

# **Dinwiddie Airport and Industrial Authority**

**A Component Unit of Dinwiddie County, Virginia**

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**Financial Statements**

**Year Ended June 30, 2017**

## **Officers**

James F. Andrews, Chairman

Van Woodell, Vice Chairman

David C. Hahn, Secretary-Treasurer

## **Members**

Jonathan Bourlier (appointed, October 2016)

John V. Mazza, Jr.

Dr. Mark E. Moore

Tyler H. Ragsdale

Richard B. Taylor

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## **Independent Auditors' Report**

Members of the Authority  
Dinwiddie Airport and Industrial Authority

### ***Report to the Financial Statements***

We have audited the accompanying financial statements of the business-type activities of the Dinwiddie Airport and Industrial Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Dinwiddie Airport and Industrial 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; *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 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 auditors' consider 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 the Dinwiddie Airport and Industrial Authority as of June 30, 2017, and the changes in net assets and cash flows thereof for the year then ended in conformity 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 3 – 5 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 audits of the 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 December 5, 2017, on our consideration of Dinwiddie Airport and Industrial 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 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 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 Dinwiddie Airport and Industrial Authority's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Chester, Virginia  
December 5, 2017**

## **Management's Discussion and Analysis**

As management of the Dinwiddie Airport and Industrial Authority, we offer readers of the Dinwiddie Airport and Industrial Authority's financial statements this narrative overview and analysis of the financial activities of Dinwiddie Airport and Industrial Authority for the fiscal year ended June 30, 2017.

The Airport Manager and accounting personnel are responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the Dinwiddie Airport and Industrial Authority are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

### ***Summary of Dinwiddie Airport and Industrial Authority operations***

The Dinwiddie Airport and Industrial Authority ("DAIA" or the "Authority") staff consists of 1 full-time employee including the Airport Manager, and 5 part-time employees. DAIA operates an airport in Dinwiddie County which is located 20 miles south of Richmond, Virginia adjacent to Interstate 85 and Route 460. The airport features a terminal, five large hangars suitable for single or multiple corporate jets, and 52 T-hangars. A new 6,600 square foot terminal building was completed in September 2003. DAIA also oversees the activity of an industrial park surrounding the airport and seeks to promote industrial growth in the area.

### ***Overview of the financial statements***

The Authority's basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements.

The financial statements of the Authority offer short and long-term financial information about its activities. The statement of net assets provides information about the nature and amounts of the Authority's cash and receivables (assets), and its obligations to creditors (liabilities). All of the Authority's current fiscal year revenues and expenses are accounted for in the statement of revenues, expenses and changes in net assets. This statement measures whether the Authority successfully recovered all of its costs through user charges from its customers. The statement of cash flows provides information on the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital, and noncapital financial activities. It also provides insight on the source of cash, the use of cash, and cash changes during the reporting period.

## Dinwiddie Airport and Industrial Authority Management's Discussion and Analysis

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### ***Financial highlights***

- Selected financial information for 2017 is as follows, with comparative information for 2016:

	<u>2017</u>	<u>2016</u>
Total capital assets, net	\$ 5,644,948	\$ 5,854,158
Total assets	\$ 6,251,188	\$ 6,372,989
Total long-term liabilities	\$ 309,059	\$ 486,746
Total liabilities	\$ 525,780	\$ 578,769
Total operating revenues	\$ 697,233	\$ 665,510
Total revenues	\$ 1,004,063	\$ 797,495
Total operating expenses, other than depreciation	\$ 602,123	\$ 560,116
Total expenses	\$ 1,072,875	\$ 1,014,899
Change in net position	\$ (68,812)	\$ (217,404)
Net assets:		
Net investment in capital assets	\$ 5,260,872	\$ 5,301,916
Unrestricted	<u>464,536</u>	<u>492,304</u>
Total net position	<u>\$ 5,725,408</u>	<u>\$ 5,794,220</u>

- Total revenues increased from fiscal year 2016 to fiscal year 2017 by \$206,568. The increase in revenues is primarily the result of an increase in federal and state grants.
- Total expenses increased from fiscal year 2016 to fiscal year 2017 by \$57,976. The increase in expenses is primarily due to the increase in gallons of fuel purchased and expenses incurred to repair taxiway lights and the security gate.
- Long-term liabilities decreased from fiscal year 2016 to fiscal year 2017 by \$177,687. This decrease was caused by a \$100,000 additional principal payment made on a note from Bank of Southside Virginia as well as scheduled principal payments made in the current year.
- The change in net assets for fiscal year 2017 of \$(68,812) is primarily due to depreciation expense.

### ***Authority highlights***

- The runway apron project was approved in September, 2016.
- The Authority anticipates future growth in corporate customers because of the addition of Aldi stores and increased activity at Amazon and Walmart.

### ***Future plans and trends***

- Sale of property in the industrial park.
- Improvements to infrastructure.
- Purchase of additional land adjacent to the Airport to accommodate future growth
- Move forward on the executive hangar design project with help from County funds for local share subject to Board of Supervisors approval.
- Complete the Taxiway D and Apron Rehabilitation construction in FY 2018 with federal and state grants.
- Continue to pay down debt.

## **Dinwiddie Airport and Industrial Authority Management's Discussion and Analysis**

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### ***Economic conditions***

The Authority continues to operate under sound management. Overall finances for the Authority for fiscal year 2017 as viewed by management, including the Board of Directors, is considered sound.

### ***Contacting DAIA's financial management***

This financial report is to provide federal, state, and local grantors, as well as member localities with a general overview of the DAIA's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact the Airport Manager at 6775 Beck-Chappell Drive, N. Dinwiddie, Virginia 23803, phone (804) 861-0218.



**Dinwiddie Airport and Industrial Authority**  
**Statement of Net Position**  
**June 30, 2017**

**ASSETS**

Current assets:

Cash and cash equivalents	\$	450,895
Fuel inventory		28,182
FBO receivable		18,366
Prepaid expenses		1,253
Grants receivable, government agencies		97,246
Miscellaneous receivables		10,298

Total current assets 606,240

Capital assets, net of accumulated depreciation 5,644,948

Total assets \$ 6,251,188

**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	\$	34,614
Unearned revenue		4,395
Accounts payable, grant funding		102,695
Current portion of long-term debt		75,017

Total current liabilities 216,721

Long-term liabilities:

Long-term debt, less current portion 309,059

Total liabilities 525,780

**NET POSITION**

Net investment in capital assets 5,260,872

Unrestricted 464,536

Total net position 5,725,408

Total liabilities and net position \$ 6,251,188

**Dinwiddie Airport and Industrial Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**June 30, 2017**

Revenues:	
Operating revenues:	
Income from fuel operations	\$ 500,743
Hangar rent	118,833
Other rent	73,251
Other income	4,406
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Total operating revenues	697,233
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Operating expenses, other than depreciation	
Fuel operations	382,949
Salaries and benefits	55,448
Repairs and maintenance	51,249
Utilities	38,286
Professional fees	25,014
Insurance	24,839
Payroll taxes	8,221
Miscellaneous	5,237
Members fees	4,450
Trash	2,517
Office expense	2,151
Travel expense	641
Telephone	636
Dues and memberships	284
Publicity	201
	<hr/>
Total operating expenses, other than depreciation	602,123
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Operating income before depreciation	95,110
Depreciation	(431,954)
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Operating loss	(336,844)
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Nonoperating revenues (expenses):	
Contributions from Dinwiddie County	102,705
State grants	66,491
Federal grants	137,634
Loss on sale of land	(3,657)
Repairs and maintenance, grant funded	(18,213)
Interest expense	(16,928)
	<hr/>
Total nonoperating revenues	268,032
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Change in net position	(68,812)
Net position, beginning of year	5,794,220
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Net position, end of year	\$ 5,725,408
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See accompanying notes.

**Dinwiddie Airport and Industrial Authority**  
**Statement of Cash Flows**  
**June 30, 2017**

Cash flows from operating activities:	
Cash receipts from customers	\$ 687,124
Cash receipts from other income	4,406
Cash payments to employees for services	(107,007)
Cash payments for other operating expenses	<u>(482,540)</u>
Net cash provided by operating activities	<u>101,983</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(222,744)
Loss on sale of land	(3,657)
Payments for repairs and maintenance funded by grants	84,482
County contributions	102,705
Federal grants	137,634
State grants	(24,817)
Interest paid	(16,928)
Principal paid	<u>(164,510)</u>
Net cash used by capital and related financing activities	<u>(107,835)</u>
Net decrease in cash and cash equivalents	(5,852)
Cash and cash equivalents, beginning of year	<u>456,747</u>
Cash and cash equivalents, end of year	<u><u>\$ 450,895</u></u>
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (336,844)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	431,954
Change in assets and liabilities:	
Fuel inventory	4,342
FBO receivable	(5,825)
Miscellaneous receivables	(470)
Accounts payable and accrued expenses	7,136
Unearned revenue	<u>1,690</u>
Net cash provided by operating activities	<u><u>\$ 101,983</u></u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Organization and Nature of Business**

The Dinwiddie Airport and Industrial Authority (the "Authority") is a public body organized by the General Assembly of Virginia to construct, operate and maintain a regional airport and to promote industry in Dinwiddie, Virginia. The Authority is governed by seven directors.

### **2. Summary of Significant Accounting Policies**

#### ***Reporting entity***

The Authority is considered a component unit of Dinwiddie County (the "County") for governmental accounting standards purposes. The criteria for including the Authority within the County's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose the primary government's will or the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the primary government. The Board of Supervisors of Dinwiddie County appoints four out of seven of the Authority's Board members, and all Board members are approved by the County. The Authority and Dinwiddie County have a Support Agreement, whereby the County will, subject to appropriation, pay the Authority budgeted amounts for debt service of the Refunding Series 2011A and 2011B Airports Revolving Fund Revenue Bonds, for operation and maintenance expenses, and for deficiencies in the Authority's operating revenues. The Support Agreement also requires the Authority to notify the County Administrator if in any month the Authority is unable to make its required debt service payment, and to request an appropriation from the Board of Directors to make up any deficiency. The existence of this Support Agreement satisfies the criteria of "imposing a financial burden on the primary government," thus making the County financially accountable for the Authority.

#### ***Basis of accounting***

The Authority utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The Authority has adopted GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. The Authority has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, as allowed by GASB Statement No. 20.

The Authority follows the reporting requirements for special purpose governments involved in business-type activities, which provide an entity-wide perspective in the financial statement presentation. These standards require presentation of Management's Discussion and Analysis as required supplementary information, and presentation of a statement of net position, statement of revenues, expenses, and changes in net position using a specified format which distinguishes between operating and non-operating revenues and expenses, and statement of cash flows using the direct method. The Statement of Net Position presents the Authority's assets and liabilities, with the difference reported as net position. Net position is categorized into three components:

**Net investment in capital assets:** represents the Authority's total investment in capital assets, net of accumulated depreciation reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

**Restricted net position:** result when constraints placed on net asset use are either externally imposed by law through constitutional provisions or enabling legislation. At June 30, 2017, the Authority had no restricted net position.

## **Dinwiddie Airport and Industrial Authority**

### **Notes to Financial Statements**

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**Unrestricted net position:** consist of net assets which do not meet the definition of the two preceding categories.

#### ***Cash and cash equivalents***

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

#### ***Fuel inventory***

Fuel inventory is stated at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

#### ***FBO receivable***

FBO receivable consists of fuel sales that occurred as of June 30, 2017 and were collected subsequent to year-end.

#### ***Capital assets***

Capital assets, which include property, plant and equipment, are stated at cost. Assets acquired by grant or bequest are recorded at their fair value on the date of transfer. When assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized currently.

Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Buildings	27.5 years
Land improvements	15 years
Equipment	3 - 10 years
Furniture	5 - 10 years
Runways	10 - 15 years

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized.

#### ***Capital contributions***

Certain expenditures for Authority capital improvements receive significant federal funding through the Airport Improvement Program of the Federal Aviation Administration ("FAA"). Funds are also received for Authority development from the Commonwealth of Virginia. The balance of such expenditures is funded by the Authority's operation. Capital funding is recorded as capital contributions and earned as allowable expenditures are incurred.

#### ***Operating and non-operating classification***

The Authority's policy is to report as operating revenues and expenses items that result from providing services in connection with the principal ongoing activities of the Authority. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### ***Use of Estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses reported during that period. Actual results could differ from those estimates and assumptions.

**Dinwiddie Airport and Industrial Authority**  
**Notes to Financial Statements**

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***Subsequent events***

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 5, 2017, the date the financial statements were available to be issued.

**3. Cash and Investments**

***Deposits***

The Authority follows a deposit policy in accordance with statutes of the Commonwealth of Virginia. All of the Authority's deposits were insured by federal depository insurance or the provisions of the Commonwealth of Virginia Security for Public Deposits Act ("Act"). Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100 percent of deposits in excess of federal depository insurance limits. The State Treasury Board has the authority to assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan institutions. At June 30, 2017, the carrying amount of the Authority's deposits, including a certificate of deposit, was \$450,895, and the associated bank balance was \$467,664. Differences between the Authority's carrying value of deposits and the bank balance were due to outstanding checks, deposits in transit, and other reconciling items.

***Investments***

**Investment Policy**

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"). At June 30, 2017, the Authority did not have any such investments.

**Concentration of Credit Risk**

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority's portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. government or agencies thereof, (2) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. government or agencies thereof, and (3) mutual funds whereby the portfolio is limited to U.S. government or agency securities.

**Interest Rate Risk**

As of June 30, 2017, the Authority had the following investments, which are considered cash equivalents, and maturities.

***Short-term investments***

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Certificate of Deposit	\$ 137,704	\$ 137,704	\$ -	\$ -	\$ -
Total Short-Term Investments	\$ 137,704	\$ 137,704	\$ -	\$ -	\$ -

**Dinwiddie Airport and Industrial Authority**  
**Notes to Financial Statements**

The Authority is exposed to little interest rate risk since all investments had maturities of less than one year at June 30, 2017.

***Custodial credit risk***

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2017, the Authority's cash and cash equivalents were maintained with a high credit quality financial institution. The Authority was not exposed to custodial risk as of June 30, 2017.

**4. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2017:

	<b>Balance June 30, 2016</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2017</b>
Capital assets not being depreciated:				
Construction in progress	\$ 116,694	\$ 152,926	\$ -	\$ 269,620
Land	<u>2,611,235</u>	<u>-</u>	<u>(3,657)</u>	<u>2,607,578</u>
Total capital assets not being depreciated at historical cost	<u>2,727,929</u>	<u>152,926</u>	<u>(3,657)</u>	<u>2,877,198</u>
Other capital assets:				
Buildings	4,322,341	-	-	4,322,341
Land improvements	246,921	-	-	246,921
Equipment	159,433	73,475	-	232,908
Furniture	59,561	-	-	59,561
Runways	<u>3,503,448</u>	<u>-</u>	<u>-</u>	<u>3,503,448</u>
Total other capital assets at historical cost	<u>8,291,704</u>	<u>73,475</u>	<u>-</u>	<u>8,365,179</u>
Accumulated depreciation for:				
Buildings	1,764,839	165,026	-	1,929,865
Land improvements	187,440	16,461	-	203,901
Equipment	116,696	17,211	-	133,907
Furniture	59,562	-	-	59,562
Runways	<u>3,036,938</u>	<u>233,256</u>	<u>-</u>	<u>3,270,194</u>
Total accumulated depreciation	<u>5,165,475</u>	<u>431,954</u>	<u>-</u>	<u>5,597,429</u>
Total capital assets being depreciated net	<u>3,126,229</u>	<u>(358,479)</u>	<u>-</u>	<u>2,767,750</u>
Capital assets, net	<u>\$ 5,854,158</u>	<u>\$ (205,553)</u>	<u>\$ (3,657)</u>	<u>\$ 5,644,948</u>

**Dinwiddie Airport and Industrial Authority**  
**Notes to Financial Statements**

**5. Long-Term Debt**

Long-term debt consists of the following at June 30, 2017:

**Notes Payable**

Note payable to The Bank of Southside Virginia in monthly installments of \$1,461, including principal and interest at 4.49%, with the remaining balance due February 2019. Secured by the general moral obligation of Dinwiddie County, Virginia. The Authority has paid off the remaining balance of this note at the time of issuance of these financial statements, and entire balance is considered current.	\$ 23,147
Note payable to The Bank of Southside Virginia in monthly installments of \$730, including principal and interest at 4.25%, with the remaining balance due August 2036. Secured by the general moral obligation of Dinwiddie County, Virginia.	114,112
	<u>137,259</u>

**Bonds Payable**

*Refunding Series 2011A and B Airports Revolving Fund Revenue Bonds:*

\$504,400 due in monthly installments of \$4,595, including principal and interest at 3.18%, matures May 2022.	246,817
	<u>\$ 384,076</u>

Activity in long-term debt accounts was as follows:

	<u>Balance July 1, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2017</u>	<u>Amount Due Within One Year</u>
Notes payable	\$ 255,339	\$ -	\$ 118,080	\$ 137,259	\$ 27,173
Bonds payable	293,247	-	46,430	246,817	47,844
	<u>\$ 548,586</u>	<u>\$ -</u>	<u>\$ 164,510</u>	<u>\$ 384,076</u>	<u>\$ 75,017</u>

Future principal and interest obligations related to long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,017	\$ 17,401	\$ 92,418
2019	53,588	10,317	63,905
2020	55,364	8,541	63,905
2021	57,199	6,706	63,905
2022	50,750	3,990	54,740
2023 – 2027	27,140	17,482	44,622
2028 – 2032	33,553	10,251	43,804
2033 – 2036	31,465	2,561	34,026
	<u>\$ 384,076</u>	<u>\$ 77,249</u>	<u>\$ 461,325</u>



The Authority is not in compliance with a debt covenant for its note payable to Bank of Southside Virginia, that has an unpaid balance of \$114,112 at June 30, 2017, which states that audited financial statements are to be filed within one hundred and twenty days after year-end. Although this covenant has not been met, the Authority has received no notice from the lender of intention to exercise any remedies of default, which include causing acceleration of repayment of indebtedness. Accordingly, the debt maturity schedule above reflects the stated normal maturities of this obligation.

## **6. Commitments and Contingencies**

The Authority, in a prior year, entered into an engineering contract with Talbert and Bright relating to the design and rehabilitation of the Authority's runways which was revised in fiscal year 2016. The total expense budgeted related to this contract is \$217,969, of which \$86,668 was incurred through June 30, 2017. It is expected that the remaining \$131,301 will be paid in future periods as work is performed.

The Authority accepted a bid for the construction piece of the rehabilitation of the Authority's runways from Adams Construction Company during fiscal year 2016. The total expenses budgeted related to this contract is \$1,013,747, of which \$143,960 was incurred through June 30, 2017. It is expected that the remaining \$869,787 will be incurred in fiscal year 2018 and that a majority of the funds will come from federal and state grants.

***Dinwiddie Airport and Industrial Authority***  
***Compliance Report***  
***June 30, 2017***

## **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**

Authority Members  
Dinwiddie Airport and Industrial Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of Dinwiddie Airport and Industrial Authority as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprises Dinwiddie Airport and Industrial Authority's basic financial statements and have issued our report thereon dated December 5, 2017.

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

In planning and performing our audit, we considered Dinwiddie Airport and Industrial 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 Dinwiddie Airport and Industrial Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Dinwiddie Airport and Industrial 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal 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 Dinwiddie Airport and Industrial 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*.

***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 report 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.

*Dixon Hughes Goodman LLP*

**Chester, Virginia  
December 5, 2017**