

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



PERRY & Associates

Certified Public Accountants, A.C.

**AUGLAIZE AIRPORT AUTHORITY
AUGLAIZE COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Airport Authority
Auglaize County
PO Box 400
New Knoxville, Ohio 45871

We have reviewed the *Independent Auditor's Report* of the Airport Authority, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Airport Authority, Auglaize County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 9, 2016

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**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 30, 2016

Airport Authority
Auglaize County
P.O. Box 400
New Knoxville, Ohio 45871

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Airport Authority**, Auglaize County, Ohio (the Authority), a component unit of Auglaize County, as of and for the years ended December 2015 and 2014, 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 the 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 opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority, Auglaize County, Ohio as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years 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*, listed in the table of contents, 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. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**Airport Authority
Auglaize County**
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

The discussion and analysis of the Auglaize County Airport Authority's financial performance provides an overall review of the Airport Authority's financial activities for the fiscal years ended December 31, 2015 and 2014. The intent of this discussion and analysis is to look at the Airport Authority's performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the Airport Authority's financial performance.

Financial Highlights

Key financial highlights for 2015 and 2014 are as follows:

- The Airport's net position increased by \$63,515 in 2015 and by \$35,343 in 2014.
- Gross income from fuel sales for 2015 was significantly higher than 2014. Gross profit on fuel sales for 2015 was \$41,258 compared to \$17,258 for 2014.
- Operating expenses (excluding cost of fuel) for 2015 decreased by \$2,555 from 2014 levels. The Authority paid \$6,250 in consulting fees in 2015 and none in 2014. The Authority pays Auglaize County through a rotary account for employees overtime hours. Payments to cover overtime were \$3,200 less in 2015 than 2014. Legal and accounting fees for 2015 were lower than in 2014 due to not having costs for government required biennial audit.
- The Authority spent \$104,731 on building and runway improvements during 2015. In 2014, the Authority spent \$43,633. It also traded in and purchased new capital equipment for a total depreciable value of \$17,984. Depreciation expense for 2015 and 2014 was \$9,718 and \$7,736, respectively.
- Donations of \$100 were received in 2014 and none in 2015.

Using this Annual Financial Report

This report consists of a series of financial statements. The Statements of Net Position and Statements of Activities and Changes in Net Position provide information about the activities of the Airport and present a longer-term view of the Airport's finances.

A question typically asked about the Airport Authority's finances is "How did we do financially during the 2015 and 2014 fiscal years?" The Statements of Net Position and the Statements of Activities and Changes in Net Position report information about the Airport and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport Authority's net position and changes in net position. This change in net position is important because it tells the reader that, for the Airport Authority as a whole, the financial position of the Airport Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, airport condition, weather, etc.) in order to assess the overall health of the Airport Authority.

The statements of cash flows provide information about how the Airport Authority finances and meets the cash flow needs of its operations.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Airport Authority
Auglaize County**
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

The Airport Authority as a Whole

Recall that the Statements of Net Position provide the perspective of the Airport Authority as a whole.

Table 1 provides a summary of the Authority's net position for 2015, compared to 2014:
(Table 1)

Net Position

	2015	2014
Assets		
Current Assets	\$ 159,355	\$ 188,554
Noncurrent Assets	182,329	86,016
Total Assets	341,684	274,570
Total Assets	341,684	274,570
Liabilities		
Current Liabilities	18,725	15,126
Total Liabilities	18,725	15,126
Net Position		
Net Investment In Capital Assets	182,329	86,016
Restricted	590	588
Unrestricted	140,040	172,840
Total Net Position	322,959	259,444
Total Liabilities and Net Position	\$ 341,684	\$ 274,570

Total assets increased by \$67,114 from 2014 to 2015. Fuel inventory increased by \$243, accounts receivable increased by \$7,083, and cash decreased by \$36,762 between the two years.

Total liabilities increased by \$3,599 from 2014 to 2015. Accounts payable increased by \$2,439. The fuel farm lease income and hangar rent income apportioned to 2016 is also reported as a liability for 2015.

Total net position increased by \$63,515.

**Airport Authority
Auglaize County**
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2015 compared to the year ended December 31, 2014.

(Table 2)

Change in Net Position

	2015	2014
Operating Revenues	\$ 341,378	\$ 278,013
Operating Expenses	278,276	243,164
Operating Income (Loss)	63,102	34,849
Non-Operating Revenues	413	494
Change in Net Position	63,515	35,343

Operating revenues increased by \$63,365 mainly due to an increase in fuel sales. Operating expenses increased by \$35,112 mainly due to the increase in fuel costs associated with increased sales.

Capital Assets

The largest portion of the Airport's net position each year is its investment in capital assets. There is no debt on any of the assets owned by the Authority. The Airport uses these capital assets to provide services to the businesses and public using the Auglaize County Airport. Table 3 shows 2015 balances compared with 2014.

(Table 3)

**Capital Assets at December 31
(Net of Depreciation)**

	2015	2014
Equipment	\$ 23,568	\$ 26,008
Building Improvements	77,144	27,621
Office Improvements	424	706
Runway Improvements	81,193	31,681
Total	\$ 182,329	\$ 86,016

During 2014 and 2015, building and runway improvements were made at the Airport. The Authority also traded in a piece of capital equipment, purchasing a new piece of equipment with the trade in and additional cash.

**Airport Authority
Auglaize County**
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

Debt

The Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2015 and 2014 other than those arising in the normal course of daily airport operations such as sales tax.

Current Financial Issues

The main sources of revenue for the Authority are generated from fuel sales and hangar rent. For the years ended December 31, 2015 and 2014, the airport saw an increase in total fuel sales and fuel gross profit compared to 2014. The Authority tries to continue to be competitive in its fuel pricing which can be difficult in a highly volatile market when purchasing minimal loads of fuel. The fuel market is also highly competitive. The airport manager and board continually monitor fuel purchase costs and selling prices to remain competitive and generate revenue.

Hangar rent income is dependent on the amount of space available for rent and the rental need generated by area individuals and businesses. Throughout 2014 and 2015, hangar rentals were at full capacity but this could fluctuate from year to year.

During 2014 and 2015, the Authority made significant improvements to the runways and buildings. However, as of December 31, 2015, 83% of the equipment included in capital assets was purchased prior to the year 2012. The replacement of some of this equipment will probably be an issue to be addressed in the near future. In addition, repair and maintenance expenses will continue to be a significant cost to the Authority to maintain these assets.

Contacting the Airport Authority's Finance Department

This financial report is designed to provide our citizens, taxpayers, airport users, and all interested parties with a general overview of the Airport Authority's finances and to show the Airport Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Matt Bailey, Auglaize County Airport Manager, 07776 St. Rt. 219, New Knoxville, OH 45871.

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS:		
Current Assets:		
Cash - Checking	\$ 117,327	\$ 154,089
Certificate of Deposit - First National	590	588
Petty Cash	81	81
Accounts Receivable	11,523	4,440
Inventory 100LL Fuel	21,925	14,853
Inventory Jet A Fuel	7,675	14,503
Sales Tax Receivable	234	-
	159,355	188,554
Noncurrent Assets:		
Capital Assets	312,725	213,383
Less: Accumulated Depreciation	(130,396)	(127,367)
	182,329	86,016
	182,329	86,016
TOTAL ASSETS	\$ 341,684	\$ 274,570
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 7,335	\$ 4,896
Sales Tax Payable	1,089	397
Unearned Revenue	10,301	9,833
TOTAL LIABILITIES	18,725	15,126
NET POSITION:		
Net Investment in Capital Assets	182,329	86,016
Restricted	590	588
Unrestricted	140,040	172,840
	322,959	259,444
TOTAL NET POSITION	322,959	259,444
TOTAL LIABILITIES AND NET POSITION	\$ 341,684	\$ 274,570

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Operating Revenues:		
Charges for Services	\$ 331,879	\$ 267,428
Other Operating Revenues	9,499	10,585
	341,378	278,013
Operating Expenses:		
Contract Services	62,537	74,508
Materials and Supplies	163,921	126,524
Repairs and Maintenance	26,564	25,920
Depreciation	9,718	7,736
Travel and Expense	564	1,164
Miscellaneous	14,972	7,312
	278,276	243,164
Operating Income	63,102	34,849
Non-Operating Revenues:		
Interest Income	413	395
Donations	-	100
	413	495
Change in Net Position	63,515	35,344
Net Position - January 1	259,444	224,100
Net Position - December 31	\$ 322,959	\$ 259,444

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 348,457	\$ 281,726
Cash Payments to Suppliers for Goods and Services	(279,600)	(230,194)
Net Cash Provided by (Used by) Operations	68,857	51,532
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(106,031)	(54,733)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(106,031)	(54,733)
Cash Flows from Non-Capital Financing Activities:		
Donations	-	100
Net Cash Provided by (Used by) Non-Capital Financing Activities	-	100
Cash Flows from Investing Activities:		
Interest Received on Cash Equivalents	414	395
Net Cash Provided by (Used by) Investing Activities	414	395
Net Increase/(Decrease) in Cash and Cash Equivalents	(36,760)	(2,706)
Cash and Cash Equivalents - January 1	154,758	157,464
Cash and Cash Equivalents - December 31	\$ 117,998	\$ 154,758
Cash Flows from Operating Activities:		
Operating Income / (Loss)	63,102	34,849
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation	9,718	7,736
(Increase) Decrease in Accounts Receivable	(7,083)	808
(Increase) Decrease in Fuel Inventory	(243)	12,673
(Increase) Decrease in Sales Tax Receivable	(235)	-
Increase (Decrease) in Accounts Payable	2,439	(2,456)
Increase (Decrease) in Sales Tax Payable	691	47
Increase (Decrease) in Unearned Revenue	468	(2,125)
Total Adjustments	5,755	16,683
Net Cash Provided by (Used by) Operating Activities	\$ 68,857	\$ 51,532

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

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Airport Authority, Auglaize County, (the Authority), is organized in accordance with Chapter 308 of the Ohio Revised Code. The Authority operates under a nine member board appointed by the Auglaize County Commissioners for a term of three years. The Authority was established in 1967 and is responsible for administering and maintaining the Neil Armstrong Airport. Services provided by the Authority include rental space of hangars, display cases, and office space; they also supply aviation fuel for purchase by the general public. In addition, they act upon various inquiries made concerning the welfare of the airport.

The Authority is considered a component unit of Auglaize County.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The more significant of the Authority's accounting policies are described below.

A. Basis of Presentation

The Authority's financial statements consist of government-wide statements, including the statements of net position, the statements of activities and changes in net position, and the statements of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Accounting System

The Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Authority and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

The financial statements are prepared using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statements of net assets. The statements of changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statements of cash flows provide information about how the Authority finances and meets the cash flow needs of its enterprise activity.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The Authority uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements may include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Airport Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the airport on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before eligibility requirements are met are also recorded as deferred inflows of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Cash and Cash Equivalents

The Authority maintains an interest bearing depository account and a certificate of deposit. All funds of the Authority are maintained in these two accounts. The interest bearing depository account is presented in the combined balance sheet as "Cash – Checking". The certificate is an account restricted for the use of scholarships in aviation fields that can be distributed at any time per board approval. The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2015 and 2014 amounted to \$413 and \$395, respectively.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Receivables and payables to be recorded on the Authority's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

G. Inventory

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

H. Capital Assets

Capital assets utilized by the Authority are reported on the statement of net position. Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at the date of receipt. Depreciation of capital assets is on a straight line basis over the estimated useful lives (five to twenty years) of the respective assets. The Authority maintains a capitalization threshold of \$2,500. The land and buildings of the airport are owned by Auglaize County. The equipment and runway improvements are the assets of the Authority.

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

I. Liabilities

All payables and accrued liabilities are reported in the financial statements. The Authority had no long-term debt as of December 31, 2015 and 2014.

J. Net Position

Net position represents the difference between assets and liabilities. Net Investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The Authority has restricted net position for 2015 and 2014 of \$590 and \$588, respectively, to provide for scholarships. There were no net positions restricted by enabling legislation at December 31, 2015 or December 31, 2014.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services for the use of the airport and the sale of fuel. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenue and expenses not meeting these definitions are reported as non-operating.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Hangar and Fuel Farm Leases

The Authority leases space at its facility to local businesses and individuals under monthly and long-term leases. The leases generate additional operating revenue for the Authority. Revenue from the long-term leases is reported in the period earned and prepaid lease revenue is reported as a liability until earned.

N. Advertising

The Authority incurred non-direct response advertising costs for the years ended December 31, 2015 and 2014. The Authority's policy is to expense these costs as incurred.

NOTE 3 – DEPOSITS

State statutes classify monies held by entities such as the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal accounts, or in money market deposit accounts.

Inactive deposits are public deposits that are identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 3 – DEPOSITS (Continued)

A. Cash on Hand

At December 31, 2015 and 2014, the Authority had \$81 in undeposited cash on hand which is included on the Statement of Net Position as Petty Cash.

B. Deposits

At December 31, 2015, the carrying amount of the Authority's deposits was \$117,917 and the bank balance was \$177,666 and on December 31, 2014, the carrying amount of the Authority's deposits was \$154,677 and the bank balance was \$155,362. The Ohio Revised Code prescribes allowable deposits and investments.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 4 – RECEIVABLES

As of December 31, 2015 and 2014, the accounts receivable balance consisted of balances due from customers for the sale of fuel and rental of hangar space and display cases. All receivables are considered collectable in full.

NOTE 5 – CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. The cash accounts are deposited in a financial institution that is insured by the Federal Deposit Insurance Corporation. The Company's ability to collect the outstanding trade accounts receivable is affected by the overall economic conditions in general, and economic conditions in the aviation industry in particular. Accounts receivable are carried at estimated net realizable values. As of December 31, 2015 and 2014, the Organization had no significant concentrations of credit risk.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 6 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2015 and 2014 is as follows:

	12/31/2013			12/31/2014
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 120,368	\$ 17,984	\$ (9,248)	\$ 129,105
Building Improvements	31,701	11,994	-	43,696
Office Improvements	2,824	-	-	2,824
Runway Improvements	6,120	31,639	-	37,759
Total Capital assets	<u>161,014</u>	<u>61,617</u>	<u>(9,248)</u>	<u>213,383</u>
Less Accumulated Depreciation	(121,995)	(7,736)	2,363	(127,368)
Capital assets, net of depreciation	<u>\$ 39,019</u>	<u>\$ 53,881</u>	<u>\$ (6,884)</u>	<u>\$ 86,016</u>

	12/31/2014			12/31/2015
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 129,105	\$ 3,150	\$ (8,539)	\$ 123,716
Building Improvements	43,696	52,237	-	95,933
Office Improvements	2,824	-	-	2,824
Runway Improvements	37,759	52,494	-	90,252
Total Capital assets	<u>213,383</u>	<u>107,881</u>	<u>(8,539)</u>	<u>312,725</u>
Less Accumulated Depreciation	(127,367)	(9,718)	6,689	(130,396)
Capital assets, net of depreciation	<u>\$ 86,016</u>	<u>\$ 98,163</u>	<u>\$ (1,850)</u>	<u>\$ 182,329</u>

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014**

NOTE 7 – RISK MANAGEMENT

The Authority has obtained commercial insurance for the following risks:

- Hangar keeper's liability
- General liability on the premises
- Vehicles

Auglaize County Commissioners provide property coverage for the buildings and structures of the Authority by including these in the County's property coverage policy.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the last fiscal year.

NOTE 8 – SUBSEQUENT EVENTS

Events occurring subsequent to the Statements of Net Position date that would require accounting for or disclosure in the financial statements were evaluated through June 30, 2016, the date which the financial statements were available to be issued. No such events occurred during the period January 1, 2016 through that date.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 30, 2016

Airport Authority
Auglaize County
P.O. Box 400
New Knoxville, Ohio 45871

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 **Airport Authority**, Auglaize County, (the Authority), a component unit of Auglaize County, as of and for the years ended December 31, 2015 and 2014, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2016.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



...“bringing more to the table”

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Members: American Institute of Certified Public Accountants

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• Association of Certified Anti - Money Laundering Specialists •



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*.

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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Dave Yost • Auditor of State

AUGLAIZE COUNTY AIRPORT AUTHORITY

AUGLAIZE 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
SEPTEMBER 1, 2016**