



**Auditor of State  
Betty Montgomery**



AIRPORT AUTHORITY  
AUGLAIZE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Airport Authority  
Auglaize County  
P.O. Box 400  
New Knoxville, Ohio 45871

To the Board of Directors:

We have audited the accompanying basic financial statements of the Airport Authority, Auglaize County, Ohio, (the Airport Authority), a component unit of Auglaize County, as of and for the years ended December 31, 2005 and 2004, 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority, Auglaize County, Ohio, as of December 31, 2005 and 2004, and the changes in its financial position and its 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 June 14, 2006, on our consideration of the Airport Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 14, 2006

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

The discussion and analysis of the Auglaize County Airport Authority's financial performance provides an overall review of the Airport Authority's financial activities for the fiscal years ended December 31, 2005 and 2004. The intent of this discussion and analysis is to look at the Airport Authority's performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the Airport Authority's financial performance.

**Financial Highlights**

Key financial highlights for 2005 and 2004 are as follows:

- The Airport Authority's net assets increased by \$2,861 for 2005 and decreased by \$8,725 for 2004. The change in 2004 was due to a decrease in fuel sales because of runway improvements that prohibited aircraft landings. During 2005, the runways were completed and fuel sales increased.
- Airport Authority equipment was disposed of during 2004 that created a loss on disposition of capital assets. During 2005, equipment was sold at a gain.

**Using this Annual Financial Report**

This report consists of a series of financial statements. The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets provide information about the activities of the Airport Authority and present a longer-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 the 2005 and 2004 fiscal years?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Airport Authority and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when 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 assess 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.

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

**The Airport Authority as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Airport Authority as a whole. Table 1 provides a summary of the Airport Authority's net assets for 2005, compared to 2004:

**(Table 1)  
Net Assets**

	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Current and Other Assets	\$62,414	\$60,465
Capital Assets	84,824	104,107
Total Assets	147,238	164,572
<b>Liabilities</b>		
Current Liabilities	23,546	43,741
<b>Net Assets</b>		
Invested in Capital Assets	84,824	104,107
Unrestricted	38,868	16,724
	\$123,692	\$120,831

Total assets decreased by \$17,334 from 2004 to 2005. The majority of this change was due to a decrease in the value of capital assets.

Total liabilities decreased by \$20,195 from 2004 to 2005. The decrease was the result of a reduction in deferred revenue items for the county allocation.

Total net assets for 2005 increased by \$2,861, mainly due to an increase in fuel revenue.

Table 2 shows the revenues, expenses and the changes in net assets for the year ended December 31, 2005 compared to the year ended December 31, 2004.

**(Table 2)  
Changes in Net Assets**

	<b>2005</b>	<b>2004</b>
Operating Revenues	\$200,729	\$176,429
Operating Expenses	(211,835)	(186,688)
Operating Loss	(11,106)	(10,259)
Non-operating Revenues	13,967	1,534
Increase (Decrease) in Net Assets	\$2,861	(\$8,725)

Operating revenues increased by \$24,300 mainly due to an increase in aircraft fuel sales. Operating expenses increased by \$25,147 due to increases in repair and maintenance, fuel costs, rotary account expenses, and utilities.



**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

**Capital Assets**

The largest portion of the Airport Authority's net assets each year is its investment in capital assets. There is no debt on any of the assets owned by the Airport Authority. The Airport Authority uses these capital assets to provide services to the businesses and public using the Auglaize County Airport. Table 3 shows 2005 balances compared with 2004.

**(Table 3)  
Capital Assets at December 31  
(Net of Depreciation)**

	<u>2005</u>	<u>2004</u>
Equipment	\$55,083	\$72,618
Building Improvements	26,681	28,123
Runway Improvements	3,060	3,366
	<u>\$84,824</u>	<u>\$104,107</u>

The \$19,283 decrease in capital assets was attributable to depreciation expense and the sale of equipment during 2005.

**Debt**

The Airport Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2005 and 2004 other than those arising in the normal course of daily airport operations such as sales tax.

**Current Financial Issues**

For the year ended December 31, 2005 and 2004, the Airport Authority sustained operating losses even with operating grants from Auglaize County. Operating costs continue to increase so that the Airport Authority can provide the services expected by its customers and maintain the standards established by the Federal Aviation Authority.

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 as evidenced by the decrease in net assets that occurred during 2004. Raising fuel prices to help cover operating expenses could have a negative impact on sales in the competitive market of today's business environment.

As the age of the equipment increases, the cost of maintaining the equipment also increases. As of December 31, 2005, 81 percent of the equipment included as capital assets was purchased prior to the year 2000. The replacement of some of this equipment will probably be an issue to be addressed in the near future.

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED  
(Continued)**

**Contacting the Airport Authority's Finance Department**

This financial report is designed to provide our citizens, taxpayers, airport users, and all interested parties with a general overview of the Airport Authority's finances and to show the Airport Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Gary Katterheinrich, Auglaize County Airport Manager, 07776 St. Rt. 219, New Knoxville, OH 45871.

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2005 AND 2004**

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Current Assets		
Cash - Checking	\$33,823	\$37,322
Petty Cash	100	100
Accounts Receivable	6,011	5,759
Inventory - 100LL Fuel	11,751	9,784
Inventory - Jet A Fuel	10,729	7,500
	<hr/>	<hr/>
Total Current Assets	62,414	60,465
Non-Current Assets		
Property, Plant and Equipment	405,265	410,265
Less: Accumulated Depreciation	(320,441)	(306,158)
	<hr/>	<hr/>
Total Non-Current Assets	84,824	104,107
	<hr/>	<hr/>
<b>Total Assets</b>	147,238	164,572
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	8,218	4,215
Sales Tax Payable	153	129
Intergovernmental Payable		22,500
Deferred Unearned Hanger Rental Income	15,175	16,897
	<hr/>	<hr/>
Total Liabilities	23,546	43,741
	<hr/>	<hr/>
<b>Net Assets</b>		
Invested in Capital Assets	84,824	104,107
Unrestricted	38,868	16,724
	<hr/>	<hr/>
<b>Total Net Assets</b>	<u>\$123,692</u>	<u>\$120,831</u>

*See accompanying notes to the basic financial statements.*

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>Operating Revenues:</b>		
Charges for Services	\$174,396	\$145,812
Operating Grants	22,500	22,500
Other Operating Income	<u>3,833</u>	<u>8,117</u>
Total Operating Revenues	200,729	176,429
<b>Operating Expenses</b>		
Contractual Services	115,388	92,755
Materials and Supplies	72,738	72,488
Depreciation	17,533	18,590
Other	<u>6,176</u>	<u>2,854</u>
Total Operating Expenses	<u>211,835</u>	<u>186,688</u>
Operating Income (Loss)	(11,106)	(10,259)
<b>Non-Operating Revenues (Expenses):</b>		
Interest Income	67	26
Donations	3,060	3,060
Gain (Loss) on Sale of Capital Asset	4,422	(8,115)
Farm Lease Income	<u>6,418</u>	<u>6,563</u>
Total Non-Operating Revenues (Expenses)	<u>13,967</u>	<u>1,534</u>
Change in Net Assets	2,861	(8,725)
Net Assets, Beginning of Year	<u>120,831</u>	<u>129,556</u>
<b>Net Assets, End of Year</b>	<u><u>\$123,692</u></u>	<u><u>\$120,831</u></u>

*See accompanying notes to the basic financial statements.*

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<b>2005</b>	<b>2004</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$184,139	\$163,122
Cash Received from Operating Grants		45,000
Cash Paid to Suppliers	(203,355)	(175,161)
Net Cash from Operating Activities	(19,216)	32,961
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds - Sale of Capital Asset	10,302	800
Acquisition of Capital Assets	(4,130)	(41,102)
Net Cash Used for Capital and Related Financing Activities	6,172	(40,302)
<b>Cash Flows from Non Capital Financing Activities</b>		
Farm Income	6,418	6,563
Donations	3,060	3,060
Net Cash From Non Capital Financing Activities	9,478	9,623
<b>Cash Flows from Investing Activities</b>		
Interest on Cash Equivalents	67	26
Net Cash from Investing Activities	67	26
Net Increase (Decrease) in Cash and Cash Equivalents	(3,499)	2,308
Cash and Cash Equivalents at Beginning of Year	37,422	35,114
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$33,923</b>	<b>\$37,422</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>		
Operating Income (Loss)	(11,106)	(10,259)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Depreciation	17,533	18,590
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(252)	1,818
Fuel Inventory	(5,196)	146
Accounts Payable	4,003	(746)
Sales Tax Payable	24	(480)
Intergovernmental Payable	(22,500)	22,500
Deferred Hangar Rental Income	(1,722)	1,392
Total Adjustments	(8,110)	43,220
<b>Net Cash from Operating Activities</b>	<b>(\$19,216)</b>	<b>\$32,961</b>

*See accompanying notes to the basic financial statements.*

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**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**1 DESCRIPTION OF THE ENTITY**

The Airport Authority, Auglaize County, (the Airport Authority), is organized in accordance with Chapter 308 of the Ohio Revised Code. The Airport Authority operates under a nine member board appointed by the Auglaize County Commissioners for a term of three years. The Airport Authority was established in 1967 and is responsible for administering and maintaining the Neil Armstrong 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 Auglaize 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 Auglaize County.

**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.

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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 an interest bearing depository account. All funds of the Airport Authority are maintained in this account. This interest bearing depository account is presented in the combined balance sheet as "Cash – Checking". The Airport Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2005 and 2004 amounted to \$67 and \$26, respectively.

**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 documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

**G. 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.



**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 (five to twenty years) of the respective assets. The Airport Authority maintains a capitalization threshold of \$2,500. The land and buildings of the Airport Authority are owned by Auglaize County. The equipment and runway improvements are the assets of the Airport Authority.

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. 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 2005 or 2004.

**J. 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.

**K. 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, 2005 and 2004, the Airport Authority had \$100 in undeposited cash on hand which is included on the Statement of Net Assets.

**Deposits** - At December 31, 2005 and 2004, the carrying amounts of the Airport Authority's deposits were \$33,823 and \$37,322, respectively. The bank balances were \$34,527 and \$37,322 on December 31, 2005 and 2004 respectively. For both years, the bank balance was covered by federal depository insurance.

**AIRPORT AUTHORITY  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. EQUITY IN CASH (Continued)**

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. For both the years December 31, 2005 and 2004, 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, 2005 and 2004, 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, 2005, was as follows:

	<u>Balance 12/31/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/05</u>
Capital Assets:				
Equipment	\$375,301	\$4,130	(\$9,130)	\$370,301
Building Improvements	28,844			28,844
Runway Improvements	6,120			6,120
Total Capital Assets	<u>410,265</u>	<u>\$4,130</u>	<u>(9,130)</u>	<u>405,265</u>
Less: Accumulated Depreciation				
Equipment	(302,683)	(\$15,785)	3,250	(315,218)
Building Improvements	(721)	(1,442)		(2,163)
Runway Improvements	(2,754)	(306)		(3,060)
Total Accumulated Depreciation	<u>(306,158)</u>	<u>(17,533)</u>	<u>3,250</u>	<u>(320,441)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$104,107</u>	<u>(\$13,403)</u>	<u>(\$5,880)</u>	<u>\$84,824</u>

**6. 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

Auglaize 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.



**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***

Airport Authority  
Auglaize County  
P.O. Box 400  
New Knoxville, Ohio 45871

To the Board of Directors:

We have audited the basic financial statements of the Airport Authority, Auglaize County, (the Airport Authority), as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated June 14, 2006. 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 to determine our auditing procedures in order 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 Airport Authority's management dated June 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Airport Authority  
Auglaize County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 14, 2006



**Auditor of State  
Betty Montgomery**

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**AUGLAIZE AIRPORT AUTHORITY**

**AUGLAIZE 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  
JULY 18, 2006**