ROANOKE REGIONAL AIRPORT COMMISSION

ROANOKE, VIRGINIA

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS

As of and for the years ended
June 30, 2012 and 2011

ROANOKE REGIONAL AIRPORT COMMISSION
ROANOKE, VIRGINIA

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying basic financial statements of the Roanoke Regional Airport Commission (the Airport) as of and for the year ended June 30, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roanoke Regional Airport Commission as of June 30, 2012 and 2011 and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Blue & Co., LLC

November 12, 2012

Roanoke Regional Airport Commission's (the Airport's) management team offers readers of the basic financial statements of the Airport the following narrative overview and analysis of the financial activities of the Airport for the years ended June 30, 2012 and 2011 with comparative data for fiscal year 2010. The following should be read in conjunction with our basic financial statements and notes thereto.

Basic Financial Statements

The Airport's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This is the same basis of accounting employed by most private sector enterprises. Revenues are recognized when earned and expenses are recognized when incurred. Assets with a cost of over $2,000 are capitalized and, except for land, are depreciated over their useful lives. Certain cash and investment funds are restricted for debt service. See the notes to the basic financial statements for a summary of the Airport's significant accounting policies.

Our basic financial statements include the following components:

Statements of Net Assets present information on the assets and liabilities of the Airport, with the resulting difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. Statements of Revenues, Expenses and Changes in Net Assets report revenues and expenses, classified as operating and nonoperating, and capital grants for the period. The resulting change in net assets for the period combined with the beginning of the year total net asset balance reconciles to the end of the year total net assets, per the Statements of Net Assets.

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

Notes to the Financial Statements explain and provide additional information on the data presented in the basic financial statements as of and for the years ended June 30, 2012 and 2011.

AIRPORT ACTIVITIES

As of June 30, 2012, the Roanoke Regional Airport (the Airport) was served by the regional affiliates of three major passenger carriers, one low fare leisure carrier and two regularly scheduled cargo carriers. The number of flights departing daily was 28 in June 2011 and 29 in June 2012, or a 3.6% increase, while the number of available seats changed from 1,335 to 1,372, or a 2.8% increase. The 29 daily flights consisted of 19 regional jets and 10 turboprop aircraft flying nonstop to eight destinations, an increase of 1 destination from June 2011. Regularly scheduled regional jet flights increased by 2, or 11.8%, while turboprop aircraft flights decreased by 1, or a 9.1% decrease. In addition to daily flights, Allegiant Air provides 4 weekly flights to 2 Florida destinations, providing 600 available seats, a decrease of 1 weekly flight and 150 seats per week from June 2011.

A comparative summary of passenger and other traffic at the Airport for the fiscal years ended June 30, 2012, 2011, and 2010 are as follows:

	2012	2011	2010	Fiscal year 2012 percent change	Fiscal year 2011 percent change
Passengers	643,061	644,762	605,666	-0.26%	6.46%
Aircraft Operations	50,411	46,155	44,822	9.22%	2.97%
Total Cargo (1,000 lbs)	21,711	21,368	22,537	1.61%	-5.19%

The increase in aircraft operations for the fiscal year ended June 30, 2012 is attributable to an increase in general aviation takeoffs and landings for flight school training, over the prior year.

The increase in aircraft operations and passengers for the fiscal year ended June 30, 2011 is attributable to an increase in regularly scheduled commercial flights as well as increased general aviation activity over the prior year due to a slight recovery in economic conditions.

FINANCIAL HIGHLIGHTS

The following major financial highlights are of note for the years ended June 30, 2012 and 2011:

- Assets exceeded liabilities by $130.6 million as of June 30, 2012 and $133.4 million as of June 30, 2011.
- Net assets include $18.6 million as of June 30, 2012 and $19.7 million as of June 30, 2011, which is considered unrestricted.
- Net assets decreased $2.9 million for the fiscal year ended June 30, 2012 and decreased $3.9 million for the fiscal year ended June 30, 2011.
- Operating revenues were $6.7 million for the fiscal year ended June 30, 2012 and $6.8 million for the fiscal year ended June 30, 2011.
- Operation and maintenance expenses, excluding depreciation, were $7.1 million for the fiscal year ended June 30, 2012 and $6.6 million for the fiscal year ended June 30, 2011.
- Net nonoperating revenues were approximately $855,000 for the fiscal year ended June 30, 2012 and $505,000 for the fiscal year ended June 30, 2011.
- Capital contributions from federal grant programs, state grant programs and passenger facility charges were approximately $5.1 million for the fiscal year ended June 30, 2012 and $3.5 million for the fiscal year ended June 30, 2011.
- Additional detail on the above items, along with other information, is discussed in the following sections.

NET ASSET SUMMARY

Net assets were $130.6 million at June 30, 2012, $133.4 million at June 30, 2011, and $137.3 million at June 30, 2010 Most of the decrease in net assets for fiscal years 2012 and 2011 was due to depreciation of capital assets.

A condensed summary of the major components of the net assets for the fiscal years ended June 30, 2012, 2011, and 2010 is as follows:

Condensed Summary of Net Assets

	2012	2011	2010	Fiscal Year 2012 percent change	Fiscal Year 2011 percent change
Current assets	$ 10,644,599	18,690,333	8,200,096	-43.0%	127.9%
Long-term investments	10,787,889	3,190,860	13,326,519	238.1%	-76.1%
Capital assets, net	111,648,968	113,390,771	118,025,273	-1.5%	-3.9%
Net investment in lease excluding current portion	122,523	133,440	143,806	-8.2%	-7.2%
Total assets	133,203,979	135,405,404	139,695,694	-1.6%	-3.1%
Current liabilities	1,904,175	1,145,541	1,491,272	66.2%	-23.2%
Revenue bonds payable excluding current portion, net	746,171	838,933	927,673	-11.1%	-9.6%
Total liabilities	2,650,346	1,984,474	2,418,945	33.6%	-18.0%
Net assets invested in capital assets net of related debt	110,810,035	112,463,097	117,012,706	-1.5%	-3.9%
Restricted net assets	1,099,216	1,281,792	1,279,888	-14.2%	0.1%
Unrestricted net assets	18,644,382	19,676,041	18,984,155	-5.2%	3.6%
	$ 130,553,633	$ 133,420,930	$ 137,276,749	-2.1%	-2.8%

Fiscal Year 2012

Current assets decreased in fiscal year 2012 due to purchases of investments in an effort to get better returns. Capital assets, net decreased 1.5% compared to the previous year due to depreciation in excess of construction and capital asset purchases. The Airport uses these capital assets to provide services to airlines, passengers, and service providers at the airport.

Current liabilities increased compared to the previous period due to an increase in retainage payable on construction projects.

Revenue bonds payable, excluding current portion, decreased per the scheduled payments on the bonds.

Restricted net assets represents bond reserve funds subject to external restrictions under bond resolutions stating how they must be used to pay the future debt service on the related bonds.

Fiscal Year 2011

Current assets increased in fiscal year 2011 due to liquidation of investments as a result of calls on long term bond investments. Capital assets, net decreased 3.9% compared to the previous year due to depreciation in excess of construction and capital asset purchases. Several major capital projects were largely completed at the end of fiscal year 2010 and began depreciation in fiscal year 2011. The Airport uses these capital assets to provide services to airlines, passengers, and service providers at the airport.

Current liabilities decreased compared to the previous period due to a decrease in retainage payable on construction projects as well as amounts payable to the city for aircraft, rescue and firefighting (ARFF) services.

Revenue bonds payable, excluding current portion, decreased per the scheduled payments on the bonds.

Restricted net assets represents bond reserve funds subject to external restrictions under bond resolutions stating how they must be used to pay the future debt service on the related bonds.

CHANGES IN NET ASSETS

A condensed summary and discussion of changes in net assets, revenues, and expenses for fiscal years 2012, 2011, and 2010 is as follows:

Revenues

	2012	2011	2010	Fiscal Year 2012 percent change	Fiscal Year 2011 percent change
Operating revenues:					
Airfield revenue	$ 1,210,687	$ 1,220,232	$ 1,234,265	-0.8%	-1.1%
General aviation revenue	425,644	399,929	382,508	6.4%	4.6%
Terminal revenue	4,733,344	4,802,513	4,620,356	-1.4%	3.9%
Other operating revenue	370,262	332,868	319,452	11.2%	4.2%
Total operating revenues	6,739,937	6,755,542	6,556,581	-0.2%	3.0%
Nonoperating revenues:					
Noncapital grants	513,563	197,211	1,224,029	160.4%	-83.9%
Gains (losses) on investments	(24,320)	(93,618)	262,500	-74.0%	-135.7%
Realized gain on disposal of capital assets	26,970	6,405	31,404	321.1%	-79.6%
Interest income	378,191	437,807	468,152	-13.6%	-6.5%
Total nonoperating revenues	894,404	547,805	1,986,085	63.3%	-72.4%
Capital contributions:					
Capital grants	3,848,497	2,223,419	4,240,823	73.1%	-47.6%
Passenger facility charges	1,277,365	1,297,693	1,194,750	-1.6%	8.6%
Total capital contributions	5,125,862	3,521,112	5,435,573	45.6%	-35.2%
Total revenues	$ 12,760,203	$ 10,824,459	$ 13,978,239	17.9%	-22.6%

Fiscal Year 2012

Airfield revenue was stable year over year due to similar numbers of flights and passengers.

General aviation revenue increased 6.4% due to new revenue for hanger rentals from fixed base operators.

Terminal revenue decreased 1.4% due to a slight decrease in passengers.

Other operating revenue increased 11.2%due to grants received for conversion of parking lot lighting to more energy efficient lighting.

Noncapital grants increased approximately $315,000 due to utilization of state grants for operating purposes.

The realized and unrealized gains on investments for fiscal year 2012 reflected losses due to fixed income investments purchased at a premium due to interest rates and related income. Funds available for long-term investments generally are invested in obligations of the United States Government or its agencies. The fair value of investments fluctuates as interest rates rise and fall and as the market anticipates future interest rates. It is the Airport's intent to hold these investments until maturity, at which time the holder receives par value of the investment. The net fluctuation for fiscal years 2010 through 2012 was a modest gain which is expected for this type of investment.

Interest income decreased 13.6% due to prior year liquidation of investments and lower interest rates available to investors during fiscal years 2011 and 2012.

Passenger facility charges decreased 1.6% due to decrease in passengers.

Fiscal Year 2011

Fiscal Year 2011 Airfield revenue decreased 1.1% due to flight reductions in cargo operations.

General aviation revenue increased 4.6% due to increases in hangar rental rates.

Terminal revenue increased 3.9% due to increase in passengers.

Other operating revenue was stable.

Noncapital grants decreased approximately 83.9% due to utilization of state grants for noise mitigation projects completed in 2010.

The realized and unrealized gains on investments for fiscal year 2011 reflected losses due to fixed income investments purchased at a premium due to interest rates and related income. Funds available for long-term investments generally are invested in obligations of the United States Government or its agencies. The fair value of investments fluctuates as interest rates rise and fall and as the market anticipates future interest rates. It is the Airport's intent to hold these investments until maturity, at which time the holder receives par value of the investment. The net fluctuation for fiscal years 2009 through 2011 was a modest gain which is expected for this type of investment.

Interest income decreased 6.5% due to liquidation of investments and lower interest rates available to investors during fiscal year 2011.

Expenses

	2012	2011	2010	Fiscal Year 2012 percent change	Fiscal Year 2011 percent change
Operation and maintenance expenses:					
Salaries and fringe benefits	$ 4,014,936	$ 3,835,472	$ 3,907,498	4.7%	-1.8%
ARFF services	653,464	639,742	889,838	2.1%	-28.1%
Operating expenses	2,385,663	2,120,079	2,893,417	12.5%	-26.7%
Depreciation	8,534,040	8,041,741	7,784,654	6.1%	3.3%
Total operation and maintenance expenses	15,588,103	14,637,034	15,475,407	6.5%	-5.4%
Nonoperating expenses:					
Interest expense	39,397	43,244	129,544	-8.9%	-66.6%
Total expenses	$ 15,627,500	$ 14,680,278	$ 15,604,951	6.5%	-5.9%

Fiscal Year 2012

Salaries and fringe benefits increased 4.7% due to raises and increased rates for health insurance and pension plan contributions.

ARFF services increased per the applicable third-party agreement.

Operating expenses increased 12.5% due to a marketing initiative, executive searches, building and vehicle repairs and maintenance of the engineered material arresting system.

Interest expense decreased as a result of principal payments on outstanding debt.

Depreciation expense increased 6.1% due to depreciation expense on completed projects closed from construction in progress in the current and previous fiscal years to their respective capital accounts. Major projects completed in fiscal years 2011 and 2012 are discussed in the Capital Acquisitions and Constructions Activities section.

Fiscal Year 2011

Salaries and fringe benefits decreased 1.8% due to retirements and resignations during the year and for positions that remained vacant for part of the year or were not filled.

ARFF services decreased due to start-up costs associated with the transfer of services from the City of Roanoke in 2010 and use of a third-party service provider in 2011.

Operating expenses decreased 26.7% due to reduction of noise mitigation projects.

Interest expense decreased as a result of less outstanding debt due to the bond payoff in the prior year.

Depreciation expense increased 3.3% due to depreciation expense on completed projects closed from construction in progress in the current and previous fiscal years to their respective capital accounts. Major projects completed in fiscal years 2010 and 2011 are discussed in the Capital Acquisitions and Constructions Activities section.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Fiscal Year 2012

During fiscal year 2012, the Airport had capital additions totaling $6.8 million. Major projects included rehabilitation of the baggage makeup modification, design and construction of aircraft rescue and firefighters building, acquisition of snow broom and blower, terminal improvements, clerestory window project, trailer park relocation, and chiller replacement. Completed projects totaling $2.1 million were transferred from construction in progress and placed into service during fiscal year 2012. The major projects completed during fiscal year 2012 were as follows:

Project		Amount
Noise abatement program residential soundproofing	$	1,045,000
Purchase of snow broom and blower		1,034,000
Construct signalized entry intersection		210,000
Clerestory window rehabilitation		190,000
	$	2,479,000

Fiscal Year 2011

During fiscal year 2011, the Airport had capital additions totaling $3.6 million. Major projects included rehabilitation of the baggage makeup modification, design of aircraft rescue and firefighters building, signalize entry intersection, terminal improvements, and rehabilitation of terminal clerestory windows. Completed projects totaling $6.0 million were transferred from construction in progress and placed into service during fiscal year 2011. The major projects completed during fiscal year 2011 were as follows:

Project		Amount
General aviation runway rehabilitation	$	4,860,000
Tunnel rehabilitation		1,010,000
Gate 33 biometrics access control		60,000
Wildlife control fence		60,000
	$	5,990,000

Capital asset acquisitions and improvements are capitalized at cost. Acquisitions are funded using a variety of financing techniques including federal grants with matching state grants, state grants with matching airport funds, and Airport revenues. Additional information on the Airport's capital assets and commitments can be found in notes 3 and 11 to the basic financial statements.

LONG-TERM DEBT ADMINISTRATION

In March 2005, the Airport issued $1,400,000 in revenue term bonds with interest at 4.44%, requiring annual payments of $128,138 through March 2020 to fund construction of a storage hangar for corporate aircraft. Income from rental of the facility is used to make the debt service payments.

Revenue bonds payable, net of deferred loss, outstanding were $838,933 and $927,674 at June 30, 2012 and 2011, respectively.

The revenue bonds are governed by a number of general covenants relating to qualified expenditures, debt service requirements and other restrictions on assets. For fiscal years ended June 30, 2012 and 2011, the Airport has complied with these covenants.

DISCUSSION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

In March 2012, the Airport approved its fiscal year 2012-2013 operating budget. The budget was amended in August 2012 for unspent funds from fiscal year 2012. Budgeted operating revenues, as amended, are approximately $7.3 million. Budgeted operating expenditures, as amended, are approximately $7.8 million. These amounts do not include depreciation expense or capital contributions. Non-operating revenues, as amended, are approximately $925,000. These amounts include investment income and government grants. Interest and debt service for 2012-2013 is budgeted at approximately $130,000. Total proposed capital expenditures, as amended are approximately $9,990,000. Of this amount, it is anticipated that approximately $4,980,000 will be funded through federal grants and approximately $3,110,000 will be funded through state grants. Landing fees for 2012-2013 will be $2.02 per 1,000 pounds. Annual terminal rent will be $47.16 per square foot.

REQUEST FOR INFORMATION

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

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and temporary investments	$ 4,912,118	$ 14,125,261
Restricted cash and temporary investments	1,099,216	1,281,792
Total cash and cash equivalents	6,011,334	15,407,053
Accounts receivable	493,176	458,046
Accrued interest receivable	153,467	156,603
Due from Commonwealth of Virginia	12,055	2,554
Due from federal government	894,367	126,237
Current portion of net investment in lease	10,917	10,366
Prepaid expenses and other assets	41,680	27,112
Short-term investments	3,027,603	2,502,362
Total current assets	10,644,599	18,690,333
Long-term investments	10,787,889	3,190,860
Capital assets		
Land	29,046,986	28,002,767
Buildings and structures	141,245,575	140,954,632
Equipment and other capital assets	12,227,671	10,632,254
Construction in progress	7,521,452	3,784,645
Accumulated depreciation	(78,392,716)	(69,983,527)
Capital assets, net	111,648,968	113,390,771
Net investment in lease, excluding current portion	122,523	133,440
Total assets	$ 133,203,979	$ 135,405,404
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of revenue bonds payable	$ 92,762	$ 88,741
Accounts payable and accrued expenses, operations	271,913	164,362
Accounts payable, construction and capital assets	910,262	344,382
Accrued payroll and compensated absences	629,238	548,056
Total current liabilities	1,904,175	1,145,541
Long-term portion of revenue bonds payable	746,171	838,933
Total liabilities	2,650,346	1,984,474
Net assets		
Invested in capital assets, net of related debt	110,810,035	112,463,097
Restricted	1,099,216	1,281,792
Unrestricted	18,644,382	19,676,041
Total net assets	130,553,633	133,420,930
Total liabilities and net assets	$ 133,203,979	$ 135,405,404

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended June 30, 2012 and 2011

	2012	2011
Operating revenues		
Airfield revenue	$ 1,210,687	$ 1,220,232
General aviation revenue	425,644	399,929
Terminal revenue	4,733,344	4,802,513
Other operating revenue	370,262	332,868
Total operating revenues	6,739,937	6,755,542
Operation and maintenance expenses		
Salaries and fringe benefits	4,014,936	3,835,472
Aircraft rescue and firefighting services	653,464	639,742
Operating expenses	2,385,663	2,120,079
Depreciation	8,534,040	8,041,741
Total operation and maintenance expenses	15,588,103	14,637,034
Operating loss	(8,848,166)	(7,881,492)
Nonoperating revenues (expenses)		
Noncapital grants	513,563	197,211
Realized and unrealized gains (losses) on investments	(24,320)	(93,618)
Realized gains on disposal of capital assets	26,970	6,405
Interest income	378,191	437,807
Interest expense	(39,397)	(43,244)
Net nonoperating revenues	855,007	504,561
Loss before capital contributions	(7,993,159)	(7,376,931)
Capital contributions		
Capital grants	3,848,497	2,223,419
Passenger facility charges	1,277,365	1,297,693
Total capital contributions	5,125,862	3,521,112
Change in net assets	(2,867,297)	(3,855,819)
Net assets, beginning of year	133,420,930	137,276,749
Net assets, end of year	$ 130,553,633	$ 133,420,930

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

ROANOKE REGIONAL AIRPORT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended June 30, 2012 and 2011

	2012	2011
Operating activities		
Cash received from vendors and tenants	$ 6,334,545	$ 6,301,435
Cash payments to suppliers for goods and services	(2,946,144)	(2,878,511)
Cash payments to employees for services	(3,933,754)	(3,856,432)
Other receipts	380,628	326,082
Net cash flows from operating activities	(164,725)	(107,426)
Noncapital financing activities		
Noncapital grants received	504,062	236,420
Capital and related financing activities		
Principal payments of revenue bonds payable	(88,741)	(84,893)
Interest paid on note payable and revenue bonds payable	(39,397)	(43,244)
Proceeds from disposal of capital assets	26,970	6,405
Acquisition and construction of capital assets	(6,226,357)	(3,344,371)
Transfers from escrow account	(14,568)	272,796
Capital grants received from other governments	3,080,367	2,275,958
Passenger facility charges collected	1,277,365	1,297,693
Net cash flows from capital and related financing activities	(1,984,361)	380,344
Investing activities		
Purchases of investments	(14,365,643)	(1,548,585)
Proceeds from sales of investments	6,219,053	13,769,353
Interest received on investments	395,895	186,421
Net cash flows from investing activities	(7,750,695)	12,407,189
Net change in cash and cash equivalents	(9,395,719)	12,916,527
Total cash and cash equivalents, beginning of year	15,407,053	2,490,526
Total cash and cash equivalents, end of year	$ 6,011,334	$ 15,407,053
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	$ (8,848,166)	$ (7,881,492)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	8,534,040	8,041,741
Changes in assets and liabilities:		
(Increase) decrease in accounts and other receivables	(24,213)	(127,502)
Increase in investment in lease, net	(551)	(523)
(Increase) decrease in prepaid expenses and other assets	(14,568)	272,796
Increase (decrease) in accounts payable and accrued expenses	188,733	(412,446)
Net cash flows from operating activities	$ (164,725)	$ (107,426)

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Roanoke Regional Airport Commission (the Airport) was established on July 1, 1987 by legislative act of the Commonwealth of Virginia to own and operate the Roanoke Regional Airport. The Airport is the primary commercial service airport serving a 19-county region encompassing western Virginia and parts of West Virginia.

Basis of Accounting and Accounting Presentation

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

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

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the Airport follows GASB guidance as applicable to enterprise funds and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Airport has elected to follow GASB guidance for enterprise funds rather than FASB guidance issued after November 30, 1989.

The Airport follows the economic resources measurement focus and accrual basis of accounting, recognizing revenue when earned and expenses when incurred.

Cash and Temporary Investments, Short-term Investments and Long-term Investments

All cash and temporary investments, short-term investments and long-term investments are held by financial institutions in the name of the Airport. All cash and temporary investments, short-term investments and long-term investments were fully collateralized pursuant to agreements with all participating financial institutions to pledge assets on a pooled basis to secure public deposits according to the Virginia Security for Public Deposits Act Regulations of the Code of Virginia. All deposits and investments are insured or registered or for securities held by a safe keeping agent are in the Airport's name. Temporary investments, short-term investments, and long-term investments are recorded at fair value with any net appreciation or depreciation reflected in the statements of revenues, expenses and changes in net assets. Temporary investments consist of money market funds and commercial bank certificates of deposit with original maturities of three months or less carried at fair value. Short-term investments consist of U.S. Government agency securities and commercial bank certificates of deposit with original maturities in excess of three months and a current maturity of less than one year. Long-term investments consist of U.S. Government agency securities, corporate notes payable, and commercial bank certificates of deposit with maturities in excess of one year.

Capital Assets

The Airport defines capital assets as assets with an initial, individual cost of more than $2,000 and an estimated useful life of at least three years. Major additions, including those that significantly prolong a capital asset's economic life or expand usefulness, are capitalized. Normal repairs that merely maintain the capital asset in its present condition are recorded as expenses and are not capitalized.

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

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

Passenger Facility Charge Collections

On June 10, 1998, the Federal Aviation Administration (FAA) approved a $3.00 Passenger Facility Charge (PFC No. 1) collection at the Airport effective September 1, 1998. Effective December 1, 2001, the FAA approved an increase to a $4.50 PFC collection at the Airport. The total approved amended amount of net PFC revenue, plus interest the Airport was allowed to collect, was $6,463,183 by January 1, 2005. On November 29, 2004, the FAA approved an additional PFC (No. 2) collection of $8,483,280 by November 1, 2011, to begin after collection of the initial PFC No. 1. On May 18, 2011, the FAA approved an additional PFC (No. 3) collection of $2,191,701 by January 1, 2013, to begin after collection of PFC No. 2. On September 6, 2011, the FAA approved an additional PFC (No. 4) collection of $4,279,500 by March 1, 2016, to begin after collection of PFC No. 3. For the years ended June 30, 2012 and 2011, PFC revenues earned by the Airport totaled approximately $1,280,000 and $1,300,000, respectively.

Unearned Lease Income

Unearned lease income related to a direct financing capital lease is being amortized over the life of the lease using the effective yield method.

Operating Revenues and Expenses

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

Employee Benefit Plans

Airport employees participate in the City of Roanoke Pension Plan (Pension Plan) and the Airport's deferred compensation plan. The Airport's policy, with respect to the Pension Plan, is to fund pension costs, which include both normal costs and amortization of prior service costs.

Funding Requirements

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

Operating Leases

Operating leases with rental car companies and concessions' vendors for operations at the airport terminal are multiyear agreements which are structured to provide income under various funding formulas and additional amounts based on increased operating levels. In addition, the airlines provide income under established funding formulas.

Statements of Cash Flows

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

Net Assets

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

Use of Estimates

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

2. DEPOSITS AND INVESTMENTS

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

- United States Treasury bills, notes, or any other obligation or security issued by or backed by the full faith and credit of the United States Treasury.
- Bonds, notes, and other obligations of the U.S., and securities issued by any AAA-rated federal government agency or instrumentality or government sponsored enterprise except for collateralized mortgage obligations.
- Stocks, bonds, notes, and other evidences of indebtedness of the Commonwealth of Virginia and those unconditionally guaranteed as to payment of principal and interest by the Commonwealth, or any other public body of the Commonwealth of Virginia upon which there has been no default.
- Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks with a rating of A-I by Standard and Poor's, Inc. and P-I by Moody's Investor Service, Inc. for maturities of one year or less, and a rating of AA by Standard and Poor's, Inc. and Aa by Moody's Investor Service, Inc. for maturities over one year and not exceeding five years.
- Non-negotiable, time deposits and savings accounts in commercial banks and savings institutions doing business in the Commonwealth of Virginia.
- Unsecured short-term debt of U.S. corporations may be purchased if certain conditions are met.
- Bankers' acceptances Issued by domestic banks or domestic offices of foreign banks, which are eligible for purchase by the Federal Reserve System with a maturity of 270 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than "A-I" (or its equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSROs").
- Notes issued by corporations organized and operating in the U.S. or by depository institutions licensed by the U.S. or any state and operating in the U.S. with a rating of at least AA by Standard and Poor's, Inc. and a rating of Aa by Moody's Investor Service, Inc. and a maturity of no more than five years.
- Overnight, term, and open repurchase agreements, provided certain conditions are met.
- Certificates of deposit provided certain conditions are met.
- The pooled investment fund (known as the Virginia Local Government Investment Pool) as provided for in Section 2.2-4600 et seq. of the Code of Virginia.

- Open-end investment funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and which are similarly diversified, provided that the fund is rated AAA or better by Standard & Poor's Corporation, or equivalent by other rating agencies. The fund must also be properly registered in Virginia.

At June 30, 2012 and 2011, the Airport had the following unrestricted and restricted investments and cash:

June 30, 2012

	Fair Value	<1 year	1-5 years	5-15 years	S&P Rating
Unrestricted:					
U.S. Government agency bonds	$ 6,797,308	$	$ 1,892,479	$ 4,904,829	AA+
Corporate debt	2,990,581		2,990,581		AA
Commercial bank certificate of deposit	4,027,604	3,027,604	1,000,000		N/A
Money market funds	4,691,929	4,691,929			N/A
Cash	220,188	220,188			N/A
Total unrestricted	18,727,610	7,939,721	5,883,060	4,904,829	
Restricted:					
Money market funds	1,099,216	1,099,216			N/A
Totals	$ 19,826,826	$ 9,038,937	$ 5,883,060	$ 4,904,829	

June 30, 2011

	Fair Value	<1 year	1-5 years	5-15 years	S&P Rating
Unrestricted:					
U.S. Government agency bonds	$ 3,190,860	$	$	$ 3,190,860	AA+
Commercial bank certificate of deposit	6,000,000	6,000,000			N/A
Money market funds	10,374,039	10,374,039			N/A
Cash	253,584	253,584			N/A
Total unrestricted	19,818,483	16,627,623	0	3,190,860	
Restricted:					
Money market funds	1,281,792	1,281,792			N/A
Totals	$ 21,100,275	$ 17,909,415	$ 0	$ 3,190,860	

Interest Rate Risk: Limitation on instruments, diversification and maturity scheduling shall depend upon whether the funds being invested are considered short term, intermediate, or extended duration. Short term investment maturities shall be scheduled to coincide with projected cash flow requirements and anticipated revenue. Short term duration funds will be invested in permitted investments maturing in one year or less.

Investments in intermediate and extended duration longer term securities shall be made after considering the additional income potential and the volatility risk inherent in securities with longer maturities. Intermediate duration funds will be invested in permitted investments maturing in five years or less. Extended duration funds will be invested in permitted investments maturing in fifteen years or less and shall not exceed more than 25% of the portfolio.
Custodial Credit Risk: All investments are in the name of the Airport and held in third-party safekeeping at a qualified financial institution designated as the primary agent.

Concentration Credit Risk: The Airport does not have a specific policy towards concentration credit risk. As of June 30, 2012 and 2011, the Airport's investments were allocated as follows:

	2012		2011		Maximum allowed	
Federal Home Loan Bank Bonds	16	%	15	%	35	%
Federal National Mortgage Association Bonds	10		0		35	
Federal Home Loan Mortgage Corporation Bonds	9		0		35	
Corporate notes	15		0		15	
Certificates of deposit	20		29		20	
Money market funds	29		55		100	
Cash	1		1		N/A	
Totals	100	%	100	%		

The column above for maximum allowed is per the updated investment policy, effective July 19, 2011. The balances for June 30, 2011 were governed by a prior policy.

Included in the tables on the previous page, the Airport's cash balances at June 30, 2012 and 2011 had a carrying value of $220,188 and $253,583, respectively, and a bank balance of $543,584 and $367,513, respectively. The primary checking account is a noninterest bearing account and, as such, is fully insured through December 31, 2012 by the Federal Depository Insurance Corporation.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 28,002,767	$ 1,044,219	$	$ 29,046,986
Construction in progress	3,784,645	5,865,882	2,129,075	7,521,452
Total capital assets not being depreciated	31,787,412	6,910,101	2,129,075	36,568,438
Capital assets being depreciated:				
Building and structures	140,954,632	293,058	2,115	141,245,575
Equipment and other capital assets	10,632,254	1,718,153	122,736	12,227,671
Total capital assets being depreciated	151,586,886	2,011,211	124,851	153,473,246
Less accumulated depreciation:				
Building and structures	62,992,895	7,208,108		70,201,003
Equipment and other capital assets	6,990,632	1,325,932	124,851	8,191,713
Total accumulated depreciation	69,983,527	8,534,040	124,851	78,392,716
Capital assets, net	$ 113,390,771	$ 387,272	$ 2,129,075	$ 111,648,968

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 23,226,432	$ 4,972,095	$ 195,760	$ 28,002,767
Construction in progress	6,468,511	3,298,552	5,982,418	3,784,645
Total capital assets not being depreciated	29,694,943	8,270,647	6,178,178	31,787,412
Capital assets being depreciated:				
Building and structures	139,827,838	1,126,794		140,954,632
Equipment and other capital assets	10,485,761	187,976	41,483	10,632,254
Total capital assets being depreciated	150,313,599	1,314,770	41,483	151,586,886
Less accumulated depreciation:				
Building and structures	55,821,495	7,171,400		62,992,895
Equipment and other capital assets	6,161,774	870,341	41,483	6,990,632
Total accumulated depreciation	61,983,269	8,041,741	41,483	69,983,527
Capital assets, net	$ 118,025,273	$ 1,543,676	$ 6,178,178	$ 113,390,771

Construction in progress of $4,989,887 and $3,784,645 at June 30, 2012 and 2011, respectively, consisted primarily of costs incurred for the general aviation apron, and terminal improvements.

4. REVENUE BONDS PAYABLE

On March 1, 2005, the Airport issued $1,400,000 in revenue term bonds with interest at 4.4%, requiring annual payments of $128,138 through July 2020 (the Bonds). The outstanding principal at June 30, 2012 and 2011 on the Bonds was $838,933 and $927,674 respectively.

The aggregate gross annual principal maturities of revenue bonds payable subsequent to June 30, 2012 are as follows:

Year ending June 30:	Principal	Interest	Total
2013	$ 92,762	$ 35,376	$ 128,138
2014	96,965	31,173	128,138
2015	101,359	26,779	128,138
2016	105,952	22,185	128,137
2017	110,754	17,384	128,138
2018 - 2020	331,141	21,239	352,380
Total	$ 838,933	$ 154,136	$ 993,069

The Bonds are governed by a number of general covenants relating to qualified expenditures, debt service reserve requirements and other restrictions on assets. For the years ended June 30, 2012 and 2011, the Airport has complied with these covenants.

Revenue bonds payable, net activity for the year ended June 30, 2012 was as follows:

Type of debt	Beginning Balance	Increases	Decreases	Ending Balance	Amount due within one year
Bonds payable	$ 927,674	$ 0	$ 88,741	$ 838,933	$ 92,762

Revenue bonds payable, net activity for the year ended June 30, 2011 was as follows:

Type of debt	Beginning Balance	Increases	Decreases	Ending Balance	Amount due within one year
Bonds payable	$ 1,012,567	$ 0	$ 84,893	$ 927,674	$ 88,741

The restricted cash of $1,099,216 and $1,281,792 at June 30, 2012 and 2011, respectively, is for operating and maintenance reserves.

5. CAPITAL LEASE

The Airport leases a hangar located on its property to a private company. This lease is classified as a direct financing capital lease. The lease requires monthly payments of $1,459 and expires March 1, 2022. The following lists the components of the net investment in this lease as of June 30, 2012 and 2011:

	2012	2011
Minimum lease payments receivable	$ 169,244	$ 186,752
Less unearned lease income (stated interest rate of 5.5%)	(35,804)	(42,946)
Net investment in lease	$ 133,440	$ 143,806

The following is a schedule of minimum future rentals due under this lease as of June 30, 2012:

2013	$ 17,508
2014	17,508
2015	17,508
2016	17,508
2017	17,508
2018 - 2022	81,704
	$ 169,244

6. CAPITAL CONTRIBUTIONS

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

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

7. PENSION PLAN

Plan Description

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

Effective July 1, 1984, the Pension Plan changed its name from the Employees' Retirement System of the City of Roanoke, Virginia (ERS) to City of Roanoke Pension Plan. This change provided for an Employees' Supplemental Retirement System (ESRS) which modified certain benefits as defined by ERS. All employees covered under the provisions of ERS at June 30, 1984 could elect to stay with ERS or be covered under the provisions of ESRS. Coverage under ESRS was mandatory for all employees hired on or after July 1, 1984. Both ERS and ESRS share a common trust fund from which all benefits are paid without distinction as to the source of funds and are administered by the board of trustees. The Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after 5 years of credited service for all Pension Plan members. All Airport employees participate in ESRS. Employees who are members of ESRS with 5 years or more of credited service and age 65, and employees with the attained age of 50 and their age plus years of service equal to 80 are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 2.1% of their final average compensation for each year of credited service up to a maximum of 63%. Final average compensation is the employee's average salary excluding overtime over the highest 36 consecutive months of credited service.

Employees with 5 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. Employees may elect to receive their pension benefits in the form of a single life annuity or a joint and survivor annuity payable monthly from retirement. If employees under age 65 terminate before rendering 5 years of service, they forfeit the right to receive any Pension Plan benefits.

Six-year historical trend information showing the Pension Plan's progress in accumulating sufficient assets to pay benefits when due is presented in the Pension Plan's June 30, 2012 comprehensive annual financial report. A copy of this report may be obtained by writing to the City of Roanoke Retirement Office, Attention: Retirement Administrator, P.O. Box 1220, Roanoke, Virginia 24006.

Funding Policy

Commission employees do not contribute to the Pension Plan. The Airport's contribution is based on a percentage of the annual compensation of the active members, which is based on an actuarially determined contribution amount. The payroll for Commission employees covered by the Pension Plan for the years ended June 30, 2012, 2011 and 2010 was approximately $2,710,000, $2,680,000, and $2,690,000, respectively. The Airport's total payroll for these years was approximately $2,840,000, $2,760,000, and $2,830,000, respectively.

Annual Pension Cost

For fiscal year 2012, the Commission's annual pension cost of $482,443 was equal to the Commission's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the projected unit credit method using the level dollar amortization method of any unfunded/overfunded actuarial liability. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected payroll growth of 3.0% per year and (c) projected salary growth using a tiered approach with ranges of 2.5% to 5.0% based on age. Projected salary increases include an inflation component of 2.75%. The actuarial value of the assets is determined using a method designed to smooth the impact of market fluctuations. The actuarial value recognizes annual appreciation and depreciation over a five-year period. The information below related to funding progress and trend information is provided.

Three - year Trend Information
Roanoke Regional Airport
Roanoke, Virginia

Fiscal year ending		Required Contribution	Percentage contributed
June 30, 2012	$	482,443	100%
June 30, 2011	$	421,344	100%
June 30, 2010	$	418,397	100%

8. DEFERRED COMPENSATION PLAN

Airport employees may participate in the Airport's deferred compensation plan which was created in accordance with Internal Revenue Code Section 457 from its predecessor plan held by the City of Roanoke. The deferred compensation plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Airport made a contribution into the deferred compensation plan for each participating employee. The Airport made contributions to the deferred compensation plan in the amount of $17,780 and $27,810 for the years ended June 30, 2012 and 2011, respectively.

9. CONCENTRATIONS

Revenue from landed weights, parking, and concessionaires comprise the majority of operating revenues for the airport. Three airlines accounted for approximately 87% and 92%, respectively, of the landed weight for commercial airlines during the years ended June 30, 2012 and 2011. Activity from commercial airlines is primarily responsible for parking revenues and revenue from concessionaires.

10. COMMITMENTS AND OTHER MATTERS

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; general liability claims; and natural disasters. The Airport manages these risks through the purchase of commercial insurance. From time to time, the Airport is involved in litigation in the normal course of operations. It is the opinion of the Airport's management that any adverse outcomes related to litigation would not have a material impact on the financial position or results of operations of the Airport as of and for the years ended June 30, 2012 and 2011.

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

As of June 30, 2012 and 2011, the Airport had outstanding contractual commitments approximating $5.7 million and $2.2 million, respectively, related to equipment purchases and airport improvement projects.

11. PROPERTY LEASED TO OTHERS

The Airport leases a portion of its property, plant and equipment under operating lease agreements for concessions and other commercial purposes. Future minimum rental revenues to be received under these operating leases as of June 30, 2012 are as follows (amount rounded):

Year ending June 30:		Total
2013	$	1,535,000
2014		1,460,000
2015		1,475,000
2016		1,000,000
2017		325,000
Thereafter		1,520,000
Total	$	7,315,000

The Airport also leases property through contingent rentals. Revenues from these contingent rentals arise primarily from a percentage of the lessees' gross revenues in excess of minimum guarantees. Several lease agreements provide a minimum lease concession. Contingent rentals for the years ended June 30, 2012 and 2011 were approximately $247,000 and $230,000, respectively.

Substantially all capital assets of the Airport are held for direct or indirect utilization in the Airport's principal activities of leasing land, buildings and airfield facilities to third party lessees.

12. OTHER POSTEMPLOYMENT BENEFITS

On July 21, 2009, the Airport approved a plan to provide certain post-employment benefits to qualifying employees of the Airport. Eligibility criteria includes retirement after July 1, 2009 and a minimum of 15 years of service, enrollment in the Airport's health insurance plan for at least one year, and participation in the City of Roanoke's Retiree Health Insurance Plan. The Airport pays the City of Roanoke $238 to $451 each month for medical insurance for each eligible retiree depending on coverage levels only through December 31, 2012 or until the City no longer provides health insurance coverage to Commission retirees, whichever comes sooner. The Airport reserves the right to revise and terminate the retiree health insurance contribution at any time, as it deems necessary, at its sole discretion. This benefit will terminate when the retiree is eligible for coverage by any other health insurance, including Medicare. There is no required employee contribution related to this benefit. As of June 30, 2012 and 2011 the plan was not funded and the actuarially determined liability, using an interest rate of four percent, was approximately $41,000 and $28,000, respectively. The annual required contribution (ARC) for fiscal year 2012 is comprised of $8,900 normal cost and $3,800 interest, and is included in salaries and fringe benefits in the attached financial statements. The ARC was approximately .50% of covered payroll for fiscal year 2012. The ARC was computed as the normal cost plus amortization of the unfunded portion of actuarial accrued liability. The amortization amount was determined as a level percent of payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Factors that significantly affect the identification of trends in the amounts reported include changes in benefits provisions, the size and composition of the employee groups covered by the plan, and the actuarial methods and assumptions used.

13. RELATED PARTY TRANSACTIONS

The Airport made total payments of approximately $170,000 to the City of Roanoke in fiscal year 2012 for construction of a signalized entry intersection. No amounts were due to or from the City of Roanoke at June 30, 2012. There were no material related party transactions in fiscal year 2011.

14. SUBSEQUENT EVENTS

The Airport evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 12, 2012, which is the date the financial statements were available to be issued.