



**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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Board of Directors  
Auglaize County Airport Authority  
PO 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, 2018 through December 31, 2018. 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 black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2020

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**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

November 6, 2020

Auglaize County Airport Authority  
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, 2018 and 2017, 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.

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

**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, as of December 31, 2018 and 2017, 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.

**Emphasis of Matter**

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

**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 November 6, 2020, 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**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2018 and 2017  
(Unaudited)

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, 2018 and 2017. 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 2018 and 2017 are as follows:

- The Authority's net position increased by \$42,969 in 2018 and by \$31,284 in 2017.
- Gross income from fuel sales for 2018 was higher than 2017. Gross profit on fuel sales for 2018 was \$37,297 compared to \$30,736 for 2017.
- Operating expenses (excluding cost of fuel) decreased in 2018 by \$30,502 compared to 2017. The Authority pays Auglaize County through a rotary account for employee overtime hours. Payments to cover overtime were \$9,800 more in 2018 than 2017. The Authority spent \$9,491 for repairs and maintenance and this was \$32,786 less from 2017 cost of repairs and maintenance.
- The Authority also purchased new capital equipment in 2018 at a cost of \$17,443. Depreciation expense for 2018 and 2017 was \$28,570 and \$23,065, respectively.

### **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 2018 and 2017 fiscal years?" The Statements of Net Position and the Statements of Activities 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.

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 Authority as a Whole**

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

**Auglaize County Airport Authority**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2018 and 2017  
(Unaudited)

Table 1 provides a summary of the Authority's net position for 2018, compared to 2017:

(Table 1)  
**Net Position**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current Assets and Other Assets	\$ 224,469	\$ 171,068
Noncurrent Assets	340,901	356,096
<b>Total Assets</b>	<u>565,370</u>	<u>527,164</u>
<b>Liabilities</b>		
Current Liabilities	<u>16,330</u>	<u>21,093</u>
<b>Total Liabilities</b>	<u>16,330</u>	<u>21,093</u>
<b>Net Position</b>		
Net Investment In Capital Assets	340,901	356,096
Restricted	603	596
Unrestricted	<u>207,536</u>	<u>149,379</u>
<b>Total Net Position</b>	<u>549,040</u>	<u>506,071</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 565,370</u>	<u>\$ 527,164</u>

Total assets increased by \$38,206 from 2017 to 2018. Fuel inventory increased by \$5,016, accounts receivable decreased by \$1,730, and cash increased in the checking account by \$50,777 between the two years.

Total liabilities decreased by \$4,763 from 2017 to 2018. Accounts payable decreased by \$4,861. The fuel farm lease income and hangar rent income apportioned to 2019 is also reported as a liability for 2018. Total net position increased by \$42,969.

**Auglaize County Airport Authority**  
Management's Discussion and Analysis  
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(Unaudited)

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2018 compared to the year ended December 31, 2017.

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

	2018	2017
Operating Revenues	\$ 445,617	\$ 388,019
Operating Expenses	403,302	388,163
<b>Operating Income (Loss)</b>	42,315	(144)
Non-Operating Revenues	654	31,428
<b>Change in Net Position</b>	\$ 42,969	\$ 31,284

Operating revenues increased by \$57,598 mainly due to the increased fuel sales. Operating expenses were used for the purchase of capital equipment and normal operating expenditures of the Authority. Operating expenses increased by \$15,139.

**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 2018 balances compared with 2017.

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

	2018	2017
Equipment	\$ 99,157	\$ 104,547
Building Improvements	128,526	131,273
Office Improvements	5,606	5,435
Land Improvements	39,038	42,061
Runway Improvements	68,574	72,780
Total	\$ 340,901	\$ 356,096

During 2018 and 2017, building and office improvements were made at the Airport. The Authority also purchased several new pieces of equipment.

**Debt**

The Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2018 and 2017 other than those arising in the normal course of daily airport operations such as sales tax.

**Auglaize County Airport Authority**  
Management's Discussion and Analysis  
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(Unaudited)

**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, 2018, the Authority saw an increase in total fuel sales and fuel gross profit compared to 2017. 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 Authority's 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 2018 and 2017, hangar rentals were at full capacity but this could fluctuate from year to year.

During 2018 and 2017, the Authority made improvements to the buildings and purchased additional equipment. As of December 31, 2018, 40% of the equipment included in capital assets was 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. The Authority did purchase two pieces of equipment in 2018 such as a lawn mower and a 2006 Buick Lucerne.

The Authority's board and the Auglaize County commissioners continue to explore the idea of building a new terminal, however, no final plans have been agreed upon. To assist with these costs, the County has budgeted one million dollars towards a new terminal and upgrading any utilities. During 2018, the location of the terminal was moved to an existing hangar. The hangar was upgraded to accommodate the terminal incurring improvement expenses during 2017 and 2018. The Authority will also have continuous upgrades to the terminal and hangars in future years.

**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  
AUGLAIZE COUNTY**

**STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS:</b>		
Current Assets:		
Cash - Checking	\$ 173,350	\$ 122,573
Certificate of Deposit - First National	603	596
Petty Cash	81	81
Prepaid Expense	11	-
Accounts Receivable	16,765	18,495
Sales Tax Receivable	-	445
Inventory - 100LL Fuel	14,257	20,928
Inventory - Jet A Fuel	17,633	5,946
Inventory - Shirts and Hats	1,769	2,004
	224,469	171,068
Total Current Assets		
Noncurrent Assets:		
Capital Assets	518,067	505,709
Less: Accumulated Depreciation	(177,166)	(149,613)
	340,901	356,096
Total Noncurrent Assets		
	<b>\$ 565,370</b>	<b>\$ 527,164</b>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 5,096	\$ 9,957
Unearned Hangar Rent	6,180	6,000
Unearned Fuel Farm Lease Income	4,166	4,167
Hangar Waiting List Deposits	50	75
Sales Tax Payable	838	894
	16,330	21,093
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION:</b>		
Net Investment in Capital Assets	340,901	356,096
Restricted	603	596
Unrestricted	207,536	149,379
	549,040	506,071
<b>TOTAL NET POSITION</b>		
	<b>\$ 565,370</b>	<b>\$ 527,164</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  
AUGLAIZE COUNTY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Revenues:</b>		
Fuel and Oil Sales	\$ 263,415	\$ 211,213
Hangar Rent	151,836	153,565
Fuel Farm Lease	5,000	5,000
Logo Merchandise	433	365
Display Case	750	-
Other Operating Revenues	21,213	17,760
Office Rent	1,375	-
Ground Handling Fee	1,451	-
Sales Tax Discount	143	107
Finance Charge Revenues	1	9
	<b>445,617</b>	<b>388,019</b>
<b>Operating Expenses:</b>		
Cost of Fuel and Oil Sold	226,118	180,477
Cleaning	-	104
Advertising	105	438
Bank Service Charges	96	76
Contributions	-	5,000
Credit Card Charges	3,712	2,561
Utilities	30,842	29,943
Dues and Subscriptions	3,779	3,650
Equipment Rental	788	195
Fuel Tank Expenses	-	3,130
Depreciation	28,570	23,065
Rotary Account	24,500	14,700
Insurance	11,000	10,095
Logo Merchandise Expense	235	1,192
Lawn Maintenance and Snow Removal	99	9,582
Miscellaneous Expense	445	111
Office Supplies	1,735	4,261
Postage and Shipping	667	5,426
Professional Services	25,713	11,630
Repairs and Maintenance	9,491	42,277
Small Equipment	518	6,086
Supplies	24,257	24,145
Telephone	2,561	2,321
Internet Fees	1,606	1,985
Conventions, Seminars and Training	212	689
Travel and Entertainment	511	236
Equipment Fuel	5,742	4,788
	<b>403,302</b>	<b>388,163</b>
Operating Income	<b>42,315</b>	<b>(144)</b>
<b>Non-Operating Revenues:</b>		
Interest Income	654	481
Donations	-	30,947
	<b>654</b>	<b>31,428</b>
Change in Net Position	<b>42,969</b>	<b>31,284</b>
Net Position - January 1	<b>506,071</b>	<b>474,787</b>
<b>Net Position - December 31</b>	<b>\$ 549,040</b>	<b>\$ 506,071</b>

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

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 462,597	\$ 413,856
Cash Received from County	-	15,447
Cash Paid to Suppliers	(399,092)	(415,515)
Net Cash Provided by (Used by) Operating Activities	63,505	13,788
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of Capital Assets	(13,375)	(59,923)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(13,375)	(59,923)
<b>Cash Flows from Investing Activities:</b>		
Interest on Cash Equivalents	654	481
Net Cash Provided by (Used by) Investing Activities	654	481
Net Increase/(Decrease) in Cash and Cash Equivalents	50,784	(45,654)
Cash and Cash Equivalents - January 1	123,250	168,904
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 174,034</b>	<b>\$ 123,250</b>
<b>Cash Flows from Operating Activities:</b>		
Operating Income / (Loss)	\$ 42,315	\$ (144)
<b>Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:</b>		
Depreciation	28,570	23,065
(Increase) Decrease in Accounts Receivable	1,730	15,343
(Increase) Decrease in Inventory	(4,781)	(10,762)
(Increase) Decrease in Prepaid Expense	(11)	-
(Increase) Decrease in Sales Tax Receivable	445	-
Increase (Decrease) in Accounts Payable	(4,861)	(10,459)
Increase (Decrease) in Sales Tax Payable	(56)	322
Increase (Decrease) in Unearned Fuel Fees	-	(3,577)
Increase (Decrease) in Hangar Waiting List Deposits	(25)	-
Increase (Decrease) in Unearned Hangar Rent	179	-
Total Adjustments	21,190	13,932
Net Cash Provided by (Used by) Operating Activities	<b>\$ 63,505</b>	<b>\$ 13,788</b>

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

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**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.



**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**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 statement of net position 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 2018 and 2017 amounted to \$654 and \$481, 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 as well as shirts and hats that are 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**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017.

**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 2018 and 2017 of \$603 and \$596, respectively, to provide for scholarships. There were no net positions restricted by enabling legislation at December 31, 2018 or December 31, 2017.

**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, 2018 and 2017. The Authority's policy is to expense these costs as incurred.

**Donations** – For the year ended December 31, 2017, the Authority received a non-cash donation of a lift-truck with a value of \$28,947. A cash donation of \$2,000 was also received for the year ended December 31, 2017. For the year ended December 31, 2018, the Authority did not receive any cash or noncash donations.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**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, 2018 and 2017, the Authority had \$81 in undeposited cash on hand which is included on the Statement of Net Position as Petty Cash.

**Deposits** – At December 31, 2018, the carrying amount of the Authority's deposits was \$173,953 and the bank balance was \$176,521 and on December 31, 2017, the carrying amount of the Authority's deposits was \$123,169 and the bank balance was \$123,777. 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.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**Note 4 – Capital Assets**

A summary of the capital assets at December 31, 2018 and 2017 is as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital Assets:				
Equipment	\$ 198,470	\$ 10,851	\$ (5,085)	\$ 204,236
Building Improvements	162,556	5,167	-	167,723
Land Improvements	45,335	-	-	45,335
Office Improvements	9,095	1,425	-	10,520
Runway Improvements	90,253	-	-	90,253
Total Capital assets	<u>505,709</u>	<u>17,443</u>	<u>(5,085)</u>	<u>518,067</u>
Less Accumulated Depreciation	(149,613)	(28,570)	1,017	(177,166)
Capital assets, net of depreciation	<u>\$ 356,096</u>	<u>\$ (11,127)</u>	<u>\$ (4,068)</u>	<u>\$ 340,901</u>

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
Capital Assets:				
Equipment	\$ 162,716	\$ 54,904	\$ (19,150)	\$ 198,470
Building Improvements	131,077	31,479	-	162,556
Land Improvements	45,335	-	-	45,335
Office Improvements	2,824	6,271	-	9,095
Runway Improvements	90,253	-	-	90,253
Total Capital assets	<u>432,205</u>	<u>92,654</u>	<u>(19,150)</u>	<u>505,709</u>
Less Accumulated Depreciation	(143,913)	(23,065)	17,365	(149,613)
Capital assets, net of depreciation	<u>\$ 288,292</u>	<u>\$ 69,589</u>	<u>\$ (1,785)</u>	<u>\$ 356,096</u>

**Note 5 – Receivables**

As of December 31, 2018 and 2017, the accounts receivable balance consisted of amounts 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 – 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.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2018 and 2017**

**Note 6 – Risk Management (Continued)**

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.

**Note 7 – 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, 2018 and 2017, the Authority had no significant concentrations of credit risk.

**Note 8 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be eliminated.

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

November 6, 2020

Auglaize County Airport Authority  
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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 6, 2020 wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

***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

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**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

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OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARreport@ohioauditor.gov  
(800) 282-0370

Board of Directors  
Auglaize County Airport Authority  
PO 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, 2019 through December 31, 2019. 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 black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 14, 2020

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**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

November 6, 2020

Auglaize County Airport Authority  
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, 2019 and 2018, 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.

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

**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, as of December 31, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

**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 November 6, 2020, 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**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2019 and 2018  
(Unaudited)

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, 2019 and 2018. 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 2019 and 2018 are as follows:

- The Authority's net position increased by \$41,741 in 2019 and increased by \$42,969 in 2018.
- Gross income from sales for 2019 was lower than 2018. Gross profit on fuel sales for 2019 was \$46,629 compared to \$37,297 for 2018.
- Operating expenses (excluding cost of fuel) decreased in 2019 by \$1,798 compared to 2018. The Authority pays Auglaize County through a rotary account for employee overtime hours and bookkeeper salary. Payments to cover overtime and salary were \$600 more in 2019 than 2018. The Authority spent \$11,931 for repairs and maintenance and this was \$2,440 more than 2018 cost of repairs and maintenance.
- The Authority also purchased new capital equipment and made land improvements in 2019 at a cost of \$65,950. Depreciation expense for 2019 and 2018 was \$33,104 and \$28,570, respectively.

### **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 2019 and 2018 fiscal years?" The Statements of Net Position and the Statements of Activities 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.

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 Authority as a Whole**

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

**Auglaize County Airport Authority**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2019 and 2018  
(Unaudited)

Table 1 provides a summary of the Authority's net position for 2019, compared to 2018:

(Table 1)  
**Net Position**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current Assets and Other Assets	\$ 270,936	\$ 224,469
Noncurrent Assets	366,791	340,901
<b>Total Assets</b>	<u><u>637,727</u></u>	<u><u>565,370</u></u>
<b>Liabilities</b>		
Current Liabilities	40,946	16,330
Long-Term Liabilities	6,000	-
<b>Total Liabilities</b>	<u><u>46,946</u></u>	<u><u>16,330</u></u>
<b>Net Position</b>		
Net Investment In Capital Assets	360,791	340,901
Restricted	-	603
Unrestricted	229,990	207,536
<b>Total Net Position</b>	<u><u>590,781</u></u>	<u><u>549,040</u></u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 637,727</u></u>	<u><u>\$ 565,370</u></u>

Total assets increased by \$72,357 from 2018 to 2019. Fuel inventory increased by \$28,724, accounts receivable decreased by \$3,959, and cash increased in the checking account by \$22,457 between the two years.

Total liabilities increased by \$30,616 from 2018 to 2019. Accounts payable increased by \$18,177. The fuel farm lease income and hangar rent income apportioned to 2020 is also reported as a liability for 2019. Total net position increased by \$41,741 from 2018 to 2019.

**Auglaize County Airport Authority**  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2019 and 2018  
 (Unaudited)

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2019 compared to the year ended December 31, 2018.

(Table 2)

**Change in Net Position**

	2019	2018
Operating Revenues	\$ 427,198	\$ 445,617
Operating Expenses	385,993	403,302
<b>Operating Income (Loss)</b>	41,205	42,315
Non-Operating Revenues (Expenses)	536	654
<b>Change in Net Position</b>	\$ 41,741	\$ 42,969

Operating revenues decreased by \$18,419 mainly due to the decreased other operating revenues. Operating expenses were used for the purchase of capital equipment and normal operating expenditures of the Authority. Operating expenses decreased by \$17,309.

**Capital Assets**

A large portion of the Authority's net position each year is its investment in capital assets. The only debt on any of the assets owned by the Authority is on the 2015 F350. The Authority uses these capital assets to provide services to the businesses and public using the Auglaize County Airport. Table 3 shows 2019 balances compared with 2018.

(Table 3)

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

	2019	2018
Equipment	\$ 111,039	\$ 99,157
Building Improvements	141,300	128,526
Office Improvements	4,985	5,606
Land Improvements	45,100	39,038
Runway Improvements	64,367	68,574
Total	\$ 366,791	\$ 340,901

During 2019 and 2018, building, office, and land improvements were made by the Authority. The Authority also purchased several new pieces of equipment.

**Debt**

As of December 31, 2019, the Authority owes \$12,000 to the Auglaize County Treasurer for the purchase of the 2015 F350. The original purchase price of the truck was \$18,000 payable in three yearly installments of \$6,000. The first installment payment was paid in 2019. The Authority has no outstanding debt to financial institutions or government entities as of December 31, 2019 other than those arising in the normal course of daily airport operations such as sales tax.

**Auglaize County Airport Authority**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2019 and 2018  
(Unaudited)

**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, 2019, the Authority saw a decrease in total fuel sales but fuel gross profit compared to 2018 was higher. 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 Authority's 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 2019 and 2018, hangar rentals were at full capacity, but this could fluctuate from year to year.

During 2019 and 2018, the Authority made improvements to the buildings and purchased additional equipment. The Authority did purchase several pieces of equipment in 2019 such as a lawn mower, 2015 F350, and weather station components. In addition, the buildings and hangars were equipped with wireless internet during 2019.

The Authority's board and the Auglaize County commissioners entered into an agreement with Baumer Construction to construct a new terminal at the airport. The project began on November 19<sup>th</sup>, 2019 with the tear down of the old terminal. Basement walls and slab foundation have been poured. Construction will continue during 2020 and the Authority is gathering estimates for furniture inside the terminal. To assist with these costs, the County has apportioned \$1,698,000 dollars towards the new terminal. The project estimated end date is June 2020. All buildings are owned by Auglaize County.

**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  
AUGLAIZE COUNTY**

**STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS:</b>		
Current Assets:		
Cash - Checking	\$ 195,807	\$ 173,350
Certificate of Deposit - First National	-	603
Petty Cash	81	81
Prepaid Expense	-	11
Accounts Receivable	12,806	16,765
Inventory - 100LL Fuel	33,400	14,257
Inventory - Jet A Fuel	27,214	17,633
Inventory - Shirts and Hats	1,628	1,769
Total Current Assets	270,936	224,469
Noncurrent Assets:		
Capital Assets	574,950	518,067
Less: Accumulated Depreciation	(208,159)	(177,166)
Total Noncurrent Assets	366,791	340,901
<b>TOTAL ASSETS</b>	<b>\$ 637,727</b>	<b>\$ 565,370</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 23,273	\$ 5,096
Unearned Hangar Rent	6,540	6,180
Current Portion Long Term Debt	6,000	-
Unearned Fuel Farm Lease Income	4,167	4,166
Hangar Waiting List Deposits	75	50
Sales Tax Payable	891	838
Total Current Liabilities	40,946	16,330
Long Term Liabilities:		
Note Payable - Truck, Net of Current Portion	6,000	-
Total Long Term Liabilities	6,000	-
<b>TOTAL LIABILITIES</b>	<b>46,946</b>	<b>16,330</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	360,791	340,901
Restricted	-	603
Unrestricted	229,990	207,536
<b>TOTAL NET POSITION</b>	<b>590,781</b>	<b>549,040</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 637,727</b>	<b>\$ 565,370</b>

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

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Operating Revenues:</b>		
Fuel and Oil Sales	\$ 257,236	\$ 263,415
Hangar Rent	155,077	151,836
Fuel Farm Lease	5,000	5,000
Logo Merchandise	107	433
Display Case	600	750
Other Operating Revenues	7,322	21,213
Office Rent	950	1,375
Ground Handling Fee	712	1,451
Sales Tax Discount	136	143
Finance Charge Revenues	58	1
	<b>427,198</b>	<b>445,617</b>
<b>Operating Expenses</b>		
Advertising	168	105
Bank Service Charges	70	96
Contributions	637	-
Convention, Seminars and Training	657	212
Cost of Fuel and Oil Sold	210,607	226,118
Credit Card Charges	3,498	3,712
Depreciation	33,104	28,570
Dues and Subscriptions	5,313	3,779
Equipment Fuel	5,147	5,742
Equipment Rental	805	788
Insurance	11,674	11,000
Internet Charges	1,132	1,606
Lawn Maintenance and Snow Removal	-	99
Licenses and Permits	210	-
Logo Merchandise Expense	231	235
Miscellaneous Expense	660	445
Office Supplies	1,699	1,735
Postage and Shipping	655	667
Professional Services	7,990	25,713
Repairs and Maintenance	11,931	9,491
Rotary Account	25,100	24,500
Small Equipment	2,231	518
Supplies	28,863	24,257
Telephone	2,317	2,561
Travel and Equipment	88	511
Utilities	31,206	30,842
	<b>385,993</b>	<b>403,302</b>
Total Operating Expenses		
	<b>41,205</b>	<b>42,315</b>
Operating Income		
	<b>41,205</b>	<b>42,315</b>
<b>Non-Operating Revenues/(Expenses):</b>		
Interest Income	1,144	654
(Loss) on Sale of Asset	(608)	-
	<b>536</b>	<b>654</b>
Total Non-Operating Revenues/(Expenses)		
	<b>536</b>	<b>654</b>
Change in Net Position	41,741	42,969
Net Position - January 1	549,040	506,071
<b>Net Position - December 31</b>	<b>\$ 590,781</b>	<b>\$ 549,040</b>

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

**AUGLAIZE COUNTY AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 452,470	\$ 462,597
Cash Paid to Suppliers	(384,159)	(399,092)
Net Cash Provided by (Used by) Operating Activities	68,311	63,505
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Payment on Note Payable - Truck	(6,000)	-
Acquisition of Capital Assets	(41,601)	(13,375)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(47,601)	(13,375)
<b>Cash Flows from Investing Activities:</b>		
Interest Received on Cash Equivalents	1,144	654
Net Cash Provided by (Used by) Investing Activities	1,144	654
Net Increase/(Decrease) in Cash and Cash Equivalents	21,854	50,784
Cash and Cash Equivalents - January 1	174,034	123,250
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 195,888</b>	<b>\$ 174,034</b>
<b>Cash Flows from Operating Activities:</b>		
Operating Income / (Loss)	41,205	42,315
<b>Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:</b>		
Depreciation	33,104	28,570
(Increase) Decrease in Accounts Receivable	3,959	1,730
(Increase) Decrease in Inventory	(28,583)	(4,781)
(Increase) Decrease in Prepaid Expense	11	(11)
(Increase) Decrease in Sales Tax Receivable	-	445
Increase (Decrease) in Accounts Payable	18,176	(4,861)
Increase (Decrease) in Sales Tax Payable	53	(56)
Increase (Decrease) in Unearned Fuel Fees	1	-
Increase (Decrease) in Hangar Waiting List Deposits	25	(25)
Increase (Decrease) in Unearned Hangar Rent	360	179
Total Adjustments	27,106	21,190
Net Cash Provided by (Used by) Operating Activities	<b>\$ 68,311</b>	<b>\$ 63,505</b>

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

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**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.



**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**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 for 2019 all funds are maintained in this account. The interest-bearing depository account is presented in the statement of net position as “Cash – Checking”. For 2018, the Authority also maintained a certificate of deposit. The certificate is an account restricted for the use of scholarships in aviation fields that can be distributed at any time per board approval. In may 2019, the Board withdrew the certificate and the proceeds were sent to the New Bremen Foundation for establishing a scholarship. 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 2019 and 2018 amounted to \$1,144 and \$654, 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 as well as shirts and hats that are 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**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**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.

**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 positions 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 2018 of \$603 to provide for scholarships. There were no net positions restricted by enabling legislation at December 31, 2019 or December 31, 2018.

**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, 2019 and 2018. The Authority's policy is to expense these costs as incurred.

**Donations** – For the year ended December 31, 2019, the Authority received \$20 as a cash donation that is included in other operating revenue. For the year ended December 31, 2018, the Authority did not receive any cash or noncash donations.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**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, 2019 and 2018, the Authority had \$81 in undeposited cash on hand which is included on the Statement of Net Position as Petty Cash.

**Deposits** – At December 31, 2019, the carrying amount of the Authority's deposits was \$195,807 and the bank balance was \$227,021 and at December 31, 2018, the carrying amount of the Authority's deposits was \$173,953 and the bank balance was \$176,521. 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.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**Note 4 – Capital Assets**

A summary of the capital assets at December 31, 2019 and 2018 is as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets:				
Equipment	\$ 204,236	\$ 32,585	\$ (9,067)	\$ 227,754
Building Improvements	167,723	21,943	-	189,666
Land Improvements	45,335	9,997	-	55,332
Office Improvements	10,520	1,425	-	11,945
Runway Improvements	90,253	-	-	90,253
Total Capital assets	<u>518,067</u>	<u>65,950</u>	<u>(9,067)</u>	<u>574,950</u>
Less Accumulated Depreciation	(177,166)	(33,104)	2,111	(208,159)
Capital assets, net of depreciation	<u>\$ 340,901</u>	<u>\$ 32,846</u>	<u>\$ (6,956)</u>	<u>\$ 366,791</u>

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital Assets:				
Equipment	\$ 198,470	\$ 10,851	\$ (5,085)	\$ 204,236
Building Improvements	162,556	5,167	-	167,723
Land Improvements	45,335	-	-	45,335
Office Improvements	9,095	1,425	-	10,520
Runway Improvements	90,253	-	-	90,253
Total Capital assets	<u>505,709</u>	<u>17,443</u>	<u>(5,085)</u>	<u>518,067</u>
Less Accumulated Depreciation	(149,613)	(28,570)	1,017	(177,166)
Capital assets, net of depreciation	<u>\$ 356,096</u>	<u>\$ (11,127)</u>	<u>\$ (4,068)</u>	<u>\$ 340,901</u>

**Note 5 – Long-Term Liabilities**

During 2019, the Authority entered a long-term liability for the purchase of a 2015 F350 from Auglaize County for \$18,000. The repayment schedule is three equal yearly payments of \$6,000. The first payment was paid in 2019. The remaining two payments of \$6,000 each are due in 2020 and 2021. There is no interest associated with the liability. On December 31, 2019, this long-term liability was \$12,000. There was no long-term debt as of December 31, 2018.

**Note 6 – Receivables**

As of December 31, 2019 and 2018, the accounts receivable balance consisted of amounts due from customers for the sale of fuel and rental of hangar space and display cases. All receivables are considered collectable in full.

**Auglaize County Airport Authority**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**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.

**Note 8 – 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, 2019 and 2018, the Authority had no significant concentrations of credit risk.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be eliminated.

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

November 6, 2020

Auglaize County Airport Authority  
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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 6, 2020 wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

***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

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# OHIO AUDITOR OF STATE KEITH FABER



**AUGLAIZE COUNTY AIRPORT AUTHORITY**

**AUGLAIZE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/29/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)