

**REVIEW REPORT OF  
ROANE COUNTY AIRPORT AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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ROANE COUNTY AIRPORT AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This review has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**ROANE COUNTY AIRPORT AUTHORITY  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**GOVERNMENTAL FUND TYPE**

**MAJOR FUND**

General

**ROANE COUNTY AIRPORT AUTHORITY  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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*INTRODUCTORY SECTION*

**ROANE COUNTY AIRPORT AUTHORITY  
AUTHORITY OFFICIALS  
For the Fiscal Year Ended June 30, 2014**

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OFFICE	NAME	TERM
	<u>Appointive</u>	
President:	James McCulty	07-01-13 / 06-30-18
Vice President:	Terry Williams	04-08-08 / 06-30-17
Secretary/Treasurer	Rodney D. Cox	07-01-13 / 06-30-14
Board Members:	Wayne Harris	07-01-16 / 06-30-20
	Michael F. King	07-01-11 / 06-30-16

*FINANCIAL SECTION*



# State of West Virginia

**Glen B. Gainer III**

**State Auditor and  
Chief Inspector**

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## *INDEPENDENT ACCOUNTANT'S REPORT*

Honorable Board Members  
Roane County Airport Authority  
Spencer, West Virginia 25276

### **Report on the Financial Statements**

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Roane County Airport Authority (the Authority), as of and for the year ended June 30, 2014, which collectively comprise the Authority's basic financial statements as listed in the table of contents. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Also, we express no opinion on the Authority's internal control over financial reporting or any part thereof.

### *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. All information included in these financial statements is the representation of the officials of the Roane County Airport Authority.

### *Accountant's Responsibility*

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.



***Review Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the basic financial statements referred to above in order for them to present fairly the financial position of the governmental activities and each major fund of the Roane County Airport Authority, as of June 30, 2014, and the respective changes in the financial position for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note I.D.5, the Authority implemented the provisions of Governmental Accounting Standards Board Statement Number 65, *Items previously reported as Assets and Liabilities*. Our review is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 (GASB) 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.

***Other Information***

The introductory section has not been subjected to the review procedures applied in the review of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards* , we have also issued our report dated November 3, 2015, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of a review performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Glen B. Gainer III".

Glen B. Gainer III  
West Virginia State Auditor  
Charleston, West Virginia

November 3, 2015

**ROANE COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>316,840</u>
Total current assets	<u>316,840</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable:	
Land	<u>227,562</u>
Total noncurrent assets	<u>227,562</u>
Total assets	<u><u>\$ 544,402</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	227,562
Unrestricted	<u>316,840</u>
Total net position	<u><u>\$ 544,402</u></u>

**ROANE COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
<b><u>Functions / Programs</u></b>			
Governmental activities:			
Airport	\$ 14,083	\$ 7,500	\$ ( 6,583)
Total governmental activities	\$ 14,083	\$ 7,500	( 6,583)
General revenues:			
Interest earnings			2,770
Total general revenues			2,770
Change in net position			( 3,813)
Net position - beginning			548,215
Net position - ending			\$ 544,402

See accompanying notes to the financial statements.

**ROANE COUNTY AIRPORT AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2014**

	<u>General</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets:</b>	
<b>Current:</b>	
Cash and cash equivalents	\$ <u>316,840</u>
Total assets	<u>316,840</u>
<b>Deferred Outflows:</b>	
Total deferred outflows of resources	<u>--</u>
Total assets and deferred outflows of resources	\$ <u><u>316,840</u></u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	
<b>Deferred Inflows:</b>	
Total deferred inflows of resources	<u>--</u>
Total liabilities and deferred inflows of resources	<u>--</u>
<b>Fund balance:</b>	
Unassigned	<u>316,840</u>
Total fund balance	<u>316,840</u>
Total liabilities, deferred inflows and fund balance	\$ <u><u>316,840</u></u>

See accompanying notes to the financial statements.

**ROANE COUNTY AIRPORT AUTHORITY  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION**

**June 30, 2014**

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Total fund balances on the governmental fund's balance sheet	\$ 316,840
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds (Note II.B.).	<u>227,562</u>
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Net position of governmental activities	<u><u>\$ 544,402</u></u>
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See accompanying notes to the financial statements.

**ROANE COUNTY AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUND**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General</u>
<b>REVENUES</b>	
Intergovernmental:	
Local	\$ 7,500
Interest and investment earnings	2,770
	<u>10,270</u>
Total revenues	<u>10,270</u>
<b>EXPENDITURES</b>	
Current:	
Airport	14,083
	<u>14,083</u>
Total expenditures	<u>14,083</u>
Net change in fund balance	( 3,813)
Fund balance - beginning	<u>320,653</u>
Fund balance - ending	<u><u>\$ 316,840</u></u>

**ROANE COUNTY AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Roane County Airport Authority, West Virginia (the Authority), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

**A. Reporting Entity**

The Roane County Airport Authority is governed by a president who is elected from the members and the 4 other board members approved by the county commission. The Authority is a legally separate organization for which elected officials of the primary governments are financially accountable. The Authority is a discretely presented component unit of the primary government based upon the criteria stipulated in the Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by GASB Statement No. 39 and GASB Statement No. 61).

The services provided by the government and accounted for within these financial statements include airport facilities.

The accompanying financial statements present the government as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue and be sued and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the Authority. Based upon the above criteria, the Authority does not have any component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.



**ROANE COUNTY AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental fund:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

**ROANE COUNTY AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Deposits and Investments**

The Roane County Airport Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

**2. Receivables**

*Trade Receivables*

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. Capital Assets and Depreciation**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

**4. Fund Balances**

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the Board, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.



**ROANE COUNTY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2014**

**II. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year end, the government had no investments:

*Custodial Credit Risk*

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the government's bank balances were \$316,840 which was collateralized by the FDIC.

**B. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 227,562	\$ --	\$ --	\$ 227,562
Total capital assets not being depreciated	227,562	--	--	227,562
Governmental activities capital assets, net	\$ 227,562	\$ --	\$ --	\$ 227,562

**C. Fund Balance Detail**

At year-end, the detail of the government's fund balances is as follows:

	General Fund
Unassigned	\$ 316,840
Total fund balances	\$ 316,840

**ROANE COUNTY AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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**III. OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with W. Brown & Associates Insurance Services.

**B. Contingent Liabilities**

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against the Roane County Airport Authority.

*ACCOMPANYING INFORMATION*



# State of West Virginia

**Glen B. Gainer III**

**State Auditor and  
Chief Inspector**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON A REVIEW OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Accountant's Report**

Honorable Mayor and Council  
Roane County Airport Authority  
Spencer, West Virginia 25276

We have reviewed, in accordance with the attestation standards generally accepted in the United States of America and the attestation standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Roane County Airport Authority (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 3, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our review of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the review procedures that are appropriate in the circumstances.

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 Authority'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 review 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 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 review, 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 result 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 a review performed in accordance with attestation standards with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Glen B. Gainer III  
West Virginia State Auditor  
Charleston, West Virginia

November 3, 2015



**ROANE COUNTY AIRPORT AUTHORITY  
SUMMARY SCHEDULE OF PRIOR REVIEW FINDINGS  
For the Fiscal Year Ended June 30, 2014**

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Status of Prior Year Review Findings

There were no prior year review findings.