



Dave Yost • Auditor of State

PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Portage County Regional Airport Authority
Portage County
4039 Nanway Boulevard
Ravenna, Ohio 44266

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 Portage County Regional Airport Authority, Portage County, (the Authority) as of and for the years ended December 31, 2015 and 2014.

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.

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 1 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, 2015 and 2014, or 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 combined cash balances of the Portage County Regional Airport Authority, Portage County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 11, 2016

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts			
Grants	\$ -	\$ 317,700	\$ 317,700
Sale of Fuel	16,205	-	16,205
Fees	11,000	-	11,000
Rents	86,030	-	86,030
Miscellaneous	75	-	75
<i>Total Cash Receipts</i>	<u>113,310</u>	<u>317,700</u>	<u>431,010</u>
Cash Disbursements			
Current:			
Salaries	19,932	-	19,932
Fringe Benefits	3,525	-	3,525
Supplies	863	-	863
Utilities	8,820	-	8,820
Maintenance/Repair	19,586	-	19,586
Contracts - Services	10,447	287,852	298,299
Consultant - Services	-	58,962	58,962
Grant Local Match	619	5,567	6,186
Insurance	8,840	-	8,840
Miscellaneous	364	-	364
Capital Outlay/Debt Service:			
Interest and Hangar Payments	31,071	-	31,071
<i>Total Cash Disbursements</i>	<u>104,067</u>	<u>352,381</u>	<u>456,448</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,243</u>	<u>(34,681)</u>	<u>(25,438)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	34,681	34,681
Transfers Out	(34,681)	-	(34,681)
Advances In	5,567	5,567	11,134
Advances Out	(5,567)	(5,567)	(11,134)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(34,681)</u>	<u>34,681</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(25,438)	-	(25,438)
<i>Fund Cash Balances, January 1</i>	<u>52,478</u>	<u>2</u>	<u>52,480</u>
Fund Cash Balances, December 31	27,040	2	27,042
Restricted	-	2	2
Unassigned (Deficit)	27,040	-	27,040
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,040</u>	<u>\$ 2</u>	<u>\$ 27,042</u>

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

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	General Fund	Special Revenue	
Cash Receipts			
Sale of Fuel	\$ 19,746	\$ -	\$ 19,746
Fees	9,530	-	9,530
Rents	86,756	-	86,756
Miscellaneous	2,432	2	2,434
<i>Total Cash Receipts</i>	<u>118,464</u>	<u>2</u>	<u>118,466</u>
Cash Disbursements			
Current:			
Salaries	20,168	-	20,168
Fringe Benefits	3,366	-	3,366
Supplies	1,372	-	1,372
Utilities	8,028	-	8,028
Maintenance/Repair	18,582	-	18,582
Contracts - Services	7,972	-	7,972
Consultant - Services	2,673	-	2,673
Audit Cost	3,280	-	3,280
Insurance	10,251	-	10,251
Real Estate Taxes	20,816	-	20,816
Miscellaneous	103	-	103
Capital Outlay/Debt Service:			
Interest and Hangar Payments	33,917	-	33,917
<i>Total Cash Disbursements</i>	<u>130,528</u>	<u>-</u>	<u>130,528</u>
<i>Net Change in Fund Cash Balances</i>	(12,064)	2	(12,062)
<i>Fund Cash Balances, January 1</i>	<u>64,542</u>	<u>-</u>	<u>64,542</u>
Fund Cash Balances, December 31	52,478	2	52,480
Restricted	-	2	2
Unassigned (Deficit)	52,478	-	52,478
<i>Fund Cash Balances, December 31</i>	<u>\$ 52,478</u>	<u>\$ 2</u>	<u>\$ 52,480</u>

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

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 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 Portage County Regional Airport Authority, Portage County, (the Authority) as a body corporate and politic. The Portage County Commissioners appoints eight board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Portage County Airport.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Authority 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).

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

C. Deposits

The Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

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

F. Fund Balance

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

1. Nonspendable

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

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

2. EQUITY IN POOLED DEPOSITS

The Authority maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. All of the Authority's available funds are maintained in demand deposit accounts. The carrying amount of the Authority's deposits at December 31 of each respective year was as follows:

	<u>2014</u>	<u>2015</u>
Demand deposit accounts	\$ 52,480	\$ 27,042

Deposits: the Federal Depository Insurance Corporation insures deposits.

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2015
(Continued)**

3. DEBT

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Loan from Portage County	\$339,021	1.22%
Hangar Purchase	208,034	6.00%
Total	\$547,055	

The Authority has an obligation to Portage County for a loan in the amount of \$419,000 to continue the operations of the Authority. The principal payment was \$41,900 effective September 30, 2011 for a period of 10 years. Interest payments began in 2011 and are based on the average County portfolio interest rate yield for the period years as determined by the Portage County Treasurer. In an agreement with the Portage County Treasurer, loan payments, including interest, for years 2015 and 2016, have been suspended until 2017. As of December 31, 2015 the balance due is \$339,021.

The Authority purchased four hangars on the Airport's grounds on July 1, 2011. The total cost was \$300,000 with a \$20,000 down payment. Effective August 1, 2011 the balance of \$280,000 is being paid in monthly installments of \$2,589, which includes interest of 6.0%. As of December 31, 2015, the balance due is \$208,034.

Amortization of the above debt, is scheduled as follows:

	Loan from Portage County	Hangar Purchase
Year ending December 31:		
2016	\$ -	\$ 19,108
2017	41,900	20,287
2018	41,900	21,538
2019	41,900	22,867
2020	41,900	24,277
2021-2025	171,421	99,957
Total	\$ 339,021	\$ 208,034

5. RETIREMENT SYSTEMS

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2014-2015</i>	<i>10%</i>	<i>14%</i>

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 2015 and 2014, OPERS members contributed 10%, of their gross salaries and the Authority contributed an amount equaling 14%, of participants' gross salaries. The Authority has paid all contributions required through December 31, 2015.

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2015
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

The Authority is a defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Authority's financial condition.

The Authority is also a plaintiff in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Authority's financial condition.

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



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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*

Portage County Regional Airport Authority
Portage County
4039 Nanway Blvd.
Ravenna, Ohio 44266

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 cash balances, receipts and disbursements by fund type of the Portage County Regional Airport Authority, Portage County, (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2016, wherein we noted the Airport 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. 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 communication 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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 11, 2016



Dave Yost • Auditor of State

PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 20, 2016**