



**WOOD COUNTY REGIONAL AIRPORT AUTHORITY  
WOOD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



WOOD COUNTY REGIONAL AIRPORT AUTHORITY

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**Mary Taylor, CPA**  
Auditor of State

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

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 21, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board:

We have audited the accompanying financial statements of the Wood County Regional Airport Authority, (the Airport) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Airport'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 Airport 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 Airport 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 airports to reformat their statements. The Airport 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Airport as of December 31, 2009 and 2008 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 of the Wood County Regional Airport Authority, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Airport has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2010, on our consideration of the Airport'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.

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

**Mary Taylor, CPA**  
Auditor of State

April 21, 2010



**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash Receipts:</b>		
City and County Contributions	\$67,692	\$62,692
Intergovernmental	293,426	542,639
Sale of Fuel	287,293	354,927
Sale of Supplies	17,044	17,137
Rents	87,144	77,744
Interest	257	1,506
Miscellaneous	3,191	72,541
	<b>756,047</b>	<b>1,129,186</b>
 <b>Cash Disbursements:</b>		
Current:		
Transportation:		
Salaries and Benefits	96,591	104,748
Supplies and Materials	273,544	272,898
Repairs and Maintenance	20,993	17,441
Utilities	19,850	16,936
Insurance	29,370	29,370
Sales Tax Remitted	8,758	10,712
Contract Services	34,353	28,608
Advertising and Printing	806	1,392
Travel and Expenses	1,823	2,918
Miscellaneous	7,771	50,416
Capital Outlay	239,116	536,662
Debt Service:		
Redemption of Principal	18,154	34,738
Interest	6,976	15,522
	<b>758,105</b>	<b>1,122,361</b>
Total Cash Disbursements	<b>758,105</b>	<b>1,122,361</b>
Total Receipts Over/(Under) Disbursements	(2,058)	6,825
Fund Cash Balance, January 1	132,974	126,149
<b>Fund Cash Balance, December 31</b>	<b>\$130,916</b>	<b>\$132,974</b>

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, (the Airport) as a body corporate and politic. The Wood County Commissioners appoint seven Board members and one representative from BGSU to direct the Airport. The Airport is responsible for the safe and efficient operation and maintenance of the Wood County Regional Airport Authority.

The Airport's management believes these financial statements present all activities for which the Airport 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 Airport 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 Airport'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) are recorded at share values reported by the State.

**D. Fund Accounting**

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

**General Fund**

The General Fund reports all financial resources.

**E. Budgetary Process**

The Ohio Revised Code does not require the Airport to budget annually. The Airport does not encumber funds but does budget income and expenditures annually.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

**F. Property, Plant, and Equipment**

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

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Reclassification of Fund Balance**

The Airport has reclassified its special revenue funds to the general fund for 2008. The effect on fund balances is as follows:

	<u>General</u>	<u>Special Revenue</u>
Fund Balances as reported at December 31, 2007	\$12,178	\$113,971
Reclassification of Fund Balances	<u>113,971</u>	<u>(\$113,971)</u>
Restated Fund Balances at January 1, 2008	<u><u>\$126,149</u></u>	<u><u></u></u>

**3. 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:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$56,460	\$98,665
STAR Ohio	74,456	34,309
Total deposits and investments	<u><u>\$130,916</u></u>	<u><u>\$132,974</u></u>

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

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

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$717,749</u>	<u>\$756,047</u>	<u>\$38,298</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$714,905</u>	<u>\$758,105</u>	<u>(\$43,200)</u>

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$1,101,070</u>	<u>\$1,129,186</u>	<u>\$28,116</u>

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,052,729	\$1,122,361	(\$69,632)

**5. Debt**

Debt outstanding at December 31, 2009, was as follows:

	Principal	Interest Rate
Airport Revenue Bonds	\$214,364	3%

The Airport 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:

Year ending December 31:	Revenue Bonds
2010	\$25,130
2011	25,130
2012	25,130
2013	25,130
2014	25,130
2015-2019	125,650
Total	\$251,300

**6. Retirement System**

The Airport'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 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Airport contributed an amount equaling 14%, of participants' gross salaries. The Airport has paid all contributions required through December 31, 2009.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management**

**Commercial Insurance**

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime and Fidelity;
  
- Inland Marine; and
- Auto.

**8. Contingent Liabilities**

The Airport is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes the resolution of this matter will not materially adversely affect the Airport's financial condition.

Amounts grantor agencies pay to the Airport 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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# Mary Taylor, CPA

Auditor of State

## 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  
1261 East Poe Road  
Bowling Green, Ohio 43402-9392

To the Board:

We have audited the financial statements of the Wood County Regional Airport Authority, (the Airport) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 21, 2010, wherein we noted the Airport followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Airport'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 Airport's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Airport'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Airport'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*.

We did note certain matters not requiring inclusion in this report that we reported to the Airport's management in a separate letter dated April 21, 2010.

The Airport's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Airport's response and, accordingly, we express no opinion on it.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 21, 2010



WOOD COUNTY REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Material Weakness

Bank Reconciliations

Monthly bank reconciliations consisted of reconciling each bank account, but not performing an overall reconciliation to the fund balances in the ledgers. This led to cash going un-reconciled without the Board's knowledge and resulted in the following adjustments:

Line Item	2008	2009
<u>Receipts:</u>		
Sale of Fuel	\$ 8,929	\$ 8,646
Sale of Supplies	700	1,012
<u>Disbursements:</u>		
Salaries and Benefits	(1,479)	(159)
Sales Tax Remitted	10,712	8,758
Total Adjustments	<u>\$ 396</u>	<u>\$ 1,059</u>

Sound financial reporting is the responsibility of the Airport Manager/Treasurer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Airport's financial statements and notes to the statements are complete and accurate, we recommend the Airport Manager/Treasurer perform a monthly reconciliation consisting of fund balances, bank statements, investment balances, and a detail of outstanding checks, deposits-in-transit, and any other reconciling items. This should be submitted to the Board monthly. The Board should review the reconciliation and document their approval either by signing the reconciliation or approving the reconciliation in their minutes.

These weaknesses resulted in additional audit time to test and verify the accuracy of the accompanying financial statements. The Airport has posted the required adjustments.

FINDING NUMBER 2009-002

Material Weakness

MP Hangar

Per Audit Bulletin 2000-008, when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

BGSU Capital Planning has a Joint Use Agreement with the Airport for the Airport's MP Hangar built during the audit period. BGSU paid \$431,278 during 2008 and \$68,722 in 2009, on the hangar project from their State Capital Bill revenues. These monies were paid on-behalf-of the Airport and therefore we recommend they be recorded as memorandum receipts and disbursements.

The financial statements have been adjusted to reflect this adjustment.

**Officials' Response:**

Bank Reconciliations are cited as a Material Weakness. While we recognize that the balance sheet and profit and loss statements are not presented on a cash basis of accounting each month, the airport Treasurer oversees a monthly reconciliation of all balance sheet accounts including cash, current liabilities and equity (fund balance). These reconciliations are inherent in the QuickBooks financial statements presented to the WCRAA board and approved monthly as noted in the minutes.

MP Hangar is cited as a Material Weakness with the notation that, "...we recommend they be recorded as memorandum receipts and disbursements." The airport handling and control of the funds, especially since the amount exceeds \$475,000, was beyond reproach, and the funds were always safeguarded; therefore, adding an extra layer of paperwork would contribute little to the overall security, but would translate into a more costly accounting procedure.

The airport appreciates the efforts of the auditors and will make every effort to institute appropriate changes.

**Auditor of State's Analysis:**

Statement of Auditing Standards Number 115 provides the criteria used by auditors to determine if a control deficiency should be considered a significant deficiency or material weakness. Using criteria outlined in auditing standards, both control deficiencies should be reported as material weaknesses.

**WOOD COUNTY REGIONAL AIRPORT AUTHORITY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Finding for recovery.	Yes	
2007-002	Material weakness over financial reporting.	Yes	
2007-003	Significant deficiency over cash drawer controls.	Yes	
2007-004	Material weakness over bank reconciliations.	No	Not corrected; repeated as Finding #2009-001 in this report.
2007-005	Material weakness over sale of fuel.	Yes	
2007-006	Material weakness over daily sales receipts.	Yes	
2007-007	Significant deficiency over payroll review.	No	Partially corrected; repeated in the Management Letter.
2007-008	Significant deficiency over payroll rates.	No	Not corrected; repeated in the Management Letter.
2007-009	Material weakness over expenditures.	No	Partially corrected; repeated in the Management Letter.





Mary Taylor, CPA  
Auditor of State

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  
JUNE 8, 2010