



Certified Public Accountants, A.C.

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
Single Audit
For the Year Ended December 31, 2017**

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Dave Yost • Auditor of State

Board of Trustees
Allen County Regional Airport Authority
PO Box 1401
Lima, Ohio 45802

We have reviewed the *Independent Auditor's Report* of the Allen County Regional Airport Authority, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2017. 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 Allen County Regional Airport Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 17, 2018

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**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

July 31, 2018

Allen County Regional Airport Authority
Allen County
PO Box 1401
Lima, Ohio 45802

To the Board of Trustees:

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 **Allen County Regional Airport Authority**, Allen County, (the Authority) as of and for the year ended December 31, 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 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.

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Auditor's Responsibility (Continued)

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, 2017, or changes in financial position thereof for the year 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 Allen County Regional Airport Authority, Allen County as of December 31, 2017, for the year 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 Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018 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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash Receipts:			
Farm Income	\$ 110,914	\$ -	\$ 110,914
County Allocation	61,784	-	61,784
Federal and State Grants	-	3,568,079	3,568,079
Interest Earnings	489	-	489
Hanger and Tie-Down Rental	51,581	-	51,581
Fuel	316,889	-	316,889
Miscellaneous	29,910	-	29,910
	<u>571,567</u>	<u>3,568,079</u>	<u>4,139,646</u>
Total Cash Receipts			
	<u>571,567</u>	<u>3,568,079</u>	<u>4,139,646</u>
Cash Disbursements:			
Current:			
Payroll Expense	103,668	-	103,668
Contract Services	7,157	-	7,157
Supplies	7,087	-	7,087
Fuel Inventory	194,389	-	194,389
Equipment Maintenance	6,762	-	6,762
Insurance	18,218	-	18,218
Utilities	27,892	-	27,892
Building and Grounds	11,851	-	11,851
Property Taxes	49,159	-	49,159
Capital Expenditures	40,294	3,709,516	3,749,810
Miscellaneous	27,974	-	27,974
Debt Service:			
Interest	5,053	-	5,053
Principal Retirement	48,583	-	48,583
	<u>548,087</u>	<u>3,709,516</u>	<u>4,257,603</u>
Total Cash Disbursements			
	<u>548,087</u>	<u>3,709,516</u>	<u>4,257,603</u>
Excess of Receipts Over Disbursements	<u>23,480</u>	<u>(141,437)</u>	<u>(117,957)</u>
Other Financing Receipts (Disbursements):			
Transfers In	-	12,256	12,256
Transfers Out	(12,256)	-	(12,256)
Sale of Capital Assets	6,171	-	6,171
	<u>(6,085)</u>	<u>12,256</u>	<u>6,171</u>
Total Other Financing Receipts (Disbursements)			
	<u>(6,085)</u>	<u>12,256</u>	<u>6,171</u>
Net Change in Fund Cash Balances	17,395	(129,181)	(111,786)
Fund Cash Balance, January 1	<u>162,150</u>	<u>130,101</u>	<u>162,150</u>
Fund Cash Balance, December 31			
Restricted	-	920	920
Unassigned	179,545	-	179,545
	<u>179,545</u>	<u>920</u>	<u>180,465</u>
Fund Cash Balance, December 31	<u>\$ 179,545</u>	<u>\$ 920</u>	<u>\$ 180,465</u>

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

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Allen County Regional Airport Authority, Allen County, (the Airport) as a body corporate and politic. The County Commissioners appoint seven Board members to direct the Airport. The Airport is responsible for the safe and efficient operation and maintenance of the airport.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements consist of a statement of receipts, disbursements, and charges in fund balances (regulatory cash basis).

Basis of Accounting

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

Fund Accounting

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Authority are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund This fund accounts for receipts restricted to acquiring or constructing major capital projects.

Deposits and Investments

The Airport's cash is held in demand deposit accounts.

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.

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:

Nonspendable The Authority classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (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 Authority 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 Authority 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.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2017 was as follows:

	<u>2017</u>
Demand Deposits	<u>\$ 180,465</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance:

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 5 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Authority's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10 percent of their gross salaries and the Airport contributed an amount equaling 14 percent of participants' gross salaries. The Airport has paid all contributions required through December 31, 2017.

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 7 – Debt

On August 5, 2009 the Allen County Regional Airport Authority entered into a funding agreement with the Allen County Commissioners for \$530,000. This agreement was to issue a note to 1) renew an outstanding bond note with a balance of \$377,000, 2) to secure an additional \$130,000 to a fund a 5% match for an FAA grant for improvements, and 3) pay the costs of issuing the note. The Airport has pledged its revenues to the repayment of the amounts borrowed by the County on its behalf. The interest rate was fixed for five years at 4.58% and payments were amortized over fifteen years. Annual principal payments of \$35,333 were paid August 5 of the years 2010 through 2013. Interest was paid semiannually on February 5 and August 5 of each year. In 2013, the balance of the loan was refinanced for eight years at 2.29%. Interest will continue to be paid semiannually on February 5 and August 5 and principal payments of \$48,583 will be paid on August 5 annually. The loan balance was \$194,336 as of December 31, 2017.

Amortization of the above debt is scheduled as follows:

Year Ending	Payment	Interest	Principal
2018	\$ 53,033	\$ 4,450	\$ 48,583
2019	51,921	3,338	48,583
2020	50,808	2,225	48,583
2021	49,700	1,113	48,587
	<u>\$ 205,462</u>	<u>\$ 11,126</u>	<u>\$ 194,336</u>

Line of credit for \$100,000 with Citizens National Bank was renewed for one year on September 18, 2017. Interest rate is indexed at bank prime plus 1%, currently 5.25%. There have been no draws on the line of credit as of December 31, 2017.

Note 8 – Construction and Contractual Commitments

On September 30, 2016 the Airport entered into a contract with The Shelly Company for Runway rehabilitation and other improvements for the contract price of \$4.1 million with \$3.6 million being disbursed as of December 31, 2017. Due to the project coming in under budget, only an estimated \$200,000 may be owed to the contractor during 2018.

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9 – Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Note 10 – Related Party Transactions

A Board member is part owner of the company from which the Airport acquired insurance during 2017. The airport paid \$16,854 to this company in 2017.

ORC Section 2921.42(A)(5) prohibits any public official from having an interest in "...the profits or benefits of a public contract that is not let by competitive bidding...". There are exceptions included in this ORC statute and documentation of these transactions appear to meet the exception set forth in the statute.

Note 11 – Farm Lease

In 2016, 497.26 acres of farm ground was leased to Rivercrest Farm for 7 years at a price of \$225 per acre. Farm income from the leased ground in 2017 was \$110,914. Rent is to be adjusted annually in accordance with The Ohio State University Department of Agricultural, Environmental, and Development Economics publication "Western Ohio Cropland Values and Cash Rents Survey".

ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Federal Aviation Administration		
<i>Direct Award</i>		
Airport Improvement Program	20.106	<u>\$ 3,339,593</u>
Total Federal Expenditures		<u>\$ 3,339,593</u>

See Accompanying Notes to this Schedule.

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Allen County Regional Airport Authority under programs of the Federal Government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the financial position or changes in net position of the Airport.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards reports Allen County Regional Airport Authority's Federal awards programs' expenditures. The Schedule has been prepared on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. The Airport has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met the matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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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**

July 31, 2018

Allen County Regional Airport Authority
Allen County
PO Box 1401
Lima, Ohio 45802

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 cash basis financial statements of the **Allen County Regional Airport Authority**, Allen County, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 31, 2018, 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 material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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Compliance and Other Matters

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

Entity's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Authority's response 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 communication is not suitable for any other purpose



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

July 31, 2018

Allen County Regional Airport Authority
Allen County
PO Box 1401
Lima, Ohio 45802

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the **Allen County Regional Airport Authority's** (the Authority) compliance with the applicable requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Allen County Regional Airport Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the *Summary of Audit Results* in the accompanying schedule of audit findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDIT RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #20.106 Airport Improvement Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

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

Material Weakness

Financial Reporting

During 2017, The Authority accounted for the Federal Grant money received for the Airport Improvement Project within the General Fund. The FAA grant is federal monies and should be reported in a separate Capital Project Fund and activity should be accounted for separately in the accounting system.

We recommend the Authority maintain a Capital Projects fund and record and present all Federal funds within the fund.

Management's Response: See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

None.

**ALLEN COUNTY REGIONAL AIRPORT AUTHORITY
ALLEN COUNTY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

**CORRECTIVE ACTION PLAN
2 CFR § 200.515**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Allen County Regional Airport Authority currently maintains separate Capital Project classes with the accounting system and had done so for 2017. The ACRAA will report these as a separate fund on the financial statements for 2018 and forward.	December 31, 2018	Cindy Pyles, Office Manager

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Dave Yost • Auditor of State

ALLEN COUNTY REGIONAL AIRPORT AUTHORITY

ALLEN 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 27, 2018**