



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: April 25, 2025

Memorandum To: Management and Members of the Board
Stafford Regional Airport Authority

From: Robinson, Farmer, Cox Associates

Regarding: Audit for fiscal year ended June 30, 2024

In planning and performing our audit of the financial statements of Stafford Regional Airport Authority as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting as a basis for designing auditing 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stafford Regional Airport Authority's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Financial Policies

There are no formal policies or procedures in place related to purchasing, determining which vendors qualify for 1099s, reporting unclaimed property in accordance with the Unclaimed Property Act, etc. We recommend that the Authority adopt formal policies to enhance the internal control environment. The policies should establish purchasing requirements, check signature requirements, a capitalization policy, compensated absences policy, formal review procedures, routine and year-end reconciliation procedures, and other general accounting practices.

Payroll

Our payroll testing disclosed that the FLSA status for employees is not documented, and employees are not formally notified of their status, but they are notified if they are allowed to earn overtime. We recommend that the FLSA status for each employee be documented. This item was addressed in February 2025 during fieldwork for the fiscal year 2024 audit, at which time job descriptions were updated to include the FLSA status.

Check Signatures

During a review of bank statements, we noted various checks with only one signature. As a best practice, we recommend that policies require two signatures from authorized when issuing checks.

General Ledger Posting

With the newly contracted consultant, management has begun to improve the financial statement preparation process. Some year-end accrual adjustments were identified and recorded by the consultant, however the Authority's financial statements required adjustments by the auditor to ensure compliance with generally accepted accounting principles (GAAP). Accruals such as prepaid expenses, correction of capital assets, and lease receivables and related deferred inflows, were adjusted with proposed audit entries.

Year-end close procedures should be reviewed in order to create a formal schedule of tasks related to the annual close and audit preparation. We recommend that the Executive Director continue to work with the consultant and review and apply the annual adjustments proposed by the auditor in preparing the general ledger for financial statement purposes, prior to audit fieldwork.

Capital assets are currently listed on the general ledger in individual accounts for each asset along with individual accounts for each asset's related depreciation, which is cumbersome and prone to accounting errors. We recommend removing detailed capital asset information from the QuickBooks balance sheet, and instead maintain the balances by category (land, construction in progress, equipment, furniture, etc.) with the use of the depreciation schedule to track individual items within each category.

Supporting Documentation and Approval Procedures

The former administrative assistant's filing system made it difficult to locate some invoices and other documentation selected for testing. We recommend that financial documents be maintained in a systematic and orderly manner so that they are readily available for review.

Credit card transactions should be subject to the same policies and procedures as expenses paid with a check. Invoices and receipts supporting items purchased with the credit card should be maintained with the credit card statements and reviewed against statement charges for accuracy. A review of credit card statement selected for testing showed that finance charges of \$50.61 were paid. Credit card payments should be made in full in a timely manner to avoid paying unnecessary fees.

Bank reconciliations were not printed and formally signed documenting review procedures. We recommend that monthly bank reconciliations be printed from the QuickBooks system and formally reviewed (electronically or otherwise) with a signed or initialed copy maintained on file documenting performance of the formal review procedures. These procedures should be performed on a monthly basis prior to the end of the following month.

The fiscal year 2024 tenant list was not updated to reflect current information such as lease start and end dates, which made it difficult to audit the related revenues. We recommend that a historical tenant list be maintained and kept up-to-date to provide a better audit trail.

SPDA Verification

According to newly amended SPDA regulations, bank balances for public funds must be verified each quarter beginning in December 2023. Bank balances for the three quarters between December 2023 and June 2024 were not verified during the verification window. We recommend that a procedure be implemented to verify balances as required each quarter.