ROANOKE REGIONAL AIRPORT COMMISSION

ROANOKE, VIRGINIA

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2022

ROANOKE REGIONAL AIRPORT COMMISSION
ROANOKE, VIRGINIA

C O N T E N T S

CPAs / ADVISORS

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Roanoke Regional Airport Commission (the Airport), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise the Airport's financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Airport implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of and for the year ended June 30, 2022. This statement requires recognition of lease assets and liabilities for leases that meet certain criteria based on the provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Airport's basic financial statements. As listed in the table of contents, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s, the schedule of passenger facility charges collected and expended, and the schedule of debt service coverage (the Supplementary Information) are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Airport'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 Airport'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 Airport's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
December 20, 2022

Roanoke Regional Airport Commission's (the Airport's) management team offers readers of the basic financial statements of the Airport the following narrative overview and analysis of the financial activities of the Airport for the year ended June 30, 2022. The following should be read in conjunction with our basic financial statements and notes thereto.

Basic Financial Statements

The Airport’s basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This is the same basis of accounting employed by most private sector enterprises. Revenues are recognized when earned and expenses are recognized when incurred. Assets with a cost of over $25,000 are capitalized and, except for land, are depreciated over their useful lives. See the notes to the basic financial statements for a summary of the Airport's significant accounting policies.

Our basic financial statements include the following components:

The statement of net position presents information on the assets and liabilities of the Airport, with the resulting difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. The statement of revenues, expenses and changes in net position reports revenues and expenses, classified as operating and nonoperating, and capital contributions for the period. The resulting change in net position for the period combined with the beginning of the year total net position balance reconciles to the end of the year total net position, per the statement of net position.

The statement of cash flows reports the cash flows experienced by the Airport from operating, noncapital financing, and capital and related financing and investing activities. The net result of the cash provided by or used in these activities for the period, added to the beginning of the year balance, reconciles to the total cash and cash equivalents as presented on the statement of net position.

Notes to the financial statements provide additional information on the data presented in the basic financial statements as of and for the year ended June 30, 2022.

AIRPORT ACTIVITIES

As of June 30, 2022, the Roanoke-Blacksburg Regional Airport (the Airport) provided daily service through three airlines: American, Delta, and United. There was nonstop service to five hub cities: Atlanta, Charlotte, Chicago, New York, and Washington, D.C. The number of flights departing daily was 16 in June 2022 and 2021, while the number of available departing seats ranges from 900 to 1,000. Additionally, Allegiant provided weekly flights to three additional destinations: Nashville, Orlando, and St. Petersburg. The number weekly flights range from 4-7 based on seasonal schedules, and the number of available seats ranges from approximately 700 to 1,200.

Following is a comparative summary of passenger and other traffic at the Airport for the fiscal years ended June 30, 2022 and 2021:

	2022	2021	Fiscal year 2022 percent change
Passengers	518,152	321,337	61.25%
Aircraft Operations	37,763	38,997	-3.16%
Total Cargo (1,000 lbs)	24,450	25,855	-5.43%

The above reflects the impact of the COVID-19 pandemic which was declared in March 2020. Passenger activity decreased sharply in the initial months and slowly recovered over the subsequent two years.

FINANCIAL HIGHLIGHTS

The following major financial highlights are of note for the year ended June 30, 2022, (amounts rounded):

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $131.2 million and $124.0 million, respectively, at June 30, 2022 and 2021.
- Net position includes $22.3 million and $13.1 million, respectively, at June 30, 2022 and 2021, which is considered unrestricted.
- Net position increased $7.2 million and $2.4 million, respectively, in fiscal years 2022 and 2021.
- Operating revenues were $8.9 million and $6.5 million, respectively, for the fiscal years ended June 30, 2022 and 2021.
- Operating and maintenance expenses, excluding depreciation, were $7.2 million and $8.3 million, respectively, for the fiscal years ended June 30, 2022 and 2021.
- Net nonoperating revenues were $7.6 million and $7.9 million, respectively, for the fiscal years ended June 30, 2022 and 2021.
- Capital contributions from federal grant programs, state grant programs and passenger facility charges were $5.0 million and $4.2 million, respectively, for the fiscal years ended June 30, 2022 and 2021.
- Additional detail on the above items, along with other information, is discussed in the following sections.

NET POSITION SUMMARY

Net position was approximately $131.2 million and $124.0 million, respectively, at June 30, 2022 and 2021. Most of the increase for fiscal year 2022 was due to improved revenue from operations.

A condensed summary of the major components of the net position at June 30, 2022 and 2021 is as follows (amounts rounded):

Condensed Summary of Net Position

	2022	2021, restated	Fiscal Year 2022 percent change	2021, as previously stated	2021, restatement
Current assets	$ 44,486,000	$ 34,841,000	27.7%	$ 34,028,000	$ 813,000
Capital assets, net	101,718,000	101,565,000	0.2%	101,565,000	0
Leases receivable, noncurrent	3,916,000	1,986,000	100.0%	0	1,986,000
Total assets	150,120,000	138,392,000	8.5%	135,593,000	2,799,000
Deferred outflows of resources	568,000	871,000	-34.8%	871,000	0
Total assets and deferrals	$ 150,688,000	$ 139,263,000	8.2%	$ 136,464,000	$ 2,799,000
Current liabilities	$ 1,818,000	$ 1,605,000	13.3%	$ 1,605,000	$ 0
Long-term liabilities	10,020,000	10,340,000	-3.1%	10,815,000	(475,000)
Total liabilities	11,838,000	11,945,000	-0.9%	12,420,000	(475,000)
Deferred inflows of resources	7,677,000	3,321,000	131.2%	47,000	3,274,000
Total liabilities and deferrals	19,515,000	15,266,000	27.8%	12,467,000	2,799,000
Net position invested in capital assets net of related debt	93,131,000	97,270,000	-4.3%	97,270,000	0
Restricted net position	15,754,000	13,650,000	15.4%	13,650,000	0
Unrestricted net position	22,288,000	13,077,000	70.4%	13,077,000	0
Total net position	$ 131,173,000	$ 123,997,000	5.8%	$ 123,997,000	$ 0

Fiscal Year 2022

Current assets increased due to improved revenues from operations and continued receipts from Coronavirus Aid, Relief, and Economic Security Act (CARES) grant funding. Capital assets, net, was stable year-over-year. Significant additions in 2022 are discussed in the capital acquisitions section of this analysis. Depreciation for fiscal year 2022 was approximately $7.1 million. Leases receivable increased due to the addition of a long-term lease. Deferred outflows of resources decreased due to change in the actuarial valuation for the pension obligation.

Current liabilities increased due to scheduled bond payments due in the subsequent fiscal year. The total of long-term liabilities was stable year-over-year as the additional borrowings on debt of $4 million was offset by a decrease in the pension obligation of $4 million. Deferred inflows of resources increased due the implementation of GASB 87 and the impact of the actuarial valuation of the pension plan.

Fiscal Year 2021

Current assets increased due to receipts from CARES grant funding. Capital assets, net, reflect an excess of depreciation over acquisitions $2.3 million. Significant additions in 2021 are discussed in the capital acquisitions section of this analysis. Depreciation for fiscal year 2021 was approximately $7.9 million. Leases receivable increased due to the addition of a long-term lease. Deferred outflows of resources were stable year-over-year.

Current liabilities decreased due to a reduction in accounts payable on construction projects which corresponded with a reduction construction in process. Long-term liabilities increased due to the net pension obligation and advance payments received on long-term lease of capital asset. Deferred inflows of resources increased due to the addition of a long-term lease in fiscal year 2022.

CHANGES IN NET POSITION AND REVENUES

Following is a condensed summary of changes in net position and summary of revenues for fiscal years 2022 and 2021 (amounts rounded):

	2022	2021, restated	Fiscal year 2022 percent change	2021, as previously stated	2021, restatement
Total operating revenues	$ 8,861,000	$ 6,502,000	36.3%	$ 6,580,000	$ (78,000)
Total operation and maintenance expenses	14,312,000	16,193,000	-11.6%	16,193,000	0
Net nonoperating revenues	7,622,000	7,874,000	-3.2%	7,796,000	78,000
Income (loss) before capital contributions	2,171,000	(1,817,000)	219.5%	(1,817,000)	0
Capital contributions	5,005,000	4,204,000	19.1%	4,204,000	0
Change in net position	7,176,000	2,387,000	-200.6%	2,387,000	0
Beginning net position	123,997,000	121,610,000	2.0%	121,610,000	0
Ending net position	$ 131,173,000	$ 123,997,000	5.8%	$ 123,997,000	$ 0

Revenues

		2022		2021, restated	Fiscal year 2022 percent change		2021, as previously stated		2021, restatement
Operating revenues:									
Airfield revenue	$	1,388,000	$	1,208,000	14.9%	$	1,208,000	$	0
General aviation revenue		587,000		527,000	11.4%		527,000		0
Terminal revenue		5,831,000		3,645,000	60.0%		3,645,000		0
Other operating revenue		1,055,000		1,122,000	-6.0%		1,200,000		(78,000)
Total operating revenues		8,861,000		6,502,000	36.3%		6,580,000		(78,000)
Nonoperating revenues:									
Customer facility charges		556,000		424,000	31.1%		424,000		0
Other revenues, federal		114,000		95,000	20.0%		95,000		0
Noncapital grants, federal		6,702,000		7,022,000	-4.6%		7,022,000		0
Noncapital grants, state		217,000		246,000	-11.8%		246,000		0
Disposal of assets		0		30,000	-100.0%		30,000		0
Interest income		209,000		126,000	65.9%		48,000		78,000
Total nonoperating revenues		7,798,000		7,943,000	-1.8%		7,865,000		78,000
Capital contributions:									
Capital grants		3,847,000		3,619,000	6.3%		3,619,000		0
Passenger facility charges		1,158,000		585,000	97.9%		585,000		0
Total capital contributions		5,005,000		4,204,000	19.1%		4,204,000		0
Total revenues	$	21,664,000	$	18,649,000	16.2%	$	18,649,000	$	0

Fiscal Year 2022

Airfield revenue, terminal revenue, customer facility charges, and passenger facility charges increased due to reduced social distancing restrictions related to the COVID-19 pandemic.

General aviation revenue increased due to completion and rental of two hangars.

Other operating revenue decreased due to nonrecurring settlement with rental car company in the prior year.

The net of noncapital and capital grants was stable year-over-year.

Interest income increased as interest rates began increasing in 2022. Also, the balances of investments increased due to investment of revenues in excess of expenses.

Fiscal Year 2021

Airfield revenue, terminal revenue, customer facility charges, and passenger facility charges decreased due to reductions in passenger activity related to the COVID-19 pandemic.

General aviation revenue was stable year-over-year.

Other operating revenue increased due to one-time settlement with a rental car company.

Noncapital grants increased due to federal grant funding from the CARES Act.

Capital grants increased as more capital projects in fiscal year 2021 were funded through grants.

Interest income decreased as interest rates remained low for the full year for economic stabilization during the COVID-19 pandemic.

EXPENSES

Following is a summary of expenses for fiscal years 2022 and 2021 is as follows (amounts rounded):

	2022	2021	Fiscal Year 2022 percent change
Operation and maintenance expenses:			
Salaries and fringe benefits	$ 4,079,000	$ 5,176,000	-21.2%
Operating expenses	3,150,000	3,130,000	0.6%
Depreciation	7,083,000	7,887,000	-10.2%
Total operation and maintenance expenses	$ 14,312,000	$ 16,193,000	-11.6%
Nonoperating expenses:			
Interest expense	176,000	69,000	155.1%
Total expenses	$ 14,488,000	$ 16,262,000	-10.9%

There was no impact on expenses from the implementation of GASB 87.

Fiscal Year 2022

Salaries and benefits decreased due to the impact of negative expense related to the valuation of the net pension obligation and deferred inflows. Operating expenses were stable year-over-year. Depreciation decreased due to assets that completed depreciation in 2021 and 2022.

Interest expense reflects additional borrowings in 2022.

Fiscal Year 2021

Salaries and benefits were stable year-over-year. Operating expenses increased due to repairs and maintenance in the terminal and the airfield. Depreciation increased due to projects that were completed and began depreciation in fiscal years 2020 and 2021.

Due to completion of debt-serviced projects in 2021 and 2020 interest on the corresponding debt was charged to expense rather than added to capital assets.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Fiscal Year 2022

During fiscal year 2022, the Airport had capital additions, including construction in process, totaling $8.9 million. Significant construction in process items included airfield lighting and signage, master plan updates, and public parking improvements. Projects completed during fiscal year 2022 were as follows:

Project		Amount
Property purchase, Coulter Drive	$	3,336,000
Hangar development		1,082,000
Snow removal vehicle and tractor		734,000
Stream restoration		341,000
	$	5,493,000

Fiscal Year 2021

During fiscal year 2021, the Airport had capital additions, including construction in process, totaling $5.6 million. Significant construction in process items included airfield lighting and signage, car rental facility, master plan updates, and hangar development. Projects completed during fiscal year 2021 were as follows:

Project		Amount
Car rental facility	$	6,997,000
Building fit-out		1,822,000
Hangar development		247,000
Snow removal vehicle		216,000
Other		127,000
	$	9,409,000

LONG-TERM DEBT ADMINISTRATION

In December 2021, the Airport issued Airport Revenue Bonds, Series 2021A (the 2021A Revenue Bonds). The 2021A Revenue Bonds are held by the Virginia Resources Authority with a maximum of $3,520,000 available principal and an interest rate of 1.46% (the prevailing AA revenue interest rate at the time of issuance). The primary use of the proceeds of the 2021A Revenue Bonds is for the purchase of land and a building. At June 30, 2022, net draws were approximately $3,358,000.

There was no other new debt issued in fiscal year 2022. Principal and interest on debt was paid in accordance with the debt agreements. For the years ended June 30, 2022 and 2021 total interest costs were approximately $176,000 and $69,000, respectively, while approximately $0 and $75,000, respectively, was capitalized as construction in process.

Following is a roll forward of debt for the years ended June 30 (amounts rounded):

	2022	2021
Balance, beginning of year	$ 4,295,000	$ 4,414,000
Receipts from draws and new debt	4,665,000	244,000
Principal payments	(373,000)	(363,000)
Balance, end of year	$ 8,587,000	$ 4,295,000

DISCUSSION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

In March 2022, the Airport approved its fiscal year 2022-2023 operating budget. Budgeted operating revenues are approximately $10.2 million with an additional $6.9 million of CARES funding. Budgeted operating expenditures are approximately $10.2 million. These amounts do not include depreciation expense or capital contributions. Total proposed capital expenditures, as amended, are approximately $9.1 million. Of this amount, it is anticipated that approximately $6.5 million will be funded through federal grants, $2.2 million through state grants, and $.4 million through passenger facility charges. Landing fees for 2022-2023 will be $2.55 per 1,000 pounds for signatory airlines. Annual terminal rent will be $59.64 per square foot.

Also, required contributions for the City of Roanoke Pension Plan will decrease to approximately 14.37%. Of this amount, 5% is to be paid by employees.

REQUEST FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Airport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance and Administration, Roanoke Regional Airport Commission, 5202 Aviation Drive NW, Roanoke, Virginia 24012 or by e-mail to finance@flyroa.com. Alternatively, information about the operations of the Airport can be obtained via the Internet at www.flyroa.com.

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS		
Current assets		
Cash and temporary investments	$	5,174,312
Accounts receivable		475,968
Due from the federal government		2,680,155
Leases receivable		667,936
Prepaid expenses		104,892
Short-term investments, Virginia Investment Pool		35,380,876
Short-term investments, other		2,396
Total current assets		44,486,535
Capital assets		
Land and improvements		36,110,964
Buildings and structures		191,630,765
Equipment and other capital assets		18,177,813
Construction in process		8,194,847
Accumulated depreciation		(152,396,551)
Capital assets, net		101,717,838
Leases receivable, long-term portion		3,915,677
Total assets		150,120,050
Deferred outflows of resources, pension and OPEB		567,636
Total assets and deferrals	$	150,687,686
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses, operations	$	374,616
Accounts payable, construction and capital assets		218,933
Accrued payroll and compensated absences		505,836
Current portion of revenue bonds payable		678,321
Accrued interest, operations		39,854
Total current liabilities		1,817,560
Long-term liabilities		
Net pension liability		1,817,200
Net OPEB liability		294,953
Long-term portion of revenue bonds payable		7,908,528
Total long-term liabilities		10,020,681
Total liabilities		11,838,241
Deferred inflows of resources, pension, OPEB, leases		7,676,914
Total liabilities and deferrals		19,515,155
Net position		
Net investment in capital assets		93,130,989
Restricted		15,753,731
Unrestricted		22,287,811
Total net position	$	131,172,531

See report of independent auditors and
accompanying notes to financial statements.

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

Operating revenues	
Airfield revenue	$ 1,387,997
General aviation revenue	586,828
Terminal revenue	5,831,100
Other operating revenue	1,055,032
Total operating revenues	8,860,957
Operation and maintenance expenses	
Salaries and other benefits	4,508,961
Pension and OPEB benefit	(429,732)
Operating expenses	3,150,136
Depreciation	7,083,236
Total operation and maintenance expenses	14,312,601
Operating loss	(5,451,644)
Nonoperating revenues (expenses)	
Customer facility charges	555,951
Other revenues, federal	113,886
Noncapital grants, federal	6,701,820
Noncapital grants, state	217,017
Interest income	209,246
Interest expense	(175,959)
Net nonoperating revenues	7,621,961
Income (loss) before capital contributions	2,170,317
Capital contributions	
Capital grants, federal	2,000,261
Capital grants, state	1,846,983
Passenger facility charges	1,158,034
Total capital contributions	5,005,278
Change in net position	7,175,595
Net position, beginning of year	123,996,936
Net position, end of year	$ 131,172,531

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Operating activities		
Cash received from vendors and tenants	$	7,725,682
Cash payments to suppliers for goods and services		(3,048,680)
Cash payments to employees for services		(5,025,758)
Other receipts		589,995
Net cash flows from operating activities		241,239
Noncapital financing activities		
Noncapital grants received		7,032,723
Capital and related financing activities		
Proceeds from revenue bonds payable		4,664,491
Principal payments on revenue bonds payable		(372,994)
Interest paid on bonds payable		(175,959)
Acquisition and construction of capital assets		(7,382,967)
Capital grants received from other governments		3,174,132
Customer facility charges collected		555,951
Passenger facility charges collected		1,158,034
Net cash flows from capital and related financing activities		1,620,688
Investing activities		
Purchases of investments		(9,250,610)
Proceeds from sales of investments		1,860,248
Interest received on investments and leases		209,246
Net cash flows from investing activities		(7,181,116)
Net change in cash and cash equivalents		1,713,534
Total cash and cash equivalents, beginning of year		3,460,778
Total cash and cash equivalents, end of year	$	5,174,312
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	$	(5,451,644)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation		7,083,236
Changes in assets, liabilities, and deferrals:		
Accounts receivable		(80,243)
Leases receivable		(1,773,287)
Prepaid expenses		54,774
Deferred outflows		303,452
Accounts payable, operations		41,042
Accrued expenses		(4,770)
Net pension liability		(4,175,583)
Net OPEB liability		(111,705)
Deferred inflows		4,355,967
Net cash flows from operating activities	$	241,239
Supplemental disclosure, noncash investing activities:		
Accounts payable and accrued interest, construction and capital assets	$	218,933

See report of independent auditors and accompanying notes to financial statements.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Roanoke Regional Airport Commission (the Airport), owner and operator of the Roanoke-Blacksburg Regional Airport, was created through an act of the Virginia General Assembly in 1987. It is an independent subdivision of the state, financially independent and deriving none of its revenues from local taxes. The Roanoke-Blacksburg Regional Airport is the primary commercial service airport serving a 19-county region encompassing western Virginia and parts of West Virginia.

The Roanoke-Blacksburg Regional Airport is governed by a seven-member Commission Board, with each member being appointed to a four-year term. Four of the Commission members are appointed by the Roanoke City Council, two by the Roanoke County Board of Supervisors, and one by Salem City Council.

Basis of Accounting and Accounting Presentation

This summary of significant accounting policies is presented to assist in understanding the Airport's financial statements. The financial statements and accompanying notes are representations of the Airport's management who is responsible for their integrity and objectivity.

The Airport’s operations are presented as a single enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items in accordance with the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time the corresponding liabilities are incurred.

Revenues from rental and fees, landing fees, parking revenue, and other miscellaneous revenue are reported as operating revenues. Transactions, which are capital, financing or investing related, are reported as non-operating revenues. Passenger Facility Charges are reported as non-operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*, the Airport follows GASB guidance as applicable to enterprise funds.

Cash and Temporary Investments, Short-term Investments

All cash and temporary investments, short-term investments and long-term investments are held by financial institutions in the name of the Airport. Except as discussed in Note 2, all cash and temporary investments, short-term investments, and long-term investments were fully collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits according to the Virginia Security for Public Deposits Act Regulations of the Code of Virginia. All deposits and investments are insured or registered with securities held by a safe keeping agent in the Airport's name. Temporary investments, short-term investments, and long-term investments are recorded at fair value with any net appreciation or depreciation reflected in the statement of revenues, expenses and changes in net position. Temporary investments consist of money market funds, commercial paper, and commercial bank certificates of deposit with original maturities of three months or less carried at fair value. Short-term investments consist of money market funds, the Virginia Investment Pool Stable NAV Liquidity Pool and commercial bank certificates of deposit with a maturity of less than one year.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, cash on deposit, and temporary investments and with original maturities of three months or less.

Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectable. The allowance for uncollectible amounts is based on collection history and information regarding the credit worthiness of those doing business with the Airport. There were no material amounts deemed uncollectible at June 30, 2022.

Capital Assets

The Airport defines capital assets as assets with an initial, individual cost of more than $25,000 and an estimated useful life of at least three years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the capital asset in its present condition are recorded as expenses and are not capitalized.

Capital assets are stated at cost less accumulated depreciation computed by the straight-line method over the estimated lives of the respective assets as follows, amounts in years:

Buildings and structures	5 - 55
Equipment and other capital assets	3 - 15

Passenger Facility Charge Collections

On June 10, 1998, the Federal Aviation Administration (FAA) approved a $3.00 Passenger Facility Charge (PFC) (No. 1) collection at the Airport effective September 1, 1998. Effective December 1, 2001, the FAA approved an increase to a $4.50 PFC collection at the Airport. The total approved amended amount of net PFC revenue, plus interest the Airport was allowed to collect, was approximately $6,463,000 by January 1, 2005. On November 29, 2004, the FAA approved an additional PFC (No. 2) collection of approximately $8,158,000 by November 1, 2011, to begin after collection of the initial PFC No. 1. On May 18, 2011, the FAA approved an additional PFC (No. 3) collection of approximately $2,192,000 by January 1, 2013, to begin after collection of PFC No. 2. On September 6, 2011, the FAA approved an additional PFC (No. 4) collection of approximately $4,280,000 by October 1, 2016, to begin after collection of PFC No. 3. Collections for PFC No. 4 began in April 2013 and ended in September 2016. The Airport filed an application with the FAA (PFC No. 5) for authorization to collect an additional $3,314,298 (as amended) by January 1, 2022, to begin after collection of PFC No. 4, but not before August 1, 2016. Collections for PFC No. 5 began in October 2016 and ended in May 2019. The Airport filed an application with the FAA (PFC No. 6) for authorization to collect an additional $3,044,445 by September 1, 2022, to begin after collection of PFC No. 5. Collections for PFC No. 6 began in May 2019. For the year ended June 30, 2022, PFC revenues earned by the Airport totaled approximately $1,158,000.

Adoption of New Pronouncement, Leases

During the current year, the Airport adopted GASB Statement No. 87, *Leases*. As a result, the business-type activities of the Airport now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 4. There was no effect on net position as a result of the adoption of this standard.

The Airport is a lessor for noncancelable leases of airport space and other property to airlines, concessionaires, and other third parties. The Airport recognizes a lease receivable and a deferred inflow of resources in the financial statements in accordance with the provisions of GASB Statement No. 87, *Leases*.

The Airport monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

At the commencement of a lease, the Airport measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as operating revenue over the life of the lease term.

Key estimates and judgements include how the Airport determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Airport uses the estimated implicit rate at lease inception as the discount rate for its leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Leases of 12 months or less and those regulated by the Federal Aviation Administration are recognized each reporting period as amounts are earned. In accordance with GASB 87, these agreements are not included in the calculation of lease receivable.

Operating Revenues and Expenses

Operating revenues consist of airfield, general aviation, terminal, and other revenues. Operating expenses include salaries and fringe benefit costs, aircraft rescue and firefighting services, other operating expenses and depreciation. All other revenues and expenses, with the exception of capital grants and passenger facility charges, are classified as nonoperating revenues and expenses.

Employee Benefit Plans

Airport employees participate in the City of Roanoke Pension Plan (Pension Plan) and the Airport's deferred compensation plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. 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.

Funding Requirements

Pursuant to an agreement between the cities of Roanoke and Salem (the Cities) and the County of Roanoke (the County), each locality is responsible for their pro rata share, based on population, of any year-end operating deficit or capital expenditures of the Airport if additional funding is required, and such deficits or capital expenditures, as defined in the agreement, were previously approved in budgets authorized by the Cities and County. The Airport is responsible for paying all outstanding debt.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The Airport applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Use of Estimates

Management of the Airport has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Subsequent Events

The Airport evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 20, 2022, which is the date the financial statements were issued.

Significant Upcoming Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement clarifies the existing definition of a conduit debt obligation and establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers. This statement is effective for the Airport’s fiscal year ended June 30, 2023. Earlier application is encouraged.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription- Based Information Technology Arrangements* (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Airport is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Airport's financial statements for the year ending June 30, 2023.

The Airport has not determined what impact, if any, the above statements will have on its financial statements.

Impact of COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. This significantly impacted passenger traffic in fiscal years 2020 and 2021, with incremental recoveries through fiscal year 2022.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law. The CARES Act includes $10.0 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the pandemic. Through this program the Airport has been awarded $20.7 million to reimburse operating and debt service expenditures of the Airport. The CARES Act also provides additional funds through increasing from 75% to 100% the federal share of Airport Improvement Program grants awarded in fiscal year 2022.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriation Act, 2021 (“CRRSA Act”) was signed into law. Through this program the Airport has been awarded $2.8 million to reimburse operating and debt service expenditures and an additional $0.08 million for airport concession relief.

In March 2021, the American Rescue Plan Act (ARPA) was signed into law. Through this program the Airport has been awarded $4.6 million to reimburse operating and debt service expenditures and an additional $300,000 for airport concession relief.

2. DEPOSITS AND INVESTMENTS

The Airport's investment policy allows for the Airport's funds, other than sinking funds, to be invested in the following securities:

- United States Treasury bills, notes, or any other obligation or security issued by or backed by the full faith and credit of the United States Treasury.
- Bonds, notes, and other obligations of the United States, and securities issued by any federal government agency or instrumentality or government sponsored enterprise except for collateralized mortgage obligations, provided that the issuer is rated no less than AA by a Nationally Recognized Statistical Rating Organization ("NRSRO").
- Stocks, bonds, notes, and other evidences of indebtedness of the Commonwealth of Virginia and those unconditionally guaranteed as to payment of principal and interest by the Commonwealth, or of any county, city, town, district, authority, or any other public body of the Commonwealth of Virginia upon which there has been no default.
- Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks with a rating of A-1 by Standard and Poor's, Inc. and P-1 by Moody's Investor Service, Inc. for maturities of one year or less, and a rating of AA by Standard and Poor's, Inc. and Aa by Moody's Investor Service, Inc. for maturities over one year and not exceeding five years.
- Non-negotiable and time deposits and savings accounts in commercial banks and savings institutions doing business in the Commonwealth of Virginia.
- Unsecured short-term debt of U.S. corporations may be purchased if certain conditions are met.
- Bankers' acceptances issued by domestic banks or domestic offices of foreign banks, which are eligible for purchase by the Federal Reserve System with a maturity of 270 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than "A-1" (or its equivalent) by at least two NRSROs.
- Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States with a rating of at least AA by Standard and Poor's, Inc. and a rating of Aa by Moody's Investor Service, Inc. and a maturity of no more than five years.
- Overnight, term, and open repurchase agreements, provided certain conditions are met.
- Certificates of deposit provided certain conditions are met.
- The pooled investment fund (known as the Virginia Local Government Investment Pool) as provided for in Section 2.2-4600 et seq. of the Code of Virginia.
- Shares in open-end investment funds (mutual funds) provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and which are similarly diversified, provided that the fund is rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation or equivalent by other rating agencies. The fund must also be properly registered for sale under the Securities Act (Section 13.1-501 et seq.) of the Code of Virginia.
- Participation in VACo/VML Virginia Investment Pool Trust Fund.

At June 30, 2022, the Airport had the following unrestricted and restricted investments and cash (amounts rounded):

	Fair Value	<1 year	1-5 years	5-15 years	S&P Rating
Unrestricted:					
Virginia Investment Pool liquidity pool	$ 20,685,000	$ 20,685,000	$ 0	$ 0	AAAm
Commercial bank certificate of deposit	2,000	2,000	0	0	N/A
Cash	3,457,000	3,457,000	0	0	N/A
Total unrestricted	24,144,000	24,144,000	0	0	
Restricted:					
Virginia Investment Pool liquidity pool	14,697,000	14,697,000	0	0	AAAm
Cash	1,717,000	1,717,000	0	0	N/A
Total restricted	16,414,000	16,414,000	0	0	
Totals	$ 40,558,000	$ 40,558,000	$ 0	$ 0	

The above amounts are reflected in the accompanying statement of net position as follows (amounts rounded):

	2022
Short-term investments, VIP liquidity pool	$ 35,382,000
Short-term investments, other	2,000
Cash and temporary investments	5,174,000
	$ 40,558,000

Interest Rate Risk: Limitation on instruments, diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term, intermediate, or extended duration. Short-term investment maturities shall be scheduled to coincide with projected cash flow requirements and anticipated revenue. Short-term duration funds will be invested in permitted investments maturing in one year or less. Investments in intermediate and extended duration longer term securities shall be made after considering the additional income potential and the volatility risk inherent in securities with longer maturities. Intermediate duration funds will be invested in permitted investments maturing in five years or less. Extended duration funds will be invested in permitted investments maturing in fifteen years or less and shall not exceed more than 25% of the portfolio.

Custodial Credit Risk: All investments are in the name of the Airport and held in third-party safekeeping at a qualified financial institution designated as the primary agent.

Concentration of Credit Risk: The Airport does not have a specific policy towards concentration credit risk. As of June 30, 2022 the Airport's investments were allocated as follows:

		Maximum allowed
Virginia Investment Pool	87 %	100 %
Cash and other short-term investments	13	N/A
Totals	100 %	

The Airport maintains its cash accounts with federally insured banks. The Federal Deposit Insurance Corporation insures up to $250,000 at each institution. From time to time, cash balances may exceed federally insured limits. At June 30, 2022 amounts that were in excess of federally insured limits and were collateralized by assets held by the financial institution not in the Airport's name totaled approximately $4,925,000.

The Airport follows GASB Statement No. 72, *Fair Value Measurement and Application*, with respect to financial assets and liabilities. GASB 72 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Following is a brief description of those three levels.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Airport has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

- Virginia Investment Pool High Quality Bond Fund and Stable NAV Liquidity Pool: Value is equal to the shares owned. Method used to calculate participant shares and securities held is first-in, first-out. These are not registered with the Securities and Exchange Commission.

Below is a detail of amounts included in deposits and investments as of June 30, 2022. Money market checking accounts, certificates of deposit, and cash are not subject to fair value measurement (amounts rounded).

	Level 1	Level 2	Level 3	Total
Virginia Investment Pool				
Stable NAV Liquidity Pool	$ 0	$ 0	$ 35,382,000	$ 35,382,000
Certificates of deposit	0	0	0	2,000
Cash	0	0	0	5,174,000
Total deposits and investments	$ 0	$ 0	$ 35,382,000	$ 40,558,000

The Airport may redeem its deposits and investments at its discretion on an as needed basis.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows (amounts rounded):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and easements	$ 27,933,000	$ 1,101,000	$ 0	$ 29,034,000
Construction in process	6,103,000	7,752,000	5,660,000	8,195,000
Total non-depreciated	34,036,000	8,853,000	5,660,000	37,229,000
Capital assets being depreciated:				
Buildings, structures, and improvements	195,472,000	3,785,000	549,000	198,708,000
Equipment and other capital assets	17,445,000	733,000	0	18,178,000
Total depreciated	212,917,000	4,518,000	549,000	216,886,000
Less accumulated depreciation:				
Buildings, structures, and improvements	128,070,000	6,312,000	74,000	134,308,000
Equipment and other capital assets	17,318,000	771,000	0	18,089,000
Accumulated depreciation	145,388,000	7,083,000	74,000	152,397,000
Capital assets, net	$ 101,565,000	$ 6,288,000	$ 6,135,000	$ 101,718,000

Construction in process of approximately $8,195,000 at June 30, 2022 consisted primarily of costs incurred for airfield lighting and signage, master plan updates, and public parking improvements.

4. LEASES RECEIVABLE

The Airport recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for certain regulated leases and short-term leases. The asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Airport leases certain assets to various third parties. The assets leased include building facilities, land, office space, terminal space for concessions, rental car facilities, advertising, and others. Payments for a majority of the leases are received monthly, and the revenue varies based on the nature of the lease, which may be fixed monthly fee with annual or periodic escalation clauses or may be based on a percentage of revenues generated by the lessees. Lease terms vary from month to month to over 5 years. A majority of the leases are less than 5 years.

The Airport has adopted the following policies to assist in determining lease treatment according to the requirements of GASB 87:

- The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.
- The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. The term of the lease will exclude possible termination periods that are not deemed to be reasonably certain, given all available information, regarding the likelihood of exercise.
- For the year ended June 30, 2022, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

During the year ended June 30, 2022, the Airport recognized the following related to its lessor agreements (amounts rounded):

Lease revenue	$	492,000
Interest income		120,000
Revenue from variable payments not included in the measurement of lease receivable		5,327,000

Lease revenue is included in other operating revenue in the accompanying statement of revenues, expenses and changes in net position. Revenue from variable payments not included in the measurement of lease receivable is included in terminal revenue and other operating revenue.

The Airport has issued revenue bonds whose repayments are secured by revenue derived from airport operations. Although none of the Airport's leases are directly pledged as security for these bond repayments, lease revenue is a component of net revenue. See Note 6 for more information regarding outstanding bonds.

Future principal and interest payment requirements related to the Airport's lease receivable at June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 669,000	$ 128,000	$ 797,000
2024	652,000	108,000	760,000
2025	632,000	89,000	721,000
2026	668,000	70,000	738,000
2027	706,000	49,000	755,000
2028 - 2032	1,257,000	66,000	1,323,000
Total	$ 4,584,000	$ 510,000	$ 5,094,000

Regulated Leases

In accordance with GASB 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. Regulated aviation leases between airports and aeronautical users are regulated by the U.S. Department of Transportation and the Federal Aviation Administration.

The leased assets for regulated leases include aircraft maintenance facilities, cargo facilities and ramps, building facilities, and land.

During the year ended June 30, 2022, the Airport recognized the following from regulated leases:

Lease revenue	$	1,594,000
Revenue from variable payments not included in the measurement of lease receivable		1,388,000

Lease revenue is included in terminal revenue and general aviation revenue in the accompanying statement of revenues, expenses, and changes in net position. Revenue from variable payments not included in the measurement of lease receivable is included in airfield revenue.

Future expected minimum payments related to the Airport's regulated leases at June 30, 2022 are as follows:

Year		
2023	$	751,000
2024		61,000
2025		61,000
2026		61,000
2027		61,000
2028 - 2032		306,000
2033 - 2037		310,000
2038 - 2041		250,000
Total	$	1,861,000

5. CAPITAL CONTRIBUTIONS

Capital asset purchases have been primarily funded by federal and state capital contributions and by the issuance of revenue bonds. Additional matching requirements are met by the Airport.

Special purpose grants and passenger facility charges are subject to audit to determine compliance with specified requirements. Airport's management believes that if any refunds are required, they will not be material to the basic financial statements.

6. BONDS PAYABLE AND LONG-TERM LIABILITIES

In October 2017, the Airport issued Airport Revenue Bonds, Series 2017 (the 2017 Revenue Bonds). The 2017 Revenue Bonds are in the form of a draw note with a maximum of $4,700,000 and are privately held by a local bank (direct placement). The Revenue Bonds are secured by a pledge of future revenues and have interest rate of 2.25%, requiring semiannual payments in April (interest only) and October (principal and interest). Interest rate to be adjusted in October 2022 to the sum of the Five-Year Treasury Rate plus 0.40%. The primary use of proceeds of the 2017 Revenue Bonds is construction of a public parking lot. At June 30, 2022, cumulative net draws were approximately $343,000.

In October 2017, the Airport issued Customer Facility Charge Revenue Bonds, Series 2017 (the CFC Bonds). The CFC Bonds are in the form of a draw note with a maximum of $4,300,000 and are privately held by a local bank (direct placement). The CFC Bonds are secured by a pledge of CFC collections and have interest rate of 3.50%, requiring semiannual payments in April (interest only) and October (principal and interest). Interest rate to be adjusted in October 2022 to the sum of the Five-Year Treasury Rate plus 1.65%. The primary use of proceeds of the CFC Bonds is construction of rental car facilities. At June 30, 2022, cumulative net draws were approximately $3,796,000.

In February 2021, the Airport issued Airport Revenue Bonds, Series 2021 (the 2021 Revenue Bonds). The 2021 Revenue Bonds are held by the Virginia Resources Authority with a maximum of $1,100,000 available principal and an interest rate of 1.13% (the prevailing AA revenue interest rate at the time of issuance). The primary use of the proceeds of the 2021 Revenue Bonds is for construction of two hangars. At June 30, 2022, cumulative net draws were approximately $1,090,000.

In December 2021, the Airport issued Airport Revenue Bonds, Series 2021A (the 2021A Revenue Bonds). The 2021A Revenue Bonds are held by the Virginia Resources Authority with a maximum of $3,520,000 available principal and an interest rate of 1.46% (the prevailing AA revenue interest rate at the time of issuance). The primary use of the proceeds of the 2021A Revenue Bonds is for the purchase of land and a building. At June 30, 2022, cumulative net draws were approximately $3,358,000.

For the year ended June 30, 2022, interest costs were approximately $176,000.

Aggregate principal maturities on bonds payable are as follows for the years ended June 30 (amounts rounded):

	All series, all direct placement		
Year	Principal	Interest	Total
2023	$ 678,000	$ 192,000	$ 870,000
2024	777,000	177,000	954,000
2025	662,000	163,000	825,000
2026	675,000	150,000	825,000
2027	689,000	136,000	825,000
2028 - 2032	3,429,000	461,000	3,890,000
2033 - 2037	1,372,000	165,000	1,537,000
2038	305,000	3,000	308,000
Total	$ 8,587,000	$ 1,447,000	$ 10,034,000

For the year ended June 30, 2022, components of the Airport's liabilities which had long-term activity or balances were as follows (amounts rounded):

	Balance 07.01.2021	Additions	Reductions	Balance 06.30.2022	Due within one year	Due after one year
Revenue bonds payable	$ 4,295,000	$ 4,665,000	$ 373,000	$ 8,587,000	$ 678,000	$ 7,909,000
Net OPEB liability	407,000	0	112,000	295,000	0	295,000
Net pension liability	5,993,000	0	4,176,000	1,817,000	0	1,817,000
	$ 10,695,000	$ 4,665,000	$ 4,661,000	$ 10,699,000	$ 678,000	$ 10,021,000

7. PENSION PLAN

Pension Plan Description

All full-time employees of the Airport participate in the City of Roanoke Pension Plan (the Pension Plan), a cost-sharing multiple-employer public employee retirement system. The Pension Plan was established by City Ordinance No. 8559, dated May 27, 1946, and effective July 1, 1946. City Council appoints the Pension Plan Board of Trustees which is responsible for administering the Pension Plan. The Pension Plan is currently not subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974. The Pension Plan had approximately 1,600 active participants at June 30, 2021.

Effective July 1, 1984, the Pension Plan changed its name from the Employees' Retirement System of the City of Roanoke, Virginia (ERS) to City of Roanoke Pension Plan. This change provided for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by ERS. All employees covered under the provisions of ERS at June 30, 1984 could elect to stay with ERS or be covered under the provisions of ESRS. Coverage under ESRS was mandatory for all employees hired on or after July 1, 1984. Both ERS and ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the board of trustees. The Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after five years of credited service for all Pension Plan members. All Airport employees participate in ESRS. Employees who are members of ESRS with five years or more of credited service and age 65, and employees with the attained age of 50 (45 for firefighters and police officers) and their age plus years of service equal to 80 (70 for firefighters and police officers) are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1% of their final average compensation for each year of credited service up to a maximum of 63%. Final average compensation is the employee's average salary excluding overtime over the highest 36 consecutive months of credited service.

Employees hired on or before June 30, 2014 with five years of credited service may retire at or after age 50 and receive a reduced retirement benefit. Employees may elect to receive their pension benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits. Employees hired on or after July 1, 2014 with five years of credited service may retire at or after age 55 and receive a reduced retirement benefit. Employees may elect to receive their pension benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering five years of service, they forfeit the right to receive any Pension Plan benefits.

Funding Policy

Airport employees contribute 5.0% of their base compensation to the Pension Plan. The Airport's contribution is based on a percentage of the annual compensation of the active members, which is based on an actuarially determined contribution amount less the aforementioned employee's contribution. The payroll for Airport employees covered by the Pension Plan for the year ended June 30, 2022, was approximately $3,332,000. The Airport's total payroll for fiscal year 2022 was approximately $3,479,000. Contributions to the Pension Plan from the Airport were approximately $508,000 for the year ended June 30, 2022, which was approximately 15.25% of the covered payroll for the Airport. At June 30, 2022 approximately $23,000 of contributions withheld were payable to the Pension Plan. No other amounts were due to or from the Pension Plan at June 30, 2022.

Required employer contribution rates for the Pension Plan were 16.31% for fiscal year 2022. In fiscal year 2015, the City of Roanoke adopted modifications to the Pension Plan to provide for employee contributions in the amount of 5% of earnable compensation for Plan members hired prior to July 1, 2015. This modification included a window of opportunity for Plan members hired prior to July 1, 2015, to elect participation in and the accrual of prospective benefits effective July 1, 2015, as an ESRS of Hybrid Plan member who was hired after June 30, 2014. Effective July 1, 2015, active employees are required to contribute 5% of pay, except for those hired or rehired after June 30, 2014 that elect to participate in the Hybrid plan.

Annual Pension Cost

At June 30, 2022, the Airport reported a liability of approximately $1,817,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the Airport's proportion was 3.94%. The amount for June 30, 2021 was a decrease of 0.02% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Airport recognized pension benefit of approximately $399,000. At June 30, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts rounded):

	Deferred outflows	Deferred inflows
Contributions subsequent to the measurement date	$ 508,000	$ 0
Experience	0	62,000
Difference between projected and actual earnings on pension plan investments	0	2,937,000
	$ 508,000	$ 2,999,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the year ended June 30, 2022 (amounts rounded):

2023	$ (164,000)
2024	(699,000)
2025	(770,000)
2026	(858,000)
	$ (2,491,000)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% to 5.00%
Investment rate of return	7.25%, net of investment expenses
Cost of living adjustments	1.50% for eligible participants, based on 2/3 of assumed inflation

Mortality rates or pre-retirement and healthy annuitants were based on 125% of RP-2000 Combined Healthy Mortality for males and females with generation mortality projection using Scale AA. For Disableds, mortality rates were based on Society of Actuaries RP-2014 Adjusted to 2006 Disabled Retiree Mortality Table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the period July 1, 2011 through June 30, 2016.

Investment Rate of Return

The long-term expected rate of return on Plan investments was determined using projected long-term rates of returns developed for each asset class. The expected long-term rate of return for each asset class as weighted by the Investment Policy target asset allocation was used, to derive the overall expected rate of return for the portfolio. The long-term expectations are an arithmetic calculation. The following table reflected the long-term expected rate of return based upon the defined target allocation for each asset class, as defined in the Statement of Investment Policy:

	Allocation	Weighted contribution to rate of return
Equity		
U.S. equity	52.00%	5.20%
International equity	22.00%	2.42%
Real estate	6.00%	0.42%
Fixed income		
U.S. fixed income	20.00%	1.00%
Total	100.00%	9.04%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Pension Plan would be made based on actuarially determined contribution rates. Based on these assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all future benefit payments of current Pension Plan members. Therefore, the 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.

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

The following presents the net pension liability of the Pension Plan, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (amounts rounded):

	1% decrease (6.25%)	Current rate (7.25%)	1% increase (8.25%)
Airport's proportionate share of the net pension liability	$ 4,284,000	$ 1,817,000	$ (265,000)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the Pension Plan's annual comprehensive financial report. A copy of this report may be obtained by writing to the City of Roanoke Retirement Office, Attention: Retirement Administrator, 215 Church Ave., SW, Room 461, Roanoke, VA 24011 or on the internet at https://www.roanokeva.gov.

8. OTHER POSTEMPLOYMENT BENEFITS

Retiree Health Insurance

On July 21, 2009, the Airport approved the Retiree Health Insurance Contribution Plan (the Plan), to provide certain post-employment benefits to qualifying employees of the Airport. Participants must meet one of the following conditions to be eligible for benefits:

- Have 80 points (age plus years of service) and 15 or more years of service
- Attain the age of 55 with 15 or more years of service

The Airport pays the City of Roanoke $317 to $538 each month for medical insurance for each eligible retiree depending on coverage levels only through December 31, 2022 or until the City no longer provides health insurance coverage to Commission retirees, whichever comes sooner. The Airport reserves the right to revise and terminate the Plan at any time, as it deems necessary, at its sole discretion. This benefit will terminate when the retiree is eligible for coverage by any other health insurance, including Medicare.

As of June 30, 2022, the Plan was not funded. The Plan does not issue stand-alone financial statements. The membership as of January 1, 2021, the most recent valuation date, includes 57 active participants, 3 retirees and surviving spouses, and 0 spouses of current retirees. Total covered members of 60. There was no change ion covered members from January 1, 2021 through December 31, 2021.

The Airport's net other postemployment benefits (OPEB) liability was measured as of January 1, 2021 with a roll forward to June 30, 2022, and the retiree health insurance OPEB liability used to calculate the net retiree health insurance OPEB liability was determined by an actuarial valuation as of June 30, 2022.

The retiree health insurance OPEB liability was determined using the following assumptions:

Inflation	2.50%
Salary increases	2.50% - 5.00%
Discount rate	3.54%
Health cost trend rates	4.20% - 5.10%

For all Airport employees, mortality rates were based on the RP-2000 mortality tables. All tables include fully generational adjustments for mortality improvements using improvement scale AA. For disabled lives, mortality rates were based on the RP-2014 disabled mortality tables and no provision for future mortality improvement.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an experience study for the period July 1, 2011 through June 30, 2016.

As the plan is not funded, there is no fiduciary net position and the net OPEB and total OPEB are the same amount. Changes in the net OPEB liability are as follows for the year ended June 30, 2022 (amounts rounded):

Balance, beginning of year	$	159,000
Service cost		10,000
Interest		3,000
Effect of assumption changes		(19,000)
Benefit payments		(14,000)
Balance, end of year	$	139,000

OPEB benefit for 2022 was approximately $6,000 and is included in pension and OPEB expense in the statement of revenues, expenses and changes in net position.

At June 30, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts rounded):

		Deferred outflows		Deferred inflows
Assumption changes	$	3,000	$	19,000
Experience		29,000		0
	$	32,000	$	19,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30 (amounts rounded):

2023	$	2,000
2024		4,000
2025		4,000
2026		3,000
	$	13,000

The following table presents the net OPEB liability of the Airport, as well as what the Airport's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate (amounts rounded):

	1% decrease (2.54%)	Current rate (3.54%)	1% increase (4.54%)
Net OPEB liability	$ 153,000	$ 139,000	$ 127,000

The following table presents the net OPEB liability of the Airport, as well as what the Airport's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates (amounts rounded):

	1% decrease (3.10% - 4.20%)	Current rate (4.10% - 5.20%)	1% increase (5.10% - 6.20%)
Net OPEB liability	$ 122,000	$ 139,000	$ 159,000

The required schedule of contributions and changes in net OPEB liability and related ratios is presented as required supplementary information immediately following the notes to the financial statements.

Group Life Insurance Program

The Airport participates in the Virginia Retirement Systems (VRS) Group Life Insurance (GLI) Program which is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers.

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

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI Program upon employment. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Airport employees do not contribute to the GLI Program. The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended. Covered payroll for the GLI Program for the year ended June 30, 2022, was approximately $3,332,000. Contributions to the GLI Program from the Airport were approximately $16,000 for the year ended June 30, 2022, which was approximately .48% of the covered employee payroll for the Airport. No material amounts were due to or from the GLI Program at June 30, 2022.

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of those dates. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the years ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2022, the Airport reported a net OPEB liability of $156,000 for its proportionate share of the VRS GLI program net OPEB liability. The net VRS GLI program OPEB liability was measured as of June 30, 2021. The total VRS GLI program OPEB liability used to calculate the net VRS GLI program OPEB liability was determined by an actuarial valuation as of those dates. The Airport's proportion of the net VRS GLI program OPEB liability was calculated based on the Airport's actuarially determined employer contributions to the VRS GLI program OPEB plan for the years ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. The Airport's proportion was 3.33% for the year ended June 30, 2021. For the year ended June 30, 2022, the Airport's VRS GLI OPEB benefit was approximately $25,000. This amount is included in pension and OPEB expense in the accompanying statement of revenues, expenses, and changes in net position.

At June 30, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to the VRS GLI program from the following sources (amounts rounded):

	Deferred outflows	Deferred inflows
Assumption changes	$ 9,000	$ 23,000
Change in proportion	0	13,000
Experience	19,000	1,000
Net difference between projected and actual earnings on pension plan investments	0	40,000
	$ 28,000	$ 77,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30 (amounts rounded):

2023	$ (13,000)
2024	(12,000)
2025	(12,000)
2026	(12,000)
	$ (49,000)

The GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal cost method and the following assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the period July 1, 2011 through June 30, 2016.

The GLI OPEB liability was determined using the following assumptions.

Investment Rate of Return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2021; males 90% of rates; females set forward 1 year.

Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2021; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2021; males set forward 2 years; unisex using 100% male.

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

Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2021; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2021; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

The discount rate used to measure the GLI OPEB liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on Plan investments was determined using projected long-term rates of returns developed for each asset class. The expected long-term rate of return for each asset class as weighted by the Investment Policy target asset allocation was used, to derive the overall expected rate of return for the portfolio. The long-term expectations are an arithmetic calculation. The following table reflected the long-term expected rate of return based upon the defined target allocation for each asset class, as defined in the Statement of Investment Policy:

Asset class (strategy)	Target allocation	Arithmetic long-term expected rate of return	Weighted average long-term expected rate of return
Public equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit strategies	14.00%	4.49%	0.63%
Real assets	14.00%	4.76%	0.67%
Private equity	14.00%	9.94%	1.39%
Multi-asset public strategies	6.00%	3.29%	0.20%
Private investment partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
			7.39%

The above allocation provides a one-year return of 7.39%. One-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

The following presents the Airport's proportionate share of the VRS GLI Program net GLI OPEB liability using the discount rate of 6.75%, as well as what the Airport's proportionate share of the net GLI OPEB liability would be if it were calculated using a rate that is one percentage point lower or one percentage point higher:

	1% decrease (5.75%)	Current rate (6.75%)	1% increase (7.75%)
Net OPEB GLI liability	$ 228,000	$ 156,000	$ 98,000

Detailed information about the GLI Program is available in the separately issued VRS 2021 annual comprehensive financial report at https://www.varetire.org/pdf/publications/2021-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

9. DEFERRED COMPENSATION PLAN

Airport employees may participate in the Airport's deferred compensation plan which was created in accordance with Internal Revenue Code Section 457 from its predecessor plan held by the City of Roanoke (the Roanoke Regional Airport Commission 457 Deferred Compensation Plan). The deferred compensation plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Airport made contributions to the deferred compensation plan in the amount of approximately $29,000 for the year ended June 30, 2022. These amounts are included in salaries and other benefits in the accompany statements of revenues, expenses and changes in net position. No amounts have been placed in trust for this plan.

10. CONCENTRATIONS

Revenue from landed weights, parking, and concessionaires comprise the majority of operating revenues for the Airport. Three airlines accounted for approximately 81.1% of the landed weight for commercial airlines during the years ended June 30, 2022. Activity from commercial airlines is primarily responsible for parking revenues and revenue from concessionaires.

11. COMMITMENTS AND OTHER MATTERS

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport manages these risks through the purchase of commercial insurance. From time to time, the Airport is involved in litigation in the normal course of operations. It is the opinion of the Airport's management that any adverse outcomes related to litigation would not have a material impact on the financial position, results of operations, or cash flows of the Airport as of and for the year ended June 30, 2022.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement of the grantor agencies. The Airport's management believes disallowances, if any, would be immaterial.

As of June 30, 2022, the Airport had outstanding contractual commitments approximating $1.4 million related to equipment purchases and airport improvement projects.

12. RELATED-PARTY TRANSACTIONS

Following are payments to related parties for the year ended June 30, 2022 (amounts rounded):

	City of Roanoke	County of Roanoke
Pension contributions	$ 508,000	$ 0
Storm water utility fees	198,000	0
Land improvements	0	0
Retirement, life insurance	21,000	0
Retiree health insurance	6,000	0
Radio repair and replacement	0	19,000
Total	$ 733,000	$ 19,000

In addition to the above, the Airport received approximately $99,000 in rental revenues for the year ended June 30, 2022 from the City of Roanoke.

As discussed in Note 7, at June 30, 2022 approximately $23,000 of contributions withheld were payable to the Pension Plan. No other material amounts were due to or from the City of Roanoke or County of Roanoke at June 30, 2022.

13. DEFERRED OUTFLOWS AND INFLOWS

Following is a detail of deferred outflows and inflows as of June 30, 2022 (amounts rounded):

		Deferred outflows		Deferred inflows
Pension	$	508,000	$	2,999,000
Other postemployment benefits, health insurance		32,000		19,000
Other postemployment benefits, life insurance		28,000		77,000
Leases receivable		0		4,582,000
Balance, end of year	$	568,000	$	7,677,000

14. RESTRICTED CASH AND INVESTMENTS

Following is a detail of restricted cash and investments as of June 30, 2022 (amounts rounded):

State entitlement funds	$	14,697,000
Debt service reserve		1,041,000
Car rental facility		106,000
Employee flexible spending account		16,000
	$	15,860,000

The above amounts are included in cash and temporary investments and short-term investments in the accompanying statements of net position.

Amounts for state entitlement funds, debt service reserve, and employee flexible spending account agree to the corresponding amounts for restricted net position. At June 30, 2022 approximately $106,000 had been expended for car rental facility purposes which had not been transferred from the corresponding cash and investment accounts. As of June 30, 2022 total construction costs on the rental car facility exceeded the total amount of receipts from customer facility charges.

15. DESIGNATIONS OF UNRESTRICTED NET POSITION

At June 30, 2022, $7,500,000 of unrestricted net position was designated for discretionary operating expenditures, capital fund reserve, and major maintenance reserve.

16. RESTRICTED NET POSITION

Following is a detail of restricted net position as of June 30, 2022 (amounts rounded):

State entitlement funds	$	14,697,000
Debt service reserve		1,041,000
Employee flexible spending account		16,000
	$	15,754,000

State entitlement funds may be used for the following, pursuant to the guidelines in the Virginia Department of Aviation Airport Program Manual: capital assets, non-revenue producing; security; maintenance; airport promotion.

The funds require pre-approval from the Virginia Department of Aviation prior to use.

- REQUIRED SUPPLEMENTARY INFORMATION -

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS, RETIREE HEALTH INSURANCE
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 10,287	$ 9,889	$ 6,572	$ 7,215	$ 6,630	$ 6,406
Interest	3,497	2,608	3,611	4,686	4,225	4,447
Effect of economic/demographic losses	0	43,550	0	0	0	0
Effect of assumption changes or inputs	(19,344)	712	10,100	(19,573)	(3,286)	0
Benefit payments (premium subsidies)	(14,145)	(12,301)	(5,311)	(7,494)	(14,370)	(20,461)
Net change in total OPEB liability	(19,705)	44,458	14,972	(15,166)	(6,801)	(9,608)
Total OPEB liability, beginning	158,658	114,200	99,228	114,394	121,195	130,803
Total OPEB liability, ending	$ 138,953	$ 158,658	$ 114,200	$ 99,228	$ 114,394	$ 121,195
Plan fiduciary net position						
Contributions (payments for premiums)	$ 14,145	$ 12,301	$ 5,311	$ 7,494	$ 14,370	$ 20,461
Benefit payments (premium subsidies)	(14,145)	(12,301)	(5,311)	(7,494)	(14,370)	(20,461)
Net change in total OPEB liability	0	0	0	0	0	0
Plan fiduciary net position, beginning	0	0	0	0	0	0
Plan fiduciary net position, ending	0	0	0	0	0	0
Net OPEB liability	$ 138,953	$ 158,658	$ 114,200	$ 99,228	$ 114,394	$ 121,195
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll (rounded)	$ 3,332,000	$ 3,144,000	$ 3,121,000	$ 3,019,000	$ 2,885,000	$ 2,794,000
Net OPEB liability as a percentage of covered employee payroll	4.17%	5.05%	3.66%	3.29%	3.97%	4.34%

Notes:

The plan is funded on a pay-as-you go basis. There are no actuarially determined contributions.

This schedule is intended to present ten years of the net OPEB liability. Currently, only those years with information available are presented.

Valuation date - January 1, 2021. Roll forward computation through June 30, 2022. Actuarial cost method - Entry Age Normal. Inflation - 2.50%.

Salary increases - 2.50% to 5.00%. Discount rate - 3.54% for 2021 and 2.16% for 2020. Same as 20-year tax-exempt municipal bond yield. Based on Bond Buyer 20-year GO index.

Healthcare trend rates - 4.10% to 5.20% over 53 years. Coverage election assumptions - 40% for employees. 30% for spouses.

Retirement rates - general employees: 55-69 - 15-40%, 70 - 100%. Retirement rates - public safety: 55-61 - 10-20%, 62-64 - 50%, 65 - 100%.

Marital status - 100% assumed married with male spouses three years older than female spouses.

Mortality rates: Pre-retirement - RP-2000 Employee Mortality Tables projected to 2020 using Scale AA. Post-disablement - RP-2014 Disabled Life Mortality Tables. Post-retirement - RP-2000 Combined Healthy Mortality Tables projected to 2020 using Scale AA.

ROANOKE REGIONAL AIRPORT COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY, GROUP LIFE INSURANCE

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017
Airport's proportion of the net OPEB liability	3.3305%	3.5900%	3.5720%	3.4714%	3.3588%	3.2622%
Airport's proportionate share of the net OPEB liability	$ 156,000	248,000	$ 244,000	$ 225,000	$ 221,000	$ 252,000
Covered employee payroll	$ 3,332,000	3,144,000	$ 3,121,000	$ 3,019,000	$ 2,885,000	$ 2,794,000
Proportionate share of net OPEB liability as a percentage of covered employee payroll	4.68%	7.89%	7.82%	7.45%	7.66%	9.02%
Plan fiduciary net position as a percentage of the total OPEB liability	67.45%	52.64%	52.00%	51.22%	48.86%	39.91%

Notes:

This schedule is intended to present ten years of the proportionate share of the net OPEB liability for the group life insurance plan. Currently, only those years with information available are presented.

Above amounts are rounded.

ROANOKE REGIONAL AIRPORT COMMISSION

SCHEDULE OF AIRPORT CONTRIBUTIONS TO THE OPEB GROUP LIFE INSURANCE PLAN

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 16	$ 16	$ 15	$ 15	$ 14	6
Contributions in relation to the contractually required contribution	16	16	15	15	14	6
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	0
Airport's covered-employee payroll	$ 3,332	$ 3,144	$ 3,121	$ 3,019	$ 2,885	2,794
Contributions as a percentage of covered-employee payroll	0.48%	0.51%	0.48%	0.50%	0.49%	0.21%

Notes:

Above amounts are in thousands. The contractually required contribution is actuarially determined. None of the above amounts are associated with payables to the pension plan from a previous year or any specifically financed liabilities.

Currently, only those years with information available are presented.

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Airport's proportion of the net pension liability	3.9363%	3.9613%	3.9374%	3.7924%	3.7515%	3.6161%	3.8494%	4.0139%	3.9976%
Airport's proportionate share of the net pension liability (in thousands)	$ 1,817	$ 5,993	$ 5,471	$ 4,819	$ 5,389	$ 6,134	$ 5,395	$ 4,712	$ 6,249
Covered payroll (in thousands)	$ 3,332	$ 3,144	$ 3,121	$ 3,019	$ 2,885	$ 2,794	$ 2,620	$ 2,746	$ 2,811
Proportionate share of net pension liability as a percentage of covered payroll	54.53%	190.62%	175.30%	159.62%	186.79%	219.54%	205.92%	171.60%	222.31%
Plan fiduciary net position as a percentage of the total pension liability	92.02%	73.69%	75.62%	77.32%	73.96%	68.70%	73.81%	77.23%	68.95%

Notes:

Above amounts are in thousands. This schedule is intended to present ten years of the proportionate share of the net pension liability. Currently, only those years with information available are presented.

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF AIRPORT CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 508	$ 635	$ 652	$ 643	$ 627	$ 582	$ 549	$ 599	$ 517	$ 431
Contributions in relation to the contractually required contribution	508	635	652	643	627	582	549	599	517	431
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Airport's covered payroll	$ 3,332	$ 3,144	$ 3,121	$ 3,019	$ 2,885	$ 2,794	$ 2,620	$ 2,746	$ 2,811	$ 2,710
Contributions as a percentage of covered payroll	15.25%	20.20%	20.89%	21.30%	21.73%	20.83%	20.95%	21.81%	18.39%	15.90%

Note:

Above amounts are in thousands. The contractually required contribution is actuarially determined. None of the above amounts are associated with payables to the pension plan from a previous year or any specifically financed liabilities.

- SUPPLEMENTARY INFORMATION -

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program	Federal Assistance Listing No.	Federal Project Number	Total Federal Program or Award Amount		Current Year Federal Expenditures
MAJOR PROGRAM:					
U.S. Department of Transportation					
Direct Program:					
Airport Improvement Program	20.106	3-51-0045-63	$ 20,709,748	*	$ 6,701,820
		3-51-0045-64	3,990,070		2,000,261
Total			$ 24,699,818		$ 8,702,081

* Funds received as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

No amounts were provided to subrecipients.

See report of independent auditors on pages 1 through 3 and accompanying notes to the Schedule of Expenditures of Federal Awards.

1. GENERAL

The Roanoke Regional Airport Commission (the Airport) is a public body politic and corporate, and has jurisdiction, control, possession, and supervision of the Roanoke-Blacksburg Regional Airport. The accompanying Schedule of Expenditures of Federal Awards presents the 2022 expenditure activity of all federal financial assistance programs of the Airport. All federal financial assistance was received directly from federal agencies. The Airport did not elect to use the 10% de minimis rule for the indirect cost rate.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law. Through this program the Airport has been awarded $20.7 million to reimburse operating expenditures starting January 20, 2020 and debt service expenditures starting March 27, 2020.

The award revenues received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the Airport. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Roanoke Regional Airport Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF PASSENGER FACILITY CHARGES (PFCS) COLLECTED AND EXPENDED
YEAR ENDED JUNE 30, 2022

Final Agency Decision	Impose authority *	PFCs collected in prior years	PFCs collected in current year	Total PFCs collected	Interest earned	Prior year applied expenditures	Current year applied expenditures	Total applied expenditures
U.S. Department of Transportation								
Passenger Facility Charge Program								
98-01-C-02-ROA	$ 6,463,183	$ 6,463,183	$ 0	$ 6,463,183	$ 0	$ 6,463,183	$ 0	$ 6,463,183
04-02-C-00-ROA	8,158,043	8,158,043	0	8,158,043	0	8,158,043	0	8,158,043
11-03-C-00-ROA	2,191,701	2,191,701	0	2,191,701	0	2,191,701	0	2,191,701
11-04-C-00-ROA	4,279,550	4,279,550	0	4,279,550	0	4,279,550	0	4,279,550
16-05-C-00-ROA	3,314,298	3,314,298	0	3,314,298	0	3,314,298	0	3,314,298
19-06-C-00-ROA	3,044,445	2,082,148	1,158,034	3,240,182	426	1,951,325	623,981	2,575,306
	$ 27,451,220	$ 26,488,923	$ 1,158,034	$ 27,646,957	$ 426	$ 26,358,100	$ 623,981	$ 26,982,081

	Per PFC quarterly reports					
	Quarter ended Sept 30, 2021	Quarter ended Dec 31, 2021	Quarter ended Mar 31, 2022	Quarter ended June 30, 2022	Interest from prior years	Total
19-06-C-00-ROA:						
Collections	$ 283,261	$ 289,027	$ 250,239	$ 335,507	$ 0	$ 1,158,034
Interest	$ 5	$ 5	$ 4	$ 11	$ 401	$ 426
Expenditures	$ 283,263	$ 289,034	$ 51,684	$ 0	$ 0	$ 623,981

* Use authority is the same as impose authority for all Final Agency Decisions in this schedule.

See report of independent auditors on pages 1 through 3 and accompanying notes to the Schedule of Passenger Facility Charges Collected and Expended.

1. GENERAL

The accompanying Schedule of Passenger Facility Charges (PFCs) Collected and Expended (the Schedule) presents all passenger facility charge activities of the Roanoke Regional Airport Commission (the Airport). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The Schedule includes all the PFCs and the interest earnings thereon collected by the Airport beginning September 1, 1998 through June 30, 2022. PFCs are collected pursuant to Federal Aviation Administration (FAA) approved applications.

2. BASIS OF PRESENTATION

The Schedule is presented in accordance with accounting principles generally accepted in the United States of America. PFCs are recorded as restricted revenue until expended in compliance with applicable Final Agency Decisions from the FAA. Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position, changes in net position or cash flows of the Airport. Expenditures represent the amount of capital and other cost expended for approved projects.

14 CFR Section 158.63 requires that the public agency provide quarterly reports to carriers collecting PFC revenues for the public agency, with a copy to the appropriate FAA Airports office. The PFC quarterly report must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects. Amounts reported in the accompanying Schedule include a reconciliation to quarterly amounts reported in the System of Airports Reporting.

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF DEBT SERVICE COVERAGE
YEAR ENDED JUNE 30, 2022

Operating revenues	$	8,860,957
Noncapital grants, federal, CARES funding *		6,701,820
Interest income		209,246
Revenues, per Financing Agreement		15,772,023
Operation and maintenance expenses, per financial statements		14,312,601
Depreciation		(7,083,236)
Operation and maintenance expenses, per Financing Agreement		7,229,365
Net revenues available for debt service	$	8,542,658
Required principal payments	$	372,994
Required interest payments		175,959
Total required principal and interest payments	$	548,953
Debt service coverage		1556.17%
Required debt service coverage		125.00%

* CARES funding is eligible for operations and maintenance expenses.

Notes to schedule

The above schedule was prepared based on the February 4, 2021 Financing Agreement between Virginia Resources Authority and Roanoke Regional Airport Commission (the Financing Agreement).

Revenues, operations and maintenance expenses, and net revenues available for debt service are defined in Article I, Section 1.1. of the Financing Agreement.

Required debt service coverage is stipulated in Article V, Section 5.1 of the Financing Agreement.

Required principal and interest payments are provided in Schedule I to the Financing Agreement.

- ADDITIONAL REPORTS AND INFORMATION REQUIRED UNDER THE SINGLE AUDIT ACT -

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Roanoke Regional Airport Commission (the Airport), and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (the financial statements), and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Page Two

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
December 20, 2022

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Roanoke Regional Airport Commission's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal program for the year ended June 30, 2022. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

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

<u>Report on Internal Control Over Compliance</u>

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

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

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

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

Blue & Co., LLC

Lexington, Kentucky
December 20, 2022

Section I - Summary of Auditor's Results

Type of auditor's report issued:	unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Noncompliance material to financial statements noted?	______ yes	✓ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Type of auditor's report issued on compliance for major programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ yes	✓ no

Identification of major programs:

AL Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	✓ yes	______ no

Section II - Findings related to financial statements reported in accordance with *Governmental Auditing Standards*

None reported.

Section III - Findings and questioned costs related to federal awards

None reported.

Federal Award Findings and Questioned Costs

No findings or questioned costs for federal award programs were reported for the year ended June 30, 2021.

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

Report on Compliance for Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Roanoke Regional Airport Commission's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration* (the Guide), that could have a direct and material effect on its Passenger Facility Charge Program (the Program) for the year ended June 30, 2022 (including quarterly reports under section 158.63(a)).

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the year ended June 30, 2022.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide). Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

*R*esponsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Program.

Auditor's Responsibilities for the Audit of Compliance

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

To the Members of the Roanoke Regional Airport Commission
Roanoke, Virginia

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Blue & Co., LLC

Lexington, Kentucky
December 20, 2022

Summary of Auditors' Results

We have issued an unmodified opinion, dated December 20, 2022 on the financial statements of Roanoke Regional Airport Commission as of and for the year ended June 30, 2022.

Our audit disclosed no material weaknesses or significant deficiencies that are considered to be material weaknesses in relation to internal control over financial reporting or internal control over the passenger facility charge program.

Our audit disclosed no instances of non-compliance which are material to Roanoke Regional Airport Commission's financial statements.

We have issued an unmodified opinion, dated December 20, 2022 on Roanoke Regional Airport Commission's compliance for the passenger facility charge program.

Our audit disclosed no findings required to be reported under the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide).

Findings Relating to the Financial Statements

Our audit disclosed no findings which are required to be reported in accordance with the Guide.

Findings and Questioned Costs for the Passenger Facility Charge Program

Our audit disclosed no findings or questioned costs for passenger facility charge program as defined by the Guide.

ROANOKE REGIONAL AIRPORT COMMISSION
SCHEDULE OF PRIOR YEAR PASSENGER FACILITY CHARGES FINDINGS AND THEIR RESOLUTIONS
YEAR ENDED JUNE 30, 2022

No findings that are required to be reported in accordance with the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration were reported for the year ended June 30, 2021.