

CHESAPEAKE AIRPORT AUTHORITY
(Component Unit of the City of Chesapeake, VA)

FINANCIAL REPORT

June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Chesapeake Airport Authority
Chesapeake, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Chesapeake Airport Authority, a component unit of the City of Chesapeake, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Chesapeake Airport 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 the Chesapeake 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chesapeake 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.

Restatement

As described in Note 11 to the financial statements, the previously issued financial statements for the year ended June 30, 2022, have been restated for the correction of a material misstatement in that period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chesapeake 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 the Chesapeake 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.

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2023, on our consideration of the Chesapeake 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 the Chesapeake 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 the Chesapeake Airport Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 11, 2023

CHESAPEAKE AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Mission Statement

Provide safe, maximum access to the National Airspace System by offering diverse, superior support benefiting City of Chesapeake's aviation activities in a balanced manner between business and individual users. (Adopted September 11, 2019).

Vision Statement

Be an airport with the finest, fully developed facilities and services to meet Chesapeake's business and individual aviation activities. (Adopted September 11, 2019).

Authority Operations

The Chesapeake Airport Authority (CAA) operates the Chesapeake Regional Airport at 2800 Airport Drive, Chesapeake Virginia. The airport has 4 employees at this time to include the Airport Manager, Accounting Manager, Part-time Maintenance Facilities Manager and part-time Maintenance Technician. The Authority maintains the airport and its wastewater treatment facility that services the airport and 10 civilian customers in the area.

Financial Highlights

This section of the Chesapeake Airport Authority's (CAA, Authority or Airport) annual financial report presents our discussion and analysis of the Authority's financial performance for the years ended June 30, 2023 and 2022, (FY2023 and FY2022). Please read it in conjunction with the financial statements that follow this section. The following table summarizes the financial condition and operations of the Authority for FY2023 and provides a comparison to FY2022 and FY2021:

Condensed Statements of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022, as restated</u>	<u>% of Change</u>	<u>June 30, 2021</u>	<u>% of Change</u>
Assets:					
Current assets	\$ 1,232,045	\$ 1,171,883	5.13%	\$ 944,214	24.11%
Other assets	260,412	218,253	19.32%	217,955	0.14%
Capital assets, net	<u>8,953,055</u>	<u>9,010,725</u>	-0.64%	<u>8,384,858</u>	7.46%
	<u>\$ 10,445,512</u>	<u>\$ 10,400,861</u>		<u>\$ 9,547,027</u>	
Liabilities and net position:					
Current liabilities	\$ 226,542	\$ 613,136	-63.05%	\$ 402,949	52.16%
Noncurrent liabilities	370,462	367,578	0.78%	386,100	-4.80%
Net position	<u>9,848,508</u>	<u>9,420,147</u>	4.55%	<u>8,757,978</u>	7.56%
	<u>\$ 10,445,512</u>	<u>\$ 10,400,861</u>		<u>\$ 9,547,027</u>	
Net position:					
Net investment in capital assets	\$ 8,472,593	\$ 8,477,047	-0.05%	\$ 7,866,758	7.75%
Restricted	260,412	218,253	19.32%	217,955	0.14%
Unrestricted	<u>1,115,503</u>	<u>724,847</u>	53.89%	<u>673,265</u>	7.66%
Total net position	<u>\$ 9,848,508</u>	<u>\$ 9,420,147</u>		<u>\$ 8,757,978</u>	

(Continued)

CHESAPEAKE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Condensed Statements of Net Position (Continued)

Assets

Assets remained consistent in FY2023 and increased slightly in FY2022 due to significant additions of construction in progress and land easements.

Liabilities

Current liabilities decreased in FY2023 by -63.05% from FY2022 and increased 52.16% in FY2022. The decrease in FY2023 is due to paying off the city note. The increase in FY2022 is primarily due to project/maintenance costs that used state grant funds to mitigate those costs. Noncurrent liabilities increased by 0.78% in FY2023 and decreased by 4.80% in FY2022. The increase in FY2023 was due to an increase in bond draws related to the Series 2022 bond. The decrease in FY2022 is due to bond payments decreasing the amount owed on the Series 2011 bond.

Net Position

Net position increased in FY2023 from FY2022 an overall 4.55% due to a decrease in operating expenses. Net position increased in FY2022 from FY2021 an overall 7.56% due to an increase in nonoperating revenue.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022, as restated</u>	<u>% of Change</u>	<u>2021</u>	<u>% of Change</u>
Operating revenues	\$ 537,331	\$ 514,326	4.47%	\$ 496,246	3.64%
Operating expenses	\$ (1,209,045)	\$ (1,309,000)	-7.64%	\$ (1,152,598)	13.57%
Net nonoperating revenue	\$ 1,100,075	\$ 1,456,843	-24.49%	\$ 840,714	73.29%
Change in net position	\$ 428,361	\$ 662,169	-35.31%	\$ 184,362	259.17%
Net position - end of year	\$ 9,848,508	\$ 9,420,147	4.55%	\$ 8,757,978	7.56%

Operating Revenues

Total operating revenue increased from \$514,326 to \$537,331 in FY2023. The increase in operating revenue is due to rent increases on hangars. Total operating revenue increased from \$496,246 to \$514,326 in FY2022. The increase in operating revenue is due to rent increases that were scheduled in February 2022.

Operating Expenses

Total operating expenses decreased from \$(1,309,000) to \$(1,209,045) in FY2023. Total operating expenses increased from \$1,152,598 to \$1,309,000 in FY2022. The changes in operating expenses for both years were due to fluctuations in depreciation from the previous year.

Nonoperating Revenue

Net nonoperating revenues decreased from \$1,456,843 to \$1,100,075 in FY2023. The decrease in nonoperating revenue in FY2023 is due to decreased available grants from the city, state, and Federal Aviation Administration (FAA). Total nonoperating revenue increased from \$840,714 to \$1,456,843 in FY2022. The increase in nonoperating revenue in FY2022 is due to increased state and city contributions from the previous year.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Airport Capital Activity

On July 9, 2018 the Authority sent fair value offers aggregating \$61,278 to landowners with land adjacent to the Airport with the intent of purchasing easements eleven parcels which would enable the Authority to clear obstructions to air navigation. Since offers had neither been accepted or rejected, our counsel, Pender & Coward filed condemnation proceedings with the court on June 7, 2019 against the landowners. Just compensation trial dates were scheduled. Due to the COVID19 Pandemic, original trial dates were subsequently rescheduled. All but four parcels have now settled either through mediation or by agreement, and title has been recorded for those seven parcels. The FAA and the Virginia Department of Aviation have begun reimbursements for the completed purchases of these seven easements. Just compensation trial for the four remaining parcels is currently scheduled for August 2024. Consequently, the easement acquisition project will be carried over as an active project into FY 2025.

The Corporate hangar sites are shovel ready. Each site is intended to serve as a 12,000 square foot hangar building with an attached 2000 ft. lean-to type office space. The design specifications for the buildings were developed in 2018 and includes 3 phase power and bi-fold hangar doors. The Virginia Resources Authority administers the Virginia Airports Revolving Loan Fund. The rents and charges for the buildings will be used to pay the debt. Bids for the construction of the hangars were solicited and Cooper Tacia, General Contractor was the successful low bidder. Construction has begun on the buildings.

A project to design and prepare a site for an equipment storage shed has been granted by the Virginia Department of Aviation (DOAV). The investment by the DOAV and CAA will prolong the useful life of airport pavement maintenance equipment that Chesapeake Regional Airport received by property transfer from Norfolk International Airport. The environmental coordination has been completed. Chesapeake Regional Airport will be using Bipartisan Infrastructure Law funds for the construction of a snow removal equipment building.

The contractor for the Runway and Taxiway Lighting Rehabilitation project has mobilized their construction crew and materials have been delivered to the Airport. The project is being funded by a combination of agencies including the Federal Aviation Administration, the Virginia Department of Aviation and a local investment of 2% of project costs. When complete, runway lighting, taxiway lighting, and Precision Approach Path Indicator lighting are being replaced with LED fixtures. The return on local investment will be significant. The project also includes the replacement of older regulators with new energy efficient units. The current incandescent lighting has been in place for over 20 years and parts are no longer manufactured for this equipment.

In 2016, the Virginia Department of Aviation completed a comprehensive survey of pavement conditions at all airports in the Commonwealth. The results of the study updated the existing Virginia Statewide Airside Pavement Management Program and identified pavement conditions and needs at all airports. Chesapeake Regional Airport was given a detailed condition report and a forecast of future conditions specific to Chesapeake. Those results were used to develop a long-term rehabilitation and maintenance plan. The T-Hangar Taxilane and Ramp Rehabilitation project was put in place in accordance with the findings of the study. The airside pavements are in the final year of a multi-year rehabilitation effort. Phase 3 (construction) portion has been put out for bids. The construction schedule is being developed and will be completed in FY 2024. Phase 3 of the rehabilitation involves milling, reclaiming and reinforcing the subgrade, paving, repair of a failed stormwater conveyance pipe and resetting of the drop inlet. Elevations of pavement that have settled are being reestablished. Ramp Rehabilitation Project phase 3 (construction) was recommended for funding at the Virginia Aviation Board meeting in August 2023.

Other Airport Activity

Two common indicators of airport activity at non-towered general aviation airports are (1) based aircraft and (2) annual fuel sales. Based aircraft increased by 5.38% and fuel sales decreased by 43.43% since last year. In FY2022, based aircraft increased by 8.33% and fuel sales increased by 4.35%.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

Other Airport Activity (Continued)

A report of based aircraft is provided to the Virginia Department of Aviation (DOAV) annually as of January 1, which is the midpoint of our fiscal year, thus providing a representative snapshot of based aircraft for the fiscal year.*

Annual fuel sales are determined from annual fuel flowage fees paid by the FBO. **

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual Fuel Flowage (gallons) **	97,720	172,755	165,553
Based Aircraft *	137	130	120

Bond and Note Discussion

Issuance of Series 2011 Refunding Bond

Through the execution of a financing agreement with the Virginia Resources Authority (VRA) dated November 1, 2011, the Authority issued a \$1,220,000 Series 2011 Bond at an interest rate of 2.74% which fully matures on August 1, 2024. The proceeds of this bond were used (in concert with the existing funds in the then existing Series 1999 Debt Service Account and the Debt Service Reserve Account) to (1) pay in full the outstanding principal balance of the Series 1999 Bonds, (2) establish a debt service account for the Series 2011 Bond and (3) pay all expenses pursuant to the issuance of the Series 2011 Bond. The debt service due in FY2023 and FY2022 (principal \$105,000 for both years, and interest \$7,467 and \$10,344, respectively) was paid in full.

Issuance of Series 2022 Airport Revenue Bond

Through the execution of a financing agreement with the Virginia Resources Authority (VRA) dated June 21, 2022, the Authority issued a \$4,500,000 Series 2022 Airport Revenue Bond at an interest rate of 3.66% which fully matures on July 1, 2044. The proceeds of this bond will be used to build two corporate hangars and a new FBO/Flight School Building. There are no debt service payments due as of June 30, 2023 and bond proceeds are being drawn down as costs are incurred.

City of Chesapeake Promissory Note

In September 2008, the Authority signed a \$439,100 noninterest-bearing, fifteen-year promissory note with the City, refinancing the balance due on two existing promissory notes. The new note requires semi-annual payments of \$13,500 due and payable on June 15 and December 15 of each year with a final balloon payment of \$47,600 due and paid on June 15, 2023. The \$61,100 and \$27,000 debt service due in FY2023 and FY2022 was paid in full and this debt has been fully liquidated at June 30, 2023.

Grants

State Grants

The Airport received grant funds totaling \$258,481 from the State (DOAV) in FY2023.

The Commonwealth of Virginia provided grants through the Virginia Department of Aviation (DOAV) in two major categories: Capital Development (\$224,902) and Airport Maintenance (\$33,579). The \$33,579 of maintenance grants funded miscellaneous maintenance activities including Automatic Weather Observation System (AWOS), Navigational Aid (NAVAID), generator major maintenance, taxiway lights equipment, lamps and windsocks, and fuel system piping repair.

The Airport received grant funds totaling \$791,690 from the State (DOAV) in FY2022.

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CHESAPEAKE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Grants (Continued)

State Grants (Continued)

The Commonwealth of Virginia provided grants through the Virginia Department of Aviation (DOAV) in two major categories: Capital Development (\$780,923) and Airport Maintenance (\$10,767). The \$10,767 of maintenance grants funded miscellaneous maintenance activities including Automatic Weather Observation System (AWOS), NAVAID, building repairs, replacement airfield lamps, segmented circle update, and vegetation prevention.

The State (DOAV) funding decreased from \$791,690 to \$258,481 in FY2023. The decrease in state funding is due to the Airport finishing up the larger-scale capital projects in FY2023. The State (DOAV) funding increased from \$475,297 to \$791,690 in FY2022. The increase in state funding is due to the Airport doing a few more large-scale projects in FY2022.

Federal Grants

The Airport received grant funds totaling \$529,387 from the Federal Aviation Administration (FAA) in FY2023.

The Airport was offered and accepted \$59,000 from the FAA ACRGP CARES Act program due to the COVID-19 pandemic to cover expenses during the pandemic that were incurred beginning January 20, 2020, through the current year. The additional funds were for the Airfield Lighting Project (\$73,442), Easement Acquisition (\$395,412) and Obstruction Marking Project (\$1,533).

The Airport received grant funds totaling \$228,676 from the FAA in FY2022.

The Airport was offered and accepted \$23,000 from the FAA ACRGP CARES Act program due to the COVID-19 pandemic to cover expenses during the pandemic that were incurred beginning January 20, 2020, through the current year. The additional funds were for the Runway and Taxiway Lights Rehabilitation Project (\$85,676) and Obstruction Marking Project (\$120,000).

Capital Development

Corporate Hangar Site Design

The Federal Aviation Administration has established the goal for all airports to be financially self-sustaining. A key component of achieving a positive cash flow for a General Aviation airport is hangar leases. General Aviation Manufacturer Association metrics show a year over year growth in corporate aircraft sales while smaller, personal aircraft sales have been declining. To position Chesapeake Regional Airport for continued patronage and relevance, the Authority has completed the site for the construction of two 12,000 square foot hangars large enough to suit the demands of mid-sized corporate aircraft. The construction of the site was funded through a grant by the Virginia Department of Aviation. Construction of hangars with attached office amenities are being funded through issuance of bond debt with a maturity date of 7/1/2044.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Capital Development (Continued)

Easement Acquisition Services

In order to ensure compliance with federally defined dimensions of unobstructed airspace, Chesapeake Airport Authority has purchased easements over seven adjacent parcels to date allowing the airport to maintain unobstructed airspace. The current phase of the project involves easement acquisition administrative services working towards the eventual purchase of the remaining four aviation easements over adjacent parcels. The services include title research, land surveys and legal documentation. The remaining land owners have been presented with offer letters for fair market value as documented by certified appraisal firms. All residential parcels and three agricultural parcels have reached settlement. Four parcels remaining are under one management entity and is scheduled for just compensation trial in August 2024.

Easement Acquisition

On July 9, 2018 the Authority sent fair value offers aggregating \$61,278 to landowners with land adjacent to the Airport with the intent of purchasing easements above 11 parcels which would enable the Authority to clear obstructions to air navigation. Since offers had neither been accepted or rejected, our counsel, Pender & Coward filed condemnation proceedings with the court on June 7, 2019 against the landowners. Just compensation trial dates were scheduled. Due to the COVID19 Pandemic, original trial dates were subsequently rescheduled. All but four parcels controlled by one manager have now settled either through mediation or by agreement. The Federal Aviation Administration along with the Virginia Department of Aviation has reimbursed seven easement acquisition purchases. Parcels 004, 005, 006 and 007 comprise one case for which the Just Compensation trial date has been set for August 2024.

Taxiway and Runway Lighting Rehab/Construction

The Federal Aviation Administration has funded the design and bidding of the taxiway and runway lighting rehabilitation project under the non-primary entitlement Airport Improvement Program funds. Construction contracts were signed and grant offer received in November 2022. The FAA is funding the rehabilitation construction phase at 90%. The Virginia Department of Aviation will contribute 8% of the cost to construct and the local investment by the City of Chesapeake will amount to 2%.

Maintenance Equipment Storage Shed

The Virginia Department of Aviation funded the environmental coordination and design of a maintenance equipment storage shed. The remainder of the construction is being requested through Bipartisan Infrastructure Law "BIL" funds. With the transfer of airport snow removal equipment from Norfolk International Airport, the construction of a shed will prolong the useful life of the transferred assets thereby extending time between future maintenance equipment replacements. The environmental portion has been completed and plans sent to the city for review. Chesapeake Regional Airport is addressing the plan review comments.

Contacting the Authority's Financial Management

The financial report is to provide federal, state and local grantors, citizens, taxpayers, customers and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact the Airport Manager at 2800 Airport Drive, Chesapeake, Virginia 23323, phone (757) 432-8110.

FINANCIAL STATEMENTS

CHESAPEAKE AIRPORT AUTHORITY

STATEMENT OF NET POSITION

June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 3)	\$ 1,130,357
Grants receivable	39,452
Accounts receivable, other	62,236
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Total current assets	1,232,045
	<hr/>

RESTRICTED ASSETS

Bond escrows, cash and cash equivalents (Note 3)	260,412
	<hr/>

CAPITAL ASSETS (Note 4)

Improvements	24,542,707
Land and easements	2,885,208
Construction in progress	371,724
Equipment	283,054
	<hr/>
	28,082,693
Accumulated depreciation	(19,129,638)
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Total capital assets	8,953,055
	<hr/>

\$ 10,445,512

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 45,217
Accrued payroll	34,236
Hangar security deposits	25,350
Office space security deposits	200
Accrued interest	8,520
Unearned revenue	3,019
Current portion of bonds payable (Note 5)	110,000
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Total current liabilities	226,542
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NONCURRENT LIABILITIES

Bonds payable, less current portion (Note 5)	370,462
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NET POSITION

Net investment in capital assets	8,472,593
Restricted	260,412
Unrestricted	1,115,503
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Total net position	9,848,508
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	<u><u>\$ 10,445,512</u></u>

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

CHESAPEAKE AIRPORT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2023

OPERATING REVENUES

Rental income	\$ 470,019
Reimbursements and fees collected	67,312
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Total operating revenues	537,331
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OPERATING EXPENSES

Salaries and wages	177,294
Maintenance	106,790
Storm water management fees	102,796
Payroll taxes and employee benefits	76,917
Utilities	61,828
Insurance	39,220
Waste disposal costs	36,540
Professional fees	30,911
Supplies	18,561
Telephone	10,187
Advertising	8,319
Conference and meetings	6,694
Other expenses	2,349
Bad debt expense	360
	<hr/>
Total operating expenses	678,766
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Operating loss before depreciation	(141,435)

DEPRECIATION

	530,279
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Operating loss	(671,714)
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NONOPERATING REVENUES (EXPENSES)

City appropriations (Note 7)	341,282
Grant revenue	787,868
Interest income	5,891
Other income	15,967
Other expense	(97)
Grant expense	(38,712)
Interest expense	(12,124)
	<hr/>
Total nonoperating revenues	1,100,075
	<hr/>
Change in net position	428,361

NET POSITION

Beginning of year, as restated (Note 11)	9,420,147
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End of year	\$ 9,848,508
	<hr/> <hr/>

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

CHESAPEAKE AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

OPERATING ACTIVITIES

Cash receipts from customers	\$ 512,663
Cash payments to employees for services	(175,591)
Cash payments for other operating expenses	<u>(859,565)</u>
Net cash used by operating activities	<u>(522,493)</u>

NONCAPITAL FINANCING ACTIVITIES

City appropriations	341,282
Grant revenue	33,579
Other income and expense	15,870
Interest income	5,891
Grant expense	<u>(38,712)</u>
Net cash provided by noncapital financing activities	<u>357,910</u>

CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of bonds payable	(105,000)
Repayment of loan payable	(61,100)
Acquisition of property and equipment	(337,835)
Grant revenue	978,681
Interest	<u>(7,466)</u>
Net cash provided by capital and related financing activities	<u>467,280</u>

Net increase in cash and cash equivalents 302,697

CASH AND CASH EQUIVALENTS

Beginning of year	<u>1,082,444</u>
End of year	<u><u>\$ 1,385,141</u></u>

**CASH AND CASH EQUIVALENTS, AS SHOWN ON
THE STATEMENT OF NET POSITION**

Cash and cash equivalents, current assets	\$ 1,130,357
Cash and cash equivalents, restricted assets	<u>260,412</u>
	<u><u>\$ 1,390,769</u></u>

(Continued)

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

CHESAPEAKE AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

RECONCILIATION OF OPERATING LOSS TO NET

CASH FROM OPERATING ACTIVITIES

Operating loss	\$ (671,714)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	530,279
Bad debt expense	360
Change in current assets and liabilities:	
Accounts receivable, other	(23,883)
Other current assets	5,135
Accounts payable	(363,843)
Accrued payroll	1,703
Hangar and office space security deposits	615
Unearned revenue	(1,145)
	<u>(522,493)</u>
Net cash used by operating activities	<u>\$ (522,493)</u>

**NONCASH CAPITAL AND RELATED FINANCING
ACTIVITIES**

Accounts payable - acquisition of property and equipment	<u>\$ 27,518</u>
Acquisition of property and equipment - financed with bond proceeds	<u>\$ 112,884</u>

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

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

1. Organization and Nature of Business

Chesapeake Airport Authority (Authority or CAA) was created on March 10, 1966, by Chapter 133 of the Acts of Assembly of 1966 of the Commonwealth of Virginia to construct, operate, and maintain an airport to serve the needs of the City of Chesapeake (City).

2. Summary of Significant Accounting Policies

Reporting authority

The Authority is considered a component unit of the City for governmental accounting standards purposes. The criteria for including the Authority within the City's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 and Statement No. 61 (which amends Statement No. 14), *The Financial Reporting Entity*, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose the primary government's will or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government. Specifically, the Authority is considered a component unit because of the City Council's ability to appoint the Board members and the Authority's financial dependency on the City; this gives the City the potential to impose its will on the Authority.

Basis of accounting

The Authority utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred.

The Authority follows the reporting requirements for special purpose governments involved in business-type activities, which provide an Authority-wide perspective in the financial statement presentation. These standards require presentation of Management's Discussion and Analysis as required supplementary information, and presentation of a statement of net position, statement of revenues, expenses, and changes in net position using a specified format which distinguishes between operating and nonoperating revenues and expenses, and statement of cash flows using the direct method.

The Statement of Net Position presents the Authority's assets and liabilities, with the difference reported as net position. Net position is categorized into three components:

Net investment in capital assets - represents the Authority's total investment in capital assets, net of accumulated depreciation reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position - results when constraints placed on net position use are either externally imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - consists of net position which does not meet the definition of the two preceding categories.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted cash - bond escrows

Upon the issuance of the Series 1999 Bonds, and pursuant to the Master Indenture to those bonds, the Authority and the bond trustee established (1) a Debt Service Account for the monthly accumulation of funds for the annual payment of the principal amount and the semi-annual payment of the interest amount of the annual debt service of the bonds and (2) a Debt Service Reserve Account in which the Authority is required to deposit amounts sufficient to maintain the Debt Service Reserve in an amount equal to the annual Debt Service Requirement. This requirement is equal to the maximum amount of required payments for principal and interest on the Series 1999 Bonds including mandatory sinking fund redemptions with respect to the Bonds, scheduled to come due in any year.

With the refunding of the Series 1999 Bonds, this requirement of the Master Indenture continues to apply to the Series 2011 and 2022 Bonds. As of June 30, 2023, the Authority was in compliance with the above requirements.

Capital assets

Capital assets, which include property, plant and equipment, are stated at cost. Assets acquired by grant or bequest are recorded at their fair value on the date of transfer. When assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized currently.

Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Improvements	5 - 40 years
Equipment	5 - 10 years

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized.

Advertising

The Authority expenses advertising costs as they are incurred. Advertising expense was \$8,319 for 2023.

Grants receivable

Grants receivable represent the amount of allowable expenditures incurred for which funding has been approved but not yet been received. Since this balance consists of amounts owed by the federal and state governments, it is considered fully collectible at year end, and as such, no allowance has been recorded.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

2. Summary of Significant Accounting Policies (Continued)

Operating and nonoperating classification

The Authority's policy is to report as operating revenues and expenses activity that result from providing services in connection with the principal ongoing activities of the Authority. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during that period. Actual results could differ from those estimates and assumptions.

Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. Deductibles and coverage limits at June 30, 2023, are as follows:

	<u>Deductibles</u>
Property:	
Blanket building, each building	\$ 1,000
Blanket personal property	1,000
Uninsured motorist property damage	200
Airport operator's liability:	
Each occurrence or offense deductible \$ as endorsed	
Aggregate deductible \$ as endorsed	
Hangarkeepers limit any one aircraft	1,000
Hangerkeepers limit any one occurrence	1,000
Worker's compensation	None

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

2. Summary of Significant Accounting Policies (Continued)

	Liability Coverage Limits
Property:	
Blanket building	\$ 10,987,956
Blanket personal property	737,500
Airport operator's liability:	
Bodily injury	5,000,000
Products-Completed operations	5,000,000
Malpractice	5,000,000
Fire damage	50,000
Medical expense	1,000
Hangarkeepers limit any one aircraft	5,000,000
Hangarkeepers limit any one occurrence	5,000,000
Non-owned aircraft liability	5,000,000
Automobile:	
Liability	1,000,000
Uninsured motorist	1,000,000
Worker's compensation	Statutory

There have been no significant reductions in insurance coverage from the prior year, and any settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

3. Cash, Cash Equivalents, and Investments

Deposits

The Authority follows a deposit policy in accordance with statutes of the Commonwealth of Virginia. All of the Authority's deposits were insured by federal depository insurance and also insured under the provisions of the Commonwealth of Virginia Security for Public Deposits Act (Act). Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100 percent of deposits in excess of federal depository insurance limits. The State Treasury Board has the authority to assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan institutions. The carrying amount of the Authority's deposits was \$1,113,442 at June 30, 2023, and the associated bank balance was \$1,122,584. Of this amount, \$826,441 was in excess of FDIC limits but is covered by the Act at June 30, 2023. The differences between the Authority's carrying value of deposits and the bank balance were due to outstanding checks, deposits in transit and other reconciling items. The Authority also had bond escrow funds on deposit of \$260,412 at June 30, 2023.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

3. Cash, Cash Equivalents, and Investments (Continued)

Investment policy

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). At June 30, 2023, the Authority had an investment of \$16,915 in Virginia’s LGIP money market funds and are included in cash and cash equivalents on the statements of net position.

Concentration of credit risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority’s portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. government or Agencies thereof, (2) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. government or Agencies thereof, and (3) mutual funds whereby the portfolio is limited to U.S. government or Agency securities.

Interest rate risk

The Authority is exposed to little interest rate risk since all investments had maturities of less than one year at June 30, 2023.

4. Capital Assets

A summary of changes in capital assets for the Authority follows:

	Balance June 30, 2022, as restated	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated:				
Construction in progress	\$ 1,376,729	\$ 456,190	\$ (1,461,195)	\$ 371,724
Land and easements	<u>2,866,991</u>	<u>18,217</u>	<u>-</u>	<u>2,885,208</u>
Total capital assets not being depreciated	<u>4,243,720</u>	<u>474,407</u>	<u>(1,461,195)</u>	<u>3,256,932</u>
Other capital assets:				
Equipment	279,226	3,828	-	283,054
Improvements	<u>23,087,138</u>	<u>1,455,569</u>	<u>-</u>	<u>24,542,707</u>
Total other capital assets at historical cost	<u>23,366,364</u>	<u>1,459,397</u>	<u>-</u>	<u>24,825,761</u>
Less - accumulated depreciation:				
Equipment	(210,453)	(12,828)	-	(223,281)
Improvements	<u>(18,388,906)</u>	<u>(517,451)</u>	<u>-</u>	<u>(18,906,357)</u>
Total accumulated depreciation	<u>(18,599,359)</u>	<u>(530,279)</u>	<u>-</u>	<u>(19,129,638)</u>
Total capital assets being depreciated, net	<u>4,767,005</u>	<u>929,118</u>	<u>-</u>	<u>5,696,123</u>
Capital assets, net	<u>\$ 9,010,725</u>	<u>\$ 1,403,525</u>	<u>\$ (1,461,195)</u>	<u>\$ 8,953,055</u>

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

5. Bonds Payable

The Authority issued Airport Revenue Bonds dated January 1, 1999, in the amount of \$2,500,000. The bonds were to finance the costs incurred in connection with the acquisition and equipping of airplane hangars and related facilities at the Chesapeake Municipal Airport. Interest payments, of 2.74% per annum, were due semiannually beginning August 1, 1999, and principal payments were due annually beginning December 1, 2000. The bonds were collateralized by the net operating revenues of the Authority and the bond escrows. To take advantage of historically low interest rates, the Authority refunded the Series 1999 Bond through the issuance of a Series 2011 Bond which matures August 2024. The Series 1999 Bond was retired on November 30, 2011.

The Authority issued a Series 2022 Airport Revenue Bond in June 2022 in the amount of \$4,500,000. The purpose of the bond is to finance the construction and equipping of airplane hangars and related facilities for administrative and flight school purposes at the Chesapeake Municipal Airport. Interest payments only, of 3.66% per annum, are due annually in January 2024 and 2025 and semiannual principal and interest payments are due beginning July 2025. The bond is collateralized by the net operating revenues of the Authority and the bond escrow and matures July 2044.

Activity in Series 2011 and 2022 bonds payable for fiscal year 2023 is as follows:

<u>Description</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount Due</u> <u>Within One</u> <u>Year</u>
Total bonds outstanding	\$ 472,578	\$ 112,884	\$ (105,000)	\$ 480,462	\$ 110,000

Series 2011 debt service is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 110,000	\$ 4,521	\$ 114,521
2025	110,000	1,507	111,507
	<u>\$ 220,000</u>	<u>\$ 6,028</u>	<u>\$ 226,028</u>

The Authority is drawing down bond proceeds on the Series 2022 bond as construction proceeds. As such, future minimum payments and interest cannot be calculated.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

6. Regulated Leases

The Authority has one land lease agreement with a business who owns the structure located on the land and uses the location to serve as Flight Based Operators (FBO) and Specialized Aeronautical Services Operators (SASO) that offer flight training, aircraft maintenance, and other aviation services.

Total regulated lease-related inflows of resources were \$3,371 for the year ended June 30, 2023, and are included in rental income on the statement of revenues, expenses, and changes in net position. Total variable payments were \$3,642 for the year ended June 30, 2023, and are included in reimbursements and fees collected on the statement of revenues, expenses, and changes in net position.

Expected future minimum lease payments to be received under this lease are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2024	\$ 3,371
2025	3,371
2026	3,371
2027	3,371
2028	3,371
2029-2033	16,855
2034-2038	16,855
2039-2040	<u>5,618</u>
	<u>\$ 56,183</u>

7. Related Party Loan and Transactions

Related party loan

In March 1992, the City approved a noninterest bearing loan for the Authority of \$232,000 to be used for improvements at the Airport. If the Authority sold land that it owned, then the amount of sale proceeds would have been used to pay the balance owed on the note. No such land was sold, as such; annual payments of one-fifteenth of the remaining principal of \$232,000 started December 15, 2005, and were to continue each year until paid in full, with the full balance due on December 15, 2019.

In June 2000, the City approved a noninterest bearing loan for the Authority of \$390,000 to be used for improvements at the airport. The loan required semiannual payments of \$19,500 starting on June 15, 2005, with the full balance due by December 15, 2014.

In September 2008, the City restructured these two previously outstanding loans into one non-interest-bearing note requiring 29 semiannual payments of \$13,500, with a balloon payment due June 15, 2023. This loan was paid in full during 2023.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

7. Related Party Loan and Transactions (Continued)

Related party transactions

The Airport receives direct financial support from the City of Chesapeake in the form of annual appropriated funds for the following purposes for years ended June 30, as follows:

Payroll and benefits for Airport personnel	\$ 294,647
Operating expenses	<u>46,635</u>
	<u>\$ 341,282</u>

8. Contingencies

State and federal grants

In connection with various grants awarded by the Commonwealth of Virginia and the Federal Aviation Administration (FAA), the Authority is required to operate an airport facility in the public interest for a period of 20 years commencing on the execution date of such grants. Should the Authority terminate the agreement, the State (or Federal government) shall be entitled to reimbursement of a proportionate share of the original grant. Management has no intentions of terminating this agreement and, accordingly, no liability has been established at June 30, 2023.

9. Commitments

Land easements

On July 9, 2018, the Authority sent fair value offers aggregating \$61,278 to property landowners with land adjacent to the Airport with the intent of purchasing easements above eleven parcels which would enable the Authority to clear obstructions to air navigation. The FAA will reimburse the Authority subsequent to each purchase. Since offers had neither been accepted nor rejected, the Authority's counsel, Pender & Coward filed condemnation proceedings with the court on June 7, 2019, against the landowners. During 2022, \$248,000 was paid by the Authority to acquire four easements. Due to the COVID-19 pandemic, original trial dates have been delayed considerably. As of June 30, 2023, all easements with the exception of four have been acquired through either mediation or accepted settlement. Compensation trial for the four remaining easements has been set for August 2024.

Contractual commitments

At June 30, 2023, the Authority has contractual commitments of approximately \$5,023,000 for work remaining to be performed under outstanding contracts for capital projects.

(Continued)

CHESAPEAKE AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

10. Pension Plan

Plan description

The Authority joined the City of Chesapeake Employees' Pension Plan, an agent multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the City of Chesapeake in total and, as such, a separate report for the Authority is not provided. A copy of the City of Chesapeake's report may be obtained by writing to VRS at P.O. Box 2500, Richmond, Virginia 23218.

Funding policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Authority's contribution rate was 15.28% of annual payroll for full-time employees for 2023.

Annual pension cost

The Authority's contributions to the VRS for 2023 was \$23,627, which equaled the required contributions for each year and are included in payroll taxes and employee benefits on the statement of revenues, expenses and changes in net position.

11. Prior Period Restatement

During 2023, the Authority determined that accumulated depreciation from the prior year was understated. As such, balances at the beginning of the year have been restated as follows:

	Previously Reported June 30, 2022	Restatement	As Restated June 30, 2022
Accumulated depreciation	\$ 18,429,553	\$ 169,806	\$ 18,599,359
Net investment in capital assets	8,646,853	(169,806)	8,477,047
Total net position	9,589,953	(169,806)	9,420,147

In addition, the prior year's change in net assets was reduced by \$169,806 related to this prior period restatement.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of the
Chesapeake Airport Authority
Chesapeake, 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 the Chesapeake Airport Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Chesapeake Airport Authority's basic financial statements, and have issued our report thereon dated September 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chesapeake 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 Chesapeake Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Chesapeake 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **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 Chesapeake Airport Authority's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.**

We noted certain other matters that we reported to management of Chesapeake Airport Authority, in a separate letter dated September 11, 2023.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 11, 2023

CHESAPEAKE AIRPORT AUTHORITY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Uniform Disposition of Unclaimed Property Act