REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

INITIAL AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Mary Taylor, CPA
Auditor of State

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Regional Airport Authority
Van Wert County
114 East Main Street, Suite 200
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of the Regional Airport Authority, Van Wert County, (the Airport Authority), a component unit of Van Wert County, as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. These financial statements are the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as materials and supplies inventory and airplane rental revenue for the years ended December 31, 2007 and 2006. Materials and supplies inventory consisted of $14,094 and $11,252, which is 39 percent and 27 percent, respectively, of current assets for the years ended December 31, 2007 and 2006. Airplane rental income consisted of $7,511 and $12,469, which is 5 and 7 percent, respectively, of operating revenue for the years ended December 31, 2007 and 2006. We were unable to determine the validity of the materials and supplies inventory and airplane rental receipts through alternative procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine the evidence regarding the materials and supplies inventory and the amounts recorded as airplane rental revenue, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Airport Authority, Van Wert County, as of December 31, 2007 and 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2008, 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 1, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED

The discussion and analysis of the Van Wert County Regional Airport Authority's (Airport Authority's) financial performance provides an overall review of the financial activities for the years ended December 31, 2007 and 2006. The intent of this discussion and analysis is to look at the Airport Authority's financial performance as a whole and readers should also review the notes to the basic financial statements, and the financial statements to enhance their understanding of the Airport Authority's financial performance.

Financial Highlights

Key Financial highlights for 2007 and 2006 are as follows:

- Total net assets increased $204,561 for 2007 and $25,694 for 2006. The increase for 2007 was an increase of capital contributions which were used to construct a ramp extension.

- During 2007, the Airport Authority received $241,471 in capital contributions. For 2006, the Airport Authority received $24,848. The contributions received for 2006 was for the design and bid of the ramp. During 2007, the Airport received the contributions to construct the ramp.

- During 2007, the Airport Authority paid $13,912 on its long-term loans. During 2006, the Airport Authority paid $7,597. The 2007 payment included the final payment on the Tractor/Mower loan.

Using this Financial Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of revenues, expenses and changes in net assets provide information about the Airport Authority' and present a long-term view of the Airport Authority's finances.

A question typically asked about the Airport Authority's finances is "How did we do financially during 2007 and 2006?" These statements report information about the Airport Authority and its activities in a way that helps answer this question. These statements include all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

These two statements report the Airport Authority's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Airport Authority as a whole, the financial position of the Airport Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, weather, etc.) in order to access the overall health of the Airport Authority.

The statement of cash flows provides information about how the Airport 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.

Table 1 provides a summary of the Airport Authority's net assets for 2007, compared to 2006.

Table 1
Net Assets

	2007	2006
Assets:		
Current Assets	$35,590	$41,137
Depreciable Capital Assets, Net	1,085,820	887,572
Non Depreciable Capital Assets	214,100	214,100
Total Assets	1,335,510	1,142,809
Liabilities:		
Current and Other Liabilities	29,868	32,368
Long-Term Liabilities	159,145	168,505
Total Liabilities	189,013	200,873
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,131,415	919,255
Unrestricted	15,082	22,681
Total Net Assets	$1,146,497	$941,936

Total assets increased $192,701 from 2006 to 2007. This was due to the construction of a taxiway ramp. Total liabilities decreased $11,860 from 2006 to 2007. The decrease was the result of payments made on the Airport Authority's loans. Total net assets increased for 2007 as a result of capital contributions received from the Federal Aviation Administration (FFA).

Table 2 shows the changes in net assets for the year ended December 31, 2007, as well as revenue and expense comparisons to 2006.

Table 2
Changes in Net Assets

	2007	2006
Operating Revenues:		
Sales	$120,471	$94,454
Grants	42,000	31,267
Rent	7,511	12,469
Total Operating Revenues	169,982	138,190
Operating Expenses:		
Personal Services	31,075	26,605
Contractual Services	61,820	28,073
Materials and Supplies	64,904	47,896
Other Operating Expenses	7,516	5,331
Depreciation	50,203	39,093
Total Operating Expenses	215,518	146,998
Non Operating Revenues/Expenses		
Farm Rental	17,400	13,700
Interest Expense	(8,774)	(4,046)
Total Non Operating Revenues/Expenses	8,626	9,654
Capital Contributions	241,471	24,848
Increase in Net Assets	204,561	25,694
Net Assets Beginning of Year	941,936	916,242
Net Assets End of Year	$1,146,497	$941,936

Operating revenues increased $35,492 from 2006 to 2007. Operating grants consist primarily of grant revenue provided by Van Wert County and the City of Van Wert.

Operating expenses increased due to increases in materials and supplies for fuel costs.

Capital contributions increased as in 2007, the Airport Authority received monies from the FAA for construction of a taxiway ramp.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets, Net of Depreciation

	2007	2006
Land	$214,100	$214,100
Buildings	79,326	81,965
Vehicles	900	1,200
Furniture and Fixtures	881	1,599
Equipment	24,249	26,928
Fueling System	90,016	92,920
Taxiways	890,448	682,960
Totals	$1,299,920	$1,101,672

For 2007, additions to capital assets were construction of a taxiway ramp. Funding for this project was provided by the FAA.

See Note 5 of the notes to the basic financial statements for more detailed information.

Debt

At December 31, 2007, the Airport Authority had three notes outstanding. The Airport Authority owes Van Wert County, as the County issued the notes on behalf of the Airport.

Table 4
Outstanding Debt at Year End

	2007	2006
Airport Hanger #1	$29,850	$31,850
Fuel Tank Removal	97,500	101,500
Airport Hanger #2	41,155	43,235
Tractor/Mower		5,832
Total	$168,505	$182,417

The Airport Authority owes $9,360 within one year. The final payment on the debt will be in the year 2020.

See Note 6 of the notes to the basic financial statements for more detailed information.

Current Financial Issues and Concerns

The Airport Authority receives operating grants from Van Wert County. The receipt of these operating grants has helped cover the operating expenses of the airport.

The main source of revenue for the Airport Authority comes from fuel sales and the Airport Authority tries to continue to be competitive in its fuel pricing. A decrease in fuel sales has a significant impact on operations. Raising fuel prices to help cover operating expenses could have a negative impact on sales in the competitive market of today's business environment.

In addition, the Airport Authority continues to receive support from the FAA allowing the airport to expand and maintain the runways, ramps and taxiways. For 2008, the Airport was awarded a grant from the FAA in the amount of $135,358 for runway rehabilitation.

Contacting the Airport Authority

This financial report is designed to provide the citizens, taxpayers, airport users and other interested parties with a general overview of the Airport Authority's finances and to show the Airport Authority's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Clair Dudgeon, Van Wert Count Commissioner, 121 East Main Street, Van Wert, Ohio 45891 or email to vwcocomm.dudgeon@bright.net.

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF NET ASSETS
DECEMBER 31, 2007 AND 2006

	2007	2006
Assets:		
Current Assets:		
Cash and Cash Equivalents and Investments	$11,870	$21,883
Accounts Receivable	9,626	623
Due from Other Governments		7,379
Material and Supplies Inventory	14,094	11,252
Total Current Assets	35,590	41,137
Non-current Assets:		
Depreciable Capital Assets, Net	1,085,820	887,572
Non Depreciable Capital Assets	214,100	214,100
Total Non-current Assets	1,299,920	1,101,672
Total Assets	1,335,510	1,142,809
Liabilities:		
Current Liabilities:		
Accounts Payable	3,905	1,814
Contracts Payable	5,286	11,894
Sales Tax Payable	265	2,745
Payroll Taxes Payable	3,326	561
Accrued Wages Payable	800	
Unearned Revenues	5,281	
Accrued Interest Payable	1,645	1,442
Current Portion of Notes Payable	9,360	13,912
Total Current Liabilities	29,868	32,368
Non-current Liabilities:		
Notes Payable	159,145	168,505
Total Non-current Liabilities	159,145	168,505
Total Liabilities	189,013	200,873
Net Assets:		
Invested in Capital Assets, Net of Related Debt	1,131,415	919,255
Unrestricted	15,082	22,681
Total Net Assets	$1,146,497	$941,936

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

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Operating Revenues:		
Rent	$7,511	$12,469
Sales	120,471	94,454
Grants	42,000	31,267
Total Operating Revenues	169,982	138,190
Operating Expenses:		
Personal Services	31,075	26,605
Contractual Services	61,820	28,073
Materials and Supplies	64,904	47,896
Other Operating Expenses	7,516	5,331
Depreciation	50,203	39,093
Total Operating Expenses	215,518	146,998
Operating Loss	(45,536)	(8,808)
Non-operating Expenses:		
Farm Rental Income	17,400	13,700
Interest and Fiscal Charges	(8,774)	(4,046)
Total Non-operating Revenues/Expenses	8,626	9,654
Loss before Capital Contribtuions	(36,910)	846
Capital Contributions	241,471	24,848
Change in Net Assets	204,561	25,694
Net Assets Beginning of Year	941,936	916,242
Net Assets End of Year	$1,146,497	$941,936

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

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash Flows from Operating Activities:		
Cash Received from Customers	$124,260	$112,482
Cash Received for Operating Grants	42,000	31,267
Cash Payments for Employee Services and Benefits	(27,510)	(23,298)
Cash Payments to Suppliers for Goods and Services	(144,079)	(107,842)
Net Cash Provided by Operating Activities	(5,329)	12,609
Cash Flows from Capital and Related Financing Activities:		
Prinicpal Paid on Loan Payable	(13,912)	(7,597)
Interest Paid on Loan Payable	(8,571)	(2,593)
Capital Contributions	248,850	22,477
Acquisition of Capital Assets	(248,451)	(29,298)
Net Cash Used for Capital and Related Financing Activities	(22,084)	(17,011)
Cash Flows from Non-capital Financing Activities		
Farm Rental Income	17,400	13,700
Net Decrease in Cash and Cash Equivalents	(10,013)	9,298
Cash and Cash Equivalents Beginning of Year	21,883	12,585
Cash and Cash Equivalents End of Year	11,870	21,883
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating Loss	(45,536)	(8,808)
Adjustments:		
Depreciation	50,203	39,093
(Increase)/Decrease in Assets:		
(Increase)/Decrease in Accounts Receivable	(9,003)	5,559
Increase In Material and Supplies Inventory	(2,842)	(11,252)
Increase/(Decrease) in Liabilities:		
Increase/(Decrease) in Accounts Payable	2,091	(21,334)
Increase/(Decrease) in Contracts Payable	(6,608)	6,045
Increase/(Decrease) in Sales Tax Payable	(2,480)	2,745
Increase in Payroll Taxes Payable	2,765	561
Increase in Accrued Wages Payable	800	
Increase in Unearned Revenues	5,281	
Net Cash Provided by Operating Activities	($5,329)	$12,609

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

1. DESCRIPTION OF ENTITY

The Van Wert County Regional Airport Authority, (the Airport Authority), is organized in accordance with Chapter 308 of the Ohio Revised Code. The Airport Authority is operated by a board of not less than five nor more than seven members, one named in January of the even year by the City of Van Wert, one County Commissioner named in January of the odd year and all others, currently four members, appointed by the Van Wert County Commissioners for a term of four years, one being named each year, with their term beginning in January. The Van Wert City member and the Commissioner member will each serve a two year term on the Board.

The Airport Authority was established in 1974 and is responsible for administering and maintaining the Van Wert County Airport. Services provided by the Airport Authority include rental space of hangars, display cases, and office space; they also supply aviation fuel. In addition, they act upon various inquiries made concerning the welfare of the airport.

The Airport Authority is considered a component unit of Van Wert County. Prior to 2006, the Airport Authority had not issued separate financial statements apart from Van Wert County.

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 operations of the Airport Authority are accounted for using proprietary fund accounting in accordance with GASB Statement Number 20 *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting".* The Airport Authority applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, provided they do not conflict with, or contradict GASB pronouncements.

A. Basis of Presentation

The Airport Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Airport Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal accounting entity with a self balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Accounting System

The Airport Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Airport Authority and, accordingly, these financial statements do not present the financial position or results of operations of Van Wert County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

The accounting and financial reporting treatment is determined by measurement focus. Proprietary accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Airport Authority finances and meets the cash flow needs of its enterprise activity.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The Airport 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 Airport 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.

Deferred (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 revenue. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Cash and Cash Equivalents

The Airport Authority maintains a depository account. All funds of the Airport Authority are maintained in this account. This depository account is presented in the statement of net assets as "Cash and Cash Equivalents". The Airport Authority has no investments. Investment procedures are restricted by the provisions of the Ohio Revised Code.

F. Receivables and Payables

Receivables and payables to be recorded on the Airport Authority's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation's, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Material and Supplies Inventory

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

H. Capital Assets

Capital assets utilized by the Airport Authority are reported on the statement of net assets. Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at the date of receipt. Depreciation of capital assets is on a straight line basis over the estimated useful lives (four to forty years) of the respective assets. The Airport Authority maintains a capitalization threshold of $75. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. Contributions of Capital

Contributions of capital arise from grants or outside contributions of resources restricted to capital acquisition and construction.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the financial statements.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Airport Authority applies restricted resources when an expense is incurred or purposes for which both restricted and unrestricted net assets are available. The Airport Authority did not have any restricted net assets in either 2007 or 2006.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Airport Authority, these revenues are charges for services for the use of the airport and the sale of fuel. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenue and expenses not meeting these definitions are reported as nonoperating.

M. Use of 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.

3. EQUITY IN CASH

Cash on Hand - At December 31, 2007 and 2006, the Airport Authority had $1,125 and $10,430, respectively in undeposited cash on hand which is included on the Statement of Net Assets.

Deposits - At December 31, 2007 and 2006, the carrying amounts of the Airport Authority's deposits were $10,745 and $11,453, respectively. The bank balances were $11,783 and $10,562 on December 31, 2007 and 2006 respectively.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Airport Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. During both the years December 31, 2007 and 2006, the Airport Authority's bank balance was not exposed to custodial credit risk because they were covered under federal depository insurance.

4. RECEIVABLES

As of December 31, 2007 and 2006, the accounts receivable balance consisted of balances due from customers for the sale of fuel and rental of hangar space.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
Governmental Assets				
Capital Assets, not being depreciated				
Land	$214,100			$214,100
Capital Assets, being depreciated				
Buildings	105,575			105,575
Vehicles	1,500			1,500
Furniture and Fixtures	3,035			3,035
Equipment	43,000			43,000
Fueling System	116,150			116,150
Taxiways	746,325	$29,298		775,623
Total Capital Assets, being depreciated	1,015,585	29,298		1,044,883
Less: Accumulated Depreciation				
Buildings	(20,971)	(2,639)		(23,610)
Vehicles		(300)		(300)
Furniture and Fixtures	(718)	(718)		(1,436)
Equipment	(13,393)	(2,679)		(16,072)
Fueling System	(20,326)	(2,904)		(23,230)
Taxiways	(62,810)	(29,853)		(92,663)
Total Accumulated Depreciation	(118,218)	(39,093)		(157,311)
Total Capital Assets, being depreciated, net	897,367	(9,795)		887,572
Governmental Activities Capital Assets, net	$1,111,467	($9,795)	$0	$1,101,672

5. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
Governmental Assets				
Capital Assets, not being depreciated				
Land	$214,100			$214,100
Capital Assets, being depreciated				
Buildings	105,575			105,575
Vehicles	1,500			1,500
Furniture and Fixtures	3,035			3,035
Equipment	43,000			43,000
Fueling System	116,150			116,150
Taxiways	775,623	$248,451		1,024,074
Total Capital Assets, being depreciated	1,044,883	248,451		1,293,334
Less: Accumulated Depreciation				
Buildings	(23,610)	(2,639)		(26,249)
Vehicles	(300)	(300)		(600)
Furniture and Fixtures	(1,436)	(718)		(2,154)
Equipment	(16,072)	(2,679)		(18,751)
Fueling System	(23,230)	(2,904)		(26,134)
Taxiways	(92,663)	(40,963)		(133,626)
Total Accumulated Depreciation	(157,311)	(50,203)		(207,514)
Total Capital Assets, being depreciated, net	887,572	198,248		1,085,820
Governmental Activities Capital Assets, net	$1,101,672	$198,248	$0	$1,299,920

6. DEBT

A summary of the notes payable transactions for the Authority for the year ended December 31, 2005, follows:

	Interest Rate	Balance at December 31, 2005	Increases	Decreases	Balance at December 31, 2006	Due In One Year
Airport Hangar #1	4.64%	$33,850		$2,000	$31,850	$2,000
Fuel Tank Removal	1.80%	102,600		1,100	101,500	4,000
Airport Hangar #2	4.39%	45,315		2,080	43,235	2,080
Tractor/Mower	3.50%	8,249		2,417	5,832	5,832
Total Notes Payable		$190,014	$0	$7,597	$182,417	$13,912

6. DEBT (Continued)

A summary of the notes payable transactions for the Authority for the year ended December 31, 2007, follows:

	Interest Rate	Balance at December 31, 2006	Increases	Decreases	Balance at December 31, 2007	Due In One Year
Airport Hangar #1	4.64%	$31,850		$2,000	$29,850	$3,000
Fuel Tank Removal	4.54%	101,500		4,000	97,500	4,000
Airport Hangar #2	4.39%	43,235		2,080	41,155	2,360
Tractor/Mower	4.00%	5,832		5,832		
Total Notes Payable		$182,417	$0	$13,912	$168,505	$9,360

The interest rates on the airport notes are adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65% except for the Hangar #1 note which is adjusted annually to 85% of the lowest rate for a 1 year Treasury Strip for the Wall Street Journal. The interest rate shall never exceed the lesser of 12 percent or the maximum interest rate permitted by law.

Airport Hanger Note #1 - Terms on the note due to Van Wert County call for a total of 20 annual payments starting on August 1, 1997, at varying amounts based on the interest rate and principal due at that time. The original amount of the note was $49,850.

Fuel Tank Note - Terms on the note due to Van Wert County call for twenty annual payments starting on August 2, 2001, at varying amounts based on the interest rate and principal due at that time. The original amount of the note was $108,000.

Airport Hanger Note #2 - Terms on the note due to Van Wert County call for a total of 20 annual payments starting on October 1, 2001, at varying amounts based on the interest rate and principal due at that time. The original amount of the note was $55,390.

Tractor/Mower Note - In 2007, the final payment was made on the Tractor/Mower note. The original amount of the note was $20,610.

Principal and interest requirements to retire the Airport's long-term obligations outstanding at December 31, 2007, were as follows:

Year	Principal	Interest
2008	$9,360	$7,619
2009	9,510	7,194
2010	10,680	6,763
2011	11,850	6,279
2012	12,040	5,742
2013-1017	78,280	19,173
2018-2020	36,785	2,579
Totals	$168,505	$55,349

7. LEASES

The land and buildings of the Airport Authority are owned by the City of Van Wert. The Airport Authority leases three parcels of land from the City of Van Wert:

Parcel # 12-0334452.5500 containing 99.3120 acres and having nine structures, two of which have been erected by the Airport Authority and listed as assets owned by the Airport Authority, with the remaining seven being used or rented out by the Airport Authority in their operations for generating income.

Parcel # 12-0334452.5600 containing 40.1830 acres, and Parcel # 12-030892.0000 containing 3.4 acres and is located in the landing clear zone. These assets are the property of the City of Van Wert and are not the property of the Airport Authority. The Airport Authority leases these assets for the sum of $1.00 per year.

8. DEFINED BENEFIT PENSION PLAN

Plan Description - The Airport Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Airport Authority’s contribution rates for 2007 and 2006 were 13.85 and 13.70 percent, respectively, of covered payroll. For the period January 1, through June 30, 2007, a portion of the Airport Authority’s contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the year 2006, 4.5 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Airport Authority of 14 percent.

The Airport Authority’s required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007 and 2006 were $1,913, and $2,031, respectively; 99 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2007 and 2006.

9. POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll for 2007 and 13.77 for 2006. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For the year 2006 4.5 percent was used to fund the post-employment healthcare.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Airport Authority's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2007 and 2006, were $1,226, and $993 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

10. RISK MANAGEMENT

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

- Hangar keeper's liability
- General liability on the premises
- Inland marine coverage
- Vehicles

Van Wert County Commissioners provide property coverage for the buildings and structures of the Airport 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.

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

Regional Airport Authority
Van Wert County
114 East Main Street, Suite 200
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the financial statements of the Regional Airport Authority, Van Wert County, (the Airport Authority), a component unit of Van Wert County, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 1, 2008 wherein, we qualified our opinion on the amounts reported as material and supplies inventory and airplane rental income. 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 Airport Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Airport Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Airport Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Airport Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Airport Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-003 through 2007-006.

Internal Control Over Financial Reporting
(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Airport Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-003, 2007-004 and 2007-006 to be material weaknesses.

We also noted certain internal control matters that we reported to the Airport Authority's management in a separate letter dated October 1, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Airport 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We did note certain noncompliance or other matters that we reported to the Airport Authority's management in a separate letter dated October 1, 2008.

The Airport Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Airport Authority's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 1, 2008

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER – 2007-001

Material Weakness/Noncompliance – Destruction of Records

Ohio Rev. Code Section 149.351(A), states that all records as defined in Ohio Rev. Code Section 149.011, are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code Section 149.38 to 149.42.

Records for the rental of the airplane for the period June 10, 2006 to August 8, 2007 were not submitted for audit, which resulted in the inability to determine the fair presentation of these revenues on the financial statements. The lack of the maintenance of source documentation for receipts including the rental slips indicating the renter, date, and hours flown meter readings, could result in errors or irregularities that could go undetected or uncorrected.

Policies and procedures should be developed for the maintenance of the source documentation for airplane rentals. The policy should address the completion and maintenance of all rental slips. Prior to disposal of any records, approval should be obtained from the Airport Authority's record commission, the Auditor of State, and the Ohio Historical Society.

Officials' Response:

The airport manager is currently documenting all airplane rentals in Quick Books with all hard copies filed for back up. The airport manager and the board of trustees will develop written procedures and policies. Part of these procedures will include auditing on regular basis.

FINDING NUMBER – 2007-002

Noncompliance – Contract Estimates

Ohio Rev. Code Section 308.13(B) states whenever a board of trustees of a regional airport authority or any officer or employee designated by the board makes a contract for the purchase of supplies or material or for labor for any work, the cost of which is greater than one thousand dollars but no more than fifteen thousand dollars, the board or designated officer or employee shall solicit informal estimates from no fewer than three potential suppliers before awarding the contract. With regard to each such contract, the board shall maintain a record of such estimates, including the name of each person from whom an estimate is solicited, for no less than one year after the contract is awarded.

There were no records maintained of estimates regarding contracts for the purchase of supplies, materials or labor for any work greater than $1,000, but no more than $15,000. Contracts for which no evidence was retained to show that estimates were obtained included gasoline, computer software, building repairs, roof repair and snow removal during 2006 and gasoline, weed spray, downspout replacement, runway crack sealing and consulting during 2007.

A contracting process should be established to obtain at least three estimates for all contracts for supplies, materials and labor which cost greater than one thousand but no more than fifteen thousand dollars. Documentation of this process and the estimates received should be maintained in a file.

FINDING NUMBER – 2007-002
(Continued)

Officials' Response:

Some of the items listed we have the bids for or our consulting firm Stantec has the bids filed. Also in some cases there was a sole provider for the service we needed. In the future we will document all information that relates to contract estimates and maintain a proper file. Written policy will be forthcoming.

FINDING NUMBER 2007-003

Material Weakness - Financial Reporting

All transactions were posted to the general ledger; however, not all transactions were properly presented in the financial statements that were prepared for 2006 and 2007. The following items required audit adjustments:

- For 2006, $10,330 was included in the beginning balance instead of reported as Sales for that year.

- During 2006 the Federal Aviation Administration revenues of $11,447 were posted as Sales rather than Capital Contributions.

- The 2007 financial statements did not agree to the general ledger line items in the following amounts: personal services $3,269, contract services $15,338, sales $14,604, and other revenue $4,103. The fund balance also required an adjustment of $100.

The failure to prepare financial statements that are in agreement with the supporting general ledger resulted in the material misstatement of the revenue and expenditure line items for reporting. The accompanying financial statements include the required adjustments to correctly state the revenue and expenditure activity for 2007 and 2006.

Once prepared, the financial statements should be reconciled with the supporting general ledger and documentation should be maintained supporting the reconciliation. The Airport Authority should develop policies and procedures for compiling and reviewing the Authority's financial statements prior to audit.

Officials' Response:

Policy for compiling the airport authority financial statement prior to the audit will be forthcoming. This policy will include the audit committee's responsibilities.

FINDING NUMBER 2007-004

Material Weakness - Materials and Supplies Inventory Records

Source documentation was not submitted to audit for the amount recorded as materials and supplies inventory which consisted mainly of aviation fuel. The material and supplies inventory represented $14,094 and $11,252, or 39 and 27 percent of current assets for the years 2007 and 2006, respectively. In addition, there was no evidence that a physical inventory was taken of the amount of fuel on hand in either 2007 or 2006. As a result, we qualified our opinion over materials and supplies inventory since we were unable to obtain sufficient evidential matter supporting these amounts.

FINDING NUMBER 2007-004
(Continued)

The lack of the maintenance of source documentation for the material and supplies inventory including documentation regarding the physical inventory on hand by month, sales, and received, could result in errors or irregularities that go undetected and has resulted in the inability to determine the fair presentation of this asset on the financial statements.

Policies and procedures should be developed for the maintenance of source documentation for material and supplies inventory. The policy should address the performance and maintenance of a material and supplies inventory tracking system which should include the method to measure the aviation fuel purchased, used and remaining.

Officials' Response:

The airport manager is currently documenting all fuel sales in Quick Books with all hard copies filed for back up. The airport manager and the board of trustees will develop written procedures and policies. Part of these procedures will include auditing on regular basis.

FINDING NUMBER 2007-005

Significant Deficiency – Hanger Rental

Lease agreements were not in place for 45 and 31 percent of the hangers rented to support the rental amounts collected during 2007 and 2006, respectively. Further, there was no documentation available indicating the Board had approved the monthly rates charged for each hanger. Accounts were maintained in the accounting system for payments of hanger rent, however, there were no receipts or payments slips prepared, indicating the hanger number, days/hours/months rented or the amount of cash received, to support amounts received as due or in advance. In addition, a monthly inventory or schedule of the empty versus rented hangers was not performed to monitor the completeness of the hanger rent received.

The lack of approved lease agreements on file, and Board approval of the lease rates could result in collections, or lack of collections, of lease amounts which may not be in accordance with the intentions of the Board. The lack of detailed documentation of a collection could result in hanger rent being unpaid resulting in loss of revenues or overpaid with no support if refund amounts were due. In addition, the lack of a monthly inventory of empty versus rented hangers could result in the failure of the Authority to collect all revenues to which it is entitled.

Procedures should be implemented that requires lease agreements in writing for all hangers which should include the hanger lease rates approved by the Board. Actual lease agreement documents should be updated when there are changes. Copies of all leases should be maintained on file. When a payment is received, a sales receipt or other form should be prepared that includes complete documentation on the customer name, hanger number, days/hours/months rented and the amount paid. In addition, a monthly inventory or schedule of the empty versus rented hangers should be performed and reviewed for completeness of the revenues collected.

Officials' Response:

The airport manager is currently documenting all hangar rentals in Quick Books with all hard copies filed for back up. The airport manager and the board of trustees will develop written procedures and policies. Part of these procedures will include auditing on regular basis.

FINDING NUMBER 2007-006

Material Weakness – Aviation Fuel Cash Sales

An account was maintained for cash payments received for aviation fuel sales, however, there were no duplicate receipts or payments slips prepared indicating the number of gallons sold and the amount of cash received. Cash fuel sales represented 51 and 64 percent of total fuel sales for the years 2007 and 2006, respectively. In addition, sales invoices were not prepared for all sales and some sales invoices produced covered multiple fuel sales.

The lack of detailed documentation could result in fuel sales being unpaid or underpaid resulting in loss of revenues to the Airport Authority.

Documentation on a sales receipt or other form indicating the number of gallons sold, price per gallon, amount due and amount paid should be prepared for each cash fuel sale. Sales invoices should be prepared for each sale or notations added to fuel pump reports indicating the invoice number of the invoice sent to the customer. This information in addition to the information currently received on the credit card sales will allow the Board to compare/monitor the number of gallons sold to amount invoiced and paid.

Officials' Response:

Duplicate Receipts are now being used for all cash sales. The airport manager is currently documenting all cash sales in Quick Books with all hard copies filed for back up. The airport manager and the board of trustees will develop written procedures and policies. Part of these procedures will include auditing on regular basis.

Mary Taylor, CPA
Auditor of State

REGIONAL AIRPORT AUTHORITY

VAN WERT 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
NOVEMBER 6, 2008

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