ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: October 26, 2020

MEMORANDUM TO: Capital Region Airport Commission

FROM: Robinson, Farmer, Cox Associates

REGARDING: FY 19-20 Audit

In planning and performing our audit of the financial statements of Capital Region Airport Commission for the year ended June 30, 2020, we considered the Commission'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 October 26, 2020, on the financial statements of Capital Region Airport Commission. 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.

Accrual Reporting

The Commission's financial statements are prepared on an accrual basis. This requires an analysis of activity subsequent to year-end in order to ensure all revenues and expenses are recorded in the correct fiscal year. Certain reimbursements or collections received in August 2020 or after, were not reflected on the general ledger presented for audit. This is sometimes related to the timing of reimbursement requests being filed or the timing of subsequent receipts. We recommend that year-end procedures include a review of receipts and reimbursement requests filed in July and August 2020 in relation to the associated expenses. Reimbursements requested subsequent to year-end for expenditures on or before June 30 should be reflected as accounts receivable on the general ledger.

Management Response

Management will review the year end closing procedures and make the necessary changes.

Nonoperating Grants

The Commission is occasionally awarded nonoperating grants to cover certain maintenance costs, etc. Two grants totaling $67,200 were received during fiscal year 2020. The grants were recorded against related expense accounts on the general ledger instead of being recorded in operating accounts. In general, all activity should be recorded gross instead of net. Grants received should be reflected as revenue and not recorded against expenses. Asset forfeitures have been treated similarly. The unspent balance of funds is reported in an asset account (a deficit balance) but should be reflected in an unearned revenue liability account instead. The revenue is recognized as funds are spent and should be reflected as such on the general ledger.

Management Response

Management made the adjustments for the $67,200 for the year end financials. The Asset forfeiture funds will be recorded as indicated.

Filing of 941s

The June 2020 form 941 filed with the Internal Revenue Service (IRS) included Families First Coronavirus Response Act (FFCRA) credits in the amount of $12,065.93. According to IRS guidance, government employers are not eligible for the credit for qualified sick and family leave wages; however, government employers are not liable for the employer share of the social security tax on the qualified sick leave wages paid to employees. We recommend management work with ADP to amend 941s, as appropriate.

Management Response

Management has contacted the Commissions payroll processing company, ADP, about this issue. The corrections to the payroll records are being processed and a corrected 941 form will be issued by ADP.