



OHIO AUDITOR OF STATE
KEITH FABER



**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Williams County Regional Airport Authority
Williams County
One Courthouse Square, 2nd Floor
Bryan, Ohio 43506

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Williams County Regional Airport Authority, Williams County, Ohio (the Authority), as of and for the years ended December 31, 2018 and 2017.

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 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 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 Authority 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 Authority 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 Authority as of December 31, 2018 and 2017, 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 by fund type, and related notes of the Williams County Regional Airport Authority, Williams County, Ohio (the Authority), as of December 31, 2018 and 2017, for the years 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 December 12, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

December 12, 2019

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
County Contributions	\$ 78,554			\$ 78,554
Grants		\$ 177,857		177,857
Rental Income	2,000			2,000
Investment Income	13			13
Sale of Fuel		70,302		70,302
Miscellaneous	356			356
<i>Total Cash Receipts</i>	<u>80,923</u>	<u>248,159</u>		<u>329,082</u>
Cash Disbursements:				
Current:				
Transportation:				
Supplies	1,157	48,912		50,069
Contracts-Repair	10,528	358		10,886
Contracts-Services	49,445	10,626	\$ 955	61,026
Advertising & Printing	498			498
Insurance	4,000			4,000
Miscellaneous	3,251	4,728		7,979
Travel and Expenses		291		291
Capital Outlay	22,554			22,554
Debt Service:				
Principal		18,500		18,500
Interest		850		850
<i>Total Cash Disbursements</i>	<u>91,433</u>	<u>84,265</u>	<u>955</u>	<u>176,653</u>
<i>Net Change in Fund Cash Balance</i>	(10,510)	163,894	(955)	152,429
Fund Cash Balances, January 1	<u>91,854</u>	<u>(120,723)</u>	<u>109,049</u>	<u>80,180</u>
Fund Cash Balances, December 31				
Restricted			108,094	108,094
Committed		62,933		62,933
Assigned	600			600
Unassigned	80,744	(19,762)		60,982
<i>Fund Cash Balances, December 31</i>	<u>\$81,344</u>	<u>\$43,171</u>	<u>\$108,094</u>	<u>\$232,609</u>

See Accompanying Notes to the Basic Financial S

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

The Williams County Regional Airport Authority (the Authority), Williams 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 Williams County Commissioners appoint seven Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Williams County Regional Airport Authority.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Authority's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

B. Accounting Basis

These financial statements follow 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.

These statements include 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.

C. Deposits and Investments

The Authority'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.

D. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Authority classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Authority had two Special Revenue Funds:

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Federal Aviation Administration (FAA) Grant fund – This fund accounts for the financial activity of grants received from the FAA, the purpose of which was to improve the airport facilities.

Fuel System fund – This fund accounts for monies received from fuel sales which are used for the operation and maintenance of the fuel system.

3. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Authority had the following Capital Projects Fund:

Capital Projects fund – The Authority receives donations from outside organization to be used for runway improvements.

E. Capital Assets

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

F. Fund Balance

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

1. Nonspendable

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

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amend 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.

4. 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 Authority official delegated that authority by resolution, or by State Statute.

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

5. 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 Authority 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.

3. DEPOSITS AND INVESTMENTS

As the Ohio Revised Code permits, the Williams County Treasurer holds the Authority's deposits as the Authority's custodian, The County holds the Authority's assets in its investment pool, valued at the Treasurer's reported carrying amount.

At December 31, 2018, the Authority separately held \$177,887 in a time deposit (savings). The deposit was insured by the Federal Depository Insurance Corporation.

	2018
Cash with County	\$54,723
Other time deposits (savings account)	177,886
Total deposits	\$232,609

4. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Bank Loan	\$43,744	1.5%

The Authority is obligated for a note payable to a bank. The note was a single advance that matures December 28, 2022. Interest accrues on the outstanding principal balance. The balance is due at maturity. Proceeds of the note were used to purchase a fuel system and fuel supply.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan
2019	\$656
2020	656
2021	656
2022	44,400
Total	\$46,368

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

Compliance

Contrary to the Ohio Rev. Code, there is no statutory authority for the Authority to enter into this type of debt.

5. RISK MANAGEMENT

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Premises and operations liability;
- Products and completed operations liability;
- Contractual liability;
- Host liquor liability;
- Medical malpractice liability;
- Independent contractors liability;
- Medical payments;
- Personal and advertising injury liability;
- Hangarkeepers legal liability; and
- Fire legal liability

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

7. SUBSEQUENT EVENTS

On August 14, 2019, the Authority was awarded a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant in the amount of \$2,430,000 for the construction of a taxiway.

On August 21, 2019, the Authority entered into a contract with Mark Schaffer Excavating and Trucking, Inc. for the construction of a taxiway in the amount of \$2,379,492.

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**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
County Contributions	\$ 56,000			\$ 56,000
Grants		\$ 4,813		4,813
Rental Income	4,800			4,800
Donations			\$ 45,000	45,000
Sale of Fuel		51,549		51,549
Miscellaneous	1,587			1,587
<i>Total Cash Receipts</i>	<u>62,387</u>	<u>56,362</u>	<u>45,000</u>	<u>163,749</u>
Cash Disbursements:				
Current:				
Transportation:				
Supplies	544	59,583		60,127
Contracts-Repair	11,121			11,121
Contracts-Services	44,275	99,125	10,951	154,351
Advertising & Printing	9			9
Auditing Fees	2,378			2,378
Insurance	4,000			4,000
Miscellaneous	4,800	3,521		8,321
Debt Service:				
Principal		5,362		5,362
Interest		1,138		1,138
<i>Total Cash Disbursements</i>	<u>67,127</u>	<u>168,729</u>	<u>10,951</u>	<u>246,807</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,740)</u>	<u>(112,367)</u>	<u>34,049</u>	<u>(83,058)</u>
Other Financing Receipts (Disbursements):				
Other Financing Receipts	81,242	24,000		105,242
Other Financing Disbursements		(105,242)		(105,242)
<i>Total Other Financing Sources (Disbursements)</i>	<u>81,242</u>	<u>(81,242)</u>		
<i>Net Change in Fund Cash Balance</i>	76,502	(193,609)	34,049	(83,058)
Fund Cash Balances, January 1	<u>15,352</u>	<u>72,886</u>	<u>75,000</u>	<u>163,238</u>
Fund Cash Balances, December 31				
Restricted			109,049	109,049
Committed		68,327		68,327
Assigned	900			900
Unassigned	90,954	(189,050)		(98,096)
<i>Fund Cash Balances, December 31</i>	<u>\$91,854</u>	<u>(\$120,723)</u>	<u>\$109,049</u>	<u>\$80,180</u>

See Accompanying Notes to the Basic Financial State

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

The Williams County Regional Airport Authority (the Authority), Williams 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 Williams County Commissioners appoint seven Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Williams County Regional Airport Authority.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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These statements include 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.

C. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Authority classifies its funds into the following types:

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Federal Aviation Administration (FAA) Grant fund – This fund accounts for the financial activity of grants received from the FAA, the purpose of which was to improve the airport facilities.

Fuel System fund – This fund accounts for monies received from fuel sales which are used for the operation and maintenance of the fuel system.

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)**

3. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Authority had the following Capital Projects Fund:

Capital Projects fund – The Authority receives donations from outside organization to be used for runway improvements.

D. Capital Assets

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

E. Fund Balance

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

1. Nonspendable

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

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amend 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.

4. 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 Authority official delegated that authority by resolution, or by State Statute.

5. 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.

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)**

The Authority 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.

3. DEPOSITS AND INVESTMENTS

As the Ohio Revised Code permits, the Williams County Treasurer holds the Authority's deposits as the Authority's custodian, The County holds the Authority's assets in its investment pool, valued at the Treasurer's reported carrying amount.

4. DEBT

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Bank Loan	\$62,244	1.5%

The Authority is obligated for a note payable to a bank. The note was a single advance that matures December 28, 2022. Interest accrues on the outstanding principal balance. The balance is due at maturity. Proceeds of the note were used to purchase a fuel system and fuel supply.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan
2018	\$934
2019	934
2020	934
2021	934
2022	63,176
Total	\$66,912

Compliance

Contrary to the Ohio Rev. Code, there is no statutory authority for the Authority to enter into this type of debt.

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(Continued)**

5. RISK MANAGEMENT

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Premises and operations liability;
- Products and completed operations liability;
- Contractual liability;
- Host liquor liability;
- Medical malpractice liability;
- Independent contractors liability;
- Medical payments;
- Personal and advertising injury liability;
- Hangarkeepers legal liability; and
- Fire legal liability

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

7. OTHER FINANCING RECEIPTS (DISBURSEMENTS)

General and Special Revenue Other Financing Receipts consists of reimbursements from the FAA Grant Fund (Other Financing Disbursement) for grant expenditures originally expensed from these funds in prior years.

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

Williams County Regional Airport Authority
Williams County
One Courthouse Square, 2nd Floor
Bryan, Ohio 43506

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 the cash balances, receipts, and disbursements by fund type of the Williams County Regional Airport Authority, Williams County, Ohio (the Authority) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 12, 2019, wherein we noted the Authority 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 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 opinions 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 materials 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 2019-001 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Authority's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

December 12, 2019

**WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified for the fiscal year ended December 31, 2018:

- General Fund expenditures totaling \$37,265 for airport manager contracted services were improperly reported as Salaries (\$32,623), Medicare (\$402), PERS (\$4,083), and Workers Compensation (\$157). These should have been recorded as Contracts - Services.
- Expenditures totaling \$8,569 for the FAA grant funded Contracts - Services were improperly recorded in the Capital Projects Fund. These should have been recorded as Contracts - Services in the FAA Grant Fund.
- The Airport Fuel System Fund's ending fund balance of \$62,933 should have been classified as committed fund balance instead of restricted fund balance in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod.1800.170.
- The FAA Grant Fund's ending fund balance of (\$19,762) should have been classified as unassigned fund balance instead of restricted fund balance in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod.1800.179.

The following errors were identified for the fiscal year ended December 31, 2017:

- General Fund expenditures totaling \$30,143 for airport manager contracted services were improperly reported as Salaries (\$25,982), Medicare (\$403), PERS (\$3,634), and Workers Compensation (\$124). These should have been recorded as Contracts - Services.
- Reimbursements to the General Fund from the FAA Grant Fund totaling \$4,813 for prior year grant related expenditures were improperly reported as General Fund Miscellaneous receipts and FAA Grant Fund Miscellaneous disbursements. These should have been reported as General Fund Other Financing Sources and FAA Grant Other Financing Uses.
- Reimbursements to the General and Airport Fuel System Funds from the FAA Grant Fund totaling \$100,429 for prior year grant related expenditures were never made resulting in the understatement of Other Financing Sources in the General Fund (\$76,429) and Airport Fuel System Fund (\$24,000) and Other Financing Uses in the FAA Grant Fund (100,429).
- FAA grant related expenditures (\$98,575) were improperly recorded as Contracts-Services in the Capital Projects Fund. These should have been recorded as Contracts-Services in the FAA Grant Fund.
- Donations totaling \$45,000 for runway improvements were improperly reported as Grants in the Capital Projects Fund. These should have been reported as Donations.
- The Airport Fuel System Fund's ending fund balance of \$68,327 should have been classified as committed fund balance instead of restricted fund balance in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod.1800.170.

- The FAA Grant Fund's ending fund balance of (\$189,050) should have been classified as unassigned fund balance instead of restricted fund balance in accordance with provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, codified as GASB Cod.1800.179.

These errors were not identified and corrected prior to the Authority filing its financial report due to deficiencies in the Authority's internal controls over financial statement monitoring. The accompanying financial statements, notes to the financial statements and, where applicable, the Authority's accounting records have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted.

To help ensure the Authority's financial statements are complete and accurate, the Board should adopt policies and procedures, including a final review of the statements, to identify and correct errors and omissions.

Officials' Response:

Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

FINDING NUMBER 2018-002

Material Noncompliance

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt.

Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In addition, **Ohio Rev. Code § 308.08** authorizes the issuance of revenue bonds for the purpose of acquiring or constructing any facility or permanent improvement which it is authorized to acquire or construct, including all costs in connection with and incidental to such acquisition or construction, and the financing thereof.

During 2018 and 2017, the Authority made principal payments on an outstanding promissory note in the amount of \$19,350 and \$6,500, respectively. The promissory note was used by the Authority to purchase a fuel system.

This type of debt is not authorized in Ohio Rev. Code Chapter 133 or § 308.08. Without a statutory provision authorizing this method for incurring debt, the Authority was not permitted to use such a method. The Authority had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Authority.

The Authority should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

Officials' Response:

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



**WILLIAMS COUNTY
REGIONAL AIRPORT AUTHORITY**

825 N. Main Street, Bryan, Ohio 43506

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding first reported in 2016. Material weakness over financial reporting due to audit adjustments identified.	Not fully corrected and reissued as finding 2018-001 in this report.	Additional errors occurred and were not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure these errors will be accurately identified and reported.

OHIO AUDITOR OF STATE KEITH FABER



WILLIAMS COUNTY REGIONAL AIRPORT AUTHORITY

WILLIAMS 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
DECEMBER 24, 2019**