REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Dave Yost • Auditor of State

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Regional Airport Authority
Van Wert County
1400 Leeson Avenue
Van Wert, Ohio 45891

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Regional Airport Authority, Van Wert County, Ohio (the Airport Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Airport Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Airport Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinions.

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Basis for Qualified Opinion on Sales and Rent Revenues

We were unable to obtain sufficient evidential matter supporting the amounts recorded as Sales and Rent revenues and related receivables and deferred inflows for the years ended December 31, 2015 and 2014. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Sales revenue consisted of $53,187 and $54,882, which is 36% and 34%, respectively, of total operating revenue for the years ended December 31, 2015 and 2014. Rent revenue, which includes both Hangar Rentals and Airplane Rentals, consisted of $52,360 and $65,280, which is 35% and 40%, respectively, of total operating revenue for the years ended December 31, 2015 and 2014. We were unable to determine the validity of the revenue for these activities through alternative procedures.

Qualified Opinion on Sales and Rent Revenues

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion on Sales and Rent Revenues* paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the Regional Airport Authority, Van Wert County, Ohio (the Airport Authority), as of December 31, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during the year ended December 31, 2015, the Airport Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiring to management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2016

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The discussion and analysis of the Regional Airport Authority's (Airport Authority's) financial performance provides an overall review of the financial activities for the years ended December 31, 2015 and 2014. 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 transmittal letter, 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 are as follows:

- Total net position increased $122,182 for 2015 and decreased $60,532 for 2014. The increase was the result of capital grants.

- During 2015, the Airport Authority completed a taxiway payment rehab and aircraft ramp reconstruction project. During 2014, the Airport Authority added a PAPI visual guidance system to its capital assets.

- During 2015 and 2014, the Airport Authority paid $16,670 and $15,440 respectively, on its long-term loans.

- During 2015, the Airport Authority implemented GASB Statement No. 68. This statement resulted in a net pension liability at December 31, 2015, of $35,098.

During 2015, the Airport Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Airport Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Airport Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Airport Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Airport Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Airport Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at January 1, 2015, from $1,229,171 to $1,199,161.

Using this Financial Report

This annual report consists of a series of financial statements. The statement of net position and the statement of revenues, expenses and changes in net position 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 the fiscal year?" 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 position and changes in that position. This change in net position 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 position for 2015, compared to 2014 and 2013.

Table 1
Net Position

	2015	2014	2013
Assets:			
Current Assets	$98,964	$89,319	$149,140
Depreciable Capital Assets, Net	1,120,259	1,041,988	1,114,677
Non Depreciable Capital Assets	214,100	214,100	214,100
Total Assets	1,433,323	1,345,407	1,477,917
Deferred Outflow - Pension	6,583	0	0
Liabilities:			
Current and Other Liabilities	30,368	45,156	99,556
Non Current Liabilities	87,043	70,705	88,293
Total Liabilities	117,411	115,861	187,849
Deferred Inflows of Resources	1,152	375	365
Net Position:			
Net Investment in Capital Assets	1,263,654	1,168,713	1,225,962
Unrestricted	57,689	60,458	63,741
Total Net Position	$1,321,343	$1,229,171	$1,289,703

Total assets increased $87,916 from 2014 to 2015 and decreased $132,510 from 2013 to 2014. Current assets increased for 2015 due a larger receivable for grant revenue anticipated from the FAA.

Total liabilities decreased $1,550 for 2015 due to a reduction in contracts payable and a reduction in the long-term loan. A reduction in contracts and retainage payable as well as a reduction in the non current loan decreased total liabilities for 2014.

Table 2 shows the changes in net position for the year ended December 31, 2015, as well as revenue and expense comparisons to 2014 and 2013.

Table 2
Changes in Net Position

	2015	2014	2013
Operating Revenues:			
Charges for Services	$105,547	$120,162	$245,007
Grants and Donations	42,000	42,000	213,561
Other Revenues	492	1,225	5,034
Total Operating Revenues	148,039	163,387	463,602
Operating Expenses:			
Personal Services	43,996	41,363	39,468
Contractual Services	77,940	133,492	346,000
Materials and Supplies	45,550	56,605	78,566
Other Operating Expenses	9,469	5,556	3,963
Depreciation	99,446	98,555	97,671
Total Operating Expenses	276,401	335,571	565,668
Non-Operating Revenues/ Expenses:			
Farm Rental	40,632	40,632	40,632
Grants and Donations	74,854	73,216	
Interest Expense	(1,798)	(2,196)	(2,556)
Total Non-Operating Expenses	113,688	111,652	38,076
Capital Contributions	136,856		17,736
Increase (Decrease) in Net Position	122,182	(60,532)	(46,254)
Net Position Beginning of Year (Restated for 2014)	1,199,161	1,289,703	1,335,957
Net Position End of Year	$1,321,343	$1,229,171	$1,289,703

For 2015, while operating revenues fell, the Airport Authority received capital contributions from the FAA for its capital project. For 2014, operating revenues decreased $300,215 due to a reduction of FAA grant revenues and Hot Air Festival revenues. The Hot Air Festival held during 2013 brought in $96,691 in revenues. Fuel sales also decreased during 2014. Operating grants consist primarily of grant revenue provided by Van Wert County and the City of Van Wert.

Operating expenses have decreased over the past couple of years. The Airport Authority was doing projects such as tree topping which expenses were not capitalized.

Operating expenses in 2013 are larger due to expenses for a hot air festival.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets, Net of Depreciation

	2015	2014	2013
Land	$214,100	$214,100	$214,100
Buildings	58,211	60,853	63,492
Furniture and Fixtures	122	155	185
Equipment	8,890	10,593	12,298
Fueling System	66,786	69,688	72,592
Rental Plane	20,667	24,799	28,932
Taxiways	965,583	875,900	937,178
Totals	$1,334,359	$1,256,088	$1,328,777

During 2015, the Airport Authority completed a taxiway payment rehab and aircraft ramp reconstruction project. For 2014, additions to capital assets consisted of the installation of a PAPI visual guidance system. For 2013, additions to capital assets consisted of a new office chair. In addition, the REILs and parallel taxi extension that was part of construction in progress was completed during 2013.

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

Debt

At December 31, 2015, 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

	2015	2014	2013
Airport Hanger #1	$4,850	$8,850	$12,850
Fuel Tank Removal	48,500	57,500	65,500
Airport Hanger #2	17,355	21,025	24,465
Total	$70,705	$87,375	$102,815

The Airport Authority owes $18,760 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 and the City of Van Wert. 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.

The Airport Authority continues to receive support from the FAA allowing the airport to continue constructing ramp and taxiway extensions. In 2013, the Airport Authority was awarded $180,246 for tree topping/ removal and for the installation of a visual guidance system (PAPI). For 2014, the Airport Authority was awarded $157,574 to rehabilitate taxiways, apron and runway markings. For 2015, the Airport Authority was awarded $109,000 for Apron Design and Taxiway B (Partial) Design. The Airport Authority will continue to seek support from the FAA for its improvements. The FAA Modernization and Reform Act of 2012 reduced federal funding from 95% to 90%. Future grants now need a 10% local match.

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 Michael Jackson, Treasurer/Secretary, 1400 Leeson Avenue, Van Wert, Ohio 45891.

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
Assets:		
Current Assets:		
Cash and Cash Equivalents	$60,064	$48,626
Accounts Receivable	2,892	11,787
Due from Other Governments	18,635	2,959
Material and Supplies Inventory	17,373	25,947
Total Current Assets	98,964	89,319
Non-current Assets:		
Depreciable Capital Assets, Net	1,120,259	1,041,988
Non Depreciable Capital Assets	214,100	214,100
Total Non-current Assets	1,334,359	1,256,088
Total Assets	1,433,323	1,345,407
Deferred Outflow:		
Pension	6,583	
Liabilities:		
Current Liabilities:		
Accounts Payable	8,633	16,501
Contracts Payable		9,867
Sales Tax Payable	54	204
Payroll Taxes Payable	2,177	1,307
Accrued Wages Payable	470	215
Accrued Interest Payable	274	392
Current Portion of Notes Payable	18,760	16,670
Total Current Liabilities	30,368	45,156
Non-current Liabilities:		
Notes Payable	51,945	70,705
Net Pension Liability	35,098	
Total Non-current Liabilities	87,043	70,705
Total Liabilities	117,411	115,861
Deferred Inflows of Resources:		
Pension	617	
Hanger Rent	535	375
Total Deferred Inflows of Resources	1,152	375
Net Position:		
Net Investment in Capital Assets	1,263,654	1,168,713
Unrestricted	57,689	60,458
Total Net Position	$1,321,343	$1,229,171

See accompanying notes to the basic financial statements.

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Operating Revenues:		
Sales	$53,187	$54,882
Grants and Donations	42,000	42,000
Rent	52,360	65,280
Other	492	1,225
Total Operating Revenues	148,039	163,387
Operating Expenses:		
Personal Services	43,996	41,363
Contractual Services	77,940	133,492
Materials and Supplies	45,550	56,605
Other Operating Expenses	9,469	5,556
Depreciation	99,446	98,555
Total Operating Expenses	276,401	335,571
Operating Loss	(128,362)	(172,184)
Non-operating Revenue/Expense:		
Farm Rental Income	40,632	40,632
Grants and Donatons	74,854	73,216
Interest and Fiscal Charges	(1,798)	(2,196)
Total Non-operating Revenue/Expense	113,688	111,652
Loss before Capital Contribtuions	(14,674)	(60,532)
Capital Contributions	136,856	
Change in Net Position	122,182	(60,532)
Net Position Beginning of Year (Restated)	1,199,161	1,289,703
Net Position End of Year	$1,321,343	$1,229,171

See accompanying notes to the basic financial statements.

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received from Customers	$55,094	$55,747
Cash Received for Rent	59,508	64,676
Cash Received for Operating Grants	42,000	42,000
Cash Received for Other Operating Activities	492	1,225
Cash Payments for Employee Services and Benefits	(43,749)	(43,483)
Cash Payments to Suppliers for Goods and Services	(142,270)	(263,552)
Net Cash Received from (Used for) Operating Activities	(28,925)	(143,387)
Cash Flows from Capital and Related Financing Activities:		
Prinicpal Paid on OWDA Loan Payable	(16,670)	(15,440)
Interest Paid on OWDA Loan Payable	(1,916)	(2,309)
Capital Contributions	139,815	
Acquisition of Capital Assets	(177,717)	(25,866)
Net Cash Used for Capital and Related Financing Activities	(56,488)	(43,615)
Cash Flows from Non-capital Financing Activities:		
Non-operating Grants and Donations	56,219	149,251
Farm Rental Income	40,632	40,632
Net Cash Received from Non-capital Financing Activities:	96,851	189,883
Net Increase (Decrease) in Cash and Cash Equivalents	11,438	2,881
Cash and Cash Equivalents Beginning of Year	48,626	45,745
Cash and Cash Equivalents End of Year	$60,064	$48,626
Reconciliation of Operating Loss to Net Cash Received for (Used for) Operating Activities:		
Operating Loss	($128,362)	($172,184)
Adjustments:		
Depreciation	99,446	98,555
(Increase)/Decrease in Accounts Receivable	8,895	251
(Increase)/Decrease in Material and Supplies Inventory	8,574	(13,584)
(Increase)/Decrease in Deferred Outflows	(2,288)	
Increase/ (Decrease) in Accounts Payable	(7,868)	10,379
Increase/ (Decrease) in Contracts Payable	(9,867)	(57,074)
Increase/ (Decrease) in Retainage Payable		(7,438)
Increase/(Decrease) in Sales Tax Payable	(150)	(182)
Increase/(Decrease) in Payroll Taxes Payable	870	(117)
Increase/(Decrease) in Accrued Wages Payable	255	(1,085)
Increase/(Decrease) in Net Pension Liability	793	
Increase/Decrease in Deferred Inflow of Resources - Pension	617	
Increase/(Decrease) in Compensated Absences Payable		(918)
Increase/Decrease in Deferred Inflow of Resources - Hanger Rent	160	10
Net Cash Received from (Used for) Operating Activities	($28,925)	($143,387)

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE 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.

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. Pursuant to GASB Statement No. 62, *"Codification of Accounting and Reporting Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," the Authority follows GASB guidance as applicable to enterprise funds.

A. Basis of Presentation

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

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 position. The statement of changes in net position 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.

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 a depository account. All funds of the Airport Authority are maintained in this account. This depository account is presented in the Statement of Net Position 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets utilized by the Airport Authority are reported on the statement of net position. 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 $1,000. 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. Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Accrued Liabilities and Long-term Obligations

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

L. Net position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported 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 components of net position are available. The Airport Authority did not have any restrictions at December 31, 2015 or 2014.

M. 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 non-operating.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until then. The deferred outflows of resources related to pension are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include hanger rent and pension. The deferred inflows of resources to pension are explained in Note 8.

O. 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

Deposits - At December 31, 2015, the carrying amounts of the Airport Authority's deposits were $60,064. The bank balance was $60,123 on December 31, 2015. The bank balance was covered by federal depository insurance.

At December 31, 2014, the carrying amounts of the Airport Authority's deposits were $48,626. The bank balance was $49,580 on December 31, 2014. The bank balance was covered by federal depository insurance.

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 the years ended December 31, 2015 and 2014, 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, 2015 and 2014, 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, 2015, was as follows:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Proprietary Assets:				
Capital Assets, not being depreciated:				
Land	$214,100			$214,100
Total Capital Assets, not being depreciated	214,100			214,100
Capital Assets, being depreciated:				
Buildings	105,575			105,575
Vehicles	1,500			1,500
Furniture and Fixtures	3,248			3,248
Equipment	44,500			44,500
Fueling System	116,150			116,150
Rental Plane	62,000			62,000
Taxiways	1,555,874	$177,717		1,733,591
Total Capital Assets, being depreciated	1,888,847	177,717		2,066,564
Less: Accumulated Depreciation:				
Buildings	(44,722)	(2,642)		(47,364)
Vehicles	(1,500)			(1,500)
Furniture and Fixtures	(3,093)	(33)		(3,126)
Equipment	(33,907)	(1,703)		(35,610)
Fueling System	(46,462)	(2,902)		(49,364)
Rental Plane	(37,201)	(4,132)		(41,333)
Taxiways	(679,974)	(88,034)		(768,008)
Total Accumulated Depreciation	(846,859)	(99,446)		(946,305)
Total Capital Assets, being depreciated, net	1,041,988	78,271		1,120,259
Proprietary Activities Capital Assets, net	$1,256,088	$78,271	$0	$1,334,359

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Proprietary Assets:				
Capital Assets, not being depreciated:				
Land	$214,100			$214,100
Construction in Progress				
Total Capital Assets, not being depreciated	214,100			214,100
Capital Assets, being depreciated:				
Buildings	105,575			105,575
Vehicles	1,500			1,500
Furniture and Fixtures	3,248			3,248
Equipment	44,500			44,500
Fueling System	116,150			116,150
Rental Plane	62,000			62,000
Taxiways	1,530,008	$25,866		1,555,874
Total Capital Assets, being depreciated	1,862,981	25,866		1,888,847

(Continued)

5. CAPITAL ASSETS (Continued)

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Less: Accumulated Depreciation:				
Buildings	(42,083)	(2,639)		(44,722)
Vehicles	(1,500)			(1,500)
Furniture and Fixtures	(3,063)	(30)		(3,093)
Equipment	(32,202)	(1,705)		(33,907)
Fueling System	(43,558)	(2,904)		(46,462)
Rental Plane	(33,068)	(4,133)		(37,201)
Taxiways	(592,830)	(87,144)		(679,974)
Total Accumulated Depreciation	(748,304)	(98,555)		(846,859)
Total Capital Assets, being depreciated, net	1,114,677	(72,689)		1,041,988
Proprietary Activities Capital Assets, net	$1,328,777	($72,689)	$0	$1,256,088

6. LONG-TERM OBLIGATIONS

A summary of the long-term obligations for the Authority for the years ended December 31, 2015 and 2014 follows:

	Interest Rate	Balance at 12/31/2014	Increases	Decreases	Balance at 12/31/2015	Due In One Year
Airport Authority						
Airport Hangar #1	4.64%	$8,850		$4,000	$4,850	$4,850
Fuel Tank Removal	1.79%	57,500		9,000	48,500	10,000
Airport Hangar #2	2.11%	21,025		3,670	17,355	3,910
Total Notes Payable		87,375		16,670	70,705	18,760
Net Pension Liability		34,305	$5,705	4,912	35,098	
Total Long-Term Obligations		$121,680	$5,705	$21,582	$105,803	$18,760

	Interest Rate	Balance at 12/31/2013	Increases	Decreases	Balance at 12/31/2014	Due In One Year
Airport Authority						
Airport Hangar #1	4.64%	$12,850		$4,000	$8,850	$4,000
Fuel Tank Removal	1.79%	65,500		8,000	57,500	9,000
Airport Hangar #2	2.11%	24,465		3,440	21,025	3,670
Total Notes Payable		$102,815	$0	$15,440	$87,375	$16,670

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 Hanger #1 note which is adjusted annually to 85% of the lowest rate for a 1 year Treasury Strip from the Wall Street Journal. The interest rate shall never exceed the lesser of 12 % 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.

6. LONG-TERM OBLIGATIONS (Continued)

Fuel Tank Note - Terms on the note due to Van Wert County call for 16 annual payments starting on August 2, 2004, 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.

Principal and interest requirements to retire the Airport Authority's long-term obligations outstanding at December 31, 2015, were as follows:

Year	Principal	Interest	Total
2016	$18,760	$1,413	$20,173
2017	15,160	973	16,133
2018	16,430	688	17,118
2019	20,355	382	20,737
	$70,705	$3,456	$53,988

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.

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

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

8. DEFINED BENEFIT PENSION PLAN (Continued)

The net pension liability represents the Airport Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Airport Authority's obligation for this liability to annually required payments. The Airport cannot control benefit terms or the manner in which pensions are financed; however, the Airport does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Airport employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Airport employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates:	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates:	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Airport Authority's contractually required contribution was $4,710 for 2015. Of this amount, $699 is reported as an intergovernmental payable. The Airport Authority's required contributions for pension obligations to the traditional plan for the years ended December 31, 2014, 2013, and 2012, were $4,284, $4,833, and $4,920, respectively.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The Airport Authority's proportion of the net pension liability was based on the Airport Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$35,098
Proportion of the Net Pension Liability	0.000291%
Pension Expense	$3,832

At December 31, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources:	
Net difference between projected and actual earnings on pension plan investments	$1,873
County contributions subsequent to the measurement date	$4,710
Total Deferred Outflows of Resources	$6,583
Deferred Inflows of Resources:	
Differences between expected and actual experience	$617

$4,710 reported as deferred outflows of resources related to pension resulting from Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2016	($180)
2017	(180)
2018	(342)
2019	(375)
Total	($1,077)

8. DEFINED BENEFIT PENSION PLAN (Continued)

D. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

8. DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Airport Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Airport Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Airport Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Airport's proportionate share of the net pension liability	$64,570	$35,098	$10,275

9. POST-EMPLOYMENT BENEFITS

Plan Description - In addition to the pension benefits described in Note 8, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to as OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 8.

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Tradition Pension and the Combined Plans. Members of the member-directed plan do not qualify for ancillary benefits.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available.

9. POST-EMPLOYMENT BENEFITS (Continued)

OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Further information can be found in thee OPERS 2013 CAFR.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code requires that public employers fund post-employment health care 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 health care. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The Ohio Revised Code provides statutory authority for employer contributions.

The Airport Authority's contribution rate for 2015 was 14 percent, of which 12 percent was used to fund pension benefits and 2 percent was used to fund health care for all plans. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries of covered dependents and the coverage selected.

The Airport Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013, were $739, $752, and $372, respectively; 85 percent has been contributed for 2015 and 100 percent for 2014 and 2013.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

10. OTHER EMPLOYEE BENEFIT

Full time employees of the Airport Authority earn vacation, after completion of one full year of service. Employees earn eighty hours of vacation leave pro rata over twenty-six bi-weekly pays at 3.1 hours. An employee with at least one year of service is entitled to payment for any earned but unused vacation up to but not more than two years accumulated hours. Accumulated, unused vacation is paid upon separation if the employee has at least one year of service with the Airport Authority.

11. 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 Airport Authority'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.

12. CHANGE IN ACCOUNTING PRINCIPLES

For 2015, the Airport implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Net position December 31, 2014	$1,229,171
Adjustments:	
Net Pension Liability	(34,305)
Deferred Outflow - Payments Subsequent to Measurement Date	4,295
Restated Net Position January 1, 2015	$1,199,161

GASB 68 was not implemented for 2014 due to information was not available prior to 2013 for correct measurement date.

Regional Airport Authority
Van Wert County

Required Supplementary Information
Schedule of the Airport's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Two Years (1)

	2014	2013
Airport's Proportion of the Net Pension Liability	0.0002910%	0.0002910%
Airport's Proportionate Share of the Net Pension Liability	$35,098	$34,305
Airport's Covered Employee Payroll	$35,971	$37,179
Airport's Proportionate Share of the Net Pension Liaiblity as a Percentage of its Covered-Employee Payroll	97.57%	92.27%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	86.45%	86.36%

(1) Information Prior to 2013 is not available

Regional Airport Authority
Van Wert County

Required Supplementary Information
Schedule of Airport's Contributions
Ohio Public Employees Retirement System
Last Ten Years

	2015	2014	2013	2012
Contractually Required Contributions	$4,710	$4,295	$4,833	$4,920
Contributions in Relation to the Contractually Required Contribution	(4,710)	(4,295)	(4,833)	(4,920)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County's Covered-Employee Payroll	$33,643	$35,971	$37,179	$35,143
Contributions as a Percentage of Covered-Employee Payroll	14.00%	11.94%	13.00%	14.00%

2011	2010	2009	2008	2007	2006
$3,681	$4,742	$2,233	$2,379	$1,913	$2,031
(3,681)	(4,742)	(2,233)	(2,379)	(1,913)	(2,031)
$0	$0	$0	$0	$0	$0
$36,807	$50,886	$26,800	$33,986	$22,664	$22,073
10.00%	9.32%	8.33%	7.00%	8.44%	9.20%

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

Regional Airport Authority
Van Wert County
1400 Leeson Avenue
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Regional Airport Authority, Van Wert County (the Airport Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements and have issued our report thereon dated September 22, 2016, wherein we qualified our opinion because we were unable to obtain sufficient evidential matter supporting the amounts reported as sales and rent revenues and related receivables and deferred inflows for the years ended December 31, 2015 and 2014. We also noted the Airport Authority adopted the provisions of Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Airport Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Airport Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

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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, opining 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*.

Entity's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Airport Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Airport Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

September 22, 2016

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Sales Revenue– Material Weakness

Sales revenue consisting of the sale of fuel accounted for 36% and 34%, respectively, of total operating revenue for the years ended December 31, 2015 and 2014. The fuel sales were reported at $53,187 and $54,882 for the years 2015 and 2014, respectively. The Airport Authority had invoices from QuickBooks Accounting system documenting the quantities sold and cost, which were sent and collected by customers; however, there were no receipts, pump reports, fuel logs, or other supporting information to document that these sales occurred. In addition, we were unable to determine the completeness of the fuel sale revenues due to lack of documentation supporting the sales and therefore our opinion has been modified on sales revenue for 2015 and 2014.

The lack of documentation could result in improper sales prices, clients not being billed or billed incorrectly, failure to collect all amounts owed, or revenue collected not properly deposited with the entity which could lead to potential misstatement of revenues related to fuel sales for financial statement presentation and a net loss of fuel sales.

The Airport Authority Board should implement procedures that require all fuel sales to have a receipt or pump report noting the gallons sold and rate charged.

Official's Response:

The airport installed a reader at the beginning of this year 2016 on both fuel pumps that records all fuel pumped through the pumps. The board will implement a procedure that will provide the Airport Manager the ability to use the Airport's Quick Book Program to track and compare the amount of fuel rate and gallons recorded in Quick Books and the amount and rate recorded at each individual pump. The audit committee will audit this report on monthly bases.

FINDING NUMBER 2015-002

Rent Revenue– Material Weakness

Rent revenue, which included both Hangar Rentals and Airplane Rentals, consisted of $52,360 and $65,280, which is 35% and 40%, respectively, of total operating revenue for the years ended December 31, 2015 and 2014.

The Airport Authority rented out hanger space during 2015 and 2014. The Airport Authority did not obtain lease agreements on 57% of the hanger rent collected in 2015 and 69% of the hanger rent collected in 2014. It is also noted that in 2015, 13% of the clients were charged a rate other than what was approved by the board and 9% in 2014.

The Airport Authority also rented airplanes for use during 2015 and 2014. The Airport Authority did not have documentation available indicating the Board's approval for discount rates charged, time spent flying when someone rented a plane, discount rates for employees, discount rates for certain introduction flights, or any support for airplane rentals.

FINDING NUMBER 2015-002
(Continued)

The lack of approved leases on file indicating the applicable rate to be charged and timeframe of rent of hangar space could result in inaccurate collection of revenue, possible loss of revenue, and overlapping of renters in the same rental space. The lack of Board approval of discounts and failure to maintain other documentation could result in inconsistent collections of rent amounts, and amounts charged that may not be in accordance with the intentions of the Board. Both instances could result in potential misstatement of revenues related to the hangar airplane rental revenue and accounts receivable for financial statement presentation of the Airport Authority and of Van Wert County for which the Airport Authority is a component unit and therefore our opinion has been modified on rental revenue for 2015 and 2014.

The Airport Authority Board should implement procedures that require all lease agreements for hangers to be in writing and all rates to be approved. A copy of the lease should be maintained. Procedures should also be implemented that require all discount rates for airplane rentals to be approved by Board Resolution before charged. Also, the Board should implement procedures that have reports/receipts maintained documenting the time spent flying when someone rents an aircraft. The Board should then monitor that the rates charged and recorded are in agreement with the authorized rates and support.

Officials' Response:

The airport will implement a new procedure that will require all Hangar Lease agreements to be in writing and updated on a yearly bases. All lease agreements will have a copy maintained at the airport. The procedure will require all discount rates to be pre-approved by the board. The Airport Manager has implemented a documented tracking system for aircraft rental. The board will review this system and implement a procedure to include the documented system as well as any rate changes that would need approved by the board. The Hangar lease payments and aircraft rentals will be audited on a monthly bases.

REGIONAL AIRPORT AUTHORITY
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDING DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2013-001	High Air Festival Activities	No	No Longer Valid

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Dave Yost · Auditor of State

VAN WERT COUNTY 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 22, 2016

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