	216,104	Port au Prince	Haiti	13,242

***Note**

SH Short Haul = 0 to 600 miles
 MH Medium Haul = 601 - 1,800 miles
 LH Long Haul = over 1,800 miles

Domestic Source: U.S. DOT DB1B, Year Ending 3Q 2018, via Diio online portal.
 International Source: Diio FMDI International Data, Year Ending 3Q 2018, via Diio online portal.

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Exhibit S-35 – TOP 30 PASSENGER ORIGIN AND DESTINATION MARKETS IN 2018 – DULLES INTERNATIONAL

Dulles International

Domestic				International		
Destination Airport	State	Trip Length*	Total O&D	Destination Airport	Country	Total O&D
Los Angeles	CA	LH	797,244	London Heathrow	United Kingdom	485,566
San Francisco	CA	LH	703,512	Paris De Gaulle	France	215,073
Denver	CO	MH	604,711	San Salvador	El Salvador	199,083
Orlando	FL	MH	445,111	Cancun	Mexico	164,503
Atlanta	GA	SH	329,693	Beijing	China	125,603
Las Vegas	NV	LH	311,374	Amsterdam	Netherlands	113,659
Seattle/Tacoma	WA	LH	296,686	Mexico City	Mexico	106,508
Dallas/Fort Worth	TX	MH	280,740	Frankfurt	Germany	102,524
Boston	MA	SH	279,542	Rome	Italy	96,759
San Diego	CA	LH	217,653	Delhi	India	96,514
Chicago O'Hare	IL	SH	212,889	Dubai	United Arab Emirates	95,004
Tampa	FL	MH	201,568	Seoul	South Korea	94,751
Ft. Lauderdale	FL	MH	189,846	Toronto Pearson	Canada	92,374
Austin	TX	MH	181,170	Dublin	Ireland	87,188
Houston Intercontinental	TX	MH	137,236	Lima	Peru	79,914
San Antonio	TX	MH	134,421	Hyderabad	India	73,628
Phoenix	AZ	LH	117,406	Tokyo	Japan	73,367
Detroit	MI	SH	115,739	Addis Abbaba	Ethiopia	71,108
Charlotte	NC	SH	103,168	Montreal	Canada	70,905
Salt Lake City	UT	LH	102,366	Toronto Bishop	Canada	67,745
Minneapolis/ St. Paul	MN	MH	101,488	Tel Aviv Yafo Ben Gurion	Israel	66,045
Miami	FL	MH	99,647	Ho Chi Minh City	Vietnam	63,291
New York Kennedy	NY	SH	95,425	Munich	Germany	61,952
Portland	OR	LH	90,852	Manila	Philippines	61,461
Honolulu	HI	LH	89,307	Punta Cana	Dominican Republic	58,747
New Orleans	LA	MH	89,031	Guatemala City	Guatemala	56,161
Indianapolis	IN	SH	78,857	Brussels	Belgium	55,802
Sacramento	CA	LH	76,361	Bangkok	Thailand	55,521
Hartford	CT	SH	73,423	Cairo	Egypt	55,499
Nashville	TN	SH	69,379	Reykjavik	Iceland	55,061

***Note**

SH Short Haul = 0 to 600 miles
 MH Medium Haul = 601 - 1,800 miles
 LH Long Haul = over 1,800 miles

Domestic Source: U.S. DOT DB1B, Year Ending 3Q 2018, via Diio online portal.

International Source: Diio FMDI International Data, Year Ending 3Q 2018, via Diio online portal.

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Exhibit S-36 – TOP 10 PASSENGER ORIENTATION AND DESTINATION MARKETS – REAGAN NATIONAL

The following tables depict the top ten passenger origin and destination (O&D) markets for Reagan National for the past ten years. O&D data is used to determine air traffic patterns, air carrier market shares, and passenger flows. Primarily serving as a short-haul airport, Reagan National offers nonstop service to destinations no further than a 1,250 mile perimeter from Washington, D.C. as part of the federally-instituted Perimeter Rule. The federal government has granted exceptions to this rule, allowing daily flights to the following cities beyond the perimeter: Austin; Denver; Las Vegas; Los Angeles; Phoenix; Portland, Ore.; Salt Lake City; San Diego; San Francisco; and Seattle.

2018		2017		2016		2015	
Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers
Boston, MA	1,181,897	Boston, MA	1,183,531	Boston, MA	1,184,229	Boston, MA	1,117,410
Atlanta, GA	882,099	Chicago, O'Hare	959,558	Atlanta, GA	885,741	Atlanta, GA	811,460
Chicago, O'Hare	865,028	Atlanta, GA	933,206	Chicago, O'Hare	826,250	Chicago, O'Hare	787,175
Orlando, FL	806,687	Orlando, FL	748,209	Orlando, FL	771,552	Orlando, FL	676,587
Los Angeles, CA	544,086	Fort Lauderdale, FL	564,816	Fort Lauderdale, FL	531,709	Tampa, FL	528,561
Tampa, FL	499,834	Miami, FL	491,625	Tampa, FL	512,559	Fort Lauderdale, FL	467,864
Miami, FL	497,385	Los Angeles, CA	488,587	Miami, FL	490,522	Denver, CO	465,287
Fort Lauderdale, FL	459,629	Tampa, FL	487,825	Los Angeles, CA	475,373	New York, LaGuardia	451,477
Dallas/Ft. Worth, TX	438,976	Dallas/Ft. Worth, TX	435,003	New York, LaGuardia	441,559	Miami, FL	444,096
New York, LaGuardia	422,071	New York, LaGuardia	418,588	Dallas/Ft. Worth, TX	425,316	Los Angeles, CA	440,020

2014		2013		2012		2011	
Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers	Destination Airport	Passengers
Boston, MA	1,130,313	Boston, MA	1,051,126	Boston, MA	1,093,141	Boston, MA	1,062,242
Chicago, O'Hare	806,970	Chicago, O'Hare	949,322	Chicago, O'Hare	898,683	Chicago, O'Hare	823,013
Atlanta, GA	732,631	Orlando, FL	728,413	Atlanta, GA	733,234	Atlanta, GA	720,482
Orlando, FL	628,918	Atlanta, GA	687,700	Orlando, FL	631,807	Orlando, FL	629,355
Tampa, FL	437,091	Fort Lauderdale, FL	451,421	Fort Lauderdale, FL	606,297	Ft. Lauderdale, FL	525,329
New York, LaGuardia	429,451	New York, LaGuardia	438,792	New York, LaGuardia	421,656	Dallas/Ft. Worth, TX	449,662
Fort Lauderdale, FL	426,535	Miami, FL	423,460	Miami, FL	416,144	Miami, FL	443,104
Miami, FL	414,004	Dallas/Fort Worth, TX	397,727	Dallas/Fort Worth, TX	393,561	New York, LaGuardia	439,741
Denver, CO	404,842	Tampa, FL	373,635	Denver, CO	377,543	Minneapolis/St. Paul, MN	347,184
Dallas/Fort Worth, TX	379,532	Denver, CO	360,098	Minneapolis/St. Paul, MN	341,466	Denver, CO	320,124

2010		2009	
Destination Airport	Passengers	Destination Airport	Passengers
Chicago, O'Hare	822,763	Chicago, O'Hare	781,980
Atlanta, GA	767,081	Atlanta, GA	777,598
Boston, MA	646,227	Boston, MA	605,344
New York, LaGuardia	524,133	New York, LaGuardia	592,826
Orlando, FL	502,996	Dallas/Ft. Worth, TX	460,984
Dallas/Ft. Worth, TX	486,589	Ft. Lauderdale, FL	410,870
Ft. Lauderdale, FL	465,358	Orlando, FL	368,557
Miami, FL	343,872	Miami, FL	334,183
Minneapolis/St. Paul, MN	319,561	Denver, CO	318,801
Denver, CO	315,126	Minneapolis/St. Paul, MN	316,259

Data reported for current year reflects year-ending estimates as of the 3rd Quarter in the calendar year. Prior year results have been adjusted to reflect actual annual traffic. Sources: U.S. DOT, DB1B database, via Diio online portal.

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Exhibit S-37 – TOP 10 PASSENGER ORIGIN AND DESTINATION MARKETS – DULLES INTERNATIONAL

The following tables depict the top ten passenger origin and destination (O&D) markets for Dulles International for the past ten years. O&D data is used to determine air traffic patterns, air carrier market shares, and passenger flows. Dulles International is a major East Coast gateway for domestic and international travelers as well as cargo activities.

2018	
Destination Airport	Passengers
Los Angeles, CA	797,244
San Francisco, CA	703,512
Denver, CO	604,711
London, Heathrow	485,566
Orlando, FL	445,111
Atlanta, GA	329,693
Las Vegas, NV	311,374
Seattle, WA	296,686
Dallas/Ft. Worth, TX	280,740
Boston, MA	279,542

2017	
Destination Airport	Passengers
Los Angeles, CA	814,551
San Francisco, CA	752,577
Denver, CO	511,521
London, Heathrow	472,618
Orlando, FL	352,138
Atlanta, GA	398,149
Dallas/Ft. Worth, TX	273,807
Seattle, WA	272,590
Boston, MA	263,454
Las Vegas, NV	235,060

2016	
Destination Airport	Passengers
Los Angeles, CA	815,488
San Francisco, CA	774,931
London, Heathrow	445,207
Denver, CO	442,756
Orlando, FL	352,138
Atlanta, GA	341,711
Seattle, WA	250,301
Boston, MA	248,884
Las Vegas, NV	241,729
San Diego, CA	230,623

2015	
Destination Airport	Passengers
Los Angeles, CA	803,235
San Francisco, CA	787,614
London, Heathrow	448,828
Denver, CO	392,909
Orlando, FL	344,595
Atlanta, GA	318,188
Las Vegas, NV	282,630
Boston, MA	246,783
Chicago O'Hare, IL	245,335
San Diego, CA	241,795

2014	
Destination Airport	Passengers
Los Angeles, CA	822,948
San Francisco, CA	812,980
London, Heathrow	455,181
Denver, CO	374,384
Boston, MA	267,014
Atlanta, GA	266,181
Orlando, FL	259,000
Chicago O'Hare, IL	236,643
Dallas/Fort Worth, TX	196,885
Paris, De Gaulle	194,293

2013	
Destination Airport	Passengers
Los Angeles, CA	835,895
San Francisco, CA	809,625
London, Heathrow	481,089
Denver, CO	350,647
Boston, MA	291,033
Atlanta, GA	243,826
Chicago, O'Hare	236,008
Dallas/Fort Worth, TX	217,767
Orlando, FL	212,326
Paris, De Gaulle	211,338

2012	
Destination Airport	Passengers
San Francisco, CA	808,779
Los Angeles, CA	783,603
London, Heathrow	522,592
Denver, CO	320,527
Orlando, FL	294,831
Boston, MA	286,600
Atlanta, GA	280,040
Paris, De Gaulle	268,740
Chicago, O'Hare	221,285
Chicago, Midway	199,097

2011	
Destination Airport	Passengers
Los Angeles, CA	847,686
San Francisco, CA	815,813
London, Heathrow	483,574
Orlando, FL	380,384
Boston, MA	357,564
Denver, CO	343,145
Atlanta, GA	302,228
Paris, De Gaulle	232,914
Las Vegas, NV	232,451
San Diego, CA	221,778

2010	
Destination Airport	Passengers
Los Angeles, CA	848,814
San Francisco, CA	806,058
Boston, MA	506,669
Orlando, FL	449,486
London, Heathrow	396,859
Denver, CO	338,793
Atlanta, GA	311,385
Las Vegas, NV	260,038
Dallas/Ft. Worth, TX	225,741
San Diego, CA	225,159

2009	
Destination Airport	Passengers
Los Angeles, CA	873,918
San Francisco, CA	733,077
Orlando, FL	477,197
Boston, MA	465,043
London, Heathrow	419,241
Atlanta, GA	338,386
Denver, CO	306,213
Las Vegas, NV	256,342
San Diego, CA	229,424
Dallas/Ft. Worth, TX	218,505

Domestic traffic data

Domestic Source: U.S. DOT, DB1B database, via Diio online portal.

International Source: MIDT via Sabre Global Demand Data (GDD), 12 months ending December of 2005-2017, preliminary data. No international data currently available before January 2005

* International passenger

Exhibit S-38 – AIRLINE TENANTS – BOTH AIRPORTS

As of December 31, 2018

Reagan National	Dulles International	
Signatory Airlines	Signatory Airlines	Non-Signatory Airlines
Alaska Airlines	Aer Lingus	Aeroflot
American Airlines	AeroMexico	Miami Air International
Delta Airlines	Air Canada	MN Airlines, LLC (Sun County)
Endeavor Air	Air Canada-Air Georgian	Omni Air International
Envoy Air	Air Canada-Jazz	Volga-Dnepr
ExpressJet Airlines	Air China	
Frontier Airlines	Air France	
GoJet Airlines	Air India	
Jazz Aviation LP	Air Wisconsin	
Jet Blue Airways Corp	Alaska Airlines	
Mesa Airlines	All Nippon Airways	
PSA Airlines	American Airlines	
Republic Airlines	Austrian Airlines	
Sky Regional Airlines	Avianca Airlines	
SkyWest Airlines	British Airways	
Southwest Airlines	Brussels Airlines	
Trans States Airlines	Cathay Pacific	
United Airlines	CommutAir	
	COPA Airlines	
	Delta Airlines	
	Emirates Airlines	
	Endeavor Air, Inc.	
	Envoy	
	Ethiopian Airlines	
	Ethiad Airways	
	ExpressJet Airlines	
	Federal Express	
	Frontier Airlines	
	GoJet Airlines	
	Icelandair	
	Jet Blue Airways Corp	
	KLM Royal Dutch Airlines	
	Korean Air	
	LAN Peru SA	
	Lufthansa German Airlines	
	Mesa Airlines	
	Mountain Air Cargo	
	Omni Air International	
	Porter Airlines	
	PSA	
	Qatar Airways	
	Republic Airlines	
	Royal Air Maroc	
	Saudi Arabian Airlines	
	Scandinavian Airlines	
	Sky West	
	South African Airways	
	Southwest Airlines	
	TACA International Airlines	
	Trans States Airlines, Inc.	
	Turkish Airlines	
	United Airlines	
	United Parcel Service	
	Virgin Atlantic Airways Ltd.	
	Volaris	
Non-Signatory Airlines		
MN Airlines		

Signatory airlines are those that have signed the Airports Authority Use Agreement and Premises Lease. Signatory status is available to all airlines providing scheduled service and offers benefits such as lower fees, sharing of Airports Authority revenue, and the right to lease space. Additional detail is provided in Note 2 – Airport Use Agreement and Premises Lease.

Source: Airports Authority Records

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Exhibit S-39 – NON-AIRLINE TENANTS – REAGAN NATIONAL

As of December 31, 2018

Reagan National		
<p><u>Retail</u> America! Brighton Brooks Brothers Capital Image InMotion Entertainment I Relax and Massage iTravel2 Johnston & Murphy Pen & Prose Boutique Smithsonian Institution Spanx Tumi Uniquely DC Vineyard Vines XpresSpa</p> <p><u>Newsstands</u> CNBC News Forbes Hudson News NBC4 Washingtonian</p> <p><u>Duty Free</u> Dulles Duty Free LLC</p> <p><u>Foreign Currency</u> ICE Currency Services</p> <p><u>Fixed Based Operators</u> Signature Flight Support</p> <p><u>Parking Managed by:</u> Five Star U Street Metropolitan Washington Airport Parking</p> <p><u>Parking Shuttle Managed by:</u> Five Star U Street Metropolitan Washington Airport Parking</p> <p><u>Inflight Kitchens</u> Sky Chefs, Inc.</p> <p><u>Rental Cars</u> Advantage Rent A Car Avis Rent -A-Car Systems Budget Rent-A-Car DTG Operations Enterprise Leasing Hertz Rent-A-Car Vanguard Car Rental</p> <p><u>Wireless Communication Providers</u> APC Realty Cellco Verizon New Cingular Wireless T-Mobile</p>	<p><u>Food and Beverage</u> &Pizza American Tap Room Ben's Chili Bowl Big Bowl BMG Consulting Services Boar's Head Delicatessen Bracket Room/Green Beans Coffee Cava Mezza Cibo Express Gourmet CTY Custom Burger DCA Bistro District Bar Dunkin Donuts El Centro D.F. Five Guys Georgetown Gourmet Market Good Stuff Eatery Grille District Kapnos Taverna Lebanese Taverna Legal Sea Foods Lickety Split Magic Pan Matsutaki Sushi May Vending Company Page Qdoba Mexican Grill Reservoir Sam and Harry's Say Si Bon Gourmet Sip Munch & More Starbucks Tagliare Taylor Gourmet U Street Pub Washington Pour Bar Wow Bau Hot Asian Buns</p> <p><u>Advertising</u> In-Ter-Space Services, Inc.</p> <p><u>Services</u> AC Holdings, Inc.(CNN) Alclear, LLC C&P Shoeshine Kiko's Shoeshine Smarte Carte Inc. VIP Shoeshine VIP Shoeshine</p> <hr/> <p><u>Ground Transportation</u> Challenger Transportation, Inc. Hotel Shuttles Limousine Operators Lyft, Inc. Rasier LLC (Uber) Technical and Professional Services The Airport Shuttle, Inc. Washington Shuttle, Inc. (Super Shuttle)</p>	<p><u>Commercial Aviation Services</u> ABM Aviation, Inc. Aircraft Service Int'l. Dba Menzies Aviation Air General Airline Tech Reps (STS Line Maintenance) Airport Terminal Services Airway Cleaners, LLC Allied Aviation Fueling of National Airport American Sales & Management Avdyne AeroServices, LLC Baggage Airline Guest Services Corman Kokosing Constr. Comp DAL Global Services, LLC Eastern Industrial Maintenance, Inc. Elite Line Services, LLC ERMIC IV, LLC. Express Catering, Inc First Transit, Inc. Flightcheck Comm. Aviaito Serv. G2 Secure Staff, LLC Huntleigh USA Corporation Inland Technologies ISS Facility Services Menzies Aviation (USA), Inc. Oxford Airport Technical Services PrimeFlight Aviatn Ser dba Ultimate Aircraft Readyjet, Inc. SCIS Air Sec. Corporation Sodexho Operations, LLC Swissport USA, Inc. Worldwide Flight Services, Inc.</p> <p><u>Other Airport Tenants</u> Aeronautical Radio, Inc. Air General Airport Terminal Services Aircraft Serv Intl dba Menzies Aviation Airline Tech Reps dba STS Line Maintenance Allied Aviation Fueling of National Airport American Airlines Federal Credit Union American Sales & Management DC Provisions, LLC Drug Enforcement Administration Eastern Industrial Maintenance, Inc. Federal Aviation Administration Federal Bureau of Investigation First Transit, Inc. G2 Secure Staff, LLC General Services Administration Inland Technologies ISS Facility Services Marketplace Development MorphoTrust USA Pleasant News at DCA, LLC PrimeFlight Aviatn Ser dba Ultimate Aircraft Readyjet, Inc. Riva Networks, Inc. Transportation Security Administration University of District of Columbia US Coast Guard Air Station Worldwide Flight Services, Inc.</p>

Source: Airports Authority Records

Exhibit S-40 – NON-AIRLINE TENANTS – DULLES INTERNATIONAL

As of December 31, 2018

Dulles International		
<p><u>Retail</u> America! Bluewire DC. LLC Burberry Coach Erwin Pearl Estee Lauder Flag World Flagland International GenX Wireless InMotion Entertainment I Relax-n-Massage iTravel 2 iWireless Shop, LLC Kiehl's Landau L'Occitane Michael Kors Montblanc See's Candies Souvenir Library Swarovski Tumi Uniquely DC Vera Bradley Vineyard Vines</p> <p><u>Newsstands</u> Capitol City Ink Forbes Hudson News NBC4 Stellar News Washington Informer Washingtonian</p> <p><u>Duty Free</u> Dulles Duty Free, LLC</p> <p><u>Services</u> AC Holdings, Inc. (CNN) Alclear, LLC Be Relax Capital One Bank Marriott Hotel at Dulles Marriott Hotel at Dulles Pena Shoeshine Professional Leather Care Smarte Carte, Inc. Sunoco Gas Station</p> <p><u>Foreign Currency</u> ICE Currency Services</p> <p><u>Parking Managed by:</u> Five Star U Street Metropolitan Washington Airport Parking</p> <p><u>Parking Shuttle Managed by:</u> Five Star U Street Metropolitan Washington Airport Parking</p>	<p><u>Food & Beverage</u> &Pizza American Tap Room Au Bon Pain Auntie Anne's Pretzels Bar Symon Be Right Burger Bistro Atelier Bracket Room Capitol Grounds Carrabba's Chef Geoff's Chipotle Mexican Grill DC-3 Hot Dog Joint DC Craft & Brews District Chop House Dulles Gourmet Market Dunkin Donuts Firkin and the Fox Five Guys Luv'nBerry Moe's Grill & Bar Potbelly Sandwich Works Smashburger Starbucks Subway The Kitchen by Wolfgang Puck Vino Volo Wendy's</p> <p><u>Advertising</u> In-Ter-Space Services, Inc.</p> <p><u>Rental Cars</u> Advantage Rent-A-Car Avis Rent-A-Car Systems Budget Rent-A-Car DTG Operations Enterprise Leasing Hertz Rent-A-Car Vanguard Car Rental USA</p> <p><u>In-flight Kitchens</u> Flying Food Group, LLC Gate Gourmet International Sky Chefs, Inc.</p> <p><u>Fixed Based Operators</u> Jet Aviation, Inc. Signature Flight Support</p> <p><u>Ground Transportation</u> Capital Executive Limousine Challenger Transportation Checker Airport Taxi, Inc. Supreme Airport Shuttle Dulles Airport Taxi Hotel Shuttles Limousine Operators Lyft Inc. Raiser, LLC (Uber) Regency Cab Technical and Professional Services, Inc. The Airport Shuttle Washington Shuttle, Inc. (Super Shuttle)</p>	<p><u>Commercial Aviation Services</u> Abe's Transportation ABM Aviation (AirServ - C9 Ground) ACTS-Aviation Security, Inc. (Gate Safe, Inc) AECOM National Security Programs, Inc. Air General Airway Cleaners Arabian Travel Trans Corp AvDyne Aero Services, LLC Better Business Connections, Inc. Covenant Aviation Security Crigger Contracting Inc. Delta Airline Global Services Departures Aviation Eagle Aviation Group Eulen America FlightCheck Commercial Aviation Services, LLC FLIK (BA Lounge - B Concourse) G2 Secure Staff Global Security Associates (Global Elite Group) Ground Services Intl (dnata) Huntleigh USA Corporation I.K. Hofmann USA, Inc. Madison Limousine Services, Inc. Matrix Aviation Services Maximus Global Security Menzies Aviation (formerly ASIG) National Aviation Services Perq Soleil PrimeFlight Aviation Services, Inc. d/b/a Ultimate Aircraft Deicing Professional Services Management Quantum Aviation Solutions, Inc. SCIS Air Security Corporation Sodexo Operations, LLC Swissport Fueling Swissport USA TAV Washington Operations Services, LLC TD Snow Removal (Top Dog Services) Textron Ground Support Equipment (formerly Tug Technologies) U.S. Security Associates Services, Inc. WFS Express WGA NavStar Aviation USA, Inc. (Global Aviation Service, Inc.) Worldwide Flight Services</p> <p><u>Other Airport Tenants</u> AECOM Nat'l Security Programs Air China (ACT Cargo) Air France Air General Air Schott Airlines Logistics, Inc. AlClear BSO space (CLEAR) G-655 All Nippon Airlines (ANA) AvDyne Aeroservices British Airways CBP CBP/USDA Clear Channel Airports (advertising) G-667 Concessions International G-264 DEA Delta Airlines Delta Global Services dnata (formerly GSI) Dulles DutyFree Eastern Industrial Maintenance G-247 FAA (GSA)</p>

Source: Airports Authority Records

2018 Comprehensive Annual Financial Report



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

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