Virginia Tech/Montgomery Regional Airport Authority

Financial Report

Fiscal Year Ended June 30, 2024

BROWN EDWARDS
certified public accountants

Virginia Tech/Montgomery Regional Airport Authority

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Virginia Tech/Montgomery Regional Airport Authority

Directory of Principal Officials

June 30, 2024

Members of the Board

Ms. Mary Biggs – Chair
Mr. Brad Stipes – Vice Chair
Ms. Lynsay Bleshe
Mr. Steve Ross
Dr. Nathaniel Bishop

Independent Auditors

Brown, Edwards & Company, L.L.P.

Attorneys

Sands Anderson, P.C.

Financial Section

The Financial Section Contains the Basic Financial Statements.

BROWN EDWARDS
certified public accountants

Independent Auditor's Report

To the Honorable Members of the Board of Directors
Virginia Tech/Montgomery Regional Airport Authority
Blacksburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Virginia Tech/Montgomery Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 11, 2024

Basic Financial Statement

Exhibit 1

Virginia Tech/Montgomery Regional Airport Authority

Statement of Net Position

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	$ 481,410	$ 288,412
Cash and cash equivalents, restricted (Note 2)	1,137,701	1,124,535
Accounts receivable	21,528	19,272
Due from other governments (Note 3)	54,567	70,135
Capital reimbursement receivable (Note 15)	-	13,703
Leases receivable (Note 5)	41,981	41,612
Inventory	51,355	59,141
Total current assets	1,788,542	1,616,810
Noncurrent assets		
Capital reimbursement receivable (Note 15)	-	302,931
Leases receivable (Note 5)	282,070	324,051
Capital assets: (Note 4)		
Nondepreciable	940,394	426,122
Depreciable, net	36,034,175	38,672,514
Total noncurrent assets	37,256,639	39,725,618
Total assets	39,045,181	41,342,428
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 8)	96,902	73,386
Deferred outflows related to other post-employment benefits (Note 9)	37,786	53,165
Total deferred outflows of resources	134,688	126,551
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	134,976	105,721
Compensated absences (Note 6)	10,175	10,110
Due to Town of Blacksburg	456,369	344,063
Accrued interest payable	8,590	11,148
Unearned revenue	440	55,665
Current portion of long-term leases (Note 7)	45,650	47,023
Current portion of long-term debt (Note 7)	260,091	238,845
Total current liabilities	916,291	812,575

Exhibit 1

Virginia Tech/Montgomery Regional Airport Authority

Statement of Net Position

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
Noncurrent liabilties		
Net pension liability (Note 8)	327,922	282,743
Net other post-employment benefits (Note 9)	153,405	204,045
Compensated absences (Note 6)	31,130	24,501
Leases payable (Note 7)	30,602	72,678
Fuel tank note (Note 7)	21,622	40,716
Revenue bonds (Note 7)	2,241,640	2,482,636
Total noncurrent liabilities	2,806,321	3,107,319
Total liabilities	3,722,612	3,919,894
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 8)	26,142	50,307
Deferred inflows related to other post-employment benefits (Note 9)	30,777	22,969
Deferred inflows related to leases (Note 5)	321,331	364,629
Total deferred inflows of resources	378,250	437,905
NET POSITION		
Net investment in capital assets	35,536,426	37,382,088
Restricted	39,484	38,928
Unrestricted	(496,903)	(309,836)
Total net position	$ 35,079,007	$ 37,111,180

Virginia Tech/Montgomery Regional Airport Authority

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
REVENUES		
Fuel sales (Note 11)	$ 1,515,084	$ 1,481,946
Hangar rentals	119,490	119,069
Parking	108,828	91,979
Property leases	89,155	88,294
Other income	66,173	48,452
Total operating revenues	1,898,730	1,829,740
OPERATING EXPENSES		
Salaries and wages	373,043	352,392
Directors' compensation	7,625	7,500
Employee benefits	81,450	151,691
Payroll taxes	28,734	26,322
Training and travel	3,288	4,245
Advertising	-	185
Administrative	60,592	62,550
Repair and maintenance	253,494	44,114
Supplies	59,771	22,342
Dues and subscriptions	725	658
Professional fees	51,559	45,293
Insurance	24,775	24,292
Inspection	6,118	6,258
Utilities	26,871	24,953
Fuel	994,668	1,015,834
Other	21,366	13,615
Bad debt expense	493	-
Telephone	6,954	6,497
Depreciation	2,781,893	2,776,228
Landscaping	12,854	5,578
Total operating expenses	4,796,273	4,590,547
Operating loss	(2,897,543)	(2,760,807)

Exhibit 2

Virginia Tech/Montgomery Regional Airport Authority

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
NONOPERATING REVENUES (EXPENSES)		
Operating grants	28,735	46,759
Members' contributions	240,000	240,000
Interest income	32,806	28,559
Issuance cost	-	(23,250)
Interest expense (Note 7)	(121,002)	(60,350)
Total nonoperating revenues, net	180,539	231,718
Loss before capital contributions	(2,717,004)	(2,529,089)
CAPITAL CONTRIBUTIONS (Notes 12)	684,831	131,000
Change in net position	(2,032,173)	(2,398,089)
Net position beginning July 1	37,111,180	39,509,269
Net position ending at June 30	$ 35,079,007	$ 37,111,180

Exhibit 3

Virginia Tech/Montgomery Regional Airport Authority

Statement of Cash Flows

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
OPERATING ACTIVITIES		
Receipts from customers	$ 1,839,563	$ 1,854,107
Payments to suppliers	(1,302,035)	(2,128,021)
Payments to employees	(514,357)	(472,316)
Net cash provided by (used in) operating activities	23,171	(746,230)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on long-term debt	(282,293)	(176,543)
Proceeds from issuance of revenue bonds	-	1,125,000
Purchases of capital assets	(729,728)	(248,093)
Capital contributions	700,399	971,433
Receipts from governmental units	268,735	286,759
Payments received on capital reimbursement	316,634	13,233
Interest paid on capital debt and issuance costs	(123,560)	(76,524)
Net cash provided by capital and related financing activities	150,187	1,895,265
INVESTING ACTIVITIES		
Interest received on investments	32,806	28,559
Net cash provided by investing activities	32,806	28,559
Net increase in cash and cash equivalents	206,164	1,177,594
CASH AND CASH EQUIVALENTS		
Beginning	1,412,947	235,353
Ending	$ 1,619,111	$ 1,412,947
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 481,410	$ 288,412
Cash and cash equivalents, restricted	1,137,701	1,124,535
	$ 1,619,111	$ 1,412,947

The Notes to Financial Statements are an integral part of this statement.

Exhibit 3

Virginia Tech/Montgomery Regional Airport Authority

Statement of Cash Flows

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (2,897,543)	$ (2,760,807)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,781,893	2,776,228
Pension expense net of employer contributions	(2,502)	19,769
Other post-employment benefit expense net of employer contributions	(27,453)	29,582
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(2,256)	11,454
Inventory	7,786	57,829
Lease receivable	41,612	40,753
Increase (decrease) in:		
Accounts payable and accrued liabilities	101,157	(1,051,067)
Unearned revenue	(55,225)	18,765
Compensated absences	6,694	13,688
Lease deferred inflows	(43,298)	(46,605)
Due to Town of Blacksburg	112,306	144,183
Net cash provided by (used in) operating activities	$ 23,171	$ (746,230)
NONCASH CAPITAL AND FINANCING ACITVITIES		
Capital asset purchases financed with accounts payable	$ 9,761	$ 81,663

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Virginia Tech/Montgomery Regional Airport Authority (the "Authority") was created in 2002 by the Virginia General Assembly. Its member jurisdictions are Virginia Tech, Montgomery County, and the Towns of Blacksburg and Christiansburg. The Authority's purpose is to develop a regional airport based on the mission of servicing corporate executive and other general aviation markets; obtaining grants, loans, and other funding for airport improvements and other activities; and promoting and assisting in regional economic development. The Authority operates on a Board-administrator form of government. However, the member jurisdictions do not have a financial interest in or responsibility to the Authority as defined by the Governmental Accounting Standards Board. No participants have access to the Authority's resources or surpluses, nor is any participant liable for the Authority's debts or deficits. None of the member jurisdictions appoints a voting majority of the Board members.

Based on the above facts, the Authority is a jointly-governed organization of the member jurisdictions. The Town of Blacksburg (the "Town") serves as the fiscal agent for the Authority.

Measurement Focus and Basis of Accounting

The Authority's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with principal ongoing operations. The principal operating revenues are charges to customers for sales. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities three months or less from the date of acquisition.

Valuation of Receivable:

Receivables are stated at face amount and the Authority calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

Due from Other Governments

Due from other governments consists primarily of amounts due from the federal government and the Commonwealth of Virginia related to capital project reimbursements.

Inventory

Inventory consists primarily of fuel and is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets are recorded at historical cost. The threshold for recording capital assets is $5,000. Depreciation is computed using the straight-line method over the assets' estimated useful lives, which range from five to ten years for equipment. Leasehold improvements include land purchased to extend Authority leased property and runway improvements. These leasehold improvements are depreciated over the shorter of the useful life of the asset, which is twenty years, or the remaining term of the lease. The lease term includes all reasonably assured renewals of the lease.

Compensated Absences

The Authority has a policy which allows for the accumulation and vesting of limited amounts of vacation leave, compensatory leave, flex leave, and holiday time until termination or retirement. Sick leave is paid out only on retirement.

Due to Town of Blacksburg

Due to timing of cash flows at year end, the Town has not been reimbursed for certain payroll and other expenses of the Authority.

Unearned Revenue

The Authority uses part of its land as car and RV parking for Virginia Tech football games. In the current year, the Authority received $440 in parking fees prior to yearend ahead of the football season.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement which presents financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement which presents financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Lease-related amounts are recognized at the inception of leases in which the Authority is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Net Position

Net position is the difference between assets and deferred outflows, and liabilities and deferred inflows. Net position net investment in capital assets represents capital assets less accumulated depreciation, less any outstanding debt and plus any restricted cash related to the acquisition, construction, or improvement of those assets.

Restricted net position consists of revenues received as rentals from a dislocated business that continued to operate on Authority owned property. This revenue represents program income related to federal award programs when received and must be used towards future program related expenditures.

Comparative Data

The basic financial statements include certain prior year summarized comparative information in total but not to the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the prior year from which the summarized information was derived.

Estimates

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

Note 2 – Cash

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Restricted cash consists of unspent bond proceeds and program income earned and unspent to date associated with the Airport Improvement federal grant program. These funds are restricted for use towards the capital projects financed with the associated debt issue and eligible expenditures of the program, respectively.

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, the Authority maintained no investments.

Note 3 – Due from Other Governments

Amounts due from other governments include:

	Federal	State	Total
Federal Excise Tax refunds	$ 112,085	$ -	$ 112,085
Apron Expansion	-	26,237	26,237
Master Plan Update	25,635	2,695	28,330
Total	137,720	28,932	166,652
Less allowance	(112,085)	-	(112,085)
Non-current	**$ 25,635**	**$ 28,932**	**$ 54,567**

The Federal Excise Tax refunds consist of approximately fourteen years of claims which, to date, have not been refunded to the Authority. While portions of these amounts are multiple years old, management believes that all amounts due are collectible. An allowance for the entire balance has been recorded while management still attempts to collect these balances.

Federal and state amounts are based on approvals from the applicable agency. However, all commitments for funding are ultimately contingent on annual funding appropriations to the agencies.

Note 4 – Capital Assets

Capital asset activity was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated				
Improvements in progress	$ 426,122	$ 603,034	$ (88,762)	$ 940,394
Capital assets, nondepreciable	426,122	603,034	(88,762)	940,394
Capital assets, being depreciated				
Leasehold improvements – runway	54,821,578	-	-	54,821,578
Equipment	517,066	143,554	-	660,620
Capital assets, depreciable	55,338,644	143,554	-	55,482,198
Less accumulated depreciation				
Leasehold improvements – runway	(16,409,130)	(2,709,090)	-	(19,118,220)
Equipment	(373,739)	(30,983)	-	(404,722)
Total accumulated depreciation	(16,782,869)	(2,740,073)	-	(19,522,942)
Total capital assets being depreciated, net	38,555,775	(2,596,519)	-	35,959,256
Intangible right-to-use assets				
Lease equipment	209,100	-	-	209,100
Less accumulated amortization	(92,361)	(41,820)	-	(134,181)
Intangible right-to-use assets, net	116,739	(41,820)	-	74,919
Total capital assets, net	**$ 39,098,636**	**$ (2,035,305)**	**$ (88,762)**	**$ 36,974,569**

Intangible Right-to-Use Lease Assets

As of June 30, 2024, the Authority recognized right-to-use assets for the value of copiers leased under long-term contracts as part of capital assets. The intangible right-to-use assets are being amortized over the lease terms for each lease. Terms of the leases are described in Note 7.

Note 5 – Lease Receivables

The Authority is a lessor for various noncancellable leases of land, land improvements, and buildings. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. At the commencement of a lease, the Authority initially 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 revenue over the life of the lease term. Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Authority 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.

On February 13, 2008, the Authority entered into a 132-month lease with the Town of Blacksburg to lease 2.995 acres of land for a fire station. An initial lease receivable was recorded in the amount of $64,980. As of June 30, 2024, the value of the lease receivable is $48,640. The lessee is required to make annual fixed payments of $6,239 with increases every five years starting in 2024 with an interest rate of 1.68%. The value of the deferred inflow of resources as of June 30, 2024 was $47,258, and the Authority recognized lease revenue of $5,540 during the fiscal year. The lessee has one extension option for 240 months.

On July 1, 2016, the Authority entered into a 132-month lease with Virginia Tech to lease a building for its turbo lab. An initial lease receivable was recorded in the amount of $14,833. As of June 30, 2024, the value of the lease receivable is $11,040. The lessee is required to make monthly fixed payments of $123 with an interest rate of 1.68%. The value of the deferred inflow of resources as of June 30, 2024 was $10,788, and the Authority recognized lease revenue of $1,279 during the fiscal year.

On April 20, 2004, the Authority entered into a 47-month lease with Virginia Tech to lease land for electric materials storage. An initial lease receivable was recorded in the amount of $18,193. As of June 30, 2024, the value of the lease receivable is $4,417. The lessee is required to make monthly fixed payments of $384 with 2.5% increases in following years with an interest rate of 0.89%. The value of the deferred inflow of resources as of June 30, 2024 was $4,258, and the Authority recognized lease revenue of $4,670 during the fiscal year.

On July 24, 2015, the Authority entered into a 135-month lease with the Federal government to lease land for a weather station. An initial lease receivable was recorded in the amount of $353,219. As of June 30, 2024, the value of the lease receivable is $259,954. The lessee is required to make annual fixed payments of $35,000 with an interest rate of 1.68%. The value of the deferred inflow of resources as of June 30, 2024 was $259,027, and the Authority recognized lease revenue of $30,124 during the fiscal year. The lessee has one extension option for 36 months. The lessee had a termination period of 3 months as of the lease commencement.

Note 6 – Compensated Absences

The following is a summary of changes in compensated absences for the year:

	Balance, Beginning	Increases	Decreases	Balance, Ending	Due within One Year
Compensated absences	**$ 34,611**	**$ 30,849**	**$ (24,155)**	**$ 41,305**	**$ 10,175**

Note 7 – Long-Term Debt

Notes and Bonds Payable

During 2016, the Authority issued Revenue Bonds in the amount of $2,350,000. Of this amount, $850,000 is tax-exempt at a fixed interest rate of 2.13% and $1,500,000 is taxable at a fixed interest rate of 3.22%. Interest is payable semi-annually on June 1st and December 1st until the maturity date of June 1, 2035. The proceeds were used to refinance the 2007 Revenue Bonds, pay the 2% local portion of Phase I and II of the runway construction project, pay for the development of a corporate hangar site, a T-hanger site, and a 12 unit T-hangar, and pay for the costs of issuance.

During 2023, the Authority issued a Grant Revenue Bond for new construction projects. The bond was issued in the amount of $1,125,000 at an interest rate of 5.95%. Interest is payable semi-annually on June 1st and December 1st until the maturity date of December 1, 2030. The proceeds will be used to pay for a new hangar construction project and pay for the cost of issuance.

The following is a summary of long-term debt for the year:

	Beginning July 1, 2023	Additions	Reductions	Ending June 30, 2024	Due within One Year
Revenue bonds	$ 1,578,179	$ -	$ (116,543)	$ 1,461,636	$ 119,996
Fuel tank note	59,018	-	(18,301)	40,717	19,095
Lease liability	119,701	-	(43,449)	76,252	45,650
Grant Revenue Bonds	1,125,000	-	(104,000)	1,021,000	121,000
Total	**$ 2,881,898**	**$ -**	**$ (282,293)**	**$ 2,599,605**	**$ 305,741**

The annual requirements to amortize long-term debt and related interest are as follows:

	Fuel Tank Note		Revenue Bonds		Total	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	$ 19,095	$ 1,361	$ 240,996	$ 98,514	$ 260,091	$ 99,875
2026	19,923	534	252,431	87,642	272,354	88,176
2027	1,699	6	262,968	76,221	264,667	76,227
2028	-	-	275,528	64,300	275,528	64,300
2029	-	-	624,358	71,865	624,358	71,865
2030-2034	-	-	693,449	75,187	693,449	75,187
2035-2036	-	-	132,906	3,012	132,906	3,012
	$ 40,717	**$ 1,901**	**$ 2,482,636**	**$ 476,741**	**$ 2,523,353**	**$ 478,642**

Intangible Right-to-Use Lease Liabilities

The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Authority recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Fuel Truck Leases

The Authority leases multiple fuel trucks for fueling operations with the details below. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 4.

On March 30, 2020, the Authority entered into a 44-month lease for the use of a 3,000 Gallon Jet A fuel truck. An initial lease liability was recorded in the amount of $75,227. As of June 30, 2024, the value of the lease liability is $19,712. The Authority is required to make monthly fixed payments of $1,800 with an interest rate of 6.00%. The Authority has one extension option for twelve months.

On September 22, 2021, the Authority entered into a 60-month lease for the use of an Avgas fuel truck. An initial lease liability was recorded in the amount of $52,513. As of June 30, 2024, the value of the lease liability is $25,700. The Authority is required to make monthly fixed payments of $1,000 with an interest rate of 1.04%.

On September 22, 2021, the Authority entered into a 60-month lease for the use of a Jet A fuel truck. An initial lease liability was recorded in the amount of $63,016. As of June 30, 2024, the value of the lease liability is $30,840. The Authority is required to make monthly fixed payments of $1,200 with an interest rate of 1.04%.

The annual requirements to amortize long-term leases and the related interest are as follows:

	Lease Liability	
Fiscal Year	**Principal**	**Interest**
2025	$ 45,650	$ 550
2026	26,207	193
2027	4,395	6
2028	-	-
2029	-	-
	$ 76,252	**$ 749**

Note 8 – Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Authority, (the “Political Subdivision”) are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the “System”) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The Authority participates in VRS through the Town of Blacksburg, Virginia (the “Town”). The Authority accounts for and reports its participation in the Town’s VRS plan by applying the requirements for a cost-sharing multiple employer plan.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

- https://www.varetire.org/members/benefits/defined-benefit/plan1.asp,
- https://www.varetire.org/members/benefits/defined-benefit/plan2.asp,
- https://www.varetirement.org/hybrid.html.

Employees Covered by Benefit Terms

As of the June 30, 2022, actuarial valuation, there were three active employees and one inactive employee that were covered by the benefit terms of the pension plan.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to Political Subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority’s contractually required contribution rate for the year ended June 30, 2024, was 16.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $47,762 and $43,069 for the years ended June 30, 2024, and June 30, 2023, respectively.

Net Pension Liability

The net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		**5.75%**
Inflation			2.50%
*Expected arithmetic nominal return			**8.25%**

* The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever is greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Authority's net pension liability	**$ 557,512**	**$ 327,922**	**$ 139,309**

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

For the year ended June 30, 2024, the Authority recognized pension expense of $61,411. At June 30, 2024, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	$ 41,120	$ 5,196
Change in assumptions	8,020	-
Net difference between projected and actual earnings on pension plan investments	-	20,946
Employer contributions subsequent to the measurement date	47,762	-
	$ 96,902	**$ 26,142**

At June 30, 2024, the Authority's proportionate share was 1.57% as compared to 1.65% at June 30, 2023.

The $47,762 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	$ 11,191
2026	(7,801)
2027	18,941
2028	667
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2024, approximately $3,910 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

Note 9 – Other Post-Employment Benefits

The Authority participates in the two other postemployment benefit ("OPEB") plans through the Town of Blacksburg, Virginia (the "Town"). The Authority accounts for and reports its participation in the Town's OPEB plans by applying the requirements for a cost-sharing multiple employer plan.

Cost Sharing Plan (Town of Blacksburg)

Plan Description and Benefits Provided

The Town of Blacksburg includes Authority employees in its other post-employment benefits (OPEB). The Town provides post-employment health benefits through a single-employer defined benefit plan. The plan provides healthcare, prescription drug, vision, and life insurance benefits to retirees and their dependents. The Town may change, add, or delete benefits as it deems appropriate with Town Council approval. The plan does not grant retirees vested health coverage benefits.

Employees Covered by Benefit Terms

As of the July 1, 2022, actuarial valuation, there were three active employees and one inactive employee that were covered by the benefit terms of the OPEB plan.

Contributions

The Authority contributed $16,220 during the years ended June 30, 2024 and 2023.

Net OPEB Liability

The Authority's net OPEB liability of $140,021 was measured as of June 30, 2024, and was determined by an actuarial valuation performed as of June 30, 2022. The Authority's proportionate share of the liability was 1.57% and 1.71% for the years ended June 30, 2024, and 2023, respectively.

Actuarial Assumptions, Other Inputs, Discount Rate, Fiduciary Net Position, and Long-Term Expected Rate of Return

Details concerning actuarial assumptions and other inputs, discount rate, the plan's fiduciary net position, and the long-term expected rate of return on the Town's OPEB trust investment pool are available in the Town's Comprehensive Annual Financial Report that is available at:

http://www.blacksburg.gov/departments/departments-a-k/financial-services/budget-and-reports.

As of the issuance date of this report, the Town's 2024 Annual Comprehensive Financial Report is not available. However, prior year reports are available with further information concerning this cost sharing plan.

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

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current discount rate:

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
Net OPEB liability	**$ 180,620**	**$ 140,021**	**$ 106,670**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the Authority'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:

	1.00% Decrease	Current Trend Rate	1.00% Increase
Net OPEB liability	**$ 99,405**	**$ 140,021**	**$ 190,317**

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Authority recognized OPEB expense of $(11,812). At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,104	$ 13,984
Change in assumptions	29,391	12,867
Net difference between projected and actual earnings on OPEB plan investments	-	399
Employer contributions subsequent to the measurement date	-	-
	$ 34,495	**$ 27,250**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	$ 1,260
2026	6,855
2027	810
2028	(136)
2029	(1,544)
Thereafter	-

Cost Sharing Plan (Virginia Retirement System Group Life Insurance ("GLI"))

The Authority also participates as a cost sharing participant in the GLI provided by the Virginia Retirement System ("VRS"). Details concerning this plan, including plan description, actuarial assumptions and other inputs, long-term expected rate of return, and discount rate are available in the Town's Comprehensive Annual Financial Report as referenced above. Specific details of the GLI relative to the Authority are as follows:

June 30, 2024, proportionate share of liability	$	13,384
June 30, 2023, proportion		1.63%
June 30, 2022, proportion		1.70%
June 30, 2024, contributions	$	1,637
June 30, 2023, contributions	$	1,461
June 30, 2024, expense	$	101

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,336	$ 407
Change in assumptions	286	927
Change in proportionate share	32	1,655
Net difference between projected and actual earnings on OPEB plan investments	-	538
Employer contributions subsequent to the measurement date	1,637	-
	$ 3,291	**$ 3,527**

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2025	$ (501)
2026	(960)
2027	(181)
2028	(313)
2029	82
Thereafter	-

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

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Net OPEB liability – GLI	**$ 19,840**	**$ 13,384**	**$ 8,165**

Note 10 – Related Party Transactions

The Authority leases its real property and premises from Virginia Tech under a thirty-year operating lease ending June 30, 2032, with annual rent of $1. The lease includes the option to renew for an additional term of twenty years. The option was exercised in 2023, and the lease was renewed until at least June 30, 2052. This renewal was considered in determining the amortizable life of leasehold improvements. Under the lease, the Authority has the ability to conduct its day-to-day operations, which include such things as repairs to aircraft, fuel sales, operation of an air traffic control system and all activities related thereto, and to acquire, construct, renovate, and equip the premises. Virginia Tech continues to provide liability insurance on the property. Upon expiration of the lease, any buildings, structures, alterations, additions, improvements affixed, and real property purchased to meet Runway Protection Zone requirements to the premises shall become property of Virginia Tech.

Beginning in 2008, the Authority subleased land for a fire station to the Town of Blacksburg under a twenty-four-year term ending in 2032.

Note 11 – Significant Customers

Approximately 15.36% of revenues from fuel sales are derived from two customers.

Note 12 – Capital Contributions

Capital contributions represent proceeds from federal and state agencies, as well as other organizations, used towards the following projects:

	2024
Executive hangar construction	$ 491,089
Master plan update	193,742
	$ 684,831

Note 13 – Risk Management

Workers' Compensation

Workers' compensation insurance is provided through the Virginia Municipal League. During 2024, total premiums paid were $5,908.

General Liability and Other

Virginia Tech provides general liability and other insurance on the property at no cost to the Authority.

USI Hargrove Insurance provides Airport Owners and Operators General Liability Policy Insurance. The Authority paid $17,005 for this insurance for 2024.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Note 14 – Operating Lease

The Authority leases several aircraft hangars to various organizations. These leases are considered regulated leases by the Federal Aviation Administration and therefore are exempt to GASB Statement No. 87. The terms of these operating leases are detailed below.

On November 1, 2021, the Authority entered into a 360-month lease with Shelor Motors to lease a hangar. The lessee is required to make monthly fixed payments of $1,191 with a 3% increase every three years with an interest rate of 2.51%. The Authority recognized lease revenue of $6,100 during the fiscal year. The lessee has one extension option for 120 months.

On May 1, 2021, the Authority entered into a 60-month lease with Virginia Tech to lease hangar space. The lessee is required to make monthly fixed payments of $2,771 with an interest rate of 1.06%. The Authority recognized lease revenue of $32,355 during the fiscal year. The lessee has one extension option for 120 months.

Future minimum rental payments required under operating lease that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024, were as follows:

Fiscal Year	Principal
2025	$ 47,280
2026	48,764
2027	14,724
2028	15,018
2029	15,165
2030 – 2034	77,807
2035 – 2039	81,731
2040 – 2044	86,030
2045 – 2049	90,199
2050 – 2052	44,268
	$ 520,986

Note 15 – Hangar Site Cost Reimbursement

During fiscal years 2019 and 2020, the Authority performed significant amounts of site work in preparation of the construction of various corporate hangars. A portion of this site work was intended solely for the long-term rental use of a local business. The local business entered into a long-term agreement with the Authority that included a long-term reimbursement to the Authority for the costs associated with the hangar land improvements and a long-term lease for the use of the land and improvements. The outstanding balance of the reimbursement receivable was received on May 31, 2024.

Note 16 – New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Required Supplementary Information

Exhibit 4

Virginia Tech/Montgomery Regional Airport Authority

Required Supplementary Information

Schedule of Employer's Proportionate Share of Net Pension Liability

June 30, 2024

Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.57 %	$ 327,922	$ 266,282	123.15%	80.71%
2023	1.65 %	337,052	255,874	131.73%	83.04%
2022	1.59 %	203,866	238,773	85.38%	87.28%
2021	1.49 %	337,052	224,876	149.88%	75.54%
2020	1.51 %	281,849	202,743	139.02%	78.63%
2019	1.43 %	221,565	223,857	98.98%	80.81%
2018	1.54 %	247,306	217,755	113.57%	79.10%
2017	1.53 %	307,518	168,656	182.33%	73.23%
2016	1.24 %	198,859	143,168	138.90%	77.33%
2015	1.04 %	150,072	135,516	110.74%	78.57%

The covered payroll amounts above are for the measurement period which is the twelve months prior to the Authority's fiscal year.

The Notes to Required Supplementary Information are an intergral part of this schedule.

Virginia Tech/Montgomery Regional Airport Authority

Required Supplementary Information
Schedule of Pension Contributions
June 30, 2024

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 47,762	$ 47,762	$ -	$ 293,200	16.30%
2023	43,069	43,069	-	266,282	16.18%
2022	35,171	35,171	-	255,874	13.76%
2021	34,577	34,577	-	238,773	14.49%
2020	31,682	31,682	-	224,876	14.10%
2019	28,733	28,733	-	202,743	14.18%
2018	31,961	31,961	-	223,857	14.29%
2017	30,698	30,698	-	217,755	14.11%
2016	24,188	24,188	-	168,656	14.35%
2015	20,066	20,066	-	143,168	14.03%

The covered payroll amounts above are for the Authority's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

Exhibit 6

Virginia Tech/Montgomery Regional Airport Authority

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability
June 30, 2024

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2024	1.63%	$ 13,384	$ 274,218	4.88%	69.30%
2023	1.70%	14,341	251,047	5.71%	67.21%
2022	1.56%	14,084	237,171	5.94%	67.45%
2021	1.48%	19,541	220,408	8.87%	52.64%
2020	1.48%	19,036	216,690	8.78%	52.00%
2019	1.40%	16,849	228,218	7.38%	51.22%
2018	1.57%	18,542	228,218	8.12%	48.86%
Town of Blacksburg - Retiree Health					
2024	1.57%	$ 140,021	$ 293,678	47.68%	52.31%
2023	1.71%	189,704	275,831	68.78%	42.53%
2022	1.51%	154,719	243,000	63.67%	42.71%
2021	1.42%	115,373	227,556	50.70%	49.07%
2020	1.42%	138,580	211,472	65.53%	36.60%
2019	1.73%	142,387	245,277	58.05%	37.61%
2018	1.55%	139,536	215,397	64.78%	32.44%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

Exhibit 7

Virginia Tech/Montgomery Regional Airport Authority

Required Supplementary Information
Schedule of OPEB Contributions
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2024	$ 1,637	$ 1,637	$ -	$ 304,901	0.54%
2023	1,461	1,461	-	274,218	0.53%
2022	1,385	1,385	-	251,047	0.55%
2021	1,259	1,259	-	237,171	0.53%
2020	1,312	1,312	-	220,408	0.60%
2019	1,185	1,185	-	216,690	0.55%
2018	1,238	1,238	-	228,218	0.54%
Town of Blacksburg - Retiree Health					
2024	$ 16,220	$ 16,220	-	$ 293,678	5.52%
2023	16,220	16,220	-	275,831	5.88%
2022	14,656	14,656	-	243,000	6.03%
2021	13,551	13,551	-	227,556	5.96%
2020	12,217	12,217	-	211,472	5.78%
2019	12,387	12,387	-	245,277	5.05%
2018	13,011	13,011	-	215,397	6.04%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

The Notes to Required Supplementary Information are an intergral part of this schedule.

Virginia Tech/Montgomery Regional Airport Authority

Notes to Required Supplementary Information

June 30, 2024

Note 1 – Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (the "System") benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Compliance Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the Board of Directors
Virginia Tech/Montgomery Regional Airport Authority
Blacksburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Virginia Tech/Montgomery Regional Airport Authority (the 'Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2024-001 that we consider to be a significant deficiency.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 11, 2024

Virginia Tech/Montgomery Regional Airport Authority

Summary of Compliance Matters

June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

State Compliance Matters

Code of Virginia:

- Cash and Investment Laws
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Local Retirement Systems
- Conflict of Interest Act

Local Compliance Matters

Authority By-Laws

FAA Compliance Matters

Airport Sponsors Assurances

Virginia Tech/Montgomery Regional Airport Authority

Schedule of Findings and Responses

June 30, 2024

A – Findings – Financial Statement Audit

2024-001: Segregation of Duties (Significant Deficiency)

Condition

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. Due to the limited staff size at the fiscal agent, a proper segregation of duties has not been established.

Criteria

- The Director of Finance and Assistant Director of Finance have duties related to bank reconciliations, receivables, inventories, accounts payable, payroll, grants, and prepare financial statements.
- The Director of Finance and Assistant Director of Finance have the ability to approve purchase orders and invoices and edit the master vendor file.
- The Director of Finance and Assistant Director of Finance have the ability to prepare, approve, and review payroll and edit the master payroll files.

Cause

The size of the Authority's accounting staff prohibits complete adherence to segregation of duties.

Recommendation

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls. Segregating incompatible functions reduces the risk of exposure to errors and fraud.

Management's Response

Management concurs and has implemented controls that are cost beneficial.

Virginia Tech/Montgomery Regional Airport Authority

Summary Schedule of Prior Audit Findings

June 30, 2024

A – Finding – Financial Statement Audit

2023-001: Segregation of Duties (Significant Deficiency)

Condition

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. Due to the limited staff size at the fiscal agent, a proper segregation of duties has not been established.

Current Status

Still applicable, as noted in the Schedule of Findings and Responses as Item 2024-001.