



Dave Yost • Auditor of State

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Belmont County Regional Airport Authority
Belmont County
P.O. Box 83
Barnesville, Ohio 43713

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Belmont County Regional Airport Authority, Belmont County, Ohio (the Authority), as of and for the years ended December 31, 2015 and 2014.

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 § 117.38 and Ohio Administrative Code § 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 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 opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statements 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 Authority as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Belmont County Regional Airport Authority, Belmont County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

December 8, 2016

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
County Contributions	\$14,000	\$0	\$14,000
Grants	0	59,448	59,448
Sale of Fuel	18,431	0	18,431
Rents	5,025	0	5,025
Earnings on Investments	657	0	657
Other Income	0	219	219
<i>Total Cash Receipts</i>	<u>38,113</u>	<u>59,667</u>	<u>97,780</u>
Cash Disbursements			
Current:			
Transportation	32,663	0	32,663
Capital Outlay	19,523	68,348	87,871
<i>Total Cash Disbursements</i>	<u>52,186</u>	<u>68,348</u>	<u>120,534</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,073)</u>	<u>(8,681)</u>	<u>(22,754)</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	25,000	25,000
Transfers Out	(25,000)	0	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(39,073)</u>	<u>16,319</u>	<u>(22,754)</u>
<i>Fund Cash Balances, January 1</i>	<u>318,099</u>	<u>30,822</u>	<u>348,921</u>
Fund Cash Balances, December 31			
Restricted	0	47,141	47,141
Unassigned (Deficit)	279,026	0	279,026
Fund Cash Balances, December 31	<u><u>\$279,026</u></u>	<u><u>\$47,141</u></u>	<u><u>\$326,167</u></u>

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

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
County Contributions	\$14,000	\$0	\$14,000
Grants	0	28,101	28,101
Sale of Fuel	9,371	0	9,371
Rents	5,025	0	5,025
Earnings on Investments	574	0	574
Other Income	3,947	0	3,947
<i>Total Cash Receipts</i>	<u>32,917</u>	<u>28,101</u>	<u>61,018</u>
Cash Disbursements			
Current:			
Transportation	32,968	0	32,968
Capital Outlay	46,595	29,370	75,965
<i>Total Cash Disbursements</i>	<u>79,563</u>	<u>29,370</u>	<u>108,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,646)</u>	<u>(1,269)</u>	<u>(47,915)</u>
Other Financing Receipts (Disbursements)			
Transfers In	0	27,999	27,999
Transfers Out	(27,999)	0	(27,999)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(27,999)</u>	<u>27,999</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(74,645)</u>	<u>26,730</u>	<u>(47,915)</u>
<i>Fund Cash Balances, January 1</i>	<u>392,744</u>	<u>4,092</u>	<u>396,836</u>
Fund Cash Balances, December 31			
Restricted	0	30,822	30,822
Unassigned (Deficit)	318,099	0	318,099
Fund Cash Balances, December 31	<u><u>\$318,099</u></u>	<u><u>\$30,822</u></u>	<u><u>\$348,921</u></u>

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

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2015**

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 Belmont County Regional Airport Authority, Belmont County, Ohio (the Authority), as a body corporate and politic. The Authority appoints five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Belmont County 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

The Authority'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. Property, Plant, and Equipment

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

E. Fund Balance

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

1. 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.

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 Authority 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Authority maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	\$326,167	\$248,921
Certificates of deposit	0	100,000
Total deposits	<u>\$326,167</u>	<u>\$348,921</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity risk pool.

3. DEBT

There was no outstanding debt as of December 31, 2015. No mortgages or bank loans existed at that time.

4. RISK MANAGEMENT

The Authority has obtained and continues to hold commercial insurance for comprehensive property and general liability.



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

Belmont County Regional Airport Authority
Belmont County
P.O. Box 83
Barnesville, Ohio 43713

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Belmont County Regional Airport Authority, Belmont County, Ohio (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 8, 2016, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

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.

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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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 8, 2016

**BELMONT COUNTY REGIONAL AIRPORT AUTHORITY
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Significant Deficiency

The Authority should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets document compliance with finance-related legal and contractual requirements and prepare financial statements. As part of this accounting system, the Authority should have procedures in place for a review of transactions by the Authority Board.

As a result of audit procedures performed, a misclassification was noted in the Authority's financial statements that required adjustment for 2015:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue had external legal restrictions as Restricted. The Authority improperly reported the restricted portion of the Capital Project Funds, in the amount of \$47,141 as Unassigned instead of Restricted.

As a result of audit procedures performed, misclassifications/adjustments were noted in the Port Authority's financial statements that required adjustment for 2014:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue had external legal restrictions as Restricted. The Authority improperly reported the restricted portion of the Capital Project Funds, in the amount of \$30,822 as Unassigned instead of Restricted.

These reclassifications were due to limited oversight by management. These significant reclassifications, with which management agrees, were posted to the financial statements and the accounting system of the Authority.

The Authority should ensure the proper fund receipt classification to ensure the Authority's accounting system and year-end financial statements are properly reported. The Authority could refer to Auditor of State Bulletin 2011-004 for guidance on how to report fund equity.

Officials' Response: We did not receive a response from Officials to this finding.

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BELMONT COUNTY REGIONAL AIRPORT AUTHORITY

BELMONT 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
JANUARY 10, 2017**