
**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 Honorable Members of The
Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia**

We have audited the financial statements of the business-type activities of the Charlottesville-Albemarle Airport Authority, as of and for the year ended June 30, 2008, have issued our report thereon dated November 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Charlottesville-Albemarle Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charlottesville-Albemarle Airport Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charlottesville-Albemarle 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of Charlottesville-Albemarle Airport Authority in a separate letter dated November 5, 2008.

This report is intended solely for the information and use of the Authority Board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Tamun, Cox Associates

Charlottesville, Virginia
November 5, 2008

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Passenger Facility Charge (PFC) Program

**To the Honorable Members of the
Charlottesville-Albemarle Airport Authority
Charlottesville, Virginia**

Compliance

We have audited the compliance of the Charlottesville-Albemarle Airport Authority with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide). Charlottesville-Albemarle Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and those applicable to its passenger facility charge program are the responsibility of Charlottesville-Albemarle Airport Authority's management. Our responsibility is to express an opinion on Charlottesville-Albemarle Airport Authority's compliance based on our audit.

We conducted our audit of compliance 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Charlottesville-Albemarle Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Charlottesville-Albemarle Airport Authority's compliance with those requirements.

In our opinion, Charlottesville-Albemarle Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs, and the *Passenger Facility Charge Program*, for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Charlottesville-Albemarle Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered Charlottesville-Albemarle Airport Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program, and compliance with requirements that could have a direct and material effect on the passenger facility charge program, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program and the passenger facility charge program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program or the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Authority Board, management, others within the organization, federal awarding agencies and pass-through entities, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Robinson Tammen, Cox Associates

Charlottesville, Virginia

November 5, 2008

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008**

<u>Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number</u>	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u> Direct Payments:		
Airport Improvement Program	20.106	\$ <u>2,952,675</u>

This schedule presents the activity of all federally assisted programs of the Charlottesville-Albemarle Airport Authority. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included herein. The schedule is presented using the accrual basis of accounting, which is described in note 2 to the financial statements.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	
<u>CFDA #</u> <u>Name of Federal Program or Cluster</u>	
20.106 Airport Improvement Program	
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2008**

There were no items reported.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

**Schedule of Passenger Facility Charges Collected and Expended
Year Ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>PFC Funds</u> <u>Collected</u>	<u>PFC Funds</u> <u>Expended</u>	<u>Balance</u> <u>June 30, 2008</u>
Passenger Facility Charge	\$ 482,251	\$ 707,191	\$ 216,563	\$ 972,879
			Accounts Receivable	<u>(64,706)</u>
			Cash Balance per Statement of Net Assets	\$ <u><u>908,173</u></u>

This schedule presents the activity of the passenger facility charge program of the Charlottesville-Albemarle Airport Authority. Collections include amounts received from airlines, which are held in an interest-bearing account, and interest earnings. Funds were expended for terminal debt service and the T-Hangar taxi lane and site preparation project. The schedule is presented using the accrual basis of accounting, which is described in note 2 to the financial statements. A reconciliation to the cash balance reported in the Statement of Net Assets is provided.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Passenger Facility Charge

Internal control over Passenger Facility Charge:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for Passenger Facility Charge:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Aviation and Safety in accordance with the Federal Aviation Administration (Guide) for its Passenger Facility Charge Program?	No

Identification of Program:
Part 14 CFR 158 Passenger Facility Charge

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Passenger Facility Charge Findings and Questioned Costs

There are no Passenger Facility Charge findings and questioned costs to report.

CHARLOTTESVILLE-ALBEMARLE AIRPORT AUTHORITY

**Schedule of Prior Year Findings and Questioned Costs
Passenger Facility Charge Program
Year Ended June 30, 2008**

There were no items reported.



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