



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

250 W. Court Street  
Suite 150E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

## **REPORT OF INDEPENDENT ACCOUNTANTS**

Highland Regional Airport Authority  
Highland County  
1939 Crampton Road  
Lynchburg, Ohio 45142

To the Board of Trustees:

We have audited the accompanying financial statements of the Highland Regional Airport Authority, Highland County, Ohio (the Authority) as of and for the years ended December 31, 2001 and 2000. 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 *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 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, 2001 and 2000, 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 March 19, 2002 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 audit.

This report is intended solely for the information and use of the audit committee, management, 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

March 19, 2002

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HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fuel Sales	\$37,917	\$0	\$37,917
Rents	11,264	0	11,264
Miscellaneous	535	0	535
Intergovernmental	0	43,828	43,828
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,716	43,828	93,544
<b>Cash Disbursements:</b>			
Current:			
Electric Service	4,962	0	4,962
Communications Service	1,828	0	1,828
Water Service	182	0	182
Postage	102	0	102
Office Supplies	71	0	71
Contract Services	10,458	0	10,458
Fuel Purchased	29,318	0	29,318
Building and Grounds Maintenance	500	0	500
Equipment Repair and Maintenance	79	0	79
Sales Tax Remitted	2,053	0	2,053
Miscellaneous Expenses	60	0	60
Capital Outlay	0	43,828	43,828
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	49,613	43,828	93,441
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	103	0	103
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	26,197	0	26,197
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$26,300</b>	<b>\$0</b>	<b>\$26,300</b>

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

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
<b>Cash Receipts:</b>			
Fuel Sales	\$41,083	\$0	\$41,083
Rents	10,860	0	10,860
Miscellaneous	221	0	221
Intergovernmental	0	679	679
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	52,164	679	52,843
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Electric Service	4,406	0	4,406
Communications Service	1,824	0	1,824
Water Service	215	0	215
Postage	100	0	100
Office Supplies	203	0	203
Contract Services	7,885	0	7,885
Fuel Purchased	26,612	0	26,612
Building and Grounds Maintenance	538	0	538
Equipment Repair and Maintenance	8	0	8
Sales Tax Remitted	2,371	0	2,371
Miscellaneous Expenses	160	0	160
Capital Outlay	0	679	679
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	44,322	679	45,001
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	7,842	0	7,842
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	18,355	0	18,355
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$26,197</b>	<b>\$0</b>	<b>\$26,197</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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



**HIGHLAND COUNTY AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Highland Regional Airport Authority, Highland County, Ohio (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 Highland County Commissioners. The Authority is responsible for the safety 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. Cash and Deposits**

Authority funds are deposited in two checking accounts with a local commercial bank. One checking account handles only fuel sales and the related direct deposits. The other checking account is a "NOW" account for all other receipts and disbursements. Interest earnings are distributed to the Authority fund based upon the Ohio Constitution.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Projects**

These funds are used to account for revenues that are restricted for the acquisition or construction of major capital projects. (The Highland Commissioners administer and account for grants for the capital projects of the Airport Authority. The grants are from the Ohio Department of Aviation and the Federal Aviation Administration. The projects during the audit period were for an AWOS system and for clearing and obstruction. Although the Airport Authority does not handle the actual funds, they are being presented for reporting purposes.)

**E. 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.

HIGHLAND COUNTY AIRPORT AUTHORITY  
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS FOR ENDED DECEMBER 31, 2001 AND 2000  
(Continued)

2. CASH INVESTMENTS

The carrying amount of cash and deposits at December 31 follows:

	2001	2000
Total Demand Deposits	<u>\$26,300</u>	<u>\$26,197</u>

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

3. RISK MANAGEMENT

The County carries insurance through private carriers who assume the risk of loss up to the limits of the County's policies. The following risks are:

- Property
- Vehicle
- Liability
- Inland Marine



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Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

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

Highland Regional Airport Authority  
Highland County  
1939 Crampton Road  
Lynchburg, Ohio 45142

To the Board of Trustees:

We have audited the accompanying financial statements of the Highland Regional Airport Authority, Highland County, Ohio (the Authority), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 19, 2002. 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 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance which 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 March 21, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated March 19, 2002.

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

This report is intended solely for the information and use of the audit committee, 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

March 19, 2002

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-60436-001	Failure to complete and file annual financial reports.	Partial	Partially Corrected Reissued in Management Letter
1999-60436-002	Receipts were not written for fuel sales; deposits were not timely.	Partial	Partially Corrected Reissued in Management Letter





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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**HIGHLAND REGIONAL AIRPORT AUTHORITY**

**HIGHLAND 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  
APRIL 18, 2002**