



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA

REGULAR AUDIT

For the Year Ended June 30, 2020
Fiscal Year Audited Under GAGAS: 2020

**ROANE COUNTY AIRPORT AUTHORITY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTORY SECTION

**ROANE COUNTY AIRPORT AUTHORITY
AUTHORITY OFFICIALS
For the Fiscal Year Ended June 30, 2020**

OFFICE	NAME
President	<u>Appointive</u> Quinton Keaton
Vice-President	Terry Williams
Treasurer	John Hill
Board Member	Jon Hildreth
Board Member	Randy Whited

FINANCIAL SECTION



Independent Auditor's Report

Roane County Airport Authority
216 Market Street Suite 100
Spencer, West Virginia 25276

To the Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the government-type activities and each major fund of the Roane County Airport Authority, Roane County, West Virginia (the Authority), as of and for the year ended June 30, 2020, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Roane County Airport Authority, Roane County, West Virginia, as of June 30, 2019 and the changes in net position, for the year then ended in accordance with the 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 this presentation to include Management's discussion and analysis to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. The Authority has omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit 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 30, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Authority's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group Inc.
Huntington, West Virginia
November 30, 2020

ROANE COUNTY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2020

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 323,794
Total Current Assets:	<u>323,794</u>
Non-Current Assets	
Capital Assets, Depreciable, Net	
Machinery & Equipment	16,125
Less Accumulated Depreciation	<u>(16,125)</u>
Net Depreciable Assets	<u>-</u>
Total Non-Current Assets	<u>-</u>
<i>Total Assets</i>	<u><u>323,794</u></u>
NET POSITION:	
Unrestricted	323,794
<i>Total Net Position</i>	<u><u>\$ 323,794</u></u>

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

ROANE COUNTY AIRPORT AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

		Program Revenues	
	Expenses	Operating Grants and Contributions	Total Governmental Activities
Functions/Programs			
Governmental Activities:			
Airport	\$ 24,011	\$ -	\$ (24,011)
Total Governmental activities	24,011	-	(24,011)
General Revenues:			
Interest Earnings			2,879
Total General Revenues			2,879
Change in Net Position			(21,132)
Net Position Beginning of Year			344,926
Net Position End of Year			\$ 323,794

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

ROANE COUNTY AIRPORT AUTHORITY
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 323,794</u>
<i>Total Assets</i>	<u><u>\$ 323,794</u></u>
FUND BALANCES:	
Unassigned	<u>323,794</u>
<i>Total Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$ 323,794</u></u>

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

ROANE COUNTY AIRPORT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General
REVENUES:	
Interest and Investment Earnings	\$ 2,879
<i>Total Revenues</i>	<i>2,879</i>
EXPENDITURES:	
Airport	24,011
<i>Net Change in Fund Balances</i>	<i>(21,132)</i>
<i>Fund Balances at Beginning of Year</i>	<i>344,926</i>
<i>Fund Balances at End of Year</i>	<i>\$ 323,794</i>

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

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

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 four 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 based upon criteria stipulated in the Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by GASB 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 criteria set forth by the Government 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) on the right to buy, sell, or lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority, (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 of the Authority. Based upon the above criteria, the Authority does not have any component units.

B. Government-Wide and Fund Financial Statement

The government-wide financial statements (i.e., the statement of net position and 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 to 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. Separate financial statements are provided for governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

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 recorded as revenues as soon as eligibility requirement 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 collected 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
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

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. Capital Assets and Depreciation

Capital assets, which include property, equipment, and infrastructure assets, are recorded at historical cost or estimated historical cost. Capital assets are defined by the Authority 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 cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	25 – 50 years
Buildings	25 – 50 years
Machinery and equipment	3 – 10 years

3. 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.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the Board/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but neither restricted or committed. The government does not have any assigned fund balance this year.

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

Unassigned The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The Authority's Board is government's highest level of decision-making authority. The Board would take formal action to establish, and modify or rescind, a fund balance commitment, or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is the best interest of the Authority.

4. Deferred Outflows, Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflow 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/expenditure) until then.

In addition to liabilities, the statement of net 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

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 government's deposits may not be returned. The government does not have a policy for custodial credit risk. At year end, the government's bank balances for the year ended 2020 were \$323,794 which were fully collateralized under FDIC limits or by assets pledged in the name of the government.

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

B. Capital Assets

Changes in capital assets during the years ended were as follows:

2020	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Being Depreciated				
Machinery and Equipment	16,125	-	-	16,125
Total Assets	16,125	-	-	16,125
Depreciation				
Machinery and Equipment	(16,125)	-	-	(16,125)
Capital Assets, Net of Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. Fund Balance Detail

At years ended, the detail of government's fund balances are as follows:

2020	
General Fund - Unassigned	<u>\$ 323,794</u>
Total Fund Balances	<u>\$ 323,794</u>

III. OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority carries umbrella (general liability) insurance for these various risks.

The Authority provides insurance coverage to employees for job-related injuries through BrickStreet Mutual Insurance Company and offers health insurance to all eligible employees through the West Virginia Public Employees Insurance agency (PEIA).

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

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.

ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020

C. Purchase Option

On February 13, 2020, the Authority entered into an agreement with Boggs Aviation LLC for the exclusive option to purchase tracts of land owned by Boggs Aviation LLC. The Authority will make a \$15,000 payment annually until the option is exercised. At which time the option is exercised any payment already made will be credited against the purchase price of \$5,000,000.

IV. Subsequent Events

In preparing these financial statements, the Authority had evaluated any transactions for potential recognition or disclosure through November 30, 2020, the date the financial statements were available to be issued.

ACCOMPANYING INFORMATION



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Roane County Airport Authority
Roane County
216 Market Street Suite 100
Spencer, WV 25276

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Roane County Airport Authority, Roane County, West Virginia (the Authority), as of and for the year ended June 30, 2020, 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 30, 2020.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BHM CPA Group Inc.
Huntington, West Virginia
November 30, 2020

**ROANE COUNTY AIRPORT AUTHORITY
ROANE COUNTY, WEST VIRGINIA**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020**

FINDING NUMBER 2020-001

MATERIALWEAKNESS – SEGREGATION OF DUTIES

Proper internal control procedures require that various duties be segregated among different employees. The duties of collecting, recording, depositing, reconciling, and disbursing of monies should be separated. Segregation of duties helps prevent, detect and timely correct errors to the financial system. There is insufficient segregation of duties in the offices of the Roane County Airport Authority. Specifically, we noted that the same employee prepares checks, reconciles bank accounts, prepares and makes deposits, and opens the mail for the Authority.

Since there are a limited number of employees, there appears to be a limitation on what steps could be taken to properly segregate duties. The Officials should take special care to review financial documents for possible discrepancies.

Client Response:

The Authority understands the need for segregation of duties, but due to the lack of employees and the funding to hire additional employees, the Authority does not see the change as economically feasible at this time.