

LURAY-PAGE COUNTY AIRPORT AUTHORITY  
(A COMPONENT UNIT OF THE COUNTY OF PAGE, VIRGINIA)

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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**LURAY-PAGE COUNTY AIRPORT AUTHORITY**

**(A COMPONENT UNIT OF THE  
COUNTY OF PAGE, VIRGINIA)**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2018**

# LURAY-PAGE COUNTY AIRPORT AUTHORITY

## **Authority Members**

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Mr. Leroy Lancaster – Chairman

Mr. E. Powell Markowitz – Secretary and Treasurer

Mr. Mark Johnson

Mr. Howard Anderson

Mr. Keith Stephens

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

### TO THE LURAY-PAGE COUNTY AIRPORT AUTHORITY LURAY, VIRGINIA

#### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Luray-Page County Airport Authority (a component unit of County of Page, Virginia), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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.

#### *Auditors' 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 the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards 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 auditors' 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 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 Luray-Page County Airport Authority, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information..

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of Luray-Page County Airport 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 Luray-Page County Airport 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 Luray-Page County Airport Authority's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
January 14, 2019

## **BASIC FINANCIAL STATEMENTS**

**LURAY - PAGE COUNTY AIRPORT AUTHORITY**  
**(A Component Unit of The County of Page, Virginia)**

**Exhibit 1**

Statement of Net Position  
June 30, 2018

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 167,804
Cash in the custody of others	82,124
Accounts receivable	11,585
Due from commonwealth	36,638
Due from federal government	202,577
Inventory	<u>35,547</u>

Total current assets \$ 536,275

Noncurrent Assets:

Capital Assets:

Land	\$ 1,936,386
Construction work in progress	4,571,663
Property, plant and equipment, net of accumulated depreciation	<u>7,295,860</u>
Net capital assets	\$ <u>13,803,909</u>

Total noncurrent assets \$ 13,803,909

Total assets \$ 14,340,184

**LIABILITIES**

Current liabilities:

Accounts payable	\$ <u>329,704</u>
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Total current liabilities \$ 329,704

Other liabilities:

Hangar deposits held in trust	\$ <u>1,380</u>
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Total liabilities \$ 331,084

**NET POSITION**

Investment in capital assets \$ 13,803,909

Unrestricted 205,191

Total net position \$ 14,009,100

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



**LURAY - PAGE COUNTY AIRPORT AUTHORITY**  
**(A Component Unit of The County of Page, Virginia)**

**Exhibit 2**

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2018

Operating Revenues:	
Airport hangar rent/lease	\$ 90,460
Fuel	231,119
Miscellaneous	4,251
Total operating revenues	<u>\$ 325,830</u>
Operating Expenses:	
Insurance expense	\$ 6,566
Professional services	6,576
Miscellaneous	384
Electricity	2,442
Repairs and maintenance	7,575
Labor	90,000
Telephone	4,162
Supplies	474
Vehicle	374
Credit card fees	4,611
Fuel cost	172,997
Contribution to Page EDA	92,652
Depreciation expense	271,676
Total operating expenses	<u>\$ 660,489</u>
Operating income (loss)	<u>\$ (334,659)</u>
Nonoperating Revenues (Expenses):	
Interest income	<u>\$ 268</u>
Total nonoperating revenues (expenses)	<u>\$ 268</u>
Net income (loss) before capital contributions and grants	<u>\$ (334,391)</u>
Construction grants - Federal	\$ 412,174
Construction grants - State	40,960
Contributions for construction from localities	<u>83,500</u>
Total contributions and grants	<u>\$ 536,634</u>
Change in net position	\$ 202,243
Net position, beginning of period	13,806,857
Net position, end of period	<u><u>\$ 14,009,100</u></u>

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

**LURAY - PAGE COUNTY AIRPORT AUTHORITY**  
**(A Component Unit of The County of Page, Virginia)**

**Exhibit 3**

Statement of Cash Flows  
Year Ended June 30, 2018

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Cash flows from operating activities:

Other receipts	\$ 322,147
Payments to vendors	<u>(127,239)</u>

Net cash provided by (used for) operating activities \$ 194,908

Cash flows from capital and related financing activities:

Acquisition and construction of capital assets	\$ (523,664)
Proceeds from construction grants and capital contributions	<u>326,145</u>

Net cash provided by (used for) capital and related financing activities \$ (197,519)

Cash flows from investing activities:

Interest received	\$ <u>268</u>
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Net cash provided by (used for) investing activities \$ 268

Increase (decrease) in cash and cash equivalents \$ (2,343)

Cash and cash equivalents at beginning of year, including cash in the custody of others 252,271

Cash and cash equivalents at end of year, including cash in the custody of others \$ 249,928

Reconciliation of operating income (loss) to net cash provided by  
(used for) operating activities:

Operating income (loss)	\$ (334,659)
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Adjustments to reconcile operating income (loss) to net cash  
provided by (used for) operating activities:

Depreciation	271,676
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(5,973)
(Increase) decrease in inventory	2,290
Increase (decrease) in accounts payable	<u>261,574</u>

Net cash provided by (used for) operating activities \$ 194,908

Schedule of non-cash capital and related financing activities:

Purchase of capital assets on account	\$ 325,828
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The accompanying notes to financial statements are an integral part of this statement.

**LURAY-PAGE COUNTY AIRPORT AUTHORITY  
(A COMPONENT UNIT OF THE COUNTY OF PAGE, VIRGINIA)**

**Notes to Financial Statements  
June 30, 2018**

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**NOTE 1—BASIS OF PRESENTATION:**

The Luray-Page County Airport Commission was established January 12, 1970. On July 1, 2013, the Commission disbanded and the Luray-Page County Airport Authority (The Authority) was formed. At such time, all assets were transferred to the Authority and a year-end of June 30 was established. The land for the airport was deeded jointly to the Town of Luray and the County of Page. The Authority oversees any construction and major improvements to the airport. Both the Town of Luray and the County of Page appoint two members each and one at-large member jointly to the Authority to see to this task. The Authority was created to own and operate the airport.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

A. Financial Reporting Entity:

A separate report is prepared for the County of Page, Virginia, which includes all agencies, boards, commissions, and authorities over which the County exercises or has the ability to exercise oversight authority. Luray-Page County Airport Authority is a component unit of the County of Page, Virginia and is included in the financial statements of the County.

B. Basic Financial Statements:

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that the financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements and required supplementary information consist of:

- Management's discussion and analysis (not presented this year)
- Enterprise fund financial statements
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Hangar rentals, fees, and fuel sales are included in operating income. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**LURAY-PAGE COUNTY AIRPORT AUTHORITY  
(A COMPONENT UNIT OF THE COUNTY OF PAGE, VIRGINIA)**

**Notes to Financial Statements  
June 30, 2018 (Continued)**

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**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

C. Basis of Accounting:

The Authority utilizes the enterprise fund method of accounting for financial reporting purposes. Enterprise fund accounting uses the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

D. Capital Assets:

Capital assets consist of improvements related to construction of the airport, a fuel tank, fence, and equipment. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (an amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation expense is computed using the straight-line method over an estimated life of 40 years for both the improvements and the fuel tank, 20 years for the fence, and 7 years for the equipment.

E. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. 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.

G. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

H. 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 (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2018.

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 (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2018.

**LURAY-PAGE COUNTY AIRPORT AUTHORITY**  
**(A COMPONENT UNIT OF THE COUNTY OF PAGE, VIRGINIA)**

**Notes to Financial Statements**  
**June 30, 2018 (Continued)**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

I. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**NOTE 3—DEPOSITS AND INVESTMENTS:**

**Deposits** – Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2.-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments** – Statutes authorize the Authority 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 Authority had no such investments at year end.

**NOTE 4—CAPITAL ASSETS:**

A summary of changes in capital assets for the year follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 1,936,386	\$ -	\$ -	\$ 1,936,386
Construction in progress	4,411,358	160,305	-	4,571,663
Total capital assets not being depreciated	\$ 6,347,744	\$ 160,305	\$ -	\$ 6,508,049
Capital assets being depreciated:				
Buildings and improvements	\$ 9,897,830	\$ 33,703	\$ -	\$ 9,931,533
Equipment	381,335	3,828	-	385,163
Total capital assets being depreciated	\$ 10,279,165	\$ 37,531	\$ -	\$ 10,316,696
Accumulated depreciation:				
Buildings and improvements	\$ (2,576,990)	\$ (245,668)	\$ -	\$ (2,822,658)
Equipment	(172,170)	(26,008)	-	(198,178)
Total accumulated depreciation	\$ (2,749,160)	\$ (271,676)	\$ -	\$ (3,020,836)
Capital assets being depreciated, net	\$ 7,530,005	\$ (234,145)	\$ -	\$ 7,295,860
Total capital assets, net	\$ 13,877,749	\$ (73,840)	\$ -	\$ 13,803,909

**LURAY-PAGE COUNTY AIRPORT AUTHORITY  
(A COMPONENT UNIT OF THE COUNTY OF PAGE, VIRGINIA)**

**Notes to Financial Statements  
June 30, 2018 (Continued)**

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**NOTE 5—AGENCY FUND:**

The County of Page maintains an Airport Hangar Fund on its books. Hangar rent/lease receipts and related hangar expenses are maintained in this fund. This activity for the year ended June 30, 2018 is reflected on the financial statements of the Authority.

**NOTE 6—LITIGATION:**

There were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable to the Authority.

**NOTE 7—APPROVAL:**

The Authority currently must obtain approval from both the Town of Luray and the County of Page before engaging in any activities not within the normal scope of business.

**NOTE 8—COMMITMENTS AND CONTINGENCIES:**

At June 30, 2018, the Authority had one major project in the construction phase, which is presented in the financial statements as Construction in Progress. The project was to be completed during fiscal year 2018; however, a sinkhole appeared which must be fixed before it can be completely finalized. The Authority was able to request a Change Order for the Emergency Sink Hole repair through the project contract. Presented is a list of the projects, contract amounts, expenditures to date and balance of the contracts remaining:

<u>Project</u>	<u>Contractor</u>	<u>Original Contract Amount (net of change orders)</u>	<u>Amount Spent to Date</u>	<u>Amount Payable at Period End</u>
Safety Area Improvements	Branch Highways, Inc.	\$ <u>3,391,289</u> \$	<u>3,391,289</u> \$	\$ <u>202,974</u>

## **COMPLIANCE**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## **INDEPENDENT AUDITORS' 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 LURAY-PAGE COUNTY AIRPORT AUTHORITY LURAY, VIRGINIA**

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 the *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 Luray-Page County Airport Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collective comprise the Authority's basic financial statements and have issued our report thereon dated January 14, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Luray-Page County Airport Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Luray-Page County Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Luray-Page County Airport 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 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 Luray-Page County Airport Authority'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.

*Robinson, Finner, Cox Associates*

Staunton, Virginia  
January 14, 2019