



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

DATE: January 19, 2021

MEMORANDUM TO: Charlottesville-Albemarle Airport Authority
FROM: Robinson, Farmer, Cox Associates
REGARDING: FY 19-20 Audit

In planning and performing our audit of the financial statements of Charlottesville-Albemarle Airport Authority for the year ended June 30, 2020, we considered the Authority's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated January 19, 2021, on the financial statements of Charlottesville-Albemarle Airport Authority. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Accounts Receivable and AIP Reimbursement Requests

Two reimbursement requests related to fiscal year 2020 expenditures were not recorded as accounts receivable at year-end. AIP 48 reimbursement request number four in the amount of \$440,390.77 was filed on 6/30/20 and received on 7/6/20. This request was not recorded as a receivable, but request number five filed on 7/13/20 and received on 8/12/20 was properly recorded as a receivable. AIP 46 reimbursement request number 30 in the amount of \$446,732.74 filed on 8/13/20 for expenses covering the period of 11/4/19 through 6/7/20 was not recorded as a receivable. We recommend management review reimbursement requests filed at or near year-end and subsequent receipts to ensure all receivables are properly recorded at June 30. This will help to ensure that revenues and expenses are properly matched in each fiscal year.

Capital Asset Activity

Proposed audit adjustments were made to reclassify certain expenditures meeting capital asset criteria from expenses to asset accounts. Some of these items had been included in reimbursement requests filed with the FAA under the CARES Grant. The grant allowed reimbursement of certain operating and maintenance costs as well as debt service costs after a certain date. Capital costs were eligible for reimbursement under the grant upon filing an amended application. We recommend management review repairs and maintenance accounts and other expenses that might harbor fixed assets during the financial close each month and at year-end. Items meeting the capitalization criteria should be recorded in the capital asset accounts and removed from expenses. Management may want to consider obtaining reference material for accounting for capital assets specific to state and local governments (governmental GAAP).

Uncollateralized Deposits

Accounts holding public deposits must be designated as such with the financial institution holding the funds. Under the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. The bank account holding the PPP loan funds was not identified as a public deposit at year-end exposing \$924,725.40 to custodial credit risk. We recommend management visit the SPDA website quarterly to verify that all applicable bank accounts are designated as public funds to ensure they are properly safeguarded against loss.

VRS Reporting

Six employees were selected for testing of VRS compliance requirements. For one of the six employees, VRS deductions were not properly withheld. Withholdings as reported in VNav totaled \$364.02, but the payroll system only reported \$242.64 in withholdings, a difference of \$121.38. We recommend the payroll system be reconciled to VNav each month with any discrepancies researched and resolved prior to confirming contributions.

Compliance Matters

The Schedule of Findings and Questioned Costs in the CAFR provides detailed information on VPPA and federal compliance matters noted as a result of audit procedures. We recommend management review VPPA requirements and grant agreements in detail to become familiar with those requirements.