



**FOR THE PERIOD ENDED NOVEMBER 21, 2015 AND THE YEAR ENDED DECEMBER 31,
2014**



Dave Yost • Auditor of State

WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Wayne County Airport Authority
Wayne County
428 West Liberty Street
Wooster, Ohio 44691

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Wayne County Airport Authority, Wayne County, Ohio, (the Authority) as of and for the period ended November 21, 2015 and year ended December 31, 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 1B 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 November 21, 2015 and December 31, 2014, or changes in financial position thereof for the period and 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 balance of the Wayne County Airport Authority, Wayne County, Ohio as of November 21, 2015 and December 31, 2014, and its cash receipts and disbursements for the period and 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 1B.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the period ended November 21, 2015, the Authority's Board authorized the dissolution of the Authority. 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 October 19, 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.

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

October 19, 2016

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**WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 21, 2015 AND DECEMBER 31, 2014**

	2015	2,014
Cash Receipts		
Sale of Fuel	\$ 409,399	\$ 465,729
Fees	18,310	23,558
Rents	90,383	131,236
Royalties	74	246
Miscellaneous	5,013	5,909
	523,179	626,678
<i>Total Cash Receipts</i>		
Cash Disbursements		
Current:		
Transportation		
Salaries	92,451	98,512
Fringe Benefits	19,024	18,696
Supplies	17,438	6,960
Fuel	272,449	370,797
Contracts - Repair	17,399	47,105
Contracts - Services	26,347	18,836
Utilities	32,730	35,990
Advertising and Printing	807	321
Sales Tax	15,209	18,341
Miscellaneous	16,118	19,753
Capital Outlay	-	18,848
Debt Service:		
Principal Retirement	36,000	-
	545,972	654,159
<i>Total Cash Disbursements</i>		
<i>Excess of Cash Receipts Under Cash Disbursements</i>	(22,793)	(27,481)
Other Financing Receipts		
Loan Proceeds	-	18,848
Special Item	36,000	-
<i>Net Change in Fund Cash Balances</i>	13,207	(8,633)
<i>Fund Cash Balances, January 1</i>	5,472	14,105
Fund Cash Balances, November 21 and December 31		
Unassigned	18,679	5,472
<i>Fund Cash Balances, November 21 and December 31</i>	\$ 18,679	\$ 5,472

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

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**WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Airport Authority

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

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 has no investments.

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.

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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.

WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (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.

G. Special Items

Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. During the audit period, the Authority had a special item related to the loan forgiveness. See Note 3.

**WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS

The Authority maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at November 21, 2015 and December 31, 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	\$18,679	\$5,472

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

3. DEBT

On June 11, 2013, the Authority entered into a promissory note with the Wayne County Community Improvement Corporation (CIC) for \$36,000 to be repaid seven years from the date of execution of the note, without interest. During 2013, \$17,152 of this note was received with the remaining amount of \$18,848 being received during 2014. On August 6, 2015, the CIC Board approved a motion to forgive the promissory note. Therefore, a special item was reflected on the financial statements to reflect the loan forgiveness.

4. 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 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 November 21, 2015.

5. RISK MANAGEMENT

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Vehicles; and
- Errors and omissions.

The Authority is insured for the following risks via a Insurance Policy acquired by the County Commissioners

- Comprehensive property and general liability.

**WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014
(Continued)**

6. DISSOLUTION OF THE AUTHORITY

On August 1, 2015, the Authority's Board authorized the dissolution of the Authority. On November 10, 2015, Wayne County approved a resolution to accept the assets and operational responsibilities of the Wayne County Airport Authority, which the transition occurred on November 21, 2015. The acquisition included all of the assets of the Wayne County Airport Authority, consisting of land, buildings and equipment. The acquisition value of the net position acquired was determined to be \$89,910, which is made up of the acquisition values of the assets received. In addition, the Authority had \$295 of deposits and \$15,917 of disbursements that occurred between November 22, 2015 and December 31, 2015. This activity was not included on the Authority's financial statements.



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

Wayne County Airport Authority
Wayne County
428 West Liberty Street
Wooster, Ohio 44691

To the County Commissioners:

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 the Wayne County Airport Authority, Wayne County, Ohio, (the Authority) as of and for the period ended November 21, 2015 and year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2016, 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, and the Authority's Board authorized the dissolution of the Authority as of November 21, 2015.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-003 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

October 19, 2016

WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Maintaining Supporting Documentation

Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code Sections 149.38 through 149.42. **Ohio Admin. Code § 117-2-02(A)** requires all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule **117-2-03 of the Administrative Code**. In addition, maintaining organized documentation and support for financial transactions is essential in assuring the Authority's financial statements are accurately presented and that all expenditures are made for a proper public purpose.

We noted the following issues in regard to the organization of financial records as well as the underlying documentation and support of certain financial transactions:

- While testing payroll withholding submissions, the Authority was unable to provide any Ohio Public Employees Retirement System filings for 2014. However, we did review prior year workpapers and noted we had reviewed some 2014 filings and it appeared they were being submitted timely. All 2015 withholding submissions were maintained.
- Sixteen of twenty cash transaction fuel receipts tested did not have invoices maintained that the Authority provides to the customers documenting how much they owe the Authority for fuel purchases. As a result, we were not able to determine if the amount paid was posted to the correct receipt line item on the financial statements. However, we were able to perform alternative procedures that satisfy the condition.

Failure to maintain organized underlying documentation and support of financial transactions can increase the risk of fraud, inaccurate financial statements, and expenditures that are not for a proper public purpose.

We recommend the Authority maintain all supporting documentation for payroll withholding submissions and all invoices provided to customers, and that the records be maintained in an orderly manner to support all transactions.

WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-002

Noncompliance

W-2s and 1099s

26 CFR 31.6051-2(a) indicates every employer who is required to make a return of tax under § 31.6011(a)-1 (relating to returns under the Federal Insurance Contributions Act), § 31.6011(a)-4 (relating to returns of income tax withheld from wages), or § 31.6011(a)-5 (relating to monthly returns) for a calendar year or any period therein shall file the Social Security Administration copy of each Form W-2 required under § 31.6051-1 to be furnished by the employer with respect to wages paid during the calendar year. Each Form W-2 and the transmittal Form W-3 shall together constitute an information return to be filed with the Social Security Administration office indicated on the instructions to such forms.

26 CFR § 1.6041-1 requires governments to report on Form 1099 "salaries, wages, commissions, fees and other forms of compensation for services rendered aggregating \$600 or more" for unincorporated businesses.

During the audit period, the Authority could not provide the following items:

- W-2s for 2014.
- 1099s for 2014.

Without maintaining these forms, the Authority could be subject to IRS fines and penalties if W-2s and 1099s are not completed and submitted.

The Authority should ensure W-2s and 1099s are completed and maintained to help ensure compliance with the Federal requirements.

This issue will be referred to the Internal Revenue Service.

WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-003

Material Weakness

Cash Reconciliation

Strong monitoring practices of Authority financial activities are the responsibility of management and the Board and are essential to ensure proper financial reporting. A bank to book reconciliation should be performed monthly and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Management and the Board should review the bank to book reconciliation and monthly financial reports of financial activity of the Authority. Evidence of these reviews should be documented.

The Authority could not locate the bank to book reconciliations for certain periods during the audit period. The Airport was unable to provide the February - May 2014 bank reconciliations and the February 2015 and September - November 2015.

After the Authority dissolved and became a department of Wayne County, the Wayne County Administrator was able to perform a proof of cash for the Airport at both December 31, 2014 and November 21, 2015.

Without complete and accurate monthly bank reconciliations, the Authority's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities.

We recommend the Authority reconcile all bank accounts to the books on a timely basis and ensure the reconciliations are maintained. In this process all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected on the Authority's ledgers following the completion of the reconciliation. As a monitoring control, we recommend the monthly bank reconciliation be reviewed and approved by an individual with appropriate fiscal authority and by the Board and that evidence of these reviews and approvals be documented.

Officials' Response: The Wayne County Commissioners understand the importance and agree with the findings of the State Auditor. We had no control over the operation of the Airport and the actions of the Airport Authority and all of the actions, or lack of action, that give rise to the finding occurred while the Airport Authority was in charge of the Airport. Since the Common Pleas Court has turned the airport over to us, we have rolled this operation into our own policy and procedures and we are confident that these issues do not continue.

**WAYNE COUNTY AIRPORT AUTHORITY
WAYNE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 21, 2015 AND DECEMBER 31, 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Ohio Rev. Code § 149.351 – Maintaining Supporting Documentation	Not corrected	See Finding 2015-001
2013-002	Cash Reconciliation	Not corrected	See Finding 2015-002



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WAYNE COUNTY AIRPORT AUTHORITY

WAYNE 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 22, 2016