



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Allen County Regional Airport Authority
Allen County
P.O. Box 1401
Lima, Ohio 45802

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Allen County Regional Airport Authority, Allen County (the Airport), on the receipts, disbursements and balances recorded in the Airport's cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Airport. The Airport is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Airport.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Trial Balance Summary to the December 31, 2014 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Trial Balance Summary to the December 31, 2015 balances in the Trial Balance Summary. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Trial Balance Summary. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Airport's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2016 bank reconciliation:

Cash (Continued)

- a. We attempted to trace each credit to the subsequent January or February bank statement.
- b. We attempted to agree the credit amounts to the General Ledger. We attempted to verify that each credit was recorded as a December receipt for the same amount recorded in the reconciliation.

Two of the three reconciling credits, were double entries in the General Ledger from September 2015 in the amount of \$218.56 and February 2016 in the amount of \$1.09. We agreed these credit amounts to the corresponding months' General Ledgers and to the reconciliation dated July 31, 2017. The double entries were still being carried as credit amounts on the reconciliation.

No exceptions were noted for the third reconciling item.

Unsupported reconciling items should be investigated and resolved in a timely manner. The failure to do so increases the risk of errors and/or irregularities not being detected timely by the Board of Trustees.

7. We traced interbank account transfers occurring in December of 2015 to the accounting records and on each bank statement or reconciliation to determine if they were properly recorded. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We confirmed the amounts paid from the U.S. Department of Transportation Federal Aviation Administration Grant to the Airport during 2016 with the 2016 bank statements. We found no exceptions.
 - a. We inspected the General Ledger to determine whether these receipts were allocated to the proper fund. The Airport's accounting records are all maintained within one fund. We noted that the receipts were recorded in a separate account within Quickbooks and maintained in a separate bank account; however, the account was not reported as a separate fund within the accounting records. 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.
 - b. We inspected the General Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
2. We confirmed the amounts paid from the Marathon Pipe Line LLC to the Airport during 2016 with the Marathon Pipe Line LLC Grant of Easement Agreement and May 2016 bank statement. We found no exceptions.
 - a. We inspected the General Ledger to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Sale of Fuel Receipts

We haphazardly selected 10 sale of fuel cash receipts from the year ended December 31, 2016 and 10 sale of fuel cash receipts from the year ended 2015 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the General Ledger. The amounts agreed.
- b. Agreed the rate charged complied with rates in force during the period. We found no exceptions.

Sale of Fuel Receipts (Continued)

- c. Inspected the General Ledger to confirm the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we observed the following note outstanding as of December 31, 2014. This amount agreed to the Airports January 1, 2015 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Funding Agreement with Allen County	\$340,085

- 2. We inquired of management, and inspected the General Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt agreed to the summary we used in step 3.
- 3. We obtained a summary of note debt activity for 2016 and 2015 and agreed principal and interest payments from the Allen County invoices to General Fund payments reported in the General Ledger. We also compared the date the debt service payments were due to the date the Airport made the payments. We found no exceptions. We also compared the amounts the County invoiced the Airport to the amounts the County paid on the debt note. The County invoiced the Airport \$631.99 more than the required debt obligation for the audit period; the excess amount invoiced to the Airport is recorded in a separate fund on the county's books. The Airport also made a payment of \$2,820.05 to the County during our audit period for a payment that was not due until the next audit period

Non-Payroll Cash Disbursements

- 1. We haphazardly selected ten disbursements from the General Ledger for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Other Compliance

Ohio Rev. Code Section 117.38 requires airports to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Airport's deadline where the initial filing was filed on time but incomplete. We confirmed the Airport filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. There were no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Airport's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Airport's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

October 26, 2017



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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
NOVEMBER 28, 2017