

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023, 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.

Require 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.

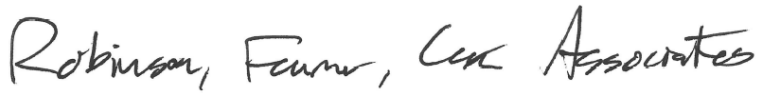
Other Information

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 August 31, 2023, 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.

A handwritten signature in cursive script that reads "Robinson, Fenn, Cox Associates".

Richmond, Virginia
August 31, 2023

MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY
Statement of Net Position
As of June 30, 2023

	<u>2023</u>
ASSETS:	
Current Assets:	
Investments	\$ 528,320
Accounts receivable, net of allowance	15,972
Due from other governmental units	17,156
Inventory	81,797
Total current assets	\$ 643,245
Noncurrent assets:	
Capital Assets:	
Construction in progress	\$ 512,454
Land and land rights	1,012,098
Buildings and improvements, net of accumulated depreciation	7,368,629
Equipment, net of accumulated depreciation	46,934
Total net capital assets	\$ 8,940,115
Total assets	\$ 9,583,360
LIABILITIES:	
Current Liabilities:	
Reconciled overdraft payable	\$ 26,964
Accounts payable	7,366
Revenue bonds, current portion	61,979
Total current liabilities	\$ 96,309
Long-term Liabilities:	
Revenue bonds, net of current portion	\$ 440,649
Total long-term liabilities	\$ 440,649
Total liabilities	\$ 536,958
NET POSITION:	
Net investment in capital assets	\$ 8,437,487
Unrestricted	608,915
Total net position	\$ 9,046,402

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, 2023

	<u>2023</u>
Operating revenues:	
Local contributions	\$ 120,000
Fuel and oil sales	521,826
Rent and aircraft storage	147,567
Revenue sharing	60,786
Miscellaneous	3,705
	<hr/>
Total operating revenues	\$ 853,884
Operating expenses:	
Personnel	\$ 109,131
Fringe benefits	8,344
Contractual services	20,559
Fuel and oil purchases	411,876
Insurance	24,750
Utilities	24,789
Administrative	4,090
Buildings and grounds	42,335
Other charges	7,892
Bad debt	31,299
Depreciation	625,716
	<hr/>
Total operating expenses	\$ 1,310,781
Operating income (loss)	\$ (456,897)
Nonoperating revenues (expenses):	
Interest income	\$ 22,668
Virginia Department of Aviation	82,794
Federal Aviation Administration	159,321
Interest expense	(10,881)
	<hr/>
Total nonoperating revenues (expenses)	\$ 253,902
Change in net position	\$ (202,995)
Net position at beginning of year	9,249,397
	<hr/>
Net position at end of year	\$ 9,046,402
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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, 2023

	<u>2023</u>
Cash flows from operating activities:	
Receipts from customers	\$ 148,462
Receipts from government agencies	180,786
Fuel and oil sales	521,826
Payments to employees	(117,475)
Payments for goods and services	(518,249)
Net cash provided by (used for) operating activities	\$ 215,350
Cash flows from capital and related financing activities:	
Capital assets purchased	\$ (489,384)
Principal payments on revenue bonds	(60,829)
Capital grants from federal and state government agencies	224,959
Interest paid on revenue bonds	(10,881)
Net cash provided by (used for) capital and related financing activities	\$ (336,135)
Cash flows from investing activities:	
Interest income	\$ 2,423
Net increase (decrease) in cash and cash equivalents	\$ (118,362)
Cash and cash equivalents, beginning of year	118,362
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (456,897)
Adjustments to reconcile net cash provided by (used for) operating activities:	
Depreciation	625,716
Decrease (increase) in accounts receivable	(2,810)
Decrease (increase) in inventory	31,282
Increase (decrease) in accounts payable	(8,905)
Increase (decrease) in reconciled overdraft payable	26,964
Net cash provided by (used for) operating activities	\$ 215,350

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, 2023

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, 2023

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

G. Capital Assets

Capital assets include property, plant and 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, represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets.

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, 2023

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. This separate financial statement element, deferred outflows of resources, represents 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 does not have any deferred outflows of resources as of June 30, 2023.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 does not have any deferred inflows of resources as of June 30, 2023. For more detailed information on these items, reference the related notes.

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, 2023

NOTE 2-DEPOSITS AND INVESTMENTS: (Continued)

Investments (Continued)

Credit Risk of Debt Securities

The Authority's rated debt investments as of June 30, 2023, 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	\$ 1,360
Virginia Investment Pool	526,960
Total	<u>\$ 528,320</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	\$ 1,360	\$ 1,360
Virginia Investment Pool	526,960	526,960
Total	<u>\$ 528,320</u>	<u>\$ 528,320</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 rest 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, 2023

NOTE 3-CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets not subject to depreciation:				
Land and land rights	\$ 1,012,098	\$ -	\$ -	\$ 1,012,098
Construction in progress	<u>23,070</u>	<u>489,384</u>	<u>-</u>	<u>512,454</u>
Total capital assets not subject to depreciation	<u>\$ 1,035,168</u>	<u>\$ 489,384</u>	<u>\$ -</u>	<u>\$ 1,524,552</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 13,419,887	\$ -	\$ -	\$ 13,419,887
Equipment	<u>182,268</u>	<u>-</u>	<u>-</u>	<u>182,268</u>
Total capital assets subject to depreciation	<u>\$ 13,602,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,602,155</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,440,611	\$ 610,647	\$ -	\$ 6,051,258
Equipment	<u>120,265</u>	<u>15,069</u>	<u>-</u>	<u>135,334</u>
Total accumulated depreciation	<u>\$ 5,560,876</u>	<u>\$ 625,716</u>	<u>\$ -</u>	<u>\$ 6,186,592</u>
Total capital assets subject to depreciation, net	<u>\$ 8,041,279</u>	<u>\$ (625,716)</u>	<u>\$ -</u>	<u>\$ 7,415,563</u>
Net capital assets	<u>\$ 9,076,447</u>	<u>\$ (136,332)</u>	<u>\$ -</u>	<u>\$ 8,940,115</u>

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued)

As of June 30, 2023

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 2023, the Authority recognized principal and interest revenue in the amount of \$27,935 and \$816, 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
2024	\$ 27,646	\$ 572	\$ 28,218
2025	28,746	319	29,065
2026	19,742	67	19,809
Total	<u>\$ 76,134</u>	<u>\$ 958</u>	<u>\$ 77,092</u>

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY

Notes to Financial Statements (Continued)

As of June 30, 2023

NOTE 5-LONG-TERM OBLIGATIONS:

A summary of long-term obligation transactions for the year ended June 30, 2023 is as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Direct borrowing and placements:					
Revenue Bonds	\$ 563,457	\$ -	\$ 60,829	\$ 502,628	\$ 61,979
Total	\$ 563,457	\$ -	\$ 60,829	\$ 502,628	\$ 61,979

	Notes	Interest Rates	Date Issued	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	03/01/30	\$ 739,874	\$ 267,692	\$ 37,238
Virginia Resources Authority (VRA) - Airport Revenue Bond	(a)	1.330%	03/21/07	07/01/32	480,000	234,936	24,741
Total Revenue Bonds						\$ 502,628	\$ 61,979
Total Direct Borrowings and Placements						\$ 502,628	\$ 61,979
Total outstanding debt - business-type activities						\$ 502,628	\$ 61,979

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.

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MIDDLE PENINSULA REGIONAL AIRPORT AUTHORITY**Notes to Financial Statements (Continued)****As of June 30, 2023**

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	
	Principal	Interest
2024	\$ 61,979	\$ 9,739
2025	63,293	8,426
2026	64,635	7,083
2027	66,010	5,708
2028	67,417	4,302
2029	68,855	2,863
2030	55,783	1,403
2031	27,147	637
2032	27,509	276
Total	\$ <u>502,628</u>	\$ <u>40,437</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.

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, 2023

NOTE 9-SUBSEQUENT EVENTS:

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 August 31, 2023, a vendor had been selected, but a wildlife impact assessment is required to be completed before the project can commence. The Authority expects to begin tree removal in fiscal year 2024.

NOTE 10-UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

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>	
2021	\$ 707,047	\$ 533,098	\$ 173,949	\$ 58,658	\$ 15,829	234%
2022	809,501	582,301	227,200	59,572	12,146	317%
2023	877,907	685,065	192,842	60,829	10,881	269%

(1) - Operating revenues and interest

(2) - Net of depreciation



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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, 2023 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 August 31, 2023.

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, Fenn, Cox Associates

Richmond, Virginia
August 31, 2023