



Dave Yost • Auditor of State

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

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Dave Yost • Auditor of State

Wood County Regional Airport Authority
Wood County
1261 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board of Directors:

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 an 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 adverse 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.

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Dave Yost
Auditor of State

October 16, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wood County Regional Airport Authority
Wood County
1261 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board of Directors:

We have audited the accompanying financial statements of the Wood County Regional Airport Authority, Wood County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Authority has elected not to follow GAAP statement formatting requirements. 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.

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, 2011 and 2010 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, 2011 and 2010, or its 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 cash balance as of December 31, 2011 and 2010 of Wood County Regional Airport Authority, Wood County, Ohio, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2010 the Authority adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012, 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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Dave Yost
Auditor of State

October 16, 2012

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

| | 2011 | 2010 |
|--|------------------|------------------|
| Cash Receipts: | | |
| City and County Contributions | \$57,692 | \$57,692 |
| Grants | 208,048 | 71,523 |
| Sale of Fuel | 278,775 | 266,451 |
| Sale of Supplies | 12,541 | 9,912 |
| Rents | 99,614 | 70,984 |
| Interest | 379 | 370 |
| Miscellaneous | 1,157 | 101 |
| <i>Total Cash Receipts</i> | 658,206 | 477,033 |
| Cash Disbursements: | | |
| Current: | | |
| Salaries and Benefits | 81,161 | 76,479 |
| Supplies and Materials | 206,807 | 221,684 |
| Repairs and Maintenance | 15,309 | 11,481 |
| Insurance | 29,504 | 28,544 |
| Utilities | 18,673 | 18,971 |
| Taxes | 15,714 | 15,452 |
| Miscellaneous | 40,776 | 46,268 |
| Capital Outlay | 229,039 | 20,993 |
| Debt Service: | | |
| Redemption of Principal | 19,260 | 18,699 |
| Interest and Other Fiscal Charges | 5,870 | 6,431 |
| <i>Total Cash Disbursements</i> | 662,113 | 465,002 |
| <i>Net Change in Fund Cash Balance</i> | (3,907) | 12,031 |
| <i>Fund Cash Balance, January 1</i> | 142,947 | 130,916 |
| Fund Cash Balance, December 31 | | |
| Unassigned | 139,040 | 142,947 |
| <i>Fund Cash Balance, December 31</i> | \$139,040 | \$142,947 |

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

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**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Ohio (the Authority), as a body corporate and politic. The Wood County Commissioners appoint seven Board members and one representative from BGSU 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. Accounting Basis

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

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

C. 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.

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

D. Budgetary Process

The Ohio Revised Code does not require the Authority to budget annually. However, the Authority does budget income and expenditures annually.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

E. 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.

F. Fund Balance

The Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. This change had no effect on the previously stated fund balances.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

For December 31, fund balance is divided into five 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. Nonspendable

The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

The 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.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | 2011 | 2010 |
|--------------------------------|-----------|-----------|
| Demand deposits | \$139,040 | \$68,411 |
| STAR Ohio | | 74,536 |
| Total deposits and investments | \$139,040 | \$142,947 |

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

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, 2011 was as follows:

| | Principal | Interest Rate |
|-----------------------|-----------|---------------|
| Airport Revenue Bonds | \$176,405 | 3% |

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 Airport pledges revenues from rentals, fees, charges or other revenues from all airport facilities.

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

| | Revenue Bonds |
|--------------------------|------------------|
| Year ending December 31: | |
| 2012 | \$25,130 |
| 2013 | 25,130 |
| 2014 | 25,130 |
| 2015 | 25,130 |
| 2016 | 25,130 |
| 2017-2019 | 75,390 |
| Total | \$201,040 |

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$527,011 | \$658,206 | \$131,195 |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$526,727 | \$662,113 | (\$135,386) |

| 2010 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$569,847 | \$477,033 | (\$92,814) |

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$528,224 | \$465,002 | \$63,222 |

5. Retirement System

The Authority's 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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Authority contributed an amount equaling 14% of participants' gross salaries. The Authority has paid all contributions required through December 31, 2011.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

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

7. Contingent Liabilities

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
1261 East Poe Road
Bowling Green, Ohio 43402-9392

To the Board of Directors:

We have audited the financial statements of the Wood County Regional Airport Authority, Wood County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 16, 2012, wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Authority implemented GASB statement 54. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

Wood County Regional Airport Authority
Wood County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated October 16, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, and others within the Authority. We intend it for no one other than these specified parties.

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Dave Yost
Auditor of State

October 16, 2012

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2009-001 | Material weakness due to errors in bank reconciliations. | Yes | |
| 2009-002 | Material weakness due to failure to include on-behalf financial activity on the financial statements. | Yes | |

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WOOD COUNTY 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
NOVEMBER 8, 2012**