

**AIRPORT AUTHORITY
AUGLAIZE COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Auglaize County Airport Authority
P. O. Box 400
New Knoxville, Ohio 45871

We have reviewed the *Independent Auditor's Report* of the Auglaize County Airport Authority, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2012 through December 31, 2013. 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 Auglaize County Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 30, 2014

This page intentionally left blank.

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Basic Financial Statements.....	10
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

This page intentionally left blank.

Perry & Associates

Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA

428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

June 27, 2014

Airport Authority
Auglaize County
P.O. Box 400
New Knoxville, Ohio 45871

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Airport Authority**, Auglaize County, Ohio (the Authority), a component unit of Auglaize County, as of and for the years ended December 2013 and 2012, 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 the 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.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority, Auglaize County, Ohio as of December 31, 2013 and 2012, and the respective changes in its 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
Unaudited

The discussion and analysis of the Auglaize County Airport Authority's (the Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2013 and 2012. 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 2013 and 2012 are as follows:

- The Authority's net position increased by \$45,002 in 2013 and by \$21,227 in 2012.
- Gross income from fuel sales was higher during 2012 than during 2013 because of additional fuel sales to a based tenant. At the beginning of 2012, the tenant purchased large quantities of jet fuel from the Authority while the tenant was installing new fuel tanks of its own. This did not occur in 2013 and fuel sales returned to normal levels for the year. The additional fuel costs associated with the increase in fuel sales is reflected in the cost of fuel & oil sold. The gross profit on fuel sales was \$32,262 for 2013 and \$42,938 for 2012 compared to \$27,455 for 2011.
- Toward the end of 2013, the hangar leases with a based tenant were renegotiated providing for monthly lease payments of \$5,000. The tenant also made an annual \$5,000 fuel farm lease payment during 2013. Two months of the income from this lease are recognized during 2013 and the remainder is attributable to the 2014 year.
- Hangar rent income is higher for 2013 than 2012 because of temporary month-to-month rentals from another area airport while the airport is renovated.
- Operating expenses for 2013 decreased from 2012 levels. Repairs & maintenance and supplies accounted for the main decreases. However, consulting services increased by \$14,000.
- Farm lease income increased by \$14,752. The current farm lease is for a period of three years.
- There were no capitalized equipment purchases made during 2012 or 2013. Depreciation expense for 2013 and 2012 was \$7,413 each year.
- Donations of \$100 and \$50 were received in 2013 and 2012, respectively.

Using this Annual Financial Report

This report consists of a series of financial statements. The Statements of Net Position and Statements of Revenues, Expenses 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 2013 and 2012 fiscal years?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Authority 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.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
Unaudited

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.

The Airport 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 2013, compared to 2012:

(Table 1)

Net Position

	2013	2012	2011
Assets			
Current Assets	\$ 204,742	\$ 150,099	\$ 123,423
Noncurrent Assets	39,019	46,432	53,844
Total Assets	243,761	196,531	177,267
Liabilities			
Current Liabilities	19,660	17,432	37,092
Total Liabilities	19,660	17,432	37,092
Net Position			
Net Investment In Capital Assets	39,019	46,432	53,844
Restricted	586	584	577
Unrestricted	184,496	132,083	103,451
Total Net Position	224,101	179,099	157,872
Total Liabilities and Net Position	\$ 243,761	\$ 196,531	\$ 194,964

Total assets increased by \$47,230 from 2012 to 2013. Fuel inventory increased by \$10,046, accounts receivable decreased by \$3,338, and cash increased by \$47,935 between the two years.

Total liabilities increased by \$2,228 from 2012 to 2013. The amount of sales tax due was lower at the end of 2013 because of lower fuel sales and the accounts payable total decreased by \$803. The fuel farm lease income apportioned to 2014 is also reported as a liability for 2013.

Total net position increased by \$45,002 from 2012 to 2013.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
Unaudited

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2013 compared to the year ended December 31, 2012.

(Table 2)

Change in Net Position

	2013	2012	2011
Operating Revenues	\$ 326,439	\$ 678,115	\$ 428,903
Operating Expenses	311,271	671,837	434,540
Operating Income (Loss)	15,168	6,278	(5,637)
Non-Operating Revenues	29,834	14,949	16,923
Change in Net Position	45,002	21,227	11,286
Net Position Beginning of the Year	179,099	157,872	146,586
Net Position End of Year	\$ 224,101	\$ 179,099	\$ 157,872

Operating revenues decreased by \$351,676 from 2012 to 2013 mainly due to a decrease in fuel sales as previously reported. Operating expenses decreased by \$360,566 from 2012 to 2013 due to the decrease in fuel costs associated with reduced sales and from small decreases in other expense categories.

Capital Assets

The largest 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 2013 balances compared with 2012.

(Table 3)

Capital Assets at December 31
(Net of Depreciation)

	2013	2012
Equipment	\$ 19,906	\$ 25,145
Building Improvements	17,513	19,098
Office Improvements	988	1,271
Runway Improvements	612	918
Total	\$ 39,019	\$ 46,432

During 2012, old LOC-DME equipment with no remaining basis was removed from the depreciation schedule. No additional assets were purchased during 2012 or 2013. See Note 6 to the basic financial statements for additional information on capital assets.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
Unaudited

Debt

The Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2013 and 2012 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 years ended December 31, 2013 and 2012, the airport saw an increase in total fuel sales and an increase in the gross profit from the fuel sales compared to 2011 that helped to increase the operating income. 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 2013 and 2012, hangar rentals were at full capacity but this could fluctuate from year to year.

As of December 31, 2013, 95% of the equipment and hangar improvements included in capital assets were purchased prior to the year 2011. The replacement of some of this equipment will probably be an issue to be addressed in the near future. In addition, repair and maintenance expenses will continue to be a significant cost to the Authority to maintain these older assets.

Contacting the Airport 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 Sean Stroh, Auglaize County Airport Manager, 07776 St. Rt. 219, New Knoxville, OH 45871.

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2013 AND 2012**

	2013	2012
ASSETS:		
Current Assets:		
Cash - Checking	\$ 156,797	\$ 108,864
Certificate of Deposit - First National	586	584
Petty Cash	81	81
Accounts Receivable	5,248	8,586
Inventory 100LL Fuel	24,124	10,905
Inventory Jet A Fuel	17,906	21,079
	204,742	150,099
Noncurrent Assets:		
Capital Assets	161,014	161,014
Less: Accumulated Depreciation	(121,995)	(114,582)
	39,019	46,432
TOTAL ASSETS	\$ 243,761	\$ 196,531
LIABILITIES:		
Current Liabilities:		
Accounts Payable	\$ 7,351	\$ 8,154
Sales Tax Payable	351	472
Unearned Revenue	11,958	8,806
TOTAL LIABILITIES	19,660	17,432
NET POSITION:		
Net Investment in Capital Assets	39,019	46,432
Restricted	586	584
Unrestricted	184,496	132,083
	224,101	179,099
TOTAL NET POSITION	224,101	179,099
TOTAL LIABILITIES AND NET POSITION	\$ 243,761	\$ 196,531

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Operating Revenues:		
Charges for Services	\$ 291,075	\$ 635,529
Operating Grants - County Contributions	28,500	28,500
Other Operating Revenues	6,864	14,086
Total Operating Revenues	326,439	678,115
Operating Expenses:		
Contract Services	74,204	77,560
Materials and Supplies	184,222	545,616
Repairs and Maintenance	25,720	35,742
Depreciation	7,413	7,413
Travel and Expense	800	786
Miscellaneous	18,912	4,720
Total Operating Expenses	311,271	671,837
Operating Income	15,168	6,278
Non-Operating Revenues:		
Interest Income	353	270
Donations	100	50
Farm Lease Income	29,381	14,629
Total Non-Operating Revenues	29,834	14,949
Change in Net Position	45,002	21,227
Net Position - January 1	179,099	157,872
Net Position - December 31	\$ 224,101	\$ 179,099

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 353,895	\$ 795,794
Cash Payments to Suppliers for Goods and Services	(335,794)	(706,523)
Net Cash Provided by (Used by) Operations	18,101	89,271
Cash Flows from Non-Capital Financing Activities:		
Farm Income	29,381	14,629
Donations	100	50
Net Cash Provided by (Used by) Non-Capital Financing Activities	29,481	14,679
Cash Flows from Investing Activities:		
Interest Received on Cash Equivalents	353	270
Net Cash Provided by (Used by) Investing Activities	353	270
Net Increase/(Decrease) in Cash and Cash Equivalents	47,935	104,220
Cash and Cash Equivalents - January 1	109,529	5,309
Cash and Cash Equivalents - December 31	\$ 157,464	\$ 109,529
Cash Flows from Operating Activities:		
Operating Income / (Loss)	15,168	6,278
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation	7,413	7,413
(Increase) Decrease in Accounts Receivable	3,338	80,812
(Increase) Decrease in Fuel Inventory	(10,045)	(3,269)
Increase (Decrease) in Accounts Payable	(803)	4,235
Increase (Decrease) in Sales Tax Payable	(121)	(7,212)
Increase (Decrease) in Unearned Revenue	3,151	1,014
Total Adjustments	2,933	82,993
Net Cash Provided by (Used by) Operating Activities	\$ 18,101	\$ 89,271

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

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

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.

A. Basis of Presentation

The Authority's financial statements consist of government-wide statements, including the statement of net position, the statement of revenue, expenses and changes in net position, and the statement 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.

B. 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.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

D. 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.

E. 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 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 2013 and 2012 amounted to \$353 and \$270, respectively.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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.

H. 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 fair market value at the date of receipt. 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.

I. Liabilities

All payables and accrued liabilities are reported in the financial statements. The Authority had no long-term debt as of December 31, 2013 and 2012.

J. 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 first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Authority has restricted net position for 2012 and 2013 of \$584 and \$586, respectively, to provide for scholarships. There was no net position restricted by enabling legislation at December 31, 2012 or December 31, 2013.

K. 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 nonoperating.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. Hangar Leases

The Authority leases hangar 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 hangar lease revenue is reported as a liability until earned.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2012, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, GASB Statement No. 64, “Derivative Instruments: Application of hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53”, and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB statement No. 60 did not have an effect on the financial statements of the Authority.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the Authority’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the Authority’s financial statements; however, there was no effect on beginning net position.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the Authority.

GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, and have been implemented by the Authority; however, there was no effect on the financial statements of the Authority.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 4 – 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).

A. Cash on Hand

At December 31, 2013 and 2012, the Authority had \$81 in undeposited cash on hand which is included on the Statement of Net Position as Petty Cash.

B. Deposits

At December 31, 2013, the carrying amount of the Authority's deposits was \$157,383 and the bank balance was \$177,870 and on December 31, 2012, the carrying amount of the Authority's deposits was \$109,448 and the bank balance was \$109,364. 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 5 – RECEIVABLES

As of December 31, 2013 and 2012, 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.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 6 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2013 and 2012 is as follows:

	12/31/2011			12/31/2012
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 364,760	\$ -	\$ (244,392)	\$ 120,368
Building Improvements	31,702	-	-	31,702
Office Improvements	2,824	-	-	2,824
Runway Improvements	6,120	-	-	6,120
Total Capital assets	<u>405,406</u>	<u>-</u>	<u>(244,392)</u>	<u>161,014</u>
Less Accumulated Depreciation	(351,562)	(7,413)	244,393	(114,582)
Capital assets, net of depreciation	<u>\$ 53,844</u>	<u>\$ (7,413)</u>	<u>\$ 1</u>	<u>\$ 46,432</u>
	12/31/2012			12/31/2013
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 120,368	\$ -	\$ -	\$ 120,368
Building Improvements	31,702	-	-	31,702
Office Improvements	2,824	-	-	2,824
Runway Improvements	6,120	-	-	6,120
Total Capital assets	<u>161,014</u>	<u>-</u>	<u>-</u>	<u>161,014</u>
Less Accumulated Depreciation	(114,582)	(7,413)	-	(121,995)
Capital assets, net of depreciation	<u>\$ 46,432</u>	<u>\$ (7,413)</u>	<u>\$ -</u>	<u>\$ 39,019</u>

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.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012**

NOTE 8 – SUBSEQUENT EVENTS

Events occurring subsequent to the Statements of Net Position date that would require accounting for or disclosure in the financial statements were evaluated through June 27, 2014, the date which the financial statements were available to be issued. No such events occurred that would require adjustment or disclosure in the financial statements.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 27, 2014

Airport Authority
Auglaize County
P.O. Box 400
New Knoxville, Ohio 45871

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 **Airport Authority**, Auglaize County, (the Authority), a component unit of Auglaize County, as of and for the years ended December 31, 2013 and 2012, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 27, 2014.

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.



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
AUGUST 12, 2014**