



Dave Yost • Auditor of State



**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Greene County Regional Airport Authority  
Greene County  
140 North Valley Road  
Xenia, OH 45385

To the Governing Board:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of Greene County Regional Airport Authority, Greene County, Ohio (the Airport) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Airport'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 the modified cash accounting basis Note 1 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to 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 Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Airport's internal control. Accordingly, we express no 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the Greene County Regional Airport Authority, Greene County, Ohio, as of December 31, 2015, and the respective changes in modified cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 1.

***Accounting Basis***

We draw attention to Note 1 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2016, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

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**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 23, 2016

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2015**

**Assets:**

Cash and Cash Equivalents	\$699,532
Fuel Inventory	14,756
Total Assets	<u>714,288</u>

**Net Position:**

**Restricted:**

Deposits on Hand	13,042
Unrestricted	701,246
Total Net Position	<u>714,288</u>

*See accompanying notes to the basic financial statements.*

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Operating Receipts:</b>	
County Contributions	\$59,500
Charges for Services	176,230
Sale of Fuel	80,503
Other Revenues	4,579
Total Operating Receipts	<u>320,812</u>
<b>Operating Disbursements:</b>	
Supplies and Materials	2,619
Land Based and Operations	158,799
Contractual Services	236,704
Utilities & Telephone	30,276
Total Operating Disbursements	<u>428,398</u>
Operating Income (Loss)	<u>(107,586)</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Grants from Federal Sources	97,914
Deposits Received	527
Deposits Refunded	(698)
Interest Earnings	62
Net Non-Operating Receipts (Disbursements)	<u>97,805</u>
Change in Net Position	(9,781)
Net Position, Beginning of Year	<u>724,069</u>
Net Position, End of Year	<u><u>\$714,288</u></u>

*See accompanying notes to the basic financial statements.*



**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Greene County Regional Airport Authority, Greene County, (the Airport) as a body corporate and politic. The Greene County Commissioners appoint the seven-member Board, which governs the Airport. The Airport is responsible for the safe and efficient operation and maintenance of the Airport.

**B. Accounting Basis**

These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

**C. Deposits and Investments**

All monies received by the Airport are maintained in a demand deposit account.

**D. Inventory**

Fuel inventory is presented at cost on a first in first out basis and are reported as disbursements when used.

**E. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**F. Long-Term Obligations**

These modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments; however, there was no such activity during the year.

**G. Net Position**

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Airport first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**2. DEPOSITS AND INVESTMENTS**

**Deposits:** Deposits include amounts held in demand accounts. At year-end, the carrying amount of the Airport's deposits was \$699,532. The bank balances totaled \$699,841.

Custodial credit risk is the risk that, in the event of a bank failure, the Airport's deposits may not be returned. Protection of the Airport's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Airport Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution. Of the bank balances totaling \$699,841, \$250,000 was insured by FDIC. The remaining balance of \$449,841 was collateralized with securities held in single financial institution collateral pools in the name of the respective depository bank and pledged as a pool of collateral against all the public moneys it holds. All Airport demand deposits were either insured or collateralized, in accordance with state law and the Airport's investment policy.

As of December 31, 2015, the Airport had no investments.

**3. RISK MANAGEMENT**

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Completed Operations and Products Liability Insurance
- Errors and Omissions
- Contractual Liability

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

**4. CONTRACTED SERVICES**

The Airport does not have any employees. They contract for accounting services, management services and maintenance and grounds keeping services from independent contractors.

**5. CONTINGENCIES**

**A. Grants**

The Airport receives financial assistance from federal and state agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2015 will not have a material adverse effect on the Airport.

**B. Litigation**

The Airport is not party to legal proceedings.

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**6. CONTRACTUAL COMMITMENTS**

At December 31, 2015, the Airport had \$90,044 in contractual commitments for Airport Improvement Projects and management contracts. The improvement contracts will be funded in part by federal grants awarded through the Federal Aviation Administration.

<u>Contractor</u>	<u>Amount</u>
Stantec	\$5,000
Kushner Consulting LLC	68,544
MacAir	16,500
Total	<u>\$90,044</u>

**7. SUBSEQUENT EVENTS**

The Airport has been awarded a \$1.3M grant to be used for the construction of a new hangar and east ramp. Construction on the project commenced in the summer of 2016. The Airport entered into a \$1,237,575 contract with Kelchner, Inc. on March 24, 2016 for the 2016 Improvements to the Airport. The Airport also entered into an agreement with Sunesis Construction Company on November 30, 2015 for 2015 Improvements to the Airport.

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# 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

Greene County Regional Airport Authority  
Greene County  
140 North Valley Road  
Xenia, OH 45385

To the Governing 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 modified cash basis financial statements of Greene County Regional Airport Authority, Greene County, (the Airport) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated August 23, 2016, wherein we noted the Airport uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Airport's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 Airport's financial statements. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 23, 2016

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY  
GREENE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**MATERIAL WEAKNESS**

Management of each cash basis entity is responsible for the design and implementation of an internal control process that provides reasonable assurance of the integrity of its financial reporting, the safeguarding of assets, and the efficiency and effectiveness of its operations, and its compliance with applicable laws, regulations and contracts.

The following errors were noted that required adjustments to the accompanying financial statements:

- 1) The Airport did not accurately report operating activity related to the Fuel Sales Inventory resulting in a \$14,756 understatement of Net Position, End of Year on the Statement of Receipts, Disbursements and Changes in Net Position. The understatement in ending net position was a combined result of the following errors:
  - a) The Net Position, Beginning of the Year was understated by \$50,814
  - b) Land Based and Operations Disbursements were understated by \$32,463
  - c) The Airport overstated "Other Revenues" by \$2,592
  - d) Other Financing Sources "Recording Voiding Vendor Checks" were overstated by \$1,002
  - e) The Airport Overstated Other financing Sources "Account Receivable Collection" and understated Sale of Fuel by \$5,881
  
- 2) The Airport did not accurately separate its Ending Net Position into Restricted and Unrestricted components. A Restricted amount of \$13,042 should be reported for "Deposits on Hand" related to Hangar Tenant deposits potentially due back to the tenants.

Procedures should be developed and implemented to provide for the integrity of the financial records. Additionally, the amounts in the financial statements and the notes to the financial statements should be supported by appropriate documentation. Failure to establish these procedures could result in inaccurate financial reporting of the Airport's activities.

**Official's Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-002**

**SIGNIFICANT DEFICIENCY**

The Airport sold fuel for the first half of 2015, with receipts totaling \$80,503. The Airport had a Fuel Committee that decided on the selling price of the fuel based on the purchase price, fuel system maintenance charge, cost to fixed-based operator to pump the fuel, credit card fees, sales tax and required profit margin.

**FINDING NUMBER 2015-002  
(Continued)**

During 2015, the Airport did not maintain adequate documentation to support that the prices charged at the pump were in accordance with the fuel prices set by the Fuel Committee. In addition, the third-party service organization handling the fuel sales could not provide documentation to support the amount on the financial statements. We were, however, able to perform other alternative procedures over sales of fuel to gain assurances.

Policies and procedures should be established and implemented to verify that the Airport maintains sufficient documentation to support that the Airport charged appropriate rates for its charges for services revenue. Failure to do so could result in material errors in financial statements going unnoticed and modification of opinion in future audits.

**Official's Response:** We did not receive a response from Officials to this finding.





# Dave Yost • Auditor of State

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY**

**GREENE 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 22, 2016**