VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

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INTRODUCTORY SECTION

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2022

MEMBERS OF THE BOARD

Ms. Mary Biggs – Chair
Mr. Brad Stipes – Vice Chair
Dr. Christopher Kiwus
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 Members of the Board of Directors
Virginia Tech/Montgomery Regional Airport Authority
Blacksburg, Virginia

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Tech/Montgomery Regional Airport Authority, as of June 30, 2022, and the 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications 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.

Change in Accounting Principle

As described in Notes 4, 5, and 7 to the financial statements in 2022, the Authority adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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 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, 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.

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Report on Summarized Comparative Information

We have previously audited the Authority's 2021 financial statements, on which, in our report dated October 8, 2021, we expressed an unmodified opinion. The 2021 financial information is provided for comparative purposes only.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards 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. Such 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statement as a whole.

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 October 28, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 28, 2022

BASIC FINANCIAL STATEMENTS

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY **EXHIBIT 1**

STATEMENT OF NET POSITION
JUNE 30, 2022

	2022	(For Comparative Purposes Only) 2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 110,003	$ 54,701
Cash and cash equivalents, restricted (Note 2)	125,350	138,426
Accounts receivable	30,726	57,104
Due from other governments (Note 3)	910,568	2,683,551
Capital reimbursement receivable (Note 15)	13,233	12,780
Leases receivable (Note 5)	40,742	-
Inventory	116,970	27,593
Total current assets	1,347,592	2,974,155
Noncurrent Assets		
Due from other governments (Note 3)	-	3,768,352
Capital reimbursement receivable (Note 15)	316,634	329,866
Leases receivable (Note 5)	365,674	-
Capital Assets: (Note 4)		
Nondepreciable	143,614	82,457
Depreciable, net	41,401,494	42,520,468
Total noncurrent assets	42,227,416	46,701,143
Total assets	43,575,008	49,675,298
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 8)	111,963	97,844
Deferred outflows related to other post-employment benefits (Note 9)	49,860	33,816
Total deferred outflows of resources	161,823	131,660
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,075,125	915,846
Compensated absences (Note 6)	9,628	7,558
Due to Town of Blacksburg	199,880	410,349
Accrued interest payable	4,072	4,333
Unearned revenue	36,900	-
Current portion of long-term leases (Note 7)	44,054	-
Current portion of long-term debt (Note 7)	130,965	1,974,401
Total current liabilities	1,500,624	3,312,487
Noncurrent Liabilties		
Net pension liability (Note 8)	203,866	337,052
Other post-employment benefits (Note 9)	168,803	134,914
Compensated absences (Note 6)	11,295	8,112
Leases payable (Note 7)	121,226	57,664
Fuel tank note (Note 7)	59,019	-
Revenue bonds (Note 7)	1,578,179	1,691,602
Grant anticipation note (Note 7)	-	3,757,198
Total noncurrent liabilities	2,142,388	5,986,542
Total liabilities	3,643,012	9,299,029
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 8)	147,992	-
Deferred inflows related to other post-employment benefits (Note 9)	25,324	36,610
Deferred inflows related to leases (Note 5)	411,234	-
Total deferred inflows of resources	584,550	36,610
NET POSITION		
Net investment in capital assets	39,781,235	40,630,004
Restricted	38,723	38,688
Unrestricted	(310,689)	(197,373)
Total net position	$ 39,509,269	$ 40,471,319

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

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY **EXHIBIT 2**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	2022	(For Comparative Purposes Only) 2021
REVENUES		
Fuel sales (Note 11)	$ 1,400,410	$ 580,539
Hangar rentals	113,755	116,836
Parking	103,500	-
Property leases	89,974	80,477
Other income	39,850	20,727
Total operating revenues	1,747,489	798,579
OPERATING EXPENSES		
Salaries and wages	357,861	354,886
Directors' compensation	7,500	7,250
Employee benefits	94,077	114,215
Payroll taxes	27,291	29,910
Training and travel	2,574	829
Advertising	150	39
Administrative	65,270	33,039
Repair and maintenance	135,543	24,750
Supplies	19,998	10,270
Dues and subscriptions	617	616
Professional fees	44,328	45,857
Insurance	17,879	15,910
Inspection	3,600	5,250
Utilities	22,958	20,680
Fuel	903,359	286,500
Other	15,202	11,490
Bad debt expense	112,085	-
Telephone	6,962	6,900
Depreciation	2,760,450	1,842,756
Landscaping	2,780	3,335
Total operating expenses	4,600,484	2,814,482
Operating loss	(2,852,995)	(2,015,903)

(Continued)

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

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

EXHIBIT 2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	2022	(For Comparative Purposes Only) 2021
NONOPERATING REVENUES (EXPENSES)		
Operating grants	$ 13,370	$ 5,238
CARES funding grant	82,000	-
Members' contributions	240,000	240,000
Interest income	9,696	33,799
Issuance cost	(10,200)	-
Interest expense (Note 7)	(59,358)	(58,944)
Total nonoperating revenues, net	275,508	220,093
Loss before capital contributions	(2,577,487)	(1,795,810)
CAPITAL CONTRIBUTIONS (Notes 12)	1,615,437	5,054,461
Change in net position	(962,050)	3,258,651
Net position beginning July 1	40,471,319	37,212,668
Net position ending at June 30	$ 39,509,269	$ 40,471,319

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

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022	(For Comparative Purposes Only) 2021
OPERATING ACTIVITIES		
Receipts from customers	$ 1,798,021	$ 751,641
Payments to suppliers	(1,540,243)	(406,692)
Payments to employees	(490,626)	(532,667)
Net cash used in operating activities	(232,848)	(187,718)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments on long-term debt	(6,378,474)	(3,920,002)
Proceeds from issuance of revenue bonds	649,000	-
Purchases of capital assets	(1,440,250)	(6,281,597)
Capital contributions	7,156,772	10,055,425
Receipts from governmental units	335,370	314,274
Payments received on capital reimbursement	12,779	20,475
Interest paid on capital debt	(69,819)	(59,198)
Net cash provided by capital and related financing activities	265,378	129,377
INVESTING ACTIVITIES		
Interest received on investments	9,696	616
Net cash provided by investing activities	9,696	616
Net increase (decrease) in cash and cash equivalents	42,226	(57,725)
CASH AND CASH EQUIVALENTS		
Beginning	193,127	250,852
Ending	$ 235,353	$ 193,127
Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 110,003	$ 54,701
Cash and cash equivalents, restricted	125,350	138,426
	$ 235,353	$ 193,127

(Continued)

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

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	2022	(For Comparative Purposes Only) 2021
Reconciliation of operating loss to net cash used in operating activities		
Operating Loss	$ (2,852,995)	$ (2,015,903)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,760,450	1,842,756
Pension expense net of employer contributions	687	30,711
Other post-employment benefit expense net of employer contributions	6,559	(4,590)
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	26,378	(46,938)
Inventory	(89,377)	(16,727)
Lease receivable	(406,416)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	78,948	27,881
Unearned revenue	36,900	-
Compensated absences	5,253	(58,036)
Lease deferred inflows	411,234	
Due to Town of Blacksburg	(210,469)	53,128
Net cash used in operating activities	$ (232,848)	$ (187,718)
NONCASH CAPITAL AND FINANCING ACITVITIES		
Capital asset purchases financed with leases	$ 107,616	$ -
Fuel tank note issuance	$ 92,000	$ -
Capital asset purchases financed with accounts payable	$ 925,367	$ 862,600

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

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.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Valuation of receivables:

Receivables are stated at face amount and the Authority calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. During fiscal year 2022, the Authority recorded an allowance in the amount of $112,085 for Federal excise tax receivables that have accumulated since fiscal year 2007.

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 $36,900 in parking fees prior to yearend ahead of the football season.

Note 1. Summary of Significant Accounting Policies (Continued)

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 assets 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 assets 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 and Cash Equivalents

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 includes:

	Federal	State	Total
Federal Excise Tax refunds	$ 112,085	$ -	$ 112,085
Apron Expansion	-	21,371	21,371
Runway extension (construction)	796,980	92,217	889,197
Total	909,065	113,588	1,022,653
Less: Allowance	(112,085)	-	(112,085)
Current	$ 796,980	$ 113,588	$ 910,568

Note 3. Due from Other Governments (Continued)

The Federal Excise Tax refunds consist of approximately fourteen years of claims which, to date; have not been refunded to the Authority. Portions of these amounts are multiple years' old, and, as a result, 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, As restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated				
Improvements in progress	$ 82,457	$ 61,157	$ -	$ 143,614
Capital assets, nondepreciable	82,457	61,157	-	143,614
Capital assets, being depreciated				
Leasehold improvements – runway	53,291,630	1,517,948	-	54,809,578
Equipment	473,818	8,000	-	481,818
Capital assets, depreciable	53,765,448	1,525,948	-	55,291,396
Less accumulated depreciation				
Leasehold improvements – runway	(10,991,570)	(2,708,630)	-	(13,700,200)
Equipment	(326,708)	(21,553)	-	(348,261)
Total accumulated depreciation	(11,318,278)	(2,730,183)	-	(14,048,461)
Total capital assets being depreciated, net	42,447,170	(1,204,235)	-	41,242,935
Intangible Right-to-use assets				
Lease equipment	93,572	115,528	-	209,100
Less accumulated amortization	(20,274)	(30,267)	-	(50,541)
Intangible Right-to-use assets, net	73,298	85,261	-	158,559
Total capital assets, net	$ 42,602,925	$ (1,057,817)	$ -	$ 41,545,108

Note 4. Capital Assets (Continued)

Intangible Right-to-Use Lease Assets

In 2022, the Authority implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of fuel trucks leased under long-term contracts.

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 and governmental fund 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 noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The Authority monitors changes in circumstances that would require a remeasurement of its leases, 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 02/13/2008, 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 06/30/2022, the value of the lease receivable is $59,420. 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 06/30/2022 was $61,270, and the Authority recognized lease revenue of $5,560 during the fiscal year. The lessee has one extension option for 240 months.

On 07/01/2016, the Authority entered into a 132-month lease with Virginia Tech to lease a building for their turbo lab. An initial lease receivable was recorded in the amount of $14,833. As of 06/30/2022, the value of the lease receivable is $13,577. The lessee is required to make monthly fixed payments of $122.99 with an interest rate of 1.68%. The value of the deferred inflow of resources as of 06/30/2022 was $13,414, and the Authority recognized lease revenue of $1,257 during the fiscal year.

Note 5. Lease Receivables (Continued)

On 04/20/2004, 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 06/30/2022, the value of the lease receivable is $13,716. 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 06/30/2022 was $13,922, and the Authority recognized lease revenue of $4,477 during the fiscal year.

On 07/24/2015, 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 06/30/2022, the value of the lease receivable is $319,703. 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 06/30/2022 was $322,628, and the Authority recognized lease revenue of $33,516 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	$ 15,670	$ 26,413	$ (21,160)	$ 20,923	$ 9,628

Note 7. Long-Term Liabilities

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 2022, the Authority issued a long-term note to Avfuel for the rehabilitation of the fuel tanks and related equipment. The note was issued in the amount of $92,000 at an interest rate of 4.25%. Monthly payments are $1,705 and the note matures on June 30, 2026.

Note 7. Long-Term Liabilities (Continued)

Notes and Bonds Payable (Continued)

During 2022, the Authority issued a short-term grant anticipation note in the amount of $649,000. This note was used to pay a contractor involved with the runway extension. Delays from the FAA required the Authority to issue the note to pay the contractor. The note bears interest at 0.60% with semi-annual interest payments on June 1st and December 1st until the maturity date of December 1, 2022. The FAA funds were received shortly after issuing the note at which time, the note was paid off.

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

	Beginning July 1, As restated	Additions	Reductions	Ending June 30	Due within One Year
Revenue bonds	$ 1,801,877	$ -	$ (110,275)	$ 1,691,602	$ 113,423
Fuel tank note	-	92,000	(15,439)	76,561	17,542
Lease liability	73,298	115,529	(23,547)	165,280	44,054
Short-term GAN	-	649,000	(649,000)	-	-
Grant anticipation note	5,603,760	-	(5,603,760)	-	-
Total	$ 7,478,935	$ 856,529	$ (6,402,021)	$ 1,933,443	$ 175,019

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**
2023	$ 17,542	$ 2,915	$ 113,423	47,937	$ 130,965	$ 50,852
2024	18,302	2,155	116,543	44,817	134,845	46,972
2025	19,095	1,361	119,996	41,364	139,091	42,725
2026	19,923	534	123,431	37,929	143,354	38,463
2027	1,699	6	126,968	34,392	128,667	34,398
2028-2032	-	-	691,553	115,244	691,553	115,244
2033-2035	-	-	399,688	20,788	399,688	20,788
	$ 76,561	$ 6,971	$ 1,691,602	$ 342,471	$ 1,768,163	$ 349,442

Note 7. Long-Term Liabilities (Continued)

Intangible Right-to-Use Lease Liabilities

In 2022, the Authority implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating and capital leases.

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 03/30/2020, 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 06/30/2022, the value of the lease liability is $57,663. 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 09/22/2021, 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 06/30/2022, the value of the lease liability is $48,917. The Authority is required to make monthly fixed payments of $1,000 with an interest rate of 1.04%.

Note 7. Long-Term Liabilities (Continued)

Intangible Right-to-Use Lease Liabilities (Continued)

On 09/22/2021, 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 06/30/2022, the value of the lease liability is $58,700. The Authority is required to make monthly fixed payments of $1,200 with an interest rate of 1.04%.

Minimum lease payments over the next five years include:

	Lease Liability	
Fiscal Year	**Principal**	**Interest**
2023	$ 44,054	$ 3,946
2024	45,468	2,532
2025	45,156	1,044
2026	26,207	193
2027	4,395	6
	$ 165,280	$ 7,721

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.

Note 8. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, there were four active employees and two inactive employees 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, 2022 was 14.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 $35,171 and $34,577 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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

Inflation	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

Note 8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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 %	5.00 %	1.70 %
Fixed Income	15.00	0.57	0.09
Credit Strategies	14.00	4.49	0.63
Real Assets	14.00	4.76	0.67
Private Equity	14.00	9.94	1.39
MAPS – Multi-Asset Public Strategies	6.00	3.29	0.20
PIP – Private Investment Partnership	3.00	6.84	0.21
Total	100.00 %		4.89 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.39 %

Note 8. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return (Continued)

* The above allocation provides for a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2021 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	$ 425,143	$ 203,866	$ 21,746

Note 8. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2022, the Authority recognized pension expense of $35,859. At June 30, 2022, the Authority reported deferred outflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$ 10,099	$ -
Change in proportionate share	17,956	-
Change in assumptions	48,737	-
Net difference between projected and actual earnings on pension plan investments	-	147,992
Employer contributions subsequent to the measurement date	35,171	-
Total	$ 111,963	$ 147,992

At June 30, 2022, the Authority's proportionate share was 1.59% as compared to 1.49% at June 30, 2021.

The $35,171 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 year ending June 30, 2023. 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,	Reduction to Pension Expense
2023	$ (17,800)
2024	(17,800)
2025	(17,800)
2026	(17,800)
2027	-
Thereafter	-

Note 8. Defined Benefit Pension Plan (Continued)

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2022, approximately $3,398 was payable to the Virginia Retirement System for the legally required contributions related to June 2022 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, 2020 actuarial valuation, there were four active employees and two inactive employee that were covered by the benefit terms of the OPEB plan.

Contributions

The Authority contributed $14,656 and $13,551 during the years ended June 30, 2022 and 2021, respectively.

Net OPEB Liability

The Authority's total net OPEB liability of $154,719 was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of June 30, 2020. The Authority's proportionate share of the liability was 1.51 % and 1.42% for the years ended June 30, 2022 and 2021, respectively.

Note 9. Other Post-Employment Benefits (Continued)

Cost Sharing Plan (Town of Blacksburg) (Continued)

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.

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	$ 194,408	$ 154,719	$ 122,236

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	$ 115,101	$ 154,719	$ 204,287

Note 9. Other Post-Employment Benefits (Continued)

Cost Sharing Plan (Town of Blacksburg) (Continued)

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

For the year ended June 30, 2022, the Authority recognized OPEB income of $1,293. At June 30, 2022, 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
Differences between expected and actual experience	$ 8,685	$ 3,049
Change in assumptions	33,448	16,571
Net difference between projected and actual earnings on OPEB plan investments	4,331	-
Employer contributions subsequent to the measurement date	-	-
Total	$ 46,464	$ 19,620

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
2023	$ 6,711
2024	6,711
2025	6,711
2026	6,711
2027	-
Thereafter	-

Note 9. Other Post-Employment Benefits (Continued)

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, 2022 proportionate share of liability	$14,084
June 30, 2021 proportion	1.56%
June 30, 2020 proportion	1.48%
June 30, 2022 contributions	$1,385
June 30, 2021 contributions	$1,259
June 30, 2022 expense	$576

At June 30, 2022, 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
Differences between expected and actual experience	$ 1,606	$ 107
Change in assumptions	-	1,927
Change in proportionate share	405	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,670
Employer contributions subsequent to the measurement date	1,385	-
Total	$ 3,396	$ 5,704

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Note 9. Other Post-Employment Benefits (Continued)

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

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2023	$ (923)
2024	(923)
2025	(923)
2026	(924)
2027	-
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	$ 20,577	$ 14,084	$ 8,841

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. This lease is excluded from GASB 87 since it is not considered an exchange or an exchange-like transaction. The lease includes the option to renew for an additional term of twenty years. This renewal was not considered in determining the amortizable life of leasehold improvements because renewal, at this time, is not reasonably assured. 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. This lease is included in lease receivables in Note 5.

Note 11. Significant Customers

Approximately 22.5% 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 capital projects:

	2022
Land acquisition	$ 139,565
Runway extension construction	1,395,801
Apron expansion design	48,925
Localizer access road	31,146
	$ 1,615,437

Note 13. Risk Management

Workers' compensation:

Workers' Compensation Insurance is provided through the Virginia Municipal League. During 2022, total premiums paid were $7,973.

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 $15,045 for this insurance for 2022.

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 Town 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 11/01/2021, 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 $4,593 during the fiscal year. The lessee has one extension option for 120 months.

On 05/01/2021, 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 $31,821 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, 2022 were as follows:

Fiscal Year	Amount
2023	$ 47,542
2024	47,542
2025	47,828
2026	48,964
2027	14,724
2028-2032	76,437
2033-2037	80,141
2038-2042	84,183
2043-2047	88,612
2048-2052	80,097
Total	$ 616,070

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 capital costs reimbursed, totaling $342,646, are to be paid over 20 years at an interest rate of 3.5%, starting on October 1, 2020. The outstanding balance of the reimbursement receivable at June 30, 2022 is $329,867.

Note 16. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95**, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to the COVID-19 pandemic.

In August 2018, the GASB issued **Statement No. 90**, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61.* This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Note 16. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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, 2022

Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%

Schedule is intended to show information for 10 years. Since 2015 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 Authority's fiscal year.

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

EXHIBIT 5

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2022

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
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%

Schedule is intended to show information for 10 years. Since 2015 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 Authority'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.

EXHIBIT 6

VIRGINIA TECH/MONTGOMERY AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2022

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) 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					
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					
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 Notes to Required Supplementary Information are an intergral part of this schedule.

VIRGINIA TECH/MONTGOMERY AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2022

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					
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					
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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:
- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified MortalityImprovement 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.
- Applicable to: Pension and GLI OPEB

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 Scape 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 changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB

SUPPLEMENTAL SCHEDULE

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Program Title	Assistance Listing Number	Federal Expenditures
FEDERAL AVIATION ADMINISTRATION		
Direct payments:		
Airport Improvement Program	20.106	$ 1,421,436
COVID-19 CARES Operating Assistance	20.106	82,000
Total Expenditures of Federal Awards		$ 1,503,436

Notes to Schedule of Expenditures of Federal Awards

Significant Accounting Policy

This Schedule is prepared on the modified accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

De Minimus Indirect Cost Rate

The Authority did not elect to use the 10% de minimus indirect cost rate.

Outstanding Loan Balances

As of June 30, 2022, the Authority had no outstanding loan balances requiring continuing disclosure.

Subrecipients

No amounts were passed to subrecipients.

Relationship to Financial Statements

The Airport Improvement Program expenditures reported above were incurred in the prior year; however, they are reported in fiscal year 2022 because the Federal funds were not awarded to the Authority until the current year.

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 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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 were not 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 deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 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 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*.**

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to 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
October 28, 2022

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Virginia Tech/Montgomery Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Report on Compliance for Each Major Federal Program (Continued)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 have not been 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
October 28, 2022

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

SUMMARY OF COMPLIANCE MATTERS
June 30, 2022

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 grant agreements 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

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

FAA COMPLIANCE MATTERS

Airport Sponsors Assurances

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One significant deficiency** relating to the audit of the financial statements was reported 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The program tested as a major program is:

Airport Improvement Program	20.106

8. The **threshold for** distinguishing Type A and B programs was **$750,000**.
9. The Authority was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001: 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.

Recommendation:

Steps should be taken to eliminate conflicting duties and implement compensating controls where possible.

Management's Response:

Management concurs and has implemented controls that are cost beneficial.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

VIRGINIA TECH/MONTGOMERY REGIONAL AIRPORT AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: 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 Questioned Costs as Item 2022-001.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.