

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY
A Component Unit of Dinwiddie County, Virginia

FINANCIAL REPORT

June 30, 2021

OFFICERS

Richard B. Taylor, Chairman

Jonathan Bourlier, Vice Chairman

Jeremy Pultz, Secretary-Treasurer

MEMBERS

Franklin Zitta

John V. Mazza, Jr.

Dr. Mark E. Moore

Tyler H. Ragsdale

Marcus Mckelvey

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Revenue, Expenses, and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9
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 <i>Government Auditing Standards</i>	16
Summary of Compliance Matters	18
Schedule of Findings and Responses	19

INDEPENDENT AUDITOR'S REPORT

To the Members of the Authority
Dinwiddie Airport and Industrial Authority
Petersburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Dinwiddie Airport and Industrial Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dinwiddie Airport and Industrial Authority's basic financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Dinwiddie Airport and Industrial Authority as of June 30, 2021, and the changes in net position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 5 be presented to supplement the basic financial statements. Such 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. 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 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The listing of officers and members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The listing of officers and members has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, on our consideration of Dinwiddie Airport and Industrial 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 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 Dinwiddie Airport and Industrial Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 6, 2021

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

As management of the Dinwiddie Airport and Industrial Authority (the "Authority"), we offer readers of the Dinwiddie Airport and Industrial Authority's financial statements this narrative overview and analysis of the financial activities of Dinwiddie Airport and Industrial Authority for the fiscal year ended June 30, 2021.

The Airport Manager and accounting personnel are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Dinwiddie Airport and Industrial Authority are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with accounting principles generally accepted in the United States of America (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Summary of Dinwiddie Airport and Industrial Authority Operations

The Dinwiddie Airport and Industrial Authority (DAIA or the Authority) staff consists of 1 full-time employee including the Airport Manager, and 4 part-time employees. DAIA operates an airport in Dinwiddie County which is located 20 miles south of Richmond, Virginia adjacent to Interstate 85 and Route 460. The airport features a terminal, five large hangars suitable for single or multiple corporate jets, and 52 T-hangars. DAIA also oversees the activity of an industrial park surrounding the airport and seeks to promote industrial growth in the area.

Overview of the Financial Statements

The Authority's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

The financial statements of the Authority offer short and long-term financial information about its activities. The statement of net position provides information about the nature and amounts of the Authority's cash and receivables (assets), and its obligations to creditors (liabilities). All of the Authority's current fiscal year revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures whether the Authority successfully recovered all of its costs through user charges from its customers. The statement of cash flows provides information on the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital, and noncapital financial activities. It also provides insight on the source of cash, the use of cash, and cash changes during the reporting period.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Financial Highlights

Selected financial information for 2021 is as follows, with comparative information for 2020:

	<u>2021</u>	<u>2020</u>
Total capital assets, net	\$ 7,600,366	\$ 7,778,936
Total assets	\$ 8,237,942	\$ 8,337,458
Total long-term liabilities	\$ 1,408,255	\$ 1,438,231
Total liabilities	\$ 1,555,884	\$ 1,577,120
Total operating revenues	\$ 675,624	\$ 604,693
Total revenues	\$ 928,105	\$ 1,452,233
Total operating expenses, other than depreciation	\$ 614,040	\$ 587,981
Total expenses	\$ 1,006,385	\$ 913,231
Change in net position	\$ (78,280)	\$ 539,002
Net assets:		
Net investment in capital assets	\$ 6,068,098	\$ 6,220,013
Unrestricted	<u>613,960</u>	<u>540,325</u>
Total net position	<u>\$ 6,682,058</u>	<u>\$ 6,760,338</u>

- Total revenues decreased from fiscal year 2020 to fiscal year 2021 by \$524,128. The decrease in revenues is primarily the result of a decrease in state grant activity. Total expenses increased from fiscal year 2020 to fiscal year 2021 by \$93,154 primarily due to increased depreciation expense during the year.
- Long-term liabilities decreased from fiscal year 2020 to fiscal year 2021 by \$29,976 due to a combination of increases for additional financed construction costs and decreases for principal payments.
- The change in net assets for fiscal year 2021 of \$(78,280) compared to the prior year of \$539,002 is primarily due to decreased state grant activity.

Authority Highlights

- The new Hangar construction project was completed in the first quarter of FY2021.
- The Authority received \$30,000 in CARES grant awards from the Federal Aviation Administration, all of which was expended for allowable purposes during the year.
- The Authority and Amazon have come to an agreement for use of the Airport during the Christmas season, with hopes that this will grow into a permanent agreement and usage for longer durations.

Future Plans and Trends

- Sale of property in the industrial park.
- Purchase of additional land adjacent to the Airport to accommodate future growth.
- Pay down debt.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Contacting DAIA's Financial Management

This financial report is to provide federal, state, and local grantors, as well as member localities with a general overview of the DAIA'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 6775 Beck-Chappell Drive, N. Dinwiddie, Virginia 23803, phone (804) 861-0218.

BASIC FINANCIAL STATEMENTS

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

STATEMENT OF NET POSITION

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 3)	\$	580,702
Fuel inventory		32,838
Prepaid expenses		2,765
Hangar rents receivable		15,515
Miscellaneous receivables		5,756
		<hr/>
Total current assets		637,576

CAPITAL ASSETS (Note 4)

Capital assets, nondepreciable		2,607,578
Capital assets, subject to depreciation, net		4,992,788
		<hr/>
Total capital assets		7,600,366
		<hr/>
Total assets	\$	8,237,942

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	18,281
Unearned revenue		5,335
Current portion of long-term debt (Note 5)		124,013
		<hr/>
Total current liabilities		147,629

LONG-TERM LIABILITIES

Long-term debt, less current portion (Note 5)		1,408,255
		<hr/>
Total liabilities		1,555,884

NET POSITION

Net investment in capital assets		6,068,098
Unrestricted		613,960
		<hr/>
Total net position		6,682,058
		<hr/>
Total liabilities and net position	\$	8,237,942

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

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2021

OPERATING REVENUES	
Income from fuel operations	\$ 425,400
Hangar rent	183,600
Other rent	60,000
Other income	6,624
	<hr/>
Total operating revenues	675,624
 OPERATING EXPENSES, other than depreciation	
Fuel operations	341,772
Salaries and benefits	74,288
Professional fees	65,560
Utilities	35,054
Insurance	29,216
Repairs and maintenance	28,425
Payroll taxes and fringe benefits	18,935
Office expense	6,588
Telephone	5,488
Trash	4,397
Members fees	2,100
Dues and memberships	1,475
Miscellaneous	471
Travel expense	271
	<hr/>
Total operating expenses, other than depreciation	614,040
	<hr/>
Operating income before depreciation	61,584
 DEPRECIATION (Note 4)	
	<hr/>
Operating loss	(341,019)
	<hr/>
 NONOPERATING REVENUES (EXPENSES)	
Contributions from Dinwiddie County	168,615
State grants	53,866
Federal CARES grant (Note 6)	30,000
Repairs and maintenance expense, grant funded	(7,916)
Interest expense	(43,410)
	<hr/>
Total nonoperating revenues, net	201,155
	<hr/>
Change in net position	(78,280)
 Net position, beginning of year	
	<hr/>
Net position, end of year	\$ 6,760,338
	<hr/>
	<hr/>
	\$ 6,682,058

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

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

OPERATING ACTIVITIES

Cash receipts from customers	\$ 657,598
Cash receipts from other income	6,624
Cash payments to employees for services	(132,179)
Cash payments for other operating expenses	<u>(467,158)</u>

Net cash provided by operating activities	<u>64,885</u>
---	---------------

NONCAPITAL RELATED FINANCING ACTIVITIES

Federal CARES grant	<u>30,000</u>
---------------------	---------------

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(162,449)
Payments for repairs and maintenance funded by grants	(11,800)
County contributions	168,615
State grants	57,751
Interest paid	(43,410)
Proceeds from issuance of debt	98,108
Principal paid	<u>(124,763)</u>

Net cash used in capital and related financing activities	<u>(17,948)</u>
---	-----------------

Net increase in cash and cash equivalents	76,937
---	--------

CASH AND CASH EQUIVALENTS

Beginning of year	<u>503,765</u>
-------------------	----------------

End of year	<u><u>\$ 580,702</u></u>
-------------	--------------------------

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (279,435)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	341,019
Change in current assets and liabilities:	
Fuel inventory	(5,568)
Prepaid expenses	15,043
Hangar rents receivable	(11,359)
Miscellaneous receivables	(4,118)
Accounts payable and accrued expenses	5,228
Unearned revenue	<u>4,075</u>

Net cash provided by operating activities	<u><u>\$ 64,885</u></u>
---	-------------------------

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

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. Organization and Nature of Business

The Dinwiddie Airport and Industrial Authority (the “Authority”) is a public body organized by the General Assembly of Virginia to construct, operate and maintain a regional airport and to promote industry in Dinwiddie, Virginia. The Authority is governed by seven directors.

2. Summary of Significant Accounting Policies

Reporting entity

The Authority is considered a component unit of Dinwiddie County (the “County”) for governmental accounting standards purposes. The criteria for including the Authority within the County’s reporting entity, as set forth in Governmental Accounting Standards Board (GASB) 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. The Board of Supervisors of Dinwiddie County appoints four out of seven of the Authority’s Board members, and all Board members are approved by the County. The Authority and Dinwiddie County have a Support Agreement, whereby the County will, subject to appropriation, pay the Authority budgeted amounts for debt service of the Refunding Series 2011A and 2011B Airports Revolving Fund Revenue Bonds, for operation and maintenance expenses, and for deficiencies in the Authority’s operating revenues. The Support Agreement also requires the Authority to notify the County Administrator if in any month the Authority is unable to make its required debt service payment, and to request an appropriation from the Board of Directors to make up any deficiency. The existence of this Support Agreement satisfies the criteria of “imposing a financial burden on the primary government,” thus making the County financially accountable for 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 entity-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 non-operating 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:

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Basis of accounting (Continued)

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: result when constraints placed on net asset use are either externally imposed by law through constitutional provisions or enabling legislation. At June 30, 2021, the Authority had no restricted net position.

Unrestricted net position: consist of net assets which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and cash equivalents

For 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.

Fuel inventory

Fuel inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

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:

Buildings	7 - 27.5 years
Land improvements	15 years
Equipment	3 - 20 years
Furniture	5 - 10 years
Runways	10 - 15 years

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

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

2. Summary of Significant Accounting Policies (Continued)

Capital contributions

Certain expenditures for Authority capital improvements receive significant funding through the Airport Improvement Program of the Federal Aviation Administration ("FAA"). Funds are also received for Authority development from the Commonwealth of Virginia Department of Aviation ("DOAV") and the County of Dinwiddie ("County"). The balance of such expenditures is funded by the Authority's operation. Capital funding is recorded as capital contributions and earned as allowable expenditures are incurred.

Operating and non-operating classification

The Authority's policy is to report as operating revenues and expenses items 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 non-operating 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.

3. Cash 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 or 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. Accordingly, all of the Authority's deposits are considered fully collateralized.

The Authority's cash and cash equivalents consist of the following at June 30, 2021:

Demand deposits	\$ 580,577
Cash on hand	<u>125</u>
	<u>\$ 580,702</u>

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

3. Cash and Investments (Continued)

Investments

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, 2021, the Authority did not have any such investments.

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.

The Authority is exposed to little interest rate risk since all investments had maturities of less than one year at June 30, 2021.

Custodial credit risk

The Authority does not have a policy for custodial credit risk. At June 30, 2021, the Authority’s cash and cash equivalents were maintained with a high credit quality financial institution. The Authority was not exposed to custodial risk at June 30, 2021.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS June 30, 2021

4. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Capital assets not being depreciated:				
Construction in progress	\$ 2,017,031	\$ 154,448	\$ 2,171,479	\$ -
Land	<u>2,607,578</u>	<u>-</u>	<u>-</u>	<u>2,607,578</u>
Total capital assets not being depreciated at historical cost	<u>4,624,609</u>	<u>154,448</u>	<u>2,171,479</u>	<u>2,607,578</u>
Depreciable capital assets:				
Buildings	4,446,896	2,171,479	-	6,618,375
Land improvements	246,921	-	-	246,921
Equipment	232,932	8,001	-	240,933
Furniture	59,561	-	-	59,561
Runways	<u>4,766,960</u>	<u>-</u>	<u>-</u>	<u>4,766,960</u>
Total depreciable capital assets at historical cost	<u>9,753,270</u>	<u>2,179,480</u>	<u>-</u>	<u>11,932,750</u>
Accumulated depreciation for:				
Buildings	2,433,913	235,371	-	2,669,284
Land improvements	239,608	1,479	-	241,087
Equipment	197,051	19,935	-	216,986
Furniture	59,561	-	-	59,561
Runways	<u>3,668,810</u>	<u>84,234</u>	<u>-</u>	<u>3,753,044</u>
Total accumulated depreciation	<u>6,598,943</u>	<u>341,019</u>	<u>-</u>	<u>6,939,962</u>
Total depreciable capital assets, net	<u>3,154,327</u>	<u>1,838,461</u>	<u>-</u>	<u>4,992,788</u>
Total capital assets, net	<u>\$ 7,778,936</u>	<u>\$ 1,992,909</u>	<u>\$ 2,171,479</u>	<u>\$ 7,600,366</u>

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

5. Long-Term Debt

Long-term debt consists of the following at June 30, 2021:

Note payable

Note payable to The Bank of Southside Virginia in monthly installments of \$730, including principal and interest at 4.49%, through August 2032. Secured by the general moral obligation of Dinwiddie County, Virginia. \$ 79,443

Bonds payable

Refunding Series 2011A and B Airports Revolving Fund Revenue Bonds:

\$504,400 due in monthly installments of \$4,595, including principal and interest at 2%, matures May 2022. 49,258

Series 2019 Taxable Airport Revenue Bonds:

\$1,475,646 due in semi-annual installments of \$55,060, including principal and interest at 2.69%, matures November 2036. 1,403,567

\$ 1,532,268

Activity in long-term debt accounts was as follows:

	<u>Balance July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2021</u>	<u>Amount Due Within One Year</u>
Note payable	\$ 79,443	\$ -	\$ -	\$ 79,443	\$ 2,724
Bonds payable	<u>1,479,480</u>	<u>98,108</u>	<u>124,763</u>	<u>1,452,825</u>	<u>121,289</u>
	<u>\$ 1,558,923</u>	<u>\$ 98,108</u>	<u>\$ 124,763</u>	<u>\$ 1,532,268</u>	<u>\$ 124,013</u>

Future principal and interest obligations related to long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 124,013	\$ 45,054	\$ 169,067
2023	80,199	44,047	124,246
2024	82,467	41,925	124,392
2025	84,818	39,722	124,540
2026	87,230	37,463	124,693
2027 - 2031	474,867	151,038	625,905
2032 - 2036	520,240	85,285	605,525
2037 - 2041	<u>78,434</u>	<u>19,926</u>	<u>98,360</u>
	<u>\$ 1,532,268</u>	<u>\$ 464,460</u>	<u>\$ 1,996,728</u>

The Authority is not in compliance with a debt covenant for its note payable to Bank of Southside Virginia, that has an unpaid balance of \$79,443 at June 30, 2021, which states that audited financial statements are to be filed within one hundred and twenty days after year-end.

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

6. Federal and State-Assisted Programs

The Authority has received proceeds from several federal and state grant programs. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes any required refunds will be immaterial. Based on past experience, no provision has been made in the accompanying financial statements for the refund of grant monies.

7. COVID-19 Uncertainty and Related Funding

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Authority’s access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, the Authority’s financial condition and liquidity may be negatively impacted in the coming year. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Authority’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

In August, 2020, the Authority received \$30,000 in CARES funding from the Federal Aviation Administration and expended the funds during FY2021.

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 Authority
Dinwiddie Airport and Industrial Authority
Petersburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to the 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, the accompanying financial statements of the business-type activities of Dinwiddie Airport and Industrial Authority (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit, we did not identify any deficiencies in internal that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2021-001, which we consider to be a significant deficiency.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* (item 2021-002).**

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report of an audit performed in accordance with *Government Auditing Standards* in considering the 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
October 6, 2021

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

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 Dinwiddie Airport and Industrial 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

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2021

1. Summary of Auditor's Results

- a. An unmodified opinion was issued on the financial statements.
- b. One significant deficiency relating to the audit of the financial statements was reported 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*.
- c. The audit disclosed one item of noncompliance material to the financial statements.

2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*

2021-001: Segregation of Duties (Significant Deficiency)

Condition:

There is a lack of segregation of duties in the area of customer receipts. The same person who receives customer receipts in the mail also records customer receipts in the accounting software, prepares bank deposits, prepares bank reconciliations, and has full access to online banking.

Criteria:

The customer receipting function should be segregated from the bank reconciliation and deposit functions.

Cause:

Processes and procedures are not designed to facilitate segregation of duties.

Effect:

As a result of this lack of segregation of duties, a single person has almost unlimited and unrestricted access to the Authority's liquid assets and financial reporting and thus has the ability to misappropriate assets, either due to error or fraud. Additionally, financial reporting could be materially misstated. We noted no indications of fraud actually occurring during the course of our audit; however, our procedures were not designed specifically to detect such matters.

Recommendation:

We recommend that processes and procedures be re-designed and implemented such that there is adequate segregation of duties.

Views of Responsible Officials and Planned Corrective Action:

Duties will be segregated so that the person who has responsibility for processing receipts is not the same person who has access to online banking, recording customer receipts, and preparing bank deposits.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2021

3. Findings for Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2021-002: Conflicts of Interest Act

Condition:

One of the seven Financial Disclosure Statements filed by the members of the Board was not signed by the Board member.

Criteria:

Financial Disclosure Statements should be completed in full and signed by the Board member.

Cause:

A Board member did not sign the form which was completed and submitted all electronically.

Effect:

Noncompliance with the Commonwealth of Virginia Conflicts of Interest Act.

Recommendation:

We recommend that all Financial Disclosure Statements be completed in full, to include the signature of the Board member.

Views of Responsible Officials and Planned Corrective Action:

Board members will complete these in full in the future.

4. Status of Prior Year Findings

None