



**Certified Public Accountants, A.C.**

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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# Dave Yost • Auditor of State

Board of Trustees  
Airport Authority  
PO Box 400  
New Knoxville, Ohio 45871

We have reviewed the *Independent Auditor's Report* of the Auglaize County Airport Authority, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 25, 2018

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**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

June 5, 2018

Auglaize County Airport Authority  
Auglaize County  
PO Box 400  
New Knoxville, OH 45871

To the Board of Directors:

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

We have audited the accompanying financial statements of the **Auglaize County Airport Authority**, Auglaize County, Ohio (the Authority), a component unit of Auglaize County, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes 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 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.

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...*"bringing more to the table"*

**Auditor's Responsibility (Continued)**

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 financial position of the Auglaize County Airport Authority, Auglaize County, Ohio, as of December 31, 2017 and 2016, and the changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Other Information*

The Schedule of Expenses presents additional analysis and is not a required part of the basic financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**Auglaize County Airport Authority**  
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Management's Discussion and Analysis  
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The discussion and analysis of the Auglaize County Airport Authority's (the Authority) financial performance provides an overall review of the Airport Authority's financial activities for the fiscal years ended December 31, 2017 and 2016. The intent of this discussion and analysis is to look at the Authority's performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the Authority's financial performance.

### **Financial Highlights**

Key financial highlights for 2017 and 2016 are as follows:

- The Authority's net position increased by \$31,284 in 2017 and by \$151,828 in 2016.
- Gross income from fuel sales for 2017 was lower than 2016. Gross profit on fuel sales for 2017 was \$30,736 compared to \$32,720 for 2016.
- Operating expenses (excluding cost of fuel) increased in 2017 by \$77,241 compared to 2016. The Authority pays Auglaize County through a rotary account for employee overtime hours. Payments to cover overtime were \$9,200 more in 2017 than 2016. The Authority spent \$9,582 in landscaping improvements and \$41,917 in equipment repairs. Also, the Authority donated \$5,000 to the New Bremen Foundation.
- The Authority spent \$31,479 and \$80,480 on building and land improvements during 2017 and 2016, respectively. The Authority also purchased new capital equipment in 2017 at a cost of \$30,230. Depreciation expense for 2017 and 2016 was \$23,065 and \$13,516, respectively.
- A new lift truck with an acquisition value of \$28,947 was donated to the Authority. An amount of \$2,000 was donated to help cover the acquisition cost of an airfield friction meter.

### **Using this Annual Financial Report**

This report consists of a series of financial statements. The Statements of Net Position and Statements of Activities and Changes in Net Position provide information about the activities of the Authority and present a longer-term view of the Authority's finances.

A question typically asked about the Authority's finances is "How did we do financially during the 2017 and 2016 fiscal years?" The Statements of Net Position and the Statements of Activities and Changes in Net Position report information about the Airport and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, airport condition, weather, etc.) in order to assess the overall health of the Authority.

The statements of cash flows provide information about how the Authority finances and meets the cash flow needs of its operations.

The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

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**The Authority as a Whole**

Recall that the Statements of Net Position provide the perspective of the Authority as a whole.

Table 1 provides a summary of the Authority's net position for 2017, compared to 2016:

(Table 1)

**Net Position**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current Assets	\$ 171,067	\$ 221,302
Noncurrent Assets	<u>356,097</u>	<u>288,292</u>
Total Assets	<u><u>527,164</u></u>	<u><u>509,594</u></u>
<b>Liabilities</b>		
Current Liabilities	<u>21,093</u>	<u>34,807</u>
Total Liabilities	<u>21,093</u>	<u>34,807</u>
<b>Net Position</b>		
Net Investment In Capital Assets	356,097	288,292
Restricted	596	593
Unrestricted	<u>149,378</u>	<u>185,902</u>
Total Net Position	<u>506,071</u>	<u>474,787</u>
Total Liabilities and Net Position	<u><u>\$ 527,164</u></u>	<u><u>\$ 509,594</u></u>

Total assets increased by \$17,570 from 2016 to 2017. Fuel inventory increased by \$8,758, accounts receivable decreased by \$15,342, and cash decreased in the checking account by \$45,658 between the two years.

Total liabilities decreased by \$13,714 from 2016 to 2017. Accounts payable decreased by \$10,459. The fuel farm lease income and hangar rent income apportioned to 2018 is also reported as a liability for 2017. Total net position increased by \$31,284.

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Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2017 compared to the year ended December 31, 2016.

(Table 2)  
**Change in Net Position**

	2017	2016
Operating Revenues	\$ 388,018	\$ 431,365
Operating Expenses	388,162	279,891
<b>Operating Income (Loss)</b>	(144)	151,474
Non-Operating Revenues	31,428	354
<b>Change in Net Position</b>	<b>\$ 31,284</b>	<b>\$ 151,828</b>

Operating revenues decreased by \$43,347 mainly due to the reduction in cash received from the county. Operating expenses were used for the purchase of capital equipment and repairs and maintenance. Operating expenses increased by \$108,271.

**Capital Assets**

A large portion of the Authority's net position each year is its investment in capital assets. There is no debt on any of the assets owned by the Authority. The Authority uses these capital assets to provide services to the businesses and public using the Auglaize County Airport. Table 3 shows 2017 balances compared with 2016.

(Table 3)  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	2017	2016
Equipment	\$ 104,548	\$ 59,441
Building Improvements	131,273	106,640
Office Improvements	5,435	141
Land Improvements	42,061	45,083
Runway Improvements	72,780	76,987
<b>Total</b>	<b>\$ 356,097</b>	<b>\$ 288,292</b>

During 2016 and 2017, building and office improvements were made at the Airport. The Authority also purchased several new pieces of equipment.

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**Debt**

The Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2017 and 2016 other than those arising in the normal course of daily airport operations such as sales tax.

**Current Financial Issues**

The main sources of revenue for the Authority are generated from fuel sales and hangar rent. For the year ended December 31, 2017, the Authority saw an increase in total fuel sales and fuel gross profit compared to 2016. The Authority tries to continue to be competitive in its fuel pricing which can be difficult in a highly volatile market when purchasing minimal loads of fuel. The fuel market is also highly competitive. The airport manager and board continually monitor fuel purchase costs and selling prices to remain competitive and generate revenue.

Hangar rent income is dependent on the amount of space available for rent and the rental need generated by area individuals and businesses. Throughout 2017 and 2016, hangar rentals were at full capacity but this could fluctuate from year to year.

During 2017 and 2016, the Authority made improvements to the buildings and purchased additional equipment. As of December 31, 2017, 44% of the equipment included in capital assets was purchased prior to the year 2012. The replacement of some of this equipment will probably be an issue to be addressed in the near future. The Authority did purchase several new pieces of equipment in 2017, such as a lawn mower and a multi-head tow bar. In addition, repair and maintenance expenses will continue to be a significant cost to the Authority to maintain these assets.

The Authority approved plans to build a new terminal building. The estimated cost is \$1,078,000. The new terminal is expected to begin construction in the summer of 2018. In addition, the Authority is upgrading the utilities with an estimated cost of \$748,000 and the upgrade is scheduled to begin mid-February 2018. The County has budgeted one million toward both projects combined to assist with the cost.

**Contacting the Authority's Finance Department**

This financial report is designed to provide our citizens, taxpayers, airport users, and all interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ted Bergstrom, Auglaize County Airport Manager, 07776 St. Rt. 219, New Knoxville, OH 45871.

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
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**STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS:</b>		
Current Assets:		
Cash - Checking	\$ 122,573	\$ 168,231
Certificate of Deposit - First National	596	593
Petty Cash	80	80
Accounts Receivable	18,495	33,837
Inventory 100LL Fuel	20,928	8,133
Inventory Jet A Fuel	5,946	9,983
Inventory Shirts and Hats	2,004	-
Sales Tax Receivable	445	445
	171,067	221,302
Total Current Assets		
Noncurrent Assets:		
Capital Assets	505,710	432,205
Less: Accumulated Depreciation	(149,613)	(143,913)
	356,097	288,292
Total Noncurrent Assets		
	<b>\$ 527,164</b>	<b>\$ 509,594</b>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 9,957	\$ 20,416
Sales Tax Payable	894	572
Unearned Hangar Rent	6,000	6,075
Hangar Waiting List Deposits	75	-
Unearned Fuel Fees	-	3,577
Unearned Fuel Farm Lease Income	4,167	4,167
	21,093	34,807
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION:</b>		
Net Investment in Capital Assets	356,097	288,292
Restricted	596	593
Unrestricted	149,378	185,902
	506,071	474,787
<b>TOTAL NET POSITION</b>		
	<b>\$ 527,164</b>	<b>\$ 509,594</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>		

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

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
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**STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues:</b>		
Fuel and Oil Sales	\$ 211,213	\$ 182,167
Hangar Rent	153,565	152,544
Fuel Farm Lease	5,000	5,000
Logo Merchandise	364	-
Display Case	-	1,620
Other Operating Revenues	17,760	89,928
Sales Tax Discounts Earned	107	106
Finance Charge Income	9	-
	<hr/>	<hr/>
Total Operating Revenues	388,018	431,365
	<hr/>	<hr/>
<b>Operating Expenses</b>	388,162	279,891
	<hr/>	<hr/>
Operating Income	(144)	151,474
	<hr/>	<hr/>
<b>Non-Operating Revenues:</b>		
Interest Income	481	354
Donations	30,947	-
	<hr/>	<hr/>
Total Non-Operating Revenues	31,428	354
	<hr/>	<hr/>
Change in Net Position	31,284	151,828
	<hr/>	<hr/>
Net Position - January 1	474,787	322,959
	<hr/>	<hr/>
<b>Net Position - December 31</b>	<b><u>\$ 506,071</u></b>	<b><u>\$ 474,787</u></b>

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

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**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 413,856	\$ 428,071
Cash Received from County	15,447	-
Cash Payments to Suppliers for Goods and Services	(415,515)	(258,040)
Net Cash Provided by (Used by) Operations	13,788	170,031
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of Capital Assets	(59,924)	(119,479)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(59,924)	(119,479)
<b>Cash Flows from Investing Activities:</b>		
Interest Received on Cash Equivalents	481	354
Net Cash Provided by (Used by) Investing Activities	481	354
Net Increase/(Decrease) in Cash and Cash Equivalents	(45,655)	50,906
Cash and Cash Equivalents - January 1	168,904	117,998
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 123,249</b>	<b>\$ 168,904</b>
<b>Cash Flows from Operating Activities:</b>		
Operating Income / (Loss)	(144)	151,474
<b>Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:</b>		
Depreciation	23,065	13,516
(Increase) Decrease in Accounts Receivable	15,343	(22,314)
(Increase) Decrease in Fuel Inventory	(10,762)	11,483
(Increase) Decrease in Sales Tax Receivable	-	(210)
Increase (Decrease) in Accounts Payable	(10,459)	13,081
Increase (Decrease) in Sales Tax Payable	322	(517)
Increase (Decrease) in Unearned Fuel Fees	(3,577)	3,577
Increase (Decrease) in Unearned Hangar Rent	-	(59)
Total Adjustments	13,932	18,557
Net Cash Provided by (Used by) Operating Activities	<b>\$ 13,788</b>	<b>\$ 170,031</b>

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

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016**

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**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Airport Authority, Auglaize County, (the Authority), is organized in accordance with Chapter 308 of the Ohio Revised Code. The Authority operates under a nine member board appointed by the Auglaize County Commissioners for a term of three years. The Authority was established in 1967 and is responsible for administering and maintaining the Neil Armstrong Airport. Services provided by the Authority include rental space of hangars, display cases, and office space; they also supply aviation fuel for purchase by the general public. In addition, they act upon various inquiries made concerning the welfare of the airport.

The Authority is considered a component unit of Auglaize County.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The more significant of the Authority's accounting policies are described below.

**Basis of Presentation** – The Authority's financial statements consist of government-wide statements, including the statements of net position, the statements of activities and changes in net position, and the statements of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Accounting System** – The Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Authority and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**Measurement Focus** – The financial statements are prepared using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statements of net assets. The statements of changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statements of cash flows provide information about how the Authority finances and meets the cash flow needs of its enterprise activity.



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**Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting** – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The Authority uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

On the accrual basis, revenue is recorded on exchange transactions when the exchange takes place. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements may include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Airport Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the airport on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before eligibility requirements are met are also recorded as deferred inflows of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Cash and Cash Equivalents** – The Authority maintains an interest bearing depository account and a certificate of deposit. All funds of the Authority are maintained in these two accounts. The interest bearing depository account is presented in the combined balance sheet as “Cash – Checking”. The certificate is an account restricted for the use of scholarships in aviation fields that can be distributed at any time per board approval. The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2017 and 2016 amounted to \$481 and \$354, respectively.

**Receivables and Payables** – Receivables and payables to be recorded on the Authority’s financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

**Inventory** – Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
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For the Years Ended December 31, 2017 and 2016**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets** – Capital assets utilized by the Authority are reported on the statement of net position. Equipment and improvements are stated at cost except for donated equipment, which is stated at acquisition value. Depreciation of capital assets is on a straight line basis over the estimated useful lives (five to twenty years) of the respective assets. The Authority maintains a capitalization threshold of \$2,500. The land and buildings of the airport are owned by Auglaize County. The equipment and runway improvements are the assets of the Authority.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Liabilities** – All payables and accrued liabilities are reported in the financial statements. The Authority had no long-term debt as of December 31, 2017 and 2016.

**Net Position** – Net position represents the difference between assets and liabilities. Net Investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The Authority has restricted net position for 2017 and 2016 of \$596 and \$593, respectively, to provide for scholarships. There were no net positions restricted by enabling legislation at December 31, 2017 or December 31, 2016.

**Operating Revenues and Expenses** – Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services for the use of the airport and the sale of fuel. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenue and expenses not meeting these definitions are reported as non-operating.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Hangar and Fuel Farm Leases** – The Authority leases space at its facility to local businesses and individuals under monthly and long-term leases. The leases generate additional operating revenue for the Authority. Revenue from the long-term leases is reported in the period earned and prepaid lease revenue is reported as a liability until earned.

**Advertising** – The Authority incurred non-direct response advertising costs for the years ended December 31, 2017 and 2016. The Authority's policy is to expense these costs as incurred.

**Donations** – The Authority received a non-cash donation of a lift-truck with an acquisition value of \$28,947 in 2017. A cash donation of \$2,000 was also received in 2017.

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
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**Notes to the Financial Statements  
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**NOTE 3 – DEPOSITS**

State statutes classify monies held by entities such as the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal accounts, or in money market deposit accounts.

Inactive deposits are public deposits that are identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

**Cash on Hand** – At December 31, 2017 and 2016, the Authority had \$80 in undeposited cash on hand which is included on the Statement of Net Position as Petty Cash.

**Deposits** – At December 31, 2017, the carrying amount of the Authority's deposits was \$123,169 and the bank balance was \$123,777 and on December 31, 2016, the carrying amount of the Authority's deposits was \$168,824 and the bank balance was \$168,230. The Ohio Revised Code prescribes allowable deposits and investments.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

Financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. The cash accounts are deposited in a financial institution that is insured by the Federal Deposit Insurance Corporation. The Company's ability to collect the outstanding trade accounts receivable is affected by the overall economic conditions in general, and economic conditions in the aviation industry in particular. Accounts receivable are carried at estimated net realizable values. As of December 31, 2017 and 2016, the Authority had no significant concentrations of credit risk.

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016**

**NOTE 5 – RECEIVABLES**

As of December 31, 2017 and 2016, the accounts receivable balance consisted of balances due from customers for the sale of fuel and rental of hangar space and display cases. All receivables are considered collectable in full.

**NOTE 6 – CAPITAL ASSETS**

A summary of the capital assets at December 31, 2017 and 2016 is as follows:

	<u>12/31/2016</u>			<u>12/31/2017</u>
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 162,716	\$ 54,904	\$ (19,150)	\$ 198,470
Building Improvements	131,077	31,479	-	162,556
Land Improvements	45,336	-	-	45,336
Office Improvements	2,824	6,272	-	9,096
Runway Improvements	90,252	-	-	90,252
Total Capital assets	<u>432,205</u>	<u>92,655</u>	<u>(19,150)</u>	<u>505,710</u>
Less Accumulated Depreciation	(143,913)	(23,065)	17,365	(149,613)
Capital assets, net of depreciation	<u>\$ 288,292</u>	<u>\$ 69,590</u>	<u>\$ (1,785)</u>	<u>\$ 356,097</u>

	<u>12/31/2015</u>			<u>12/31/2016</u>
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 123,716	\$ 39,000	\$ -	\$ 162,716
Building Improvements	95,933	35,144	-	131,077
Land Improvements	-	45,336	-	45,336
Office Improvements	2,824	-	-	2,824
Runway Improvements	90,252	-	-	90,252
Total Capital assets	<u>312,725</u>	<u>119,480</u>	<u>-</u>	<u>432,205</u>
Less Accumulated Depreciation	(130,397)	(13,516)	-	(143,913)
Capital assets, net of depreciation	<u>\$ 182,328</u>	<u>\$ 105,964</u>	<u>\$ -</u>	<u>\$ 288,292</u>

**AUGLAIZE COUNTY AIRPORTY AUTHORITY  
AUGLAIZE COUNTY**

**Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016**

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**NOTE 7 – RISK MANAGEMENT**

The Authority has obtained commercial insurance for the following risks:

- Hangar keeper's liability
- General liability on the premises
- Vehicles

Auglaize County Commissioners provide property coverage for the buildings and structures of the Authority by including these in the County's property coverage policy.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the last fiscal year.

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>Operating Expenses:</b>		
Cost of Fuel and Oil Sold	\$ 180,477	\$ 149,447
Cleaning	104	-
Advertising	438	559
Bank Service Charges	76	64
Contributions	5,000	-
Credit Card Charges	2,561	2,822
Utilities	29,940	25,946
Dues and Subscriptions	3,650	2,725
Equipment Rental	195	106
Fuel Tank Expenses	3,130	-
Depreciation	23,065	13,516
Rotary Account	14,700	5,500
Insurance	10,095	10,152
Logo Merchandise Expense	1,192	-
Lawn Maintenance and Snow Removal	9,582	-
Miscellaneous Expense	112	87
Office Supplies	4,261	3,292
Postage and Shipping	5,426	532
Professional Services	11,630	18,772
Repairs and Maintenance	42,277	21,146
Small Equipment	6,086	2,382
Supplies	24,145	17,590
Telephone	2,322	2,014
Internet Charges	1,985	755
Convention, Seminars and Training	689	526
Travel and Equipment	236	478
Equipment Fuel	4,788	1,480
	<u>4,788</u>	<u>1,480</u>
 Total Operating Expenses	 <u>\$ 388,162</u>	 <u>\$ 279,891</u>

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

June 5, 2018

Auglaize County Airport Authority  
Auglaize County  
PO Box 400  
New Knoxville, OH 45871

To the Board of Directors:

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 **Auglaize County Airport Authority**, Auglaize County, (the Authority), a component unit of Auglaize County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 5, 2018.

***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.

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***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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated June 5, 2018.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*





# Dave Yost • Auditor of State

**AUGLAIZE COUNTY AIRPORT AUTHORITY**

**AUGLAIZE 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  
JULY 5, 2018**