

**AIRPORT AUTHORITY
AUGLAIZE COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Auglaize County Airport Authority, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2010 through December 31, 2011. 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 Auglaize County Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 16, 2012

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**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 14, 2012

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

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of the **Airport Authority**, Auglaize County, Ohio (the Authority), a component unit of Auglaize County, as of and for the years ended December 31, 2011 and 2010 which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

The discussion and analysis of the Auglaize County Airport Authority's financial performance provides an overall review of the Airport Authority's financial activities for the fiscal years ended December 31, 2011 and 2010. The intent of this discussion and analysis is to look at the Airport Authority's performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the Airport Authority's financial performance.

Financial Highlights

Key financial highlights for 2011 and 2010 are as follows:

- The Airport's net assets increased by \$11,286 in 2011 and by \$21,254 in 2010. Gross income from various revenue sources for the two years was similar with the exception of fuel & oil sales. At the end of 2011, a based tenant purchased large quantities of jet fuel from the Airport while the tenant was installing new fuel tanks of its own. The additional fuel costs associated with the increase in fuel sales is reflected in the cost of fuel & oil sold. For 2011, the gross profit on fuel & oil sales to customers was \$27,455 compared to \$12,260 for 2010.
- Operating expenses for 2011 increased from 2010 levels with the main increase in repair & maintenance expense. Payments to the County to cover Airport wages for 2011 were \$5,200 higher than 2010 and utility expense also increased slightly. Farm lease income remained the same for both years.
- During 2011, the Airport purchased a mower using the mower purchased in 2010 as a trade-in. Airport equipment costing \$15,258 was purchased during 2010. A portion of the equipment purchase was funded by the trade-in of three assets with a remaining book value of \$13,928. Accumulated depreciation increased by \$5,764 from 2010 to 2011 on depreciation expense for 2011 of \$8,058 and a trade-in adjustment of \$2,294.
- Donations of \$2,000 and \$4,000 were received in 2011 and 2010, respectively.

Using this Annual Financial Report

This report consists of a series of financial statements. The Statements of Net Assets and Statements of Revenues, Expenses and Changes in Net Assets provide information about the activities of the Airport and present a longer-term view of the Airport's finances.

A question typically asked about the Airport Authority's finances is "How did we do financially during the 2011 and 2010 fiscal years?" The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets report information about the Airport and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport Authority's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Airport Authority as a whole, the financial position of the Airport Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, weather, etc.) in order to assess the overall health of the Airport Authority.

The statements of cash flows provide information about how the Airport Authority finances and meets the cash flow needs of its operations.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

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.

The Airport Authority as a Whole

Recall that the Statements of Net Assets provide the perspective of the Airport Authority as a whole.

Table 1 provides a summary of the Airport Authority's net assets for 2011 and 2010 compared to 2009:

(Table 1)
Net Assets

	2011	2010	2009
Assets			
Current Assets	\$ 123,423	\$ 100,009	\$ 88,835
Noncurrent Assets	53,844	60,903	53,805
Total Assets	177,267	160,912	142,640
Liabilities			
Current Liabilities	19,395	14,326	17,308
Total Liabilities	19,395	14,326	17,308
Net Assets			
Invested In Capital Assets	53,844	60,903	53,805
Restricted Net Assets	577	565	555
Unrestricted Net Assets	103,451	85,118	70,972
Total Net Assets	157,872	146,586	125,332
Total Liabilities and Net Assets	\$ 177,267	\$ 160,912	\$ 142,640

Total assets increased by \$16,355 from 2010 to 2011. The majority of this change can be seen in the increase in accounts receivable and inventory which reflects the increase in fuel sales. Cash decreased from 2010 to 2011 to fund the increases in accounts receivable and inventory.

Total liabilities increased by \$5,069 from 2010 to 2011. The increase was the result of a larger sales tax liability because of the increase in fuel sales.

Total net assets increased by \$11,286.

Airport Authority
Auglaize County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

Table 2 shows the revenues, expenses and the changes in net assets for the year ended December 31, 2011 and 2010 compared to the year ended December 31, 2009.

(Table 2)
Change in Net Assets

	2011	2010	2009
Operating Revenues	\$ 428,903	\$ 176,767	\$ 191,151
Operating Expenses	434,540	174,475	184,555
Operating Income (Loss)	(5,637)	2,292	6,596
Non-Operating Revenues	16,923	18,962	13,415
Change in Net Assets	11,286	21,254	20,011
Net Assets Beginning of the Year	146,586	125,332	105,321
Net Assets End of Year	<u>\$ 157,872</u>	<u>\$ 146,586</u>	<u>\$ 125,332</u>

Operating revenues increased by \$252,136 due to increased dollars collected for fuel sales as previously mentioned. Operating expenses increased by \$260,065 due to increases in fuel costs, repair & maintenance, utilities, and payroll funding costs.

Capital Assets

The largest portion of the Airport's net assets each year is its investment in capital assets. There is no debt on any of the assets owned by the Authority. The Airport uses these capital assets to provide services to the businesses and public using the Auglaize County Airport. Table 3 show 2011 balances compared with 2010.

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

	2011	2010
Equipment	\$ 30,385	\$ 35,270
Building Improvements	20,683	22,268
Office Improvements	1,552	1,835
Runway Improvements	1,224	1,530
Total	<u>\$ 53,844</u>	<u>\$ 60,903</u>

Airport Authority
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Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
Unaudited

During 2011, an additional mower was purchased and depreciation expense of \$8,058 was taken. A mower purchased in 2010 was traded in to purchase the additional capital asset and the decrease in net total value of all capital assets was \$7,059.

Debt

The Authority had no outstanding debt to financial institutions or other government entities as of December 31, 2011 and 2010 other than those arising in the normal course of daily airport operations such as sales tax.

Current Financial Issues

For the year ended December 31, 2011, the Airport saw an increase in total fuel sales and an increase in the gross profit from the sales. Operating expenses, not including fuel expense, increased by \$19,247 over 2010 levels. The gross profit on fuel as a percentage of sales for 2011 was 8.3% compared to 16.6% for 2010. However, due to the increase in the volume of fuel sales, the Airport's gross profit on fuel sales increased by \$15,195.

The main sources of revenue for the Authority are generated from fuel sales and hangar rent. The Authority tries to continue to be competitive in its fuel pricing which can be difficult in a highly volatile market when purchasing minimal loads of fuel. The fuel market is also highly competitive. The airport manager and board continually monitor fuel purchase costs and selling prices to remain competitive and generate revenue.

As of December 31, 2011, 93% of the equipment and hangar improvements included in capital assets were purchased prior to the year 2009. The replacement of some of this equipment will probably be an issue to be addressed in the near future. In addition, repair and maintenance expenses will continue to be a significant cost to the Authority to maintain these older assets.

Contacting the Airport Authority's Finance Department

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS:		
Current Assets:		
Cash - Checking	\$ 4,651	\$ 72,423
Certificate of Deposit - First National	577	565
Petty Cash	81	81
Accounts Receivable	89,398	2,824
Inventory 100LL Fuel	15,141	14,923
Inventory Jet A Fuel	13,575	9,193
	<hr/>	<hr/>
Total Current Assets	123,423	100,009
	<hr/>	<hr/>
Noncurrent Assets:		
Property, Plant and Equipment	405,406	406,701
Less: Accumulated Depreciation	(351,562)	(345,798)
	<hr/>	<hr/>
Total Noncurrent Assets	53,844	60,903
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 177,267</u>	<u>\$ 160,912</u>
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts Payable	\$ 3,920	\$ 6,314
Sales Tax Payable	7,684	208
Deferred Hanger Rent	7,791	7,804
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>19,395</u>	<u>14,326</u>
	<hr/>	<hr/>
Net Assets:		
Invested in Capital Assets	53,844	60,903
Restricted	577	565
Unrestricted Net Assets	103,451	85,118
	<hr/>	<hr/>
Total Net Assets	157,872	146,586
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 177,267</u>	<u>\$ 160,912</u>

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Operating Revenues:		
Charges for Services	\$ 397,067	\$ 142,996
Operating Grants - County Contributions	28,500	28,500
Other Operating Revenues	3,336	5,271
 Total Operating Revenues	 428,903	 176,767
Operating Expenses:		
Contract Services	69,539	65,602
Materials and Supplies	314,932	75,342
Repairs and Maintenance	36,684	22,610
Depreciation	8,058	8,160
Travel and Expense	891	404
Miscellaneous	4,436	2,357
 Total Operating Expenses	 434,540	 174,475
 Operating Income / (Loss)	 (5,637)	 2,292
Non-Operating Revenues:		
Interest Income	294	333
Donations	2,000	4,000
Farm Lease Income	14,629	14,629
 Total Non-Operating Revenues	 16,923	 18,962
 Change in Net Assets	 11,286	 21,254
 Net Assets - January 1	 146,586	 125,332
 Net Assets - December 31	 \$ 157,872	 \$ 146,586

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

**AIRPORT AUTHORITY
AUGLAIZE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 364,228	\$ 178,478
Cash Payments to Suppliers for Goods and Services	(447,911)	(177,171)
Net Cash Provided by (Used by) Operations	(83,683)	1,307
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(1,000)	(15,258)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(1,000)	(15,258)
Cash Flows from Non-Capital Financing Activities:		
Farm Income	14,629	14,629
Donations	2,000	4,000
Net Cash Provided by (Used by) Non-Capital Financing Activities	16,629	18,629
Cash Flows from Investing Activities:		
Interest Received on Cash Equivalents	294	333
Net Cash Provided by (Used by) Investing Activities	294	333
Net Increase/(Decrease) in Cash and Cash Equivalents	(67,760)	5,011
Cash and Cash Equivalents - January 1	73,069	68,058
Cash and Cash Equivalents - December 31	\$ 5,309	\$ 73,069
Cash Flows from Operating Activities:		
Operating Income / (Loss)	(5,637)	2,292
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation	8,058	8,160
(Increase) Decrease in Accounts Receivable	(86,574)	751
(Increase) Decrease in Fuel Inventory	(4,600)	(6,914)
Increase (Decrease) in Accounts Payable	(2,394)	2,059
Increase (Decrease) in Sales Tax Payable	7,476	(102)
Increase (Decrease) in Deferred Hangar Rental Income	(12)	(4,939)
Total Adjustments	(78,046)	(985)
Net Cash Provided by (Used by) Operating Activities	\$ (83,683)	\$ 1,307

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

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Airport Authority, Auglaize County, (the Authority), is organized in accordance with Chapter 308 of the Ohio Revised Code. The Authority operates under a nine member board appointed by the Auglaize County Commissioners for a term of three years. The Authority was established in 1967 and is responsible for administering and maintaining the Neil Armstrong Airport. Services provided by the Authority include rental space of hangars, display cases, and office space; they also supply aviation fuel for purchase by the general public. In addition, they act upon various inquiries made concerning the welfare of the airport.

The Authority is considered a component unit of Auglaize County.

The Authority's board believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The Airport Authority applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, provided they do not conflict with, or contradict GASB pronouncements. The Authority has elected not to apply FASB Pronouncements and Interpretations issued after November 30, 1989. The more significant of the Airport's accounting policies are described below.

A. Basis of Presentation

The Authority's financial statements consist of government-wide statements, including the statement of net assets, the statement of revenue, expenses and changes in net assets, and the statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal accounting entity with a self balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Accounting System

The Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Authority and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

The financial statements are prepared using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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 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 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 Authority maintains an interest bearing depository account and a certificate of deposit. All funds of the Authority are maintained in these two accounts. The interest bearing depository account is presented in the combined balance sheet as “Cash – Checking”. The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2011 and 2010 amounted to \$294 and \$333, respectively.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Receivables and payables to be recorded on the Authority's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentations, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

G. Inventory

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

H. Capital Assets

Capital assets utilized by the Authority are reported on the statement of net assets. Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at the date of receipt. Depreciation of capital assets is on a straight line basis over the estimated useful lives (five to twenty years) of the respective assets. The Authority maintains a capitalization threshold of \$2,500. The land and buildings of the airport are owned by Auglaize County. The equipment and runway improvements are the assets of the Airport Authority.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. Liabilities

All payables and accrued liabilities are reported in the financial statements. The Authority had no long-term debt as of December 31, 2011 and 2010.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Authority has restricted assets for 2010 and 2011 of \$565 and \$577, respectively, to provide for scholarships. There were no assets restricted by enabling legislation at December 31, 2011 or December 31, 2010.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are charges for services for the use of the airport and the sale of fuel. Operating expenses are the necessary costs incurred to provide the services that are the primary activity. All revenue and expenses not meeting these definitions are reported as nonoperating.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

M. Hangar Leases

The Authority leases hangar space at its facility to local businesses and individuals under monthly and long-term leases. The leases generate additional operating revenue for the Authority. Revenue from the long-term leases is reported in the period earned and prepaid hangar lease revenue is reported as a liability until earned.

NOTE 3 – DEPOSITS

State statutes classify monies held by entities such as the Authority 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 Authority Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal accounts, or in money market deposit accounts.

Inactive deposits are public deposits that are identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by 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.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

A. Cash on Hand

At December 31, 2011 and 2010, the Authority had \$81 in undeposited cash on hand which is included on the Balance Sheet as Petty Cash.

B. Deposits

At December 31, 2011, the carrying amount of the Authority's deposits was \$5,228 and the bank balance was \$91,873 and on December 31, 2010, the carrying amount of the Authority's deposits was \$72,988 and the bank balance was \$73,639. The Ohio Revised Code prescribes allowable deposits and investments.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute.

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 3 – DEPOSITS (Continued)

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NOTE 4 – RECEIVABLES

As of December 31, 2011 and 2010, the accounts receivable balance consisted of balances due from customers for the sale of fuel and rental of hangar space. All receivables are considered collectable in full.

NOTE 5 – CAPITAL ASSETS

A summary of the capital assets at December 31, 2011 and 2010 is as follows:

	12/31/2009			12/31/2010
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 360,475	\$ 26,328	\$ (20,748)	\$ 366,055
Building Improvements	28,844	2,858	-	31,702
Office Improvements	2,824	-	-	2,824
Runway Improvements	6,120	-	-	6,120
Total Capital assets	<u>398,263</u>	<u>29,186</u>	<u>(20,748)</u>	<u>406,701</u>
Less Accumulated Depreciation	(344,458)	(8,160)	6,820	(345,798)
Capital assets, net of depreciation	<u>\$ 53,805</u>	<u>\$ 21,026</u>	<u>\$ (13,928)</u>	<u>\$ 60,903</u>

	12/31/2010			12/31/2011
	Balance	Additions	Deletions	Balance
Capital Assets:				
Equipment	\$ 366,055	\$ 8,538	\$ (9,833)	\$ 364,760
Building Improvements	31,702	-	-	31,702
Office Improvements	2,824	-	-	2,824
Runway Improvements	6,120	-	-	6,120
Total Capital assets	<u>406,701</u>	<u>8,538</u>	<u>(9,833)</u>	<u>405,406</u>
Less Accumulated Depreciation	(345,798)	(8,058)	2,294	(351,562)
Capital assets, net of depreciation	<u>\$ 60,903</u>	<u>\$ 480</u>	<u>\$ (7,539)</u>	<u>\$ 53,844</u>

**Airport Authority
Auglaize County**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010**

NOTE 6 – RISK MANAGEMENT

The Authority has obtained commercial insurance for the following risks:

- Hangar keeper's liability
- General liability on the premises
- Vehicles

Auglaize County Commissioners provide property coverage for the buildings and structures of the Airport Authority by including these in the County's property coverage policy.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the last fiscal year.

NOTE 7 – SUBSEQUENT EVENTS

Events occurring subsequent to the Statements of Net Assets date that would require accounting for or disclosure in the financial statements were evaluated through May 14, 2012, the date which the financial statements were available to be issued. No such events occurred during the period January 1, 2010 through that date.

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

May 14, 2012

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

To the Board of Trustees:

We have audited the financial statements of the business-type activities of the **Airport Authority**, Auglaize County, Ohio (the "Authority"), a component unit of Auglaize County, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Authority's basic financial statements and have issued our report dated May 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Trustees, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

AUGLAIZE COUNTY AIRPORT AUTHORITY

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 26, 2012**