

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

FINANCIAL REPORT

June 30, 2023

OFFICERS

John V. Mazza, Jr., Chairman

Jonathan Bourlier, Vice Chairman

Jeremy Pultz, Secretary-Treasurer

MEMBERS

Dr. Mark E. Moore

Norma J. Newman

Tyler H. Ragsdale

Richard B. Taylor

Franklin Zitta

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4
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>	15
Summary of Compliance Matters	17
Schedule of Findings and Responses	18

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Dinwiddie Airport and Industrial Authority, a component unit of the County of Dinwiddie, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dinwiddie Airport and Industrial 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 Dinwiddie Airport and Industrial Authority as of June 30, 2023, and the changes in financial position, and its 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; 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. 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 Dinwiddie Airport and Industrial 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.

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.

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 Dinwiddie Airport and Industrial 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.

Report on the Audit of the Financial Statements (Continued)

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 Dinwiddie Airport and Industrial 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 Dinwiddie Airport and Industrial 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 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.

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of officers and members but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, 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 effectiveness of Dinwiddie Airport and Industrial 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 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 25, 2023

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

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, 2023.

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 42 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, 2023

Financial Highlights

Selected financial information for 2023 is as follows, with comparative information for 2022:

	<u>2023</u>	<u>2022</u>
Total capital assets, net	\$ 6,958,658	\$ 7,313,622
Total assets	\$ 7,610,055	\$ 8,036,146
Total long-term liabilities	\$ 1,179,904	\$ 1,256,731
Total liabilities	\$ 1,283,423	\$ 1,361,584
Total operating revenues	\$ 742,130	\$ 757,312
Total revenues	\$ 973,742	\$ 1,299,234
Total operating expenses, other than depreciation	\$ 777,508	\$ 722,735
Total expenses	\$ 1,321,672	\$ 1,306,730
Change in net position	\$ (347,930)	\$ (7,496)
Net assets:		
Net investment in capital assets	\$ 5,701,927	\$ 5,982,089
Unrestricted	<u>624,705</u>	<u>692,473</u>
Total net position	<u>\$ 6,326,632</u>	<u>\$ 6,674,562</u>

- Total revenues decreased from fiscal year 2022 to fiscal year 2023 by \$325,492. The decrease in revenues is primarily the result of an decrease in federal and county grant activity. Total expenses increased from fiscal year 2022 to fiscal year 2023 by \$14,942 due to regular fluctuations in fuel based operations.
- Long-term liabilities decreased from fiscal year 2022 to fiscal year 2023 by \$76,827 due to principal payments made during the year.
- The change in net assets for fiscal year 2023 of \$(347,930) compared to the prior year of \$(7,496) is primarily due more depreciation expenses and less nonoperating revenue in the current year.

Authority Highlights

- The Authority received \$66,291 in grant awards from the Federal Aviation Administration, all of which was expended for allowable purposes during the year.

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.

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, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents (Note 3)	\$ 576,429
Fuel inventory	38,874
Prepaid expenses	16,981
Hangar rents receivable	17,009
Miscellaneous receivables	2,104

651,397

CAPITAL ASSETS (Note 4)

Capital assets, nondepreciable	2,599,011
Capital assets, subject to depreciation, net	4,359,647

6,958,658

\$ 7,610,055

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 25,432
Unearned revenue	1,260
Current portion of long-term debt (Note 5)	76,827

103,519

LONG-TERM LIABILITIES

Long-term debt, less current portion (Note 5)	1,179,904
-----------------------------------------------	-----------

1,283,423

NET POSITION

Net investment in capital assets	5,701,927
Unrestricted	624,705

6,326,632

\$ 7,610,055

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, 2023

OPERATING REVENUES	
Income from fuel operations	\$ 472,959
Hangar rent	225,975
Other rent	29,617
Other income	13,579
	<hr/>
Total operating revenues	742,130
	<hr/>
OPERATING EXPENSES, other than depreciation	
Fuel operations	457,199
Salaries and benefits	106,198
Professional fees	60,393
Utilities	32,726
Insurance	31,638
Miscellaneous	26,789
Repairs and maintenance	26,438
Payroll taxes and fringe benefits	13,585
Telephone	9,291
Trash	5,956
Office expense	4,348
Members fees	1,750
Dues and memberships	631
Travel expense	416
Publicity	150
	<hr/>
Total operating expenses, other than depreciation	777,508
	<hr/>
Operating loss before depreciation	(35,378)
	<hr/>
DEPRECIATION (Note 4)	(434,456)
	<hr/>
Operating loss	(469,834)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Contributions from Dinwiddie County	100,735
Federal grants	66,291
State grants	64,586
Repairs and maintenance expense, grant funded	(74,389)
Interest expense	(35,319)
	<hr/>
Total nonoperating revenues, net	121,904
	<hr/>
Change in net position	(347,930)
	<hr/>
NET POSITION	
Beginning of year	6,674,562
	<hr/>
End of year	\$ 6,326,632
	<hr/> <hr/>

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, 2023

OPERATING ACTIVITIES

Cash receipts from customers	\$ 722,549
Cash receipts from other income	13,579
Cash payments to employees for services	(189,831)
Cash payments for other operating expenses	(583,355)
	<hr/>
Net cash used in operating activities	(37,058)

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(79,492)
Payments for repairs and maintenance funded by grants	(80,194)
County contributions	100,735
Federal grants	72,096
State grants	64,586
Interest paid	(35,319)
Principal payments on long-term debt	(74,802)
	<hr/>
Net cash used in capital and related financing activities	(32,390)
	<hr/>
Net decrease in cash and cash equivalents	(69,448)

CASH AND CASH EQUIVALENTS

Beginning of year	645,877
	<hr/>
End of year	\$ 576,429
	<hr/> <hr/>

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (469,834)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	434,456
Change in current assets and liabilities:	
Fuel inventory	4,087
Prepaid expenses	(2,211)
Hangar rents receivable	(13,524)
Miscellaneous receivables	7,522
Accounts payable and accrued expenses	2,446
	<hr/>
Net cash used in operating activities	\$ (37,058)
	<hr/> <hr/>

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

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, 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:

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, 2023, the Authority had no restricted net position.

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

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

2. Summary of Significant Accounting Policies (Continued)

Basis of accounting (Continued)

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.

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 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.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

2. Summary of Significant Accounting Policies (Continued)

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, 2023:

Demand deposits	\$ 575,299
Cash on hand	<u>1,130</u>
	<u>\$ 576,429</u>

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, 2023, the Authority did not have any such investments.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

3. Cash and Investments (Continued)

Investments (Continued)

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, 2023.

Custodial credit risk

The Authority does not have a policy for custodial credit risk. At June 30, 2023, 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, 2023.

4. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land	\$ 2,599,011	\$ -	\$ -	\$ 2,599,011
Depreciable capital assets:				
Buildings	6,650,375	-	-	6,650,375
Land improvements	246,921	27,153	-	274,074
Equipment	287,210	12,399	-	299,609
Furniture	60,298	-	-	60,298
Runways	<u>4,766,960</u>	<u>39,940</u>	<u>-</u>	<u>4,806,900</u>
Total depreciable capital assets at historical cost	<u>12,011,764</u>	<u>79,492</u>	<u>-</u>	<u>12,091,256</u>
Accumulated depreciation for:				
Buildings	2,925,163	256,733	-	3,181,896
Land improvements	242,117	28,047	-	270,164
Equipment	233,009	25,355	-	258,364
Furniture	59,586	147	-	59,733
Runways	<u>3,837,278</u>	<u>124,174</u>	<u>-</u>	<u>3,961,452</u>
Total accumulated depreciation	<u>7,297,153</u>	<u>434,456</u>	<u>-</u>	<u>7,731,609</u>
Total depreciable capital assets, net	<u>4,714,611</u>	<u>(354,964)</u>	<u>-</u>	<u>4,359,647</u>
Total capital assets, net	<u>\$ 7,313,622</u>	<u>\$ (354,964)</u>	<u>\$ -</u>	<u>\$ 6,958,658</u>

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

5. Long-Term Debt

Long-term debt consists of the following at June 30, 2023:

Bonds payable

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.

\$ 1,256,731

Activity in long-term debt accounts was as follows:

	<u>Balance July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2023</u>	<u>Amount Due Within One Year</u>
Bonds payable	\$ 1,331,533	\$ -	\$ 74,802	\$ 1,256,731	\$ 76,827

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>
2024	\$ 76,827	\$ 33,293	\$ 110,120
2025	78,908	31,212	110,120
2026	81,045	29,075	110,120
2027	83,240	26,880	110,120
2028	85,494	24,626	110,120
2029 - 2033	463,477	87,123	550,600
2034 - 2037	<u>387,740</u>	<u>22,111</u>	<u>409,851</u>
	<u>\$ 1,256,731</u>	<u>\$ 254,320</u>	<u>\$ 1,511,051</u>

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.

(Continued)

DINWIDDIE AIRPORT AND INDUSTRIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

7. Regulated Leases

The Authority leases hangar space to two unrelated businesses who are engaged in aircraft maintenance and repair activities. These activities are permissible aeronautical use according to the FAA and thus are deemed to be a regulated activity in accordance with GASB Statement No. 87, *Leases*. The first lease is a five-year lease beginning January 1, 2020, at \$1,550 per month with annual escalations of \$50 per month. The second lease is a five-year lease beginning February 1, 2021, at \$900 per month with no annual escalations. The lessees are also responsible for portions of utilities and other fees as stipulated in the lease agreements.

Total inflows of resources from regulated leases were \$30,900 during the year ended June 30, 2023, and are included in hangar rent on the statement of revenue, expenses, and changes in net position.

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

<u>Year Ending</u> <u>June 30,</u>	
2024	\$ 31,500
2025	21,300
2026	<u>6,300</u>
	<u>\$ 59,100</u>

8. Subsequent Event

In the September 6, 2023, meeting, the Board unanimously voted to approve the sale of a parcel of real estate to Sheetz for approximately \$1 million.

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
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 the *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, 2023, 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 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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. **Given these limitations, during our audit, we did not identify any deficiencies in internal 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

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, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 25, 2023

DINWIDDIE AIRPORT AND INDUSTRIAL 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 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, 2023

1. Summary of Auditor's Results

- a. An unmodified opinion was issued on the financial statements.
- b. No findings were noted related to the audit of the financial statements 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*.

2. Status of Prior Year Findings

2022-001: 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. Additionally, there is no documentation of the review being performed over bank reconciliations.

Recommendation:

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

Current Status:

We noted proper segregation of duties in the area of customer receipt in FY23.

2022-002: Conflicts of Interest Act (Compliance)

Condition:

One of the seven Financial Disclosure Statements was not filed by the member of the Board before the deadline.

Recommendation:

We recommend that all Financial Disclosure Statements be completed in full and filed by the deadline.

Current Status:

We noted all Financial Disclosure Statements were completed and filed by the deadline in the current year.