



**Auditor of State
Betty Montgomery**

HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Harrison Regional Airport Authority
Harrison County
44225 Rumley Road East
Jewett, Ohio 43986

To the Board of Trustees:

We have audited the accompanying financial statements of the Harrison Regional Airport Authority, Harrison County, Ohio, (the Authority) as of and for the years ended December 31, 2003 and 2002. 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 provides 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 fund cash balances of the Harrison Regional Airport Authority, Harrison County, Ohio as of December 31, 2003 and 2002, 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 16, 2004 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 16, 2004

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

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**HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
Cash Receipts:		
Federal Grant	\$94,814	\$76,312
County Contributions	10,000	10,000
Sale of Fuel	34,488	25,886
Rents	14,952	17,956
Miscellaneous	1,030	299
Total Cash Receipts	155,284	130,453
Cash Disbursements:		
Salaries	1,700	1,598
Supplies and Materials	5,225	733
Repairs and Maintenance	5,466	1,591
Utilities	9,056	7,185
Equipment	2,832	37,834
Professional fees	33,848	28,945
Contractual agreement	4,514	4,338
Capital Outlay	71,502	
Fuel	25,741	23,660
Miscellaneous	1,410	1,707
Total Cash Disbursements	161,294	107,591
Total Receipts Over/(Under) Disbursements	(6,010)	22,862
Other Financing Receipts/(Disbursements):		
Repayment of Note		5,090
Total Other Financing Receipts/(Disbursements)		5,090
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,010)	27,952
Cash Balances, January 1	60,703	32,751
Cash Balances, December 31	\$54,693	\$60,703

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

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**HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Harrison Regional Airport Authority, Harrison 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 twelve member Board, appointed by the Board of 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. 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.

2. CASH

The carrying amount of cash at December 31 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$54,693</u>	<u>\$60,703</u>

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

3. RETIREMENT SYSTEM

The Authority's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS employee members contributed 8.5% of their gross salaries. The Authority contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Authority has paid all contributions required through December 31, 2003.

**HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. RISK MANAGEMENT

Commercial Insurance

The Harrison Regional Airport Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

5. REVOLVING LOAN NOTE

In fiscal year 2001, the Airport Authority agreed to make a loan to a private company for the purchase of large quantities of aviation fuel products, which are to be sold on Airport Authority property. The dollar amount of the promissory note is secured by the inventory value of the aviation fuel products. Revenue generated by the sale of the fuel products will be used to repay the loan, to pay interest charges on the loan, and to provide some profit to the private company. Upon agreement of the two parties, the principal amount being repaid to the Airport Authority may be used for additional purchases of fuel as the fuel supplies are depleted. During 2002, fuel sales generated adequate revenue to pay off the note balance of \$5,090.



Auditor of State Betty Montgomery

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

Harrison Regional Airport Authority
Harrison County
44225 Rumley Road East
Jewett, Ohio 43986

To the Board of Trustees:

We have audited the accompanying financial statements of Harrison Regional Airport Authority, Harrison County, Ohio, (the Authority) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 16, 2004. 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Authority in a separate letter dated June 16, 2004.

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 certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management in a separate letter dated June 16, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 16, 2004



**Auditor of State
Betty Montgomery**

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

HARRISON REGIONAL AIRPORT AUTHORITY

HARRISON 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 8, 2004**