

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

ASHLEE McCORT, TREASURER



Dave Yost • Auditor of State

Board of Trustees
Carroll Regional Airport Authority
P.O. Box 266
Carrollton, Ohio 44615

We have reviewed the *Independent Auditor's Report* of the Carroll Regional Airport Authority, Carroll County, prepared by Julian & Grube, Inc., 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 Carroll Regional 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

May 7, 2014

This page intentionally left blank.

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY**

FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statement:	
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balance	3
Notes to the Financial Statement	4 - 5
Supplementary Data:	
Schedule of Receipts and Expenditures of Federal Awards	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	7 - 8
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	9 - 10
Schedule of Findings <i>A-133</i> § .505.....	11 - 12

This page intentionally left blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Carroll Regional Airport Authority
Carroll County
P.O. Box 266
Carrollton, Ohio 44615

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statement and related notes of Carroll Regional Airport Authority, Carroll County, Ohio, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Carroll Regional Airport 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 Carroll Regional Airport 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the Carroll Regional Airport Authority prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Carroll Regional Airport Authority as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the combined cash balances of Carroll Regional Airport Authority, Carroll County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statement, during 2012, the Carroll Regional Airport Authority adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted to opine on the financial statement taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements for the year ended December 31, 2012.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of the Carroll Regional Airport 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 Carroll Regional Airport Authority's internal control over financial reporting and compliance.



**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash receipts:		
FAA Grants	\$ 79,823	\$ 585,742
Sale of Fuel	243,542	148,684
Rents	32,177	25,724
Miscellaneous	3,197	-
Oil & Gas	2,608	242
Total cash receipts	<u>361,347</u>	<u>760,392</u>
Cash disbursements:		
Current:		
Insurance	11,180	6,994
Supplies	4,823	53,286
Fuel	237,624	144,004
Repair and Maintenance	95,196	26,452
Contracts-Services	17,880	618,246
Utility Expense	5,868	5,443
Sales Tax Expense	15,211	9,108
Miscellaneous	8,602	5,163
Total cash disbursements	<u>396,384</u>	<u>868,696</u>
Excess of receipts over/(under) disbursements	<u>(35,037)</u>	<u>(108,304)</u>
Net Change in Fund Cash Balances	(35,037)	(108,304)
Fund cash balances, January 1	<u>123,028</u>	<u>231,332</u>
Unassigned	<u>87,991</u>	<u>123,028</u>
Fund cash balances, December 31	<u>\$ 87,991</u>	<u>\$ 123,028</u>

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll Regional Airport Authority, Carroll County, (the Airport) as a body corporate and politic. The Airport is directed by a five member Board, appointed by the Carroll County Commissioners. The Airport is responsible for the safe and efficient operation and maintenance of the Carroll Regional Airport Authority.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Airport recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Airport's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Balance

The Airport adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Fund balance is divided into five classifications based primarily on the extent to which the Airport must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Airport classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Committed

The Board can *commit* amounts via formal action (resolution). The Airport must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Airport official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Airport applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Checking account	\$87,991	\$123,028

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

NOTE 3 - RISK MANAGEMENT

Commercial Insurance

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omissions.

This page intentionally left blank.

SUPPLEMENTARY DATA

CARROLL REGIONAL AIRPORT AUTHORITY
 CARROLL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) PASSED THROUGH THE N/A			
Airport Improvement Program	20.106	N/A	\$ 585,742
Total Airport Improvement Program			<u>585,742</u>
Total U.S. Department of Transportation			<u>\$ 585,742</u>

Notes to the Schedule of Expenditures of Federal Awards:

(A) This schedule was prepared on the cash basis of accounting.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required By *Government Auditing Standards***

Carroll Regional Airport Authority
Carroll County
P.O. Box 266
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Controller General of the United States' *Government Auditing Standards*, the financial statement of the Carroll Regional Airport Authority, Carroll County, Ohio, as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statement and have issued our report thereon dated March 21, 2014 wherein we noted the Carroll Regional Airport Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted that in 2012 the Carroll Regional Airport Authority adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Carroll Regional Airport 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 opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Carroll Regional Airport 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 Carroll Regional Airport Authority's financial statement. 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.

Board of Trustees
Carroll Regional Airport Authority

Compliance and Other Matters

As part of reasonably assuring whether the Carroll Regional Airport Authority's financial statement is 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 Carroll Regional Airport Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Carroll Regional Airport Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
March 21, 2014



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required By *OMB Circular A-133*

Carroll Regional Airport Authority
Carroll County
P.O. Box 266
Carrollton, Ohio 44615

To the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Carroll Regional Airport Authority's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Carroll Regional Airport Authority's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Carroll Regional Airport Authority's major federal program.

Management's Responsibility

The Carroll Regional Airport Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the compliance for each of the Carroll Regional Airport Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Carroll Regional Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Carroll Regional Airport Authority's major program. However, our audit does not provide a legal determination of the Carroll Regional Airport Authority's compliance.

Board of Trustees
Carroll Regional Airport Authority

Opinion on the Major Federal Program

In our opinion, the Carroll Regional Airport Authority's complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report described in the accompanying schedule of findings as item 2012-CRAA-001. This finding did not require us to modify our compliance opinion on the major federal program.

The Carroll Regional Airport Authority's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the Carroll Regional Airport Authority's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Carroll Regional Airport Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Carroll Regional Airport Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Carroll Regional Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
March 21, 2014

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Airport Improvement Program - CFDA #20.106
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

None

**CARROLL REGIONAL AIRPORT AUTHORITY
CARROLL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2012**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2012-CRAA-001
CFDA Title and Number	20.106
Federal Award Number/Year	2012
Federal Agency	U.S. Department of Transportation Federal Aviation Administration
Pass-Through Agency	N/A

Noncompliance

31 U.S.C. 7502(a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in Federal Awards shall have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearing House within nine months after year end.

The Airport expended \$585,742 in federal awards in 2012 and did not have a single audit conducted until 2014.

Without a single audit being conducted in accordance with the filing requirements of the Federal Audit Clearinghouse, the Carroll Regional Airport Authority may potentially affect its federal funding status.

We recommend that upon expending over \$500,000 in federal monies, the Airport contact the Auditor of State and notify them of such, so that a single audit can be conducted in a timely manner.

Client Response: The Treasurer was under the impression the single audit could be conducted during its normal two year cycle audit.



Dave Yost • Auditor of State

CARROLL REGIONAL AIRPORT AUTHORITY

CARROLL 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
MAY 20, 2014**