



**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2005



**Auditor of State
Betty Montgomery**

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

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**Auditor of State
Betty Montgomery**

Wood County Regional Airport Authority
Wood County
1255 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 10, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Wood County Regional Airport Authority
Wood County
1255 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board:

We have audited the accompanying financial statements of the Wood County Regional Airport Authority, Wood County, (the Authority) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Authority has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Authority does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statements. The Authority has elected not to reformat its statements. Since this Authority does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2005 and 2004, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Wood County Regional Airport Authority, Wood County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Authority to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 10, 2006

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
County and City Contributions	\$50,000	\$12,694	\$62,694
Intergovernmental		262,268	262,268
Sale of Fuel	215,810		215,810
Sale of Supplies	30,696		30,696
Rents/Leases	62,417		62,417
Miscellaneous	4,425	8,170	12,595
	<u>363,348</u>	<u>283,132</u>	<u>646,480</u>
Total Cash Receipts			
	<u>363,348</u>	<u>283,132</u>	<u>646,480</u>
Cash Disbursements:			
Salaries and Benefits	101,815		101,815
Supplies and Materials	207,015		207,015
Repairs and Maintenance	32,283		32,283
Insurance	29,356		29,356
Utilities	18,271		18,271
Sales Tax Remitted	11,023		11,023
Capital Outlay		382,964	382,964
Miscellaneous	8,548		8,548
	<u>408,311</u>	<u>382,964</u>	<u>791,275</u>
Total Cash Disbursements			
	<u>408,311</u>	<u>382,964</u>	<u>791,275</u>
Total Receipts Under Disbursements	<u>(44,963)</u>	<u>(99,832)</u>	<u>(144,795)</u>
Fund Cash Balances, January 1	<u>177,425</u>	<u>144,433</u>	<u>321,858</u>
Fund Cash Balances, December 31	<u><u>\$132,462</u></u>	<u><u>\$44,601</u></u>	<u><u>\$177,063</u></u>

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

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
County and City Contributions	\$80,000		\$80,000
Intergovernmental		\$6,980	6,980
Sale of Fuel	191,465		191,465
Sale of Supplies	22,030		22,030
Rents/Leases	78,763		78,763
Miscellaneous	2,661	300	2,961
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	374,919	7,280	382,199
Cash Disbursements:			
Salaries and Benefits	102,133		102,133
Supplies and Materials	149,690		149,690
Repairs and Maintenance	21,547		21,547
Insurance	25,568		25,568
Utilities	18,308		18,308
Sales Tax Remitted	11,855		11,855
Capital Outlay		220,493	220,493
Storm Damage Repairs	9,890		9,890
Miscellaneous	16,969		16,969
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	355,960	220,493	576,453
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	18,959	(213,213)	(194,254)
Other Financing Receipts:			
Sale of Bonds		300,000	300,000
Sale of Fixed Assets		43,844	43,844
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts		343,844	343,844
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	18,959	130,631	149,590
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	158,466	13,802	172,268
Fund Cash Balances, December 31	<hr/> \$177,425	<hr/> \$144,433	<hr/> \$321,858

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

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Wood County Regional Airport Authority, Wood County, (the Authority) as a body corporate and politic. The Wood County Commissioners appoints eight Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Wood County Regional Airport Authority.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The accounting basis includes Investments as assets. This basis does not record investment purchases as disbursements or investments sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in the State Treasurers Asset Reserve (STAR Ohio) is recorded at share values reported by the State Treasurer.

D. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are restricted as to use. The Authority classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Authority had the following significant Special Revenue Funds:

AIP 1404 AWOS III Fund - This fund receives federal grant money for an automated weather observation system.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

AIP 1505 Terminal Building Fund - This fund receives federal grant money for a terminal building.

E. Property, Plant, and Equipment

The accounting basis recognizes acquisitions of property, plant, and equipment as disbursements when paid. The financial statements do not report these as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Authority's basis of accounting.

2. EQUITY IN CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$146,765	\$292,475
STAR Ohio	30,298	29,383
Total deposits and investments	\$177,063	\$321,858

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Authority.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. DEBT

Debt outstanding at December 31, 2005, was as follows:

	Principal	Interest Rate
Airport Revenue Bonds	\$300,000	3.00%

The Authority is obligated to pay the Bowling Green State University for the revenue bonds. The bonds are payable over a period of fourteen years at \$25,130 a year including interest charged at three percent. The Authority pledges revenues from rentals, fees, charges or other revenues from all airport facilities.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. DEBT – (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Revenue Bonds
2006	\$50,260
2007	25,130
2008	25,130
2009	25,130
2010	25,130
2011 - 2015	125,650
2016 - 2019	100,520
Total	<u>\$376,950</u>

Debt principal outstanding at December 31, 2005, was \$300,000. The Authority did not make a payment in 2005 resulting in two payments due during 2006.

4. RETIREMENT SYSTEM

The Authority's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Authority contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Authority has paid all contributions required through December 31, 2005.

5. RISK MANAGEMENT

Commercial Insurance

The Wood County Regional Airport Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime,
- Systems Protector,
- Terrorism; and
- Vehicles.

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**Auditor of State
Betty Montgomery**

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

Wood County Regional Airport Authority
Wood County
1255 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board:

We have audited the financial statements of the Wood County Regional Airport Authority, Wood County, (the Authority) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 10, 2006, wherein we noted the Authority follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Authority's management dated October 10, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*. In a separate letter to the Authority's management dated October 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 10, 2006



**Auditor of State
Betty Montgomery**

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REGIONAL AIRPORT AUTHORITY

WOOD 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
OCTOBER 23, 2006**