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November 30, 2018

To Management of the Airport Authority
New Hanover County Airport Authority
Wilmington, North Carolina

In planning and performing our audit of the financial statements of New Hanover County Airport Authority (the Authority) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, 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 deficiency in design exists when: (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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. We reported a significant deficiency in the Compliance Section of your financial statements and compliance report as of June 30, 2018.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Annual Deposit and Investment Forms Not Timely Filed

Audit procedures identified the following forms: LGC 203 (Local Government Commission Report of Deposits and Investments) and COLL-91 (Annual Notification of Accounts by Public Depositor) as required by G.S. 159-33, were not timely filed. We recommend that control procedures be put in place to ensure these forms are filed timely.

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Review Over Deferred Rent Amortization

Audit procedures identified that the deferred revenues for a tenant who made property repairs were not properly recorded in accordance with the previously established amortization schedule. Failure to follow the amortization schedule will result in improper revenue recognition. We recommend that control procedures be put in place to ensure that deferred rent and related rental revenue is properly recorded.

This communication is intended solely for the information and use of management, the Authority and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

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