

***ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2002***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Erie-Ottawa Regional Airport Authority

We have reviewed the Independent Auditor's Report of the Erie-Ottawa Regional Airport Authority, Ottawa County, prepared by Charles E. Harris & Associates, Inc. for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Erie-Ottawa Regional Airport Authority is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 17, 2003

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**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**  
**OTTAWA COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended December 31, 2002**

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**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**  
**OTTAWA COUNTY, OHIO**  
**Audit Report**  
**For the Year Ended December 31, 2002**

**ADMINISTRATIVE PERSONNEL**

<u>TITLE/NAME</u>	<u>REPRESENTING</u>	<u>3 YEAR TERM OF OFFICE ENDING</u>	<u>SURETY</u>	<u>AMOUNT</u>
<b>BOARD OF TRUSTEES</b>				
<b>President:</b>				
Ken Benjamin	Ottawa Co.	2/7/05		
<b>Trustees:</b>				
Richard Biro	Member At-Large	6/3/05		
Richard Johnson-VP	Ottawa Co.	7/15/05		
Steve Hudec	Ottawa Co.	3/31/05		
Dottie Patrick	Ottawa Co.	6/3/05		
Thomas Work	Erie Co.	12/31/03		
Richard Harman	Erie Co.	2/11/05		
Hugh Northup	Erie Co.	3/30/04		
Lou Zorn	Erie Co.	1/6/04		
<b>EXECUTIVE DIRECTOR/TREASURER</b>				
Jack Stables		Indefinite	(A)	\$100,000
<b>SECRETARY</b>				
Valerie Gregory		Indefinite	(A)	\$100,000

(A) The Cincinnati Insurance Company

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Trustees  
Erie-Ottawa Regional Airport Authority  
Port Clinton, Ohio

We have audited the accompanying financial statements of the Erie-Ottawa Regional Airport Authority (the Airport), as of and for the year ended December 31, 2002 as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Airport prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Airport as of December 31, 2002, and the receipts, disbursements, and changes in fund cash balances for the year then ended in conformity with the basis of accounting referred to above.

Our audit was made for the purpose of forming an opinion on the financial statements of the Erie-Ottawa Regional Airport Authority taken as a whole. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



**This report is intended solely for the information and use of management, members of the Board, federal awarding agencies and pass-through entities and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.**

***Charles E. Harris & Associates, Inc.***

**April 30, 2003**

**ERIE - OTTAWA REGIONAL AIRPORT AUTHORITY**  
Combined Statement of Cash, Investments and Fund Cash Balances  
All Fund Types  
As of December 31, 2002

Cash	\$ <u>275,047</u>
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CASH BALANCES BY FUND CLASS

Governmental Fund Types:

General Fund	\$ 153,540
Special Revenue Funds	<u>121,507</u>

<b>Total Cash Fund Balance</b>	<b>\$ <u>275,047</u></b>
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See accompanying Notes to the Financial Statements

**ERIE - OTTAWA REGIONAL AIRPORT AUTHORITY**  
 Combined Statement of Cash Receipts, Disbursements  
 and Changes in Fund Cash Balances - All Governmental Fund Types  
 For the Year Ended December 31, 2002

	Governmental Fund Types		
	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
County Grants	\$ 141,150	\$ 64,098	\$ 205,248
Airport Operations	275,414	-	275,414
Federal Grants	-	301,587	301,587
Miscellaneous	3,819	-	3,819
Total Cash Receipts	<u>420,383</u>	<u>365,685</u>	<u>786,068</u>
Cash Disbursements:			
General Government	295,971	3,819	299,790
Capital Outlay - Improvements	24,950	353,734	378,684
Debt Service:			
Principal Retirement	8,451	-	8,451
Interest and Fiscal Charges	19,389	-	19,389
Total Cash Disbursements	<u>348,761</u>	<u>357,553</u>	<u>706,314</u>
Net Excess (Deficit) of Cash Receipts Over Cash Disbursements	71,622	8,132	79,754
Fund Balance, January 1, 2002	<u>81,918</u>	<u>113,375</u>	<u>195,293</u>
Fund Balance, December 31, 2002	<u>\$ 153,540</u>	<u>\$ 121,507</u>	<u>\$ 275,047</u>

See accompanying Notes to the Financial Statements

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Erie-Ottawa Regional Airport Authority (the Airport) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Airport operates under the direction of a nine-member board of trustees. Four members are appointed by each Board of County Commissioners in Ottawa and Erie Counties. The ninth member is appointed at large by the other eight. The members serve without compensation, as outlined in Section 308.04 of the Ohio Revised Code. The secretary/treasurer is appointed by the Board of Trustees. The Airport provides maintenance of runways and taxiways and other general airport operations.

B. **BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. **FUND ACCOUNTING**

The Airport maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund** – The General Fund is the general operating fund of the Airport. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**Special Revenue** – Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. Property, Plant and Equipment

Fixed Assets are acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

E. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in aggregation of this data.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Airport maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2002."

Legal Requirements

State statutes classify monies held by the Airport into three categories.

"Active deposits" are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Airport Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

"Inactive deposits" are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Interim deposits must either be evidenced by time certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

"Interim deposits" are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligations guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2001

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

**Legal Requirements** - (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities, subject to the repurchase agreement, must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No -load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in the is division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Airport, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Airport's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At year-end, the carrying amount of Airport was \$275,047 and the bank balance was \$404,747. Of the bank balance, \$100,000 was covered by federal depository insurance and \$304,747 was uninsured but collateralized by U.S. Government securities pooled by the depository not in the Airport's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Airport its safest deposit of money.

3. **DEBT**

Debt outstanding at December 31, 2002, consisted of the following:

General Obligation Bonds	
Issued March 1, 1994	
Matures September 1, 2018	
Principal Outstanding	\$495,000
Interest Rates	3.35 – 5.95%

**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY, OHIO  
Notes to the Financial Statements  
For the Year Ended December 31, 2001**

**3. DEBT – (continued)**

These bonds have been issued by Ottawa County on behalf of the Airport for terminal and fuel farm improvements. The Airport is obligated to reimburse the Ottawa County for payment if its revenues are sufficient to do so. During 2002 the Airport was not financially able to meet the debt payment for the general obligation bond. Therefore, the debt payment was made by Ottawa County. The County is committed to paying the Erie-Ottawa Regional Airport debt if the Airport is not in a financial position to do so.

Note Payable Ottawa County	
Issued March 1, 2001	
Matures February 1, 2023	
Principal Outstanding	\$425,565
Interest Rate	4.50%

The proceeds from the note were used to construct new hangers for the Airport. Rent from these hangers will repay the note.

The annual requirements to amortize all debt outstanding as of December 31, 2002, including interest payments of \$718,156 for general obligation bonds and \$238,074 for the note payable are as follows:

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	<u>Note Payable</u>
2003	48,742	27,840
2004	47,742	28,920
2005	46,712	29,280
2006	75,653	29,280
2007	74,290	30,360
2008-2012	387,656	157,890
2013-2017	439,683	171,750
2018-2023	<u>92,678</u>	<u>188,319</u>
<b>TOTAL</b>	<b><u>\$ 1,213,156</u></b>	<b><u>\$ 663,639</u></b>

**4. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time, although the Airport expects them to be immaterial.

The Airport may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Airport's legal council, the resolution of these matters will not have a material effect on the financial condition of the Airport.

**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**  
**Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2002**

Federal Grantor/Pass Through Grantor Number/Program Title	Pass Through Entity Number	CFDA Number	Federal Receipts	Federal Expenditures
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through Ohio Department of Transportation</i>				
Federal Aviation Grant	AIP-3-39-0068-1699	20.106	\$ 3,706	\$ 3,706
Federal Aviation Grant	AIP-3-39-0068-1700	"	58,067	58,067
Federal Aviation Grant	AIP-3-39-0068-1801	"	93,489	93,489
Federal Aviation Grant	AIP-3-39-0068-1902	"	<u>146,325</u>	<u>146,325</u>
Total Federal Aviation Grant			<u>301,587</u>	<u>301,587</u>
<b><u>Total U.S. Department of Transportation</u></b>			<u>301,587</u>	<u>301,587</u>
<b><u>TOTAL FEDERAL ASSISTANCE</u></b>			<u>\$ 301,587</u>	<u>\$ 301,587</u>

See accompanying notes to the schedule of federal awards expenditures.



***ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY***  
**Notes to the Schedule of Federal Awards Expenditures**  
**For the Year Ended December 31, 2002**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Airport's federal award programs. The schedule has been prepared on the cash basis of accounting.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees  
Erie-Ottawa Regional Airport Authority  
Port Clinton, Ohio**

We have audited the accompanying financial statements of the Erie-Ottawa Regional Airport Authority (the Airport), as of and for the year ended December 31, 2002, and have issued our report thereon dated April 30, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2002-ERA-01.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Airport's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**This report is intended for the information and use of management, members of the Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.**

*Charles E. Harris & Associates, Inc.*

April 30, 2003

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Trustees  
Erie-Ottawa Regional Airport Authority  
Port Clinton, Ohio**

**Compliance**

We have audited the compliance of the Erie-Ottawa Regional Airport Authority with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Airport's compliance with those requirements.

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

**Internal Control Over Compliance**

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

**Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.**

**This report is intended solely for the information and use of management, the Members of the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.**

*Charles E. Harris & Associates, Inc.*  
April 30, 2003

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505**

**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY  
OTTAWA COUNTY  
December 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Federal Aviation Grant CFDA # 20.106
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)**  
**OMB CIRCULAR A-133 SECTION .505**

**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**  
**OTTAWA COUNTY**  
**December 31, 2002**

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

2002-ERA-01

Section 5705.41 (D), Revised Code, requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer (purchase order) of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The Airport was not using purchase orders for goods and services ordered. The purpose of a purchase order system is to control spending of Airport resources and helps ensure that the Airport pays only for items that are actually received. A purchase order should be issued to a vendor for a specified item at a certain price to be delivered at or by a specified time. Prices and terms should be included on the purchase order to aid in the payment process and purchase orders should be matched to vendor invoices to assure that only agreed upon prices are paid.

We recommend that the Airport use purchase orders for all purchase of goods and services.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**

Ottawa County  
December 31, 2002

Schedule of Prior Audit Findings

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid. Explain.
2001-ERA-01	Purchase orders not used	No	Not corrected.
2001-ERA-02	Pre-numbered receipts not used	Yes	Finding no longer valid: Airport has receipt system.
2001-ERA-03	Records not retained	Yes	Finding no longer valid: Airport has properly retained all records.





**Auditor of State  
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**ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2003**