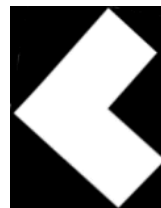


Emporia-Greenville Airport Commission
Comprehensive Annual Financial Report
Year Ended June 30, 2019



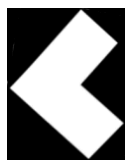
Creedle, Jones
& Associates, P.C.
Certified Public Accountants

Emporia-Greenville Airport Commission

Table of Contents

Year Ended June 30, 2019

	Pages
Independent Auditor's Report	i-ii
Management's Discussion and Analysis	1-3
FINANCIAL STATEMENTS	
Exhibits	
A Statement of Net Position	4
B Statement of Revenues, Expenses, and Changes in Net Position	5
C Statement of Cash Flows	6
Notes to the Financial Statements	7-9
COMPLIANCE	
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>	10-11



**Creedle
Jones
& Associates**

A Professional Corporation

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

Nadine L. Chase, 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
Emporia-Greenville Airport Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Emporia-Greenville Airport Commission as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Emporia-Greenville 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 Emporia-Greenville Airport Commission, as of June 30, 2019, and the respective 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1–3 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 February 19, 2020, on our consideration of the Emporia-Greenville 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 Emporia-Greenville 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 Emporia-Greenville Airport Commission's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
February 19, 2020

Emporia-Greenville Airport Commission

Management's Discussion and Analysis

As of June 30, 2019

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The Emporia-Greenville Airport Commission (the "Commission") presents three basic financial statements. These are: (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; and (3) Statement 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 Statement 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 Statement 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 Statement 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 Statement of Net Position for 2019 and 2018 is presented below:

	<u>2019</u>	<u>2018</u>
Total Assets	<u>\$ 7,234,685</u>	<u>\$ 7,216,523</u>
Total Liabilities	\$ 1,868	\$ 50,940
Net Position		
Net investment in capital assets	6,840,061	7,066,590
Unrestricted	<u>392,756</u>	<u>98,993</u>
Total Liabilities and Net Position	<u>\$ 7,234,685</u>	<u>\$ 7,216,523</u>

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

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

	<u>2019</u>	<u>2018</u>
Operating Income	\$ 178,981	\$ 144,423
Operating Expenses	<u>(575,444)</u>	<u>(476,237)</u>
Net Operating Loss	(396,463)	(331,814)
Non-Operating Income	<u>463,696</u>	<u>1,177,734</u>
Change in Net Position	<u>\$ 67,233</u>	<u>\$ 845,920</u>

During the year, the Commission had an operating loss of \$396,463. The Commission also had non-operating income in the form of federal and state income, contributions from localities, and timber sales which amounted to \$463,696. Operating expenses of \$575,444 included gas purchases, depreciation, insurance, payroll, and repairs and maintenance.

Cash Flows. A summary of the Commission's Statements of Cash Flows for 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	\$ (208,707)	\$ (86,709)
Non-capital financing activities	461,507	1,299,977
Capital and related financing activities	<u>(1,146)</u>	<u>(1,188,095)</u>
Net Increase in Cash	<u>\$ 251,654</u>	<u>\$ 25,173</u>

Cash flows from operating activities consist of receipts from customers less payments to suppliers, creating a negative cash flow of \$208,707.

Cash flows from non-capital financing activities net to a positive \$461,507, consisting of receipts from localities, timber sales, and federal and state grants. Capital and related financing activities net to a negative \$1,146.

During fiscal year 2019, there was an increase of \$251,654 in cash. This was a direct outcome of expenditures on projects in progress being offset by local, state, and federal funding.

Change in Capital Assets. A summary of the Commission's Statement of Change in Capital Assets for 2019 and 2018 is presented below:

Change in Capital Assets

	<u>Balance</u> <u>July 1, 2018</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Land	\$ 70,700	\$ -	\$ 70,700
Land improvements	170,474	-	170,474
Airport infrastructure	9,298,672	-	9,298,672
Buildings and improvements	712,911	-	712,911
Machinery, equipment, and vehicles	181,332	1,146	182,478
Accumulated depreciation	<u>(3,367,500)</u>	<u>(227,674)</u>	<u>(3,595,174)</u>
Total Capital Assets, Net	<u>\$ 7,066,589</u>	<u>\$ (226,528)</u>	<u>\$ 6,840,061</u>

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 Rick Franklin, Executive Director, Emporia-Greensville Airport Commission, 139 Airport Drive, Emporia, Virginia 23847, telephone 434-634-9400, or visit the Commission's website at www.emporiagreensvilleairport.com.

FINANCIAL STATEMENTS

Emporia-Greenville Airport Commission

Statement of Net Position

June 30, 2019

Assets

Current Assets

Cash	\$ 352,189
Accounts receivable	7,902
Due from other governments	2,189
Inventory	23,551
Prepaid insurance	<u>8,793</u>

Total Current Assets	394,624
----------------------	---------

Noncurrent Assets

Capital Assets

Property and equipment, net	<u>6,840,061</u>
-----------------------------	------------------

Total Noncurrent Assets	<u>6,840,061</u>
-------------------------	------------------

Total Assets	<u><u>\$ 7,234,685</u></u>
--------------	----------------------------

Liabilities and Net Position

Liabilities

Accounts payable	<u>\$ 1,868</u>
------------------	-----------------

Total Liabilities	1,868
-------------------	-------

Net Position

Net investment in capital assets	6,840,061
Unrestricted	<u>392,756</u>

Total Net Position	<u>7,232,817</u>
--------------------	------------------

Total Liabilities and Net Position	<u><u>\$ 7,234,685</u></u>
------------------------------------	----------------------------

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

Emporia-Greenville Airport Commission

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2019

Operating Revenues

Hangar and other rent	\$ 12,600
Jet fuel sales	<u>166,381</u>

Total Operating Revenues	178,981
--------------------------	---------

Operating Expenses

Bookkeeping, clerical, treasurer, commissions	9,218
Insurance	20,323
Utilities	17,627
Conferences	2,979
Staff and contract services	21,281
Payroll taxes	1,605
Office supplies and postage	3,172
Legal and accounting	7,500
Telephone and communications	2,902
Fixed base operator	39,897
Jet fuel purchases and maintenance	137,245
Local promotion project	125
Repairs and maintenance	20,049
Dues and subscriptions	172
Tower rent	800
Depreciation	227,674
Miscellaneous	2,989
Projects	<u>59,886</u>

Total Operating Expenses	<u>575,444</u>
--------------------------	----------------

Operating Loss	(396,463)
----------------	-----------

Non-Operating Revenues (Expenses)

Federal revenues	11,504
State revenues	92,702
Contributions from localities	120,000
Insurance claim	10,749
Timber sales	<u>228,741</u>

Total Non-Operating Revenues (Expenses)	<u>463,696</u>
---	----------------

Change in Net Position	67,233
------------------------	--------

Net Position - Beginning of Year	<u>7,165,584</u>
----------------------------------	------------------

Net Position - End of Year	<u><u>\$ 7,232,817</u></u>
----------------------------	----------------------------

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

Emporia-Greenville Airport Commission

Statement of Cash Flows

Year Ended June 30, 2019

Cash Flows from Operating Activities

Receipts from customers	\$ 185,512
Payments to suppliers	<u>(394,219)</u>

Net Cash Used in Operating Activities (208,707)

Cash Flows from Non-Capital Financing Activities

Receipts from localities	120,000
Timber sales	228,741
Insurance claims	10,749
Receipts from federal and state grants	<u>102,017</u>

Net Cash Provided by Non-Capital Financing Activities 461,507

Cash Flows from Capital and Related Financing Activities

Purchase of fixed assets	<u>(1,146)</u>
--------------------------	----------------

Net Cash Used in Capital and Related Financing Activities (1,146)

Net Increase in Cash and Cash Equivalents 251,654

Cash and Cash Equivalents - Beginning of Year 100,535

Cash and Cash Equivalents - End of Year \$ 352,189

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

Operating loss	\$ (396,463)
Depreciation	227,674

Adjustments to reconcile operating loss to net cash used in operating activities

Decrease in accounts receivable	6,531
Decrease in accounts payable	(49,071)
Decrease in prepaid expenses	277
Decrease in inventory	<u>2,345</u>

Net Cash Used in Operating Activities \$ (208,707)

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

Emporia-Greenville Airport Commission

Notes to the Financial Statements

Year Ended June 30, 2019

1 Organization, Description of the Entity and Its Activities

The Emporia-Greenville Airport Commission (the "Commission") was created by a resolution of the General Assembly of Virginia (the "Assembly") in 1976 in accordance with Chapter 33, Title 15.1, of the Code of Virginia of 1950, as amended (the "Act"). The purpose of the Commission shall be to establish and operate one or more airports or landing fields for all such political subdivisions.

The Board consists of members from the City of Emporia, Virginia and the County of Greenville, Virginia.

2 Significant Accounting Policies

Financial Statement Presentation

The accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB).

The Commission applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

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.

Use of Estimates

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

Accounts Receivable

The Commission utilizes the direct write-off method for the reporting of uncollectible receivables. Generally accepted accounting principles require the use of an allowance for doubtful accounts method, which recognizes anticipated losses, based on predetermined guidelines.

Inventory

Gasoline inventory is valued at the lower of cost or market on a first-in, first-out basis.

Adoption of New GASB Statements

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

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).

5 **Local Contributions**

Local contributions were as follows:

City of Emporia, Virginia	\$ 60,000
County of Greenville, Virginia	<u>60,000</u>
Total Local Contributions	<u>\$ 120,000</u>

6 Capital Assets

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

Enterprise Fund

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 70,700	\$ -	\$ -	\$ 70,700
Total Capital Assets Not Being Depreciated	70,700	-	-	70,700
Other Capital Assets				
Land improvements	170,474	-	-	170,474
Airport infrastructure	9,298,672	-	-	9,298,672
Buildings and improvements	712,911	-	-	712,911
Machinery, equipment, and vehicles	181,332	1,146	-	182,478
Total Other Capital Assets	10,363,389	1,146	-	10,364,535
Less: Accumulated depreciation for				
Land improvements	114,625	14,000	-	128,625
Airport infrastructure	2,827,531	193,103	-	3,020,634
Buildings and improvements	283,338	13,023	-	296,361
Machinery, equipment, and vehicles	142,006	7,548	-	149,554
Total Accumulated Depreciation	3,367,500	227,674	-	3,595,174
Other Capital Assets, Net	6,995,889	(226,528)	-	6,769,361
Net Capital Assets	\$ 7,066,589	\$ (226,528)	\$ -	\$ 6,840,061

Depreciation expense was allocated as follows:

Airport depreciation expense	\$ 227,674
Total Depreciation Expense	\$ 227,674

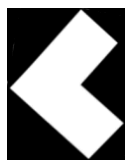
Capital assets of the Commission are stated at cost and, at the time of acquisition, are set up in a comprehensive fixed asset system. Depreciation of the cost of capital assets is provided on a straight-line basis over their estimated useful lives as follows:

Airport infrastructure	10 - 65 years
Buildings and improvements	10 - 50 years
Machinery, equipment, and vehicles	5 - 10 years
Land improvements	10 - 40 years

7 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 February 19, 2020.

COMPLIANCE



**Creedle
Jones
& Associates**

A Professional Corporation

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

Nadine L. Chase, 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
Emporia-Greenville 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 Emporia-Greenville Airport Commission, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Emporia-Greenville Airport Commission's basic financial statements, and have issued our report thereon dated February 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Emporia-Greenville 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 Emporia-Greenville Airport Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Emporia-Greenville 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 Emporia-Greenville 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.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
February 19, 2020