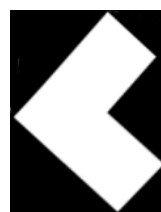


Lake Country Airport Commission
Comprehensive Annual Financial Report
Years Ended June 30, 2019 and 2018



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

Lake Country Airport Commission

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Years Ended June 30, 2019 and 2018

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Lake Country Airport Commission

Officers and Commissioners

Year Ended June 30, 2019

Commissioners

Michael Denton

Jane Lipscomb

Glenn Burney

Doug Davis

Dave Williams

Steve Rozek

Robert Overstreet

Gregory Gordon

Office Held

Chairman, Airport Manager

Vice Chairman

Secretary

Officer Other Than Commissioners

Nola Adler

Treasurer



**Creedle
Jones
& Associates**

A Professional Corporation

*Robin B. Jones, CPA, CFP
Denise C. Williams, CPA, CSEP
Kimberly W. Jackson, CPA*

*Nadine L. Chase, CPA
Zachary T. Wolfe, CPA*

Sherwood H. Creedle, Emeritus

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Lake Country Airport Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Lake Country Airport Commission, as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the Lake Country Airport Commission's basic financial statements as listed in the table of contents.

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 opinions 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 auditor considers 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lake Country Airport Commission, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

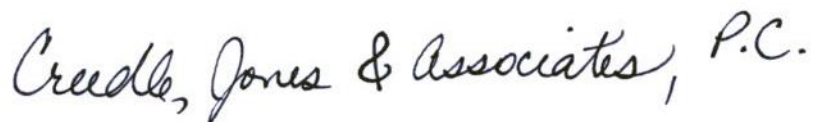
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-2 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 basic 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2019, on our consideration of the Lake Country Airport Commission'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 Lake Country Airport Commission'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 Lake Country Airport Commission's internal control over financial reporting and compliance.



Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
October 4, 2019

Lake Country Airport Commission

Management's Discussion and Analysis

As of June 30, 2019 and 2018

Our discussion and analysis of the Lake Country Airport Commission's financial performance provides an overview of the Commission's financial activities for the year ended June 30, 2019. Please read this information in conjunction with the Lake Country Airport Commission's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lake Country Airport Commission (the "Commission") presents three basic financial statements. These are: (1) Statements of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Statements of Cash Flows.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. This information is reported on the Statements of Net Position, which reflects the Commission's assets in relation to its debt to creditors. The excess of our assets over liabilities is our equity or net position.

Information regarding the results of our operation during the year is reported in the Statements of Revenues, Expenses, and Changes in Net Position. This statement shows how much our overall net position increased or decreased during the year as a result of our operations and for other reasons.

Our Statements of Cash Flows discloses the flow of cash resources into and out of the Commission during the year and how we applied those funds.

FINANCIAL SUMMARY

Financial Position. A summary of the Commission's Statements of Net Position for 2019 and 2018 is presented below:

	<u>2019</u>	<u>2018</u>
Total Assets	<u>\$ 1,238,512</u>	<u>\$ 1,073,655</u>
Total Liabilities	<u>\$ 48,917</u>	<u>\$ 165,362</u>
Deferred Inflows of Resources	<u>33,856</u>	-
Net Position		
Net investment in capital assets	<u>993,994</u>	<u>795,662</u>
Unrestricted	<u>161,745</u>	<u>112,631</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position (Restated)	<u>\$ 1,238,512</u>	<u>\$ 1,073,655</u>

The overall financial position of the Commission increased in the year ended June 30, 2019. Assets increased by \$164,857, while liabilities decreased by \$82,589.

Change in Net Position. A summary of the Commission's Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2019 and 2018 is presented below:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2019</u>	<u>2018</u>
Operating Revenue	\$ 9,138	\$ 11,236
Operating Expenses	<u>82,880</u>	<u>90,682</u>
Net Operating Loss	(73,742)	(79,446)
Non-Operating Revenue	327,154	134,007
Non-Operating Expenses	<u>(5,966)</u>	<u>(5,374)</u>
Change in Net Position	<u>\$ 247,446</u>	<u>\$ 49,187</u>

During the year, the Commission had a net operating loss of \$73,742. The Commission had non-operating income in the form of interest income, state reimbursement, rental income, as well as contributions from localities and local patrons, which amounted to \$327,154. Operating expenses of \$82,880 included fuel, consulting fees, professional fees, insurance, repairs and maintenance, depreciation and amortization, and utilities. Non-operating expenses amounted to \$5,966 and included interest expense and depreciation on rental property.

Net position increased \$247,446 in the year ending June 30, 2019.

Cash Flows. A summary of the Commission's Statements of Cash Flows for the years ended June 30, 2019 and 2018 is presented below:

Condensed Statements of Cash Flows

	<u>2019</u>	<u>2018</u>
Cash Flows Provided by (Used in)		
Operating activities	\$ (30,826)	\$ (44,638)
Non-capital financing activities	213,214	247,481
Investing activities	<u>(101,549)</u>	<u>(189,974)</u>
Net Increase in Cash	<u>\$ 80,839</u>	<u>\$ 12,869</u>

Cash flows from operating activities consist of fuel sales and payments to suppliers, creating a negative cash flow.

Cash flows from non-capital financing activities net to \$213,214 consisting of payments on loans, receipts from localities, federal and state reimbursement, and rental income.

Cash flows from investing activities net to \$(101,549) consisting of the purchase of property and equipment, rents, interest income, and interest expense.

During the year, there was an increase of \$80,839 in cash.

RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Michael Denton, Chairman, Lake County Airport Commission, 413 Virginia Avenue, Clarksville, Virginia 23927, telephone 434-374-8028.

BASIC FINANCIAL STATEMENTS

Lake Country Airport Commission

Statements of Net Position

As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash in bank	\$ 103,109	\$ 23,876
Cash held by vendor	7,747	6,141
Due from other government	4,804	-
Inventory	<u>5,374</u>	<u>6,872</u>
Total Current Assets	121,034	36,889
Property and Equipment		
Land	440,123	440,123
Land improvements	476,458	253,423
Construction-in-progress	38,376	154,632
Building and hangars	147,938	147,938
Equipment	172,186	172,186
Vehicles	4,000	4,000
Less: Accumulated depreciation	<u>(257,032)</u>	<u>(214,267)</u>
Net Property and Equipment	1,022,049	958,035
Other Assets		
Wetlands Mitigation	113,854	90,844
Less: Accumulated amortization	<u>(18,425)</u>	<u>(12,113)</u>
Net Other Assets	<u>95,429</u>	<u>78,731</u>
Total Assets	<u>\$ 1,238,512</u>	<u>\$ 1,073,655</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 20,158	\$ 1,910
Accrued interest payable	704	960
Bank drafts	-	119
Construction line of credit	28,055	148,932
Current portion of long-term debt	<u>-</u>	<u>13,441</u>
Total Current Liabilities	48,917	165,362
Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	48,917	165,362
Deferred Inflows of Resources		
Unearned revenues	33,856	-
Net Position		
Net investment in capital assets	993,994	795,662
Unrestricted	<u>161,745</u>	<u>112,631</u>
Total Net Position	<u>1,155,739</u>	<u>908,293</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,238,512</u>	<u>\$ 1,073,655</u>

The accompanying notes to the financial statements are an integral part of this statement.

Lake Country Airport Commission

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Fuel sales	\$ 9,138	\$ 11,236
Total Operating Revenues	9,138	11,236
Operating Expenses		
Consulting	536	268
Fuel and gas farm	9,030	10,222
Professional fees	4,120	3,950
Advertising	231	230
Bank fees	37	67
Conferences and meetings	1,020	644
Dues	100	100
Insurance	9,633	9,619
Repairs and maintenance	8,509	17,779
Telephone	1,951	2,082
Internet/Web expense	-	396
Utilities	4,122	4,044
Postage and office	55	50
Depreciation - operations	37,135	34,843
Amortization	6,312	6,056
Car	89	225
Fees and permits	-	82
Miscellaneous	-	25
Total Operating Expenses	82,880	90,682
Operating Loss	(73,742)	(79,446)
Non-Operating Revenues (Expenses)		
Rental income	8,520	9,150
Interest income	154	86
Interest expense	(335)	(444)
State Reimbursement Program	221,736	42,077
Contributions from local governments	95,244	74,824
Contributions from individuals	1,500	7,870
Depreciation - rentals	(5,631)	(4,930)
Total Non-Operating Revenues (Expenses)	321,188	128,633
Change in Net Position	247,446	49,187
Net Position - Beginning of Year (Restated)	908,293	859,106
Net Position - End of Year	\$ 1,155,739	\$ 908,293

The accompanying notes to the financial statements are an integral part of this statement.

Lake Country Airport Commission

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Sales of fuel	\$ 9,138	\$ 11,236
Payments to suppliers	<u>(39,964)</u>	<u>(55,874)</u>
Net Cash Used in Operating Activities	(30,826)	(44,638)
Cash Flows from Non-Capital Financing Activities		
Receipts from localities	129,100	74,824
Receipts from State Reimbursement Program	216,932	42,077
Contributions from local donors	1,500	7,870
Proceeds from Construction Project Loan	-	148,932
Payments on Construction Project Loan	(120,877)	-
Payments on bond	<u>(13,441)</u>	<u>(26,222)</u>
Net Cash Provided by Non-Capital Financing Activities	213,214	247,481
Cash Flows from Investing Activities		
Purchase of property and equipment	(109,998)	(198,655)
Rents	8,520	9,150
Interest income	154	86
Interest expense	<u>(225)</u>	<u>(555)</u>
Net Cash Used in Investing Activities	<u>(101,549)</u>	<u>(189,974)</u>
Net Increase in Cash and Cash Equivalents	80,839	12,869
Cash and Cash Equivalents - Beginning of Year	<u>30,017</u>	<u>17,148</u>
Cash and Cash Equivalents - End of Year	<u>\$ 110,856</u>	<u>\$ 30,017</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (73,742)	\$ (79,446)
Depreciation	37,135	34,843
Amortization	6,312	6,056
(Increase) Decrease in inventory	1,499	1,705
Increase (Decrease) in accounts payable	(1,911)	(7,915)
Increase (Decrease) in bank drafts	<u>(119)</u>	<u>119</u>
Net Cash Used in Operating Activities	<u>\$ (30,826)</u>	<u>\$ (44,638)</u>

The accompanying notes to the financial statements are an integral part of this statement.

Lake Country Airport Commission

Notes to the Financial Statements

Years Ended June 30, 2019 and 2018

1 Organization, Description of the Entity and Its Activities

The Lake Country Airport Commission (the "Commission") is a political subdivision of the Commonwealth of Virginia duly created pursuant to Chapter 3 of Chapter 680 of the Acts of the Virginia General Assembly of 2005 as amended and by resolution of the Towns of Boydton, Virginia and Clarksville, Virginia. The purpose of the Commission is to establish and operate an airport or landing field for the Boydton and Clarksville region.

An eight-member Board shall consist of members from the participating towns and county, the membership being composed of three members from the Town of Clarksville, Virginia, three members from the County of Mecklenburg, Virginia, and two members from the Town of Boydton, Virginia, each appointed by the governing bodies thereof, respectively. Although not listed in the bylaws, the County of Mecklenburg, Virginia has requested that an eighth member be added to the Board to represent the Board of Supervisors. Accordingly, the current Board consists of eight members who are to serve terms of three years each which are staggered so that no more than three Board member's terms will expire in one year.

2 Significant Accounting Policies

Financial Statement Presentation

The financial statements of the Lake Country Airport Commission have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Commission's accounting policies are described below:

Basis of Accounting

The Commission's accounting system is organized and operated on a fund basis. A fund records cash and other financial resources, together with all related liabilities, obligations, reserves, and residual equity, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. The Commission utilizes one type of Proprietary Fund with that being an Enterprise Fund.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Commission is that the cost of providing services to the general public be financed or recovered through user charges. In the Commission's operation, costs are represented by interest expense and financing cost, while user charges consist of interest income earned on receivables.

The Commission utilizes the accrual basis of accounting under which revenues are recorded in the period earned and expenses are recorded when the related liabilities are incurred.

The Commission may realize its assets and liquidate its liabilities in operating cycles, which range from very short to very long periods. The accompanying financial statements are presented in a nonclassified format because working capital concepts are not indicative of its operating cycle.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adoption of New GASB Statements

During the fiscal year ended June 30, 2019, the Commission did not adopt any new GASB statements.

3 Cash Equivalents

The Commission considers all investments purchased with a maturity of three months or less to be cash equivalents.

4 Cash and Investments

Deposits

All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance.

Investments

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).

The Commission's main financial investment of \$99,552 was held in a money market deposit account at a local financial institution.

5 Due from Other Governments

As of June 30, 2019, the Commission had spent funds in accordance with a grant agreement. Accordingly, \$4,804 has been recorded.

6 Inventory

The Commission owns a used fueling station that it purchased from the Chase City Airport. Management estimates that the fuel tank has a 2,000-gallon capacity and that at year end there were 1,153 gallons of usable fuel held in the tank. Based on the last purchase amount of fuel at \$4.66 per gallon, the value of the gas inventory is estimated to be 5,374.

7 Property and Equipment

In 2009, the Commission acquired the property formerly known as the Marks Municipal Airport. The property consists of 99.27 acres including land and improvements in the form of an airstrip, a brick office building, five airplane hangars, and a fuel dispensing system.

The Commission is charged with maintaining a license that allows air traffic service to the Clarksville region. To remain in compliance, there is a constant effort to enhance the airport facilities. To date, all related cost for improvements has been capitalized as land improvements and buildings.

Capital Assets

The schedule below shows the breakdown of capital assets by category at June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Acquired (Increased)</u>	<u>Disposed (Decreased)</u>	<u>Balance June 30, 2019</u>
Land	\$ 440,123	\$ -	\$ -	\$ 440,123
Land improvements	253,423	223,035	-	476,458
Construction-in-progress	154,632	97,977	(214,233)	38,376
Buildings and hangars	147,938	-	-	147,938
Equipment	172,186	-	-	172,186
Vehicles	4,000	-	-	4,000
Total Cost	1,172,302	321,012	(214,233)	1,279,081
Less: Accumulated depreciation for				
Land improvements	85,221	20,294	-	105,515
Buildings and hangars	40,630	5,631	-	46,261
Equipment	87,149	16,040	-	103,189
Vehicles	1,267	800	-	2,067
Total Accumulated Depreciation	214,267	42,765	-	257,032
Capital Assets, Net	\$ 958,035	\$ 278,247	\$ (214,233)	\$ 1,022,049

Capital outlays are recorded as assets on the financial statements. Depreciation is recorded using the straight-line method and the following estimated useful lives:

Building and improvements	10-40 years
Land improvements	7-20 years
Equipment	5-15 years
Vehicles	5 years

All fixed assets are valued at historical cost. Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

8 Other Assets

The schedule below shows the breakdown of other assets by category at June 30, 2019:

Wetlands Mitigation	\$ 90,844	\$ 23,010	\$ -	\$ 113,854
Less: Amortization	(12,113)	(6,312)	-	(18,425)
Net Other Assets	<u>\$ 78,731</u>	<u>\$ 16,698</u>	<u>\$ -</u>	<u>\$ 95,429</u>

9 Accounts Payable

As of June 30, 2019, the Commission had received invoices for operating expenses in the amount of \$20,158.

10 Borrowings

The Commission has participated in the Virginia Resources Authority (VRA), which was authorized to issue and sell Airport Revolving Fund Bonds. Accordingly, on January 9, 2009, the VRA issued a \$633,000.00 bond obligation bearing an interest rate of 3.35% with semi-annual payments of principal and interest. The original terms of indebtedness called for semi-annual payments of \$35,741.56 beginning on June 1, 2009 and payable semi-annually through December 1, 2018. On June 1, 2009, the Commission elected to pay \$421,000.00 including principal and interest. This reduced the future semi-annual payments to \$13,666.62 with the final payment due December 1, 2018.

Debt

A summary of the debt transactions for the current year is as follows:

Balance July 1, 2018	Increase	Decrease	Balance June 30, 2019	Due Within One Year
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General Obligation Bond

Virginia Resources Authority (VRA)

Interest at the rate of 3.35%

payable in semi-annual payments of

\$13,666.62 ending December 1, 2018.

	\$ 13,441	\$ -	\$ 13,441	\$ -	\$ -
Total	<u>\$ 13,441</u>	<u>\$ -</u>	<u>\$ 13,441</u>	<u>\$ -</u>	<u>\$ -</u>

11 Line of Credit

The Commission has a line of credit with Benchmark Community Bank in the amount of \$150,000. As of June 30, 2019, this line has a balance of \$28,055.

12 Contributions from Local Government

Local government contributions were as follows:

County of Mecklenburg, Virginia	\$ 129,100
Airport patrons	1,500

13 Related Party Transactions

The Commission has rented office space to a business interest of the Commission's Chairman. The agreement, which initiated on November 1, 2016, has a term of one year and calls for monthly payments of \$275. The initial term of the lease was for twelve months with an annual renewal terms thereafter.

14 Deferred Inflows of Resources

Deferred inflows of resources from unavailable contributions received to help fund the Commission's Runway Rehabilitation project are comprised of the following:

Local contributions	<u>\$ 33,856</u>
Total Deferred Inflows of Resources	<u>\$ 33,856</u>

15 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the Statement of Net Position as of June 30, 2019 is determined as follows:

Net Investment in Capital Assets

Cost of capital assets	\$ 1,279,081
Less: Accumulated depreciation	<u>(257,032)</u>
Book value	1,022,049
Less: Capital related debt	<u>(28,055)</u>
Net Investment in Capital Assets	<u>\$ 993,994</u>

16 Restatement of Net Position

The net position of the Lake Country Airport Commission at June 30, 2018 has been restated to reflect the correction of an error in the previously issued financial statements. Two accounting errors that influenced the beginning net position are noted. The first correction reflects the capitalization of interest incurred on the construction loan. The second correction reflects an adjustment to inventory. The following reflects the effect of the corrections:

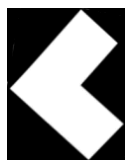
Net Position Restated Due to a Correction of an Error:

Beginning Balance as previously reported - June 30, 2018	\$ 901,057
Construction-in-progress	5,700
Inventory	<u>1,536</u>
Total Restated Amounts	<u>7,236</u>
Restated Balance - beginning of the year - July 1, 2019	<u>\$ 908,293</u>

17 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2019. Management has performed their analysis through October 4, 2019.

COMPLIANCE



**Creedle
Jones
& Associates**

A Professional Corporation

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Zachary T. Wolfe, CPA*

Sherwood H. Creedle, Emeritus

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

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 Commissioners
Lake Country Airport Commission

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Lake Country Airport Commission, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Lake Country Airport Commission's basic financial statements, and have issued our report thereon dated October 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lake Country Airport Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lake Country Airport Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lake Country Airport Commission'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.

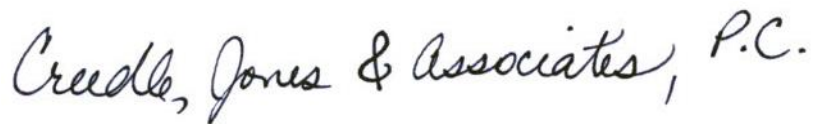
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake Country Airport Commission's financial statements are free from 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*.

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 part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Creedle, Jones & Associates, P.C." in a cursive, flowing script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
October 4, 2019