

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

FINANCIAL REPORT YEAR ENDED JUNE 30, 2025

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FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**TO THE BOARD MEMBERS OF
MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
MATTAPONI, VIRGINIA**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Middle Peninsula Regional Airport Authority, as of and for the year ended June 30, 2025, 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 business-type activities of Middle Peninsula Regional Airport Authority, as of June 30, 2025, 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 the *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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Middle Peninsula Regional Airport 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Middle Peninsula Regional Airport 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' 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 March 12, 2026, on our consideration of Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport Authority's internal control over financial reporting and compliance.

Robinson, Fenn, Cox Associates

Richmond, Virginia
March 12, 2026

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BASIC FINANCIAL STATEMENTS

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Statement of Net Position
As of June 30, 2025

ASSETS:

Current Assets:

Cash and cash equivalents	590,742
Accounts receivable, net of allowance	3,852
Inventory	36,696
Total current assets	\$ 631,290

Noncurrent Assets:

Capital Assets:

Construction in progress	\$ 216,688
Land and land rights	1,012,098
Buildings and improvements, net of accumulated depreciation	8,190,977
Lease equipment, net of accumulated depreciation	10,207
Equipment, net of accumulated depreciation	84,909
Total noncurrent assets	\$ 9,514,879
Total assets	\$ 10,146,169

LIABILITIES:

Current Liabilities:

Accounts payable	\$ 93,226
Lease liability, current portion	3,187
Revenue bonds, current portion	64,467
Unearned revenue	12,123
Total current liabilities	\$ 173,003

Noncurrent Liabilities:

Lease liability, net of current portion	\$ 13,516
Revenue bonds, net of current portion	328,426
Total noncurrent liabilities	\$ 341,942
Total liabilities	\$ 514,945

NET POSITION:

Net investment in capital assets	\$ 9,105,283
Unrestricted	525,941
Total net position	\$ 9,631,224

The accompanying notes to financial statements are an integral part of this statement.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025

Operating revenues:		
Local contributions	\$	100,000
Fuel and oil sales		557,283
Rent and aircraft storage		166,236
Revenue sharing		75,029
Miscellaneous		13,867
Total operating revenues	\$	912,415
Operating expenses:		
Personnel	\$	130,467
Fringe benefits		11,175
Contractual services		36,474
Fuel and oil purchases		337,598
Insurance		24,720
Utilities		33,695
Administrative		6,703
Buildings and grounds		23,908
Vehicle operation and maintenance		27,660
Capital outlay		211,579
Other charges		3,336
Depreciation		735,747
Total operating expenses	\$	1,583,062
Operating income (loss)	\$	(670,647)
Nonoperating revenues (expenses):		
Interest income	\$	25,429
Virginia Department of Aviation		5,010
Federal Aviation Administration		168,148
Interest expense		(6,545)
Total nonoperating revenues (expenses)	\$	192,042
Capital contributions:		
Capital grants from the Commonwealth	\$	119,547
Capital grants from federal government		1,294,608
Total capital contributions	\$	1,414,155
Change in net position	\$	935,550
Net position at beginning of year		8,695,674
Net position at end of year	\$	9,631,224

The accompanying notes to financial statements are an integral part of this statement.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities:	
Receipts from customers	\$ 189,263
Receipts from government agencies	203,942
Fuel and oil sales	557,283
Payments to employees	(141,642)
Payments for goods and services	(644,769)
Net cash provided by (used for) operating activities	\$ <u>164,077</u>
Cash flows from noncapital financing activities:	
Noncapital grants from federal and state government agencies	\$ <u>173,158</u>
Cash flows from capital and related financing activities:	
Capital assets purchased	\$ (1,722,407)
Principal payments on revenue bonds	(47,619)
Capital grants from federal and state government agencies	1,414,155
Interest paid on revenue bonds	(6,545)
Net cash provided by (used for) capital and related financing activities	\$ <u>(362,416)</u>
Cash flows from investing activities:	
Interest income	\$ <u>25,429</u>
Net cash provided by (used for) investing activities	\$ <u>25,429</u>
Net increase (decrease) in cash and cash equivalents	\$ 248
Cash and cash equivalents, beginning of year	<u>590,494</u>
Cash and cash equivalents, end of year	\$ <u><u>590,742</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (670,647)
Adjustments to reconcile net cash provided by (used for) operating activities:	
Depreciation	735,747
Decrease (increase) in accounts receivable	(2,963)
Decrease (increase) in due from other governmental units	28,913
Decrease (increase) in inventory	18,620
Increase (decrease) in accounts payable	42,284
Increase (decrease) in unearned revenue	12,123
Net cash provided by (used for) operating activities	\$ <u><u>164,077</u></u>

The accompanying notes to financial statements are an integral part of this statement.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements As of June 30, 2025

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Agency

Middle Peninsula Regional Airport Authority was created by legislation of the Commonwealth of Virginia's General Assembly in 1997 for the purpose of operating and financing a regional airport for the member jurisdictions. Current member jurisdictions include the Counties of Gloucester, King William, and King and Queen and the Town of West Point. Each member jurisdiction appoints one director to serve on the governing body of the Authority.

B. Management's Discussion and Analysis

The Authority has chosen not to present a Management's Discussion and Analysis.

C. Basis of Accounting

Middle Peninsula Regional Airport Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Operating expenses include professional services, administrative expenses, and aviation fuel for resale. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and short-term investments with original maturities of three months or less.

E. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

F. Inventory

The Authority purchases and resells aviation fuel. This fuel is held in inventory until sold and is carried at the lower of first in, first out or lower of cost or market.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued) As of June 30, 2025

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

G. Capital Assets

Capital assets include property, plant and equipment, lease equipment, and infrastructure with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Capital assets acquired are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 5 to 30 years and is computed using the straight-line method. Donated capital assets are recorded at the acquisition value at the time of the gift.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, if any, represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

J. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

K. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificated of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued) As of June 30, 2025

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority did not have any deferred outflows of resources as of June 30, 2025.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority did not have any deferred inflows of resources as of June 30, 2025.

M. Regulated Leases

Leases between the Authority and air carriers and aeronautical users are subject to external laws and regulations. The Authority recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies under GASB No. 87 as a lessor do not apply to regulated leases. See Note 4 for additional information.

NOTE 2-DEPOSITS AND INVESTMENTS:

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 more than 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.

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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F-1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued) As of June 30, 2025

NOTE 2-DEPOSITS AND INVESTMENTS: (Continued)

Investments (Continued)

Credit Risk of Debt Securities

The Authority's rated debt investments as of June 30, 2025, were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale. The Authority's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

Authority's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 1,507
Virginia Investment Pool	469,692
Total	<u>\$ 471,199</u>

Interest Rate Risk

According to the Authority's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year.

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 1,507	\$ 1,507
Virginia Investment Pool	469,692	469,692
Total	<u>\$ 471,199</u>	<u>\$ 471,199</u>

External Investment Pools

The value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

The value of the investment in the Virginia Investment Pool (VIP) is reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority has measured the fair value of the VIP investments listed above at the net asset value (NAV). There are no withdrawal limitations or restrictions, but the VIP requires 24 hours of notice to transfer funds.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 3-CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not subject to depreciation:				
Land and land rights	\$ 1,012,098	\$ -	\$ -	\$ 1,012,098
Construction in progress	702,773	1,614,832	2,100,917	216,688
Total capital assets not subject to depreciation	\$ 1,714,871	\$1,614,832	\$ 2,100,917	\$ 1,228,786
Capital assets subject to depreciation:				
Buildings and improvements	\$ 13,419,887	\$2,138,917	\$ -	\$ 15,558,804
Equipment	194,899	69,575	-	264,474
Lease equipment	16,703	-	-	16,703
Total capital assets subject to depreciation	\$ 13,631,489	\$2,208,492	\$ -	\$ 15,839,981
Accumulated depreciation:				
Buildings and improvements	\$ 6,663,682	\$ 704,145	\$ -	\$ 7,367,827
Equipment	151,304	28,261	-	179,565
Lease equipment	3,155	3,341	-	6,496
Total accumulated depreciation	\$ 6,818,141	\$ 735,747	\$ -	\$ 7,553,888
Total capital assets subject to depreciation, net	\$ 6,813,348	\$1,472,745	\$ -	\$ 8,286,093
Net capital assets	\$ 8,528,219	\$3,087,577	\$ 2,100,917	\$ 9,514,879

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 4-REGULATED LEASE:

The Authority leases hangar space to an air ambulance service under a lease contract. The ambulance service has exclusive use of Hangar E-1. In fiscal year 2025, the Authority recognized principal and interest revenue in the amount of \$28,746 and \$319, respectively. The Authority did not receive variable payments for the lease and there is no debt associated with the hangar. Future payments for the lease are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 19,742	\$ 67	\$ 19,809
Total	<u>\$ 19,742</u>	<u>\$ 67</u>	<u>\$ 19,809</u>

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued) As of June 30, 2025

NOTE 5-LONG-TERM OBLIGATIONS:

A summary of long-term obligation transactions for the year ended June 30, 2025 is as follows:

	Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Direct borrowing and placements:					
Revenue Bonds	\$ 440,512	\$ -	\$ 47,619	\$ 392,893	\$ 64,467
Lease liability	16,703	-	-	16,703	3,187
Total	<u>\$ 457,215</u>	<u>\$ -</u>	<u>\$ 47,619</u>	<u>\$ 409,596</u>	<u>\$ 67,654</u>

	Notes	Interest Rates	Date Issued	Payment Amount	Frequency	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
Direct borrowings and placements:									
Revenue Bonds:									
Virginia Resources Authority (VRA) - Virginia Airports Revolving Fund	(a)	2.615%	03/09/05	\$ 3,661	Monthly	03/01/30	\$ 739,874	\$ 195,192	\$ 39,229
Virginia Resources Authority (VRA) - Airport Revenue Bond	(a)	1.330%	03/21/07	2,315	Monthly	07/01/32	480,000	197,701	25,238
Total Revenue Bonds								<u>\$ 392,893</u>	<u>\$ 64,467</u>
Total Direct Borrowings and Placements								<u>\$ 392,893</u>	<u>\$ 64,467</u>
Lease Liability:									
Fuel truck	(b)	2.740%	07/20/23	\$ 500	Monthly	10/20/28	\$ 16,703	<u>\$ 16,703</u>	<u>\$ 3,187</u>
Total outstanding debt								<u>\$ 409,596</u>	<u>\$ 67,654</u>

Notes:

- (a) All Airport revenues, as defined in the financing agreement, are pledged to secure the payment of principal and interest on the Bond. In the event of default, the lender may declare the entire unpaid principal and interest on the Bond immediately due and payable.
- (b) Interest rate is implied. Authority agrees to purchase fuel from vendor for duration of the lease. In the event of default, the Authority is responsible a late payment charge on any delinquent balance in the amount of 1.5% per month, 18.0% per annum or the maximum amount permitted by law from the date of default. The Authority agrees to pay any attorney or collection fees if incurred in the collection of any delinquent balance or the enforcement of this agreement.

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY**Notes to Financial Statements (Continued)**
As of June 30, 2025**NOTE 5-LONG-TERM OBLIGATIONS: (Continued)**

Annual requirements to amortize long-term obligations are as follows:

Year Ending June 30	Bonds from Direct Borrowings and Direct Placements			
	Revenue Bonds		Lease Liability	
	Principal	Interest	Principal	Interest
2026	\$ 64,467	\$ 7,251	\$ 3,187	\$ 1,313
2027	65,840	5,878	5,701	299
2028	67,245	4,475	5,859	141
2029	68,680	3,038	1,956	44
2030	58,565	1,580	-	-
2031	26,968	816	-	-
2032	27,328	456	-	-
2032	13,800	92		
Total	<u>\$ 392,893</u>	<u>\$ 23,586</u>	<u>16,703</u>	<u>\$ 1,797</u>

NOTE 6-CONTINGENCIES AND COMMITMENTS:

On June 30, 2023, the Authority committed \$560,000 to remove trees at the airport for required maintenance. The project will be funded at 90% (\$504,000) by the Federal Aviation Administration, and the remaining \$56,000 will be funded by state and local sources. As of June 30, 2025, \$272,430 had been spent on the project. On June 11, 2025, the Authority accepted a bid for the construction of hangars in the amount of \$1,053,000.

NOTE 7-LITIGATION:

There were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

NOTE 8-RISK MANAGEMENT:

The Authority has acquired insurance for buildings, vehicles, computer equipment, worker's compensation, and overall liability through various commercial vendors. Settled claims have not exceeded coverage in the past three years.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 9-UPCOMING PRONOUNCEMENTS:

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

STATISTICAL SECTION

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Last Three Fiscal Years
Pledged Revenue Coverage (Unaudited)
Airport Revenue Bond

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Less Operating Expenses (2)</u>	<u>Net Revenues Available for Debt Service</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2023	\$ 877,907	\$ 685,065	\$ 192,842	\$ 60,829	\$ 10,881	269%
2024	961,128	784,351	176,777	62,116	9,603	246%
2025	937,844	847,315	90,529	47,619	6,545	167%

(1) - Operating revenues and interest

(2) - Net of depreciation

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COMPLIANCE

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**Independent Auditors' 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 BOARD MEMBERS OF
MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
MATTAPONI, 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 business-type activities of Middle Peninsula Regional Airport Authority as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Middle Peninsula Regional Airport Authority's basic financial statements and have issued our report thereon dated March 12, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Middle Peninsula Regional Airport 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Middle Peninsula Regional Airport 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Fournier, Cox Associates

Richmond, Virginia
March 12, 2026



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**TO THE BOARD MEMBERS OF
MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
MATTAPONI, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Middle Peninsula Regional Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Middle Peninsula Regional Airport Authority's major federal programs for the year ended June 30, 2025. Middle Peninsula Regional Airport Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Middle Peninsula Regional Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Middle Peninsula Regional Airport Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Middle Peninsula Regional Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' 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 Middle Peninsula Regional Airport 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 judgment made by a reasonable user of the report on compliance about Middle Peninsula Regional Airport 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 risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport 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 Middle Peninsula Regional Airport 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Fenn, Cox Associates

Richmond, Virginia
March 12, 2026

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ State Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Department of Transportation</u>			
<u>Direct Payment:</u>			
Airport Improvement Program	20.106	N/A	\$ 1,462,756
Total Expenditures of Federal Awards			\$ 1,462,756

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Middle Peninsula Regional Airport under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Middle Peninsula Regional Airport, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Middle Peninsula Regional Airport.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Subrecipients

No awards were passed through to subrecipients.

Note D - Indirect Cost Rate

Middle Peninsula Regional Airport Authority did not elect to use the 15-percent de minimus indirect cost rate allowed under Uniform Guidance.

Note E - Loan Balances

Middle Peninsula Regional Airport Authority has no loans or loan guarantees which are subject to reporting requirements for the current year.

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ☒ _____ no

Significant deficiency(ies) identified?

_____ yes ☒ _____ none reported

Noncompliance material to financial statements noted?

_____ yes ☒ _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ☒ _____ no

Significant deficiency(ies) identified?

_____ yes ☒ _____ none reported

Type of auditors' report issued on compliance
for major programs:

unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section
200.516(a)?

_____ yes ☒ _____ no

Identification of major programs:

CFDA Number(s)

20.106

Name of Federal Program or Cluster

Airport Improvement Program

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes ☒ _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None