



Dave Yost • Auditor of State

**PUTNAM COUNTY AIRPORT AUTHORITY
PUTNAM COUNTY
DECEMBER 31, 2017 AND 2016**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Putnam County Airport Authority
Putnam County
245 East Main Street, Suite 201
Ottawa, Ohio 45875-1968

To the Board:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 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.



Dave Yost
Auditor of State

Columbus, Ohio

October 25, 2018

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

Cash Receipts

County Contributions	\$90,904
Grants	186,925
Sale of Fuel	5,846
Rents	25,930
Miscellaneous	<u>724</u>
<i>Total Cash Receipts</i>	<u>310,329</u>

Cash Disbursements

Current:

Salaries	3,373
Fringe Benefits	542
Supplies	1,888
Utilities	10,530
Equipment	137
Contracts - Operator	26,786
Contracts - Repair	40,207
Contracts - Services	3,758
Construction Grant	211,333
Miscellaneous	<u>33,165</u>

Total Cash Disbursements 331,719

Excess of Disbursements Over Receipts (21,390)

Other Financing Receipts (Disbursements)

Amounts Borrowed from Fiscal Agent	95,805
Amounts Returned to Fiscal Agent	<u>(96,796)</u>

Total Other Financing Receipts (Disbursements) (991)

Net Change in Fund Cash Balance (22,381)

Fund Cash Balance, January 1 98,729

Fund Cash Balance, December 31

Unassigned 76,348

Fund Cash Balance, December 31 \$76,348

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

**PUTNAM COUNTY AIRPORT AUTHORITY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Capital Assets

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**PUTNAM COUNTY AIRPORT AUTHORITY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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.

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.

Note 3 – Deposits and Investments

The Putnam County Treasurer is custodian for the Authority's deposits. The County's deposit and investment pool holds the Authority's assets, valued at the Treasurer's reported carrying amount.

Note 4 – Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

Note 5 – Defined Benefit Pension Plan

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. OPERS members contributed 10 percent of their gross salaries and the Authority contributed an amount equaling 14 percent of participants' gross salaries. The Authority has paid all contributions required through December 31, 2017.

Note 6 – Postemployment Benefits

OPERS offers a 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 7 – Amounts Borrowed from Fiscal Agent

Outstanding advances at December 31, 2017, consisted of \$95,805 advanced to the Authority from the County to provide working capital for operations or projects.

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

Cash Receipts	
County Contributions	\$53,237
Grants	72,692
Sale of Fuel	4,955
Rents	<u>28,725</u>
<i>Total Cash Receipts</i>	<u>159,609</u>
Cash Disbursements	
Current:	
Salaries	3,399
Fringe Benefits	499
Supplies	1,415
Utilities	11,171
Equipment	366
Contracts - Operator	26,000
Contracts - Repair	3,726
Contracts - Services	2,977
Construction Grant	87,595
Miscellaneous	<u>18,800</u>
<i>Total Cash Disbursements</i>	<u>155,948</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,661</u>
Other Financing Receipts (Disbursements)	
Amounts Borrowed from Fiscal Agent	96,796
Amounts Returned to Fiscal Agent	<u>(35,000)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>61,796</u>
<i>Net Change in Fund Cash Balance</i>	65,457
<i>Fund Cash Balance, January 1</i>	<u>33,272</u>
Fund Cash Balance, December 31	
Unassigned	<u>98,729</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$98,729</u></u>

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

**PUTNAM COUNTY AIRPORT AUTHORITY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 – Reporting Entity

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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

**PUTNAM COUNTY AIRPORT AUTHORITY
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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Note 7 – Amounts Borrowed from Fiscal Agent

Outstanding advances at December 31, 2016, consisted of \$96,796 advanced to the Authority from the County to provide working capital for operations or projects.



Dave Yost • Auditor of State

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

Putnam County Airport Authority
Putnam County
245 East Main Street, Suite 201
Ottawa, Ohio 45875-1968

To the Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of Putnam County Airport Authority, Putnam County, Ohio (the Authority) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated October 25, 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 a 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.

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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

October 25, 2018



Dave Yost • Auditor of State

PUTNAM COUNTY AIRPORT AUTHORITY

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2018**