



Dave Yost • Auditor of State

FULTON COUNTY AIRPORT AUTHORITY
FULTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fulton County Airport Authority
Fulton County
9460 County Road 14
Wauseon, Ohio 43567

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Fulton County Airport Authority, Fulton County, Ohio (the Airport) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Airport'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 Airport's internal control. Accordingly, we express no such 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Airport prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Airport does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Airport as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Fulton County Airport Authority, Fulton County, Ohio, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the Airport'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 Airport's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2018

Fulton County Airport Authority
Fulton County
Statement of Receipts, Disbursements and
Changes in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2017

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Cash Receipts	
County Contributions	\$60,000
Sale of Fuel	10,612
Fees	2,990
Rents	39,818
Miscellaneous	31
	<hr/>
<i>Total Cash Receipts</i>	<i>113,451</i>
	<hr/>
Cash Disbursements	
Insurance	100
Fuel expenses	2,024
License / Training	1,877
Supplies	318
Equipment	2,509
Contracts - Repair	31,151
Contracts - Services	49,934
Utilities	13,898
Advertising and Printing	12
Travel and Expenses	97
Miscellaneous	37
Postage	133
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<i>Total Cash Disbursements</i>	<i>102,090</i>
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<i>Net Change in Fund Cash Balance</i>	<i>11,361</i>
	<hr/>
<i>Fund Cash Balance, January 1</i>	<i>53,352</i>
	<hr/>
Fund Cash Balance, December 31	
Unassigned	\$64,713
	<hr/> <hr/>

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

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Fulton County Airport Authority (the Airport), Fulton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fulton County Board of Commissioners appoints seven Board members to direct the Airport. The Airport is responsible for the safe and efficient operation and maintenance of the Fulton County Airport Authority.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Airport's financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit

Deposits and Investments

The Airport's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Airport records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Airport must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Airport classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017- (Continued)

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The Airport must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Airport official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Airport applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	<u>\$64,713</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017- (Continued)

Note 4 – Risk Management

Commercial Insurance

The Fulton County Commissioners provides the Airport with insurance through ACE Property and Casualty Insurance Company. Coverage provided is as follows:

Products – Completed Operation	\$1,000,000
Personal Injury and Adverting Injury	1,000,000
Malpractice	1,000,000
Each Occurrence Limit	1,000,000
Hangar keeper Limit Any One Occurrence	250,000
Hangar keeper Limit Any One Aircraft	100,000
Fire Damage	50,000

Fulton County Airport Authority
Fulton County
Statement of Receipts, Disbursements and
Changes in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2016

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Cash Receipts	
County Contributions	\$60,000
Sale of Fuel	10,714
Fees	3,900
Rents	34,040
Hanger Deposit	400
Miscellaneous	33
	<hr/>
<i>Total Cash Receipts</i>	<i>109,087</i>
	<hr/>
Cash Disbursements	
Insurance	100
Fuel expenses	2,525
License / Training	1,985
Supplies	720
Contracts - Repair	71,516
Contracts - Services	46,968
Utilities	14,228
Advertising and Printing	13
Travel and Expenses	215
Miscellaneous	263
	<hr/>
<i>Total Cash Disbursements</i>	<i>138,533</i>
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<i>Net Change in Fund Cash Balance</i>	<i>(29,446)</i>
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<i>Fund Cash Balance, January 1</i>	<i>82,798</i>
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Fund Cash Balance, December 31	
Unassigned	\$53,352
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The notes to the financial statement are an integral part of this statement.

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Fulton County Airport Authority (the Airport), Fulton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fulton County Board of Commissioners appoints seven Board members to direct the Airport. The Airport is responsible for the safe and efficient operation and maintenance of the Fulton County Airport Authority.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Airport's financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the General Fund.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Deposits and Investments

The Airport's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Airport must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Airport classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016 – (Continued)

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The Airport must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Airport official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Airport applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	<u>\$53,352</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Fulton County Airport Authority
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016 – (Continued)

Note 4 – Risk Management

Commercial Insurance

The Fulton County Commissioners provides the Airport with insurance through ACE Property and Casualty Insurance Company. Coverage provided is as follows:

Products – Completed Operation	\$1,000,000
Personal Injury and Adverting Injury	1,000,000
Malpractice	1,000,000
Each Occurrence Limit	1,000,000
Hangar keeper Limit Any One Occurrence	250,000
Hangar keeper Limit Any One Aircraft	100,000
Fire Damage	50,000



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fulton County Airport Authority
Fulton County
9460 County Road 14
Wauseon, Ohio 43567

To the Board of Trustees:

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 the cash balances, receipts, and disbursements of the Fulton County Airport Authority, Fulton County, Ohio (the Airport) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 31, 2018 wherein we noted the Airport followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Airport'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 Airport'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Airport'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*.

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 Airport's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2018

**FULTON COUNTY AIRPORT AUTHORITY
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2017-001

Significant Deficiency – Accounting Records

Sound accounting practices require the Airport to maintain accounting records, including a receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions should be recorded on this ledger.

The Airport made deposits of \$2,299 and \$2,328 on July 13, 2017 and August 9, 2017, respectively. These amounts were posted to the receipts ledger in total without providing a detailed breakdown which includes the amount, purpose and name of each payor that makes up the deposit. Without such detail, we were unable to verify whether some hanger rental contracts and other payments were received.

This deficiency was due to inadequate policies and procedures over posting transactions to the accounting system. The Airport should develop policies and procedures to help ensure all transactions are properly identified, assembled, analyzed, classified, recorded and reported.

Officials' Response:

We did not receive a response from Officials to this finding.

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FULTON COUNTY AIRPORT AUTHORITY

FULTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 15, 2018**