



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**REGIONAL AIRPORT AUTHORITY
DEFIANCE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Regional Airport Authority
Defiance County
07557 State Route 15
P.O. Box 134
Defiance, Ohio 43512-0134

To the Board of Trustees:

We have audited the accompanying financial statements of the Defiance County Regional Airport Authority (the Authority) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Authority 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 balances of the Authority as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2001 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 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 audits.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 21, 2001

**REGIONAL AIRPORT AUTHORITY
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

| | 2000 | 1999 |
|---|-----------------|-----------------|
| Cash Receipts: | | |
| County Allocation | \$50,200 | \$50,200 |
| Fixed Base Operator Lease | 16,500 | 19,500 |
| Leased Hanger Income: | | |
| Land Lease Agreements | 1,370 | 1,370 |
| Utility Reimbursements | 485 | 532 |
| Interest | 2,814 | 2,675 |
| | 71,369 | 74,277 |
| Cash Disbursements: | | |
| Utilities | 7,355 | 6,877 |
| Maintenance and Grounds | 4,372 | 25,651 |
| Building Repairs | 12,448 | 4,376 |
| Building Lease | 26,400 | 26,400 |
| Equipment | 4,743 | 2,788 |
| Insurance | 1,723 | 1,735 |
| Administration | 6,088 | 8,998 |
| Miscellaneous | 295 | 429 |
| | 63,424 | 77,254 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 7,945 | (2,977) |
| Cash Balances, January 1 | 54,595 | 57,572 |
| Cash Balances, December 31 | \$62,540 | \$54,595 |

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

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**REGIONAL AIRPORT AUTHORITY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Regional Airport Authority, Defiance County, (the Authority) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a five member Board, appointed by the Defiance County Commissioners for a three year term. The Authority is responsible for the safe and efficient operation and maintenance of the airport.

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

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 disbursements 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.

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

C. Fund Accounting

The Authority uses only one fund classification, a General Fund. The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

E. Budgetary Process

The Authority prepares an annual budget. There is no requirement for the Authority to prepare a budget.

2. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

| | <u>2000</u> | <u>1999</u> |
|-----------------|-----------------|-----------------|
| Demand deposits | <u>\$62,540</u> | <u>\$54,595</u> |

Deposits are insured by the Federal Depository Insurance Corporation.

**REGIONAL AIRPORT AUTHORITY
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | <u>\$71,530</u> | <u>\$71,369</u> | <u>(\$161)</u> |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | <u>\$71,530</u> | <u>\$63,424</u> | <u>\$8,106</u> |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | <u>\$70,880</u> | <u>\$74,277</u> | <u>\$3,397</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | <u>\$70,880</u> | <u>\$77,254</u> | <u>(\$6,374)</u> |

4. RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS member contributed 8.5% of his gross salary. The Airport Authority contributed an amount equal to 13.55% of participants' gross salaries during fiscal year 1999 and the first half of fiscal year 2000. The Airport Authority contributed a temporary rollback rate of 8.13% for the last half of fiscal year 2000. The Airport Authority has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Authority maintains commercial general liability aviation insurance.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Regional Airport Authority
Defiance County
07557 State Route 15
P.O. Box 134
Defiance, Ohio 43512-0134

To the Board of Trustees:

We have audited the accompanying financial statements of the Defiance County Regional Airport Authority (the Authority) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 2, 2001. We conducted our audits 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 Authority'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated June 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Authority'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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated June 21, 2001.

Regional Airport Authority
Defiance County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 21, 2001



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REGIONAL AIRPORT AUTHORITY

DEFIANCE 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 19, 2001**