

**ASHLAND REGIONAL AIRPORT AUTHORITY
ASHLAND COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**



Mary Taylor, CPA

Auditor of State

Members of the Board
Ashland Regional Airport Authority
700 Montgomery Township Road
Ashland, Ohio 44805

We have reviewed the *Independent Auditors' Report* of the Ashland Regional Airport Authority, Ashland County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Ashland Regional Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 14, 2008

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**ASHLAND REGIONAL AIRPORT AUTHORITY
ASHLAND, OHIO**

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

June 20, 2008

**Board of Directors
Ashland Regional Airport Authority
Ashland County
Ashland, Ohio**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Ashland Regional Airport Authority, Ashland County, (the Authority) as of and for the years ended December 31, 2007 and 2006. 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 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 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 described more fully in Note 1, the Authority has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Authority does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Authorities to reformat their statements. The Authority has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

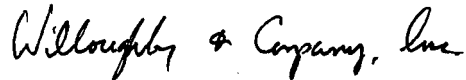
Ashland Regional Airport Authority
Ashland County
Independent Auditors' Report

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2007 and 2006, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Ashland Regional Airport Authority, Ashland County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Authority has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2008, on our consideration of the Authority's internal control structure over financial reporting and on 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 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.



WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

ASHLAND REGIONAL AIRPORT AUTHORITY
ASHLAND COUNTY

STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2007</u>	<u>2006</u>
Cash Receipts:		
County Contributions	\$ 20,000	\$ 40,000
Grants	3,168	335,887
Real Estate Tax Reimbursements	14,609	11,388
Access Fees	500	0
Miscellaneous	<u>3,118</u>	<u>1,221</u>
Total Cash Receipts	41,395	388,496
Cash Disbursements:		
Advertising	283	0
Repairs and Maintenance	2,369	4,711
Lease Expense - Equipment	6,514	6,514
Equipment Purchase	0	800
Fuel	1,135	1,187
Grant and Contract Costs	9,895	375,875
Insurance - General	7,463	7,531
Office Supplies	0	72
Postage	0	39
Taxes - Real Estate	12,238	12,221
Contract Services - Secretary/Treasurer	1,250	1,075
Miscellaneous General	4	0
Professional Fees	2,535	0
Trash Removal	960	909
Utilities - Electric	<u>5,328</u>	<u>6,286</u>
Total Cash Disbursements	<u>49,974</u>	<u>417,220</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(8,579)	(28,724)
Other Financing Receipts (Disbursements):		
Proceeds from Line of Credit Agreement	16,500	0
Principal Payments made on Line of Credit Agreement	(12,000)	0
Interest Expense	<u>(75)</u>	<u>0</u>
Total Other Financing Receipts (Disbursements)	<u>4,425</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts over/(Under) Cash Disbursements	(4,154)	(28,724)
Cash Balance, January 1	<u>4,398</u>	<u>33,122</u>
Cash Balance, December 31	<u><u>\$ 244</u></u>	<u><u>\$ 4,398</u></u>

The accompanying notes are an integral part of these financial statements.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**ASHLAND REGIONAL AIRPORT AUTHORITY
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ashland Regional Airport Authority, Ashland County, (the Authority) as a body corporate and politic. The Ashland County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Ashland Regional Airport Authority.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

C. Property, Plant, and Equipment

The accounting basis recognizes acquisitions of property, plant, and equipment as disbursements when paid. The financial statements do not report these as assets.

2. CASH

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

	<u>2007</u>	<u>2006</u>
Demand Deposits	<u>\$ 244</u>	<u>\$ 4,398</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution of the Authority.

3. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability
- Vehicles
- Equipment
- Public officials' liability

The Authority also has underground fuel tank leakage coverage as required by ORC Section 3737.91.

**ASHLAND REGIONAL AIRPORT AUTHORITY
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEBT

During February 2007, the Authority entered into an agreement with a local financial institution to establish a line of credit agreement. The line of credit is unsecured. The maximum amount that can be borrowed is \$50,000. Interest is being charged at prime rate. The balance on the line of credit as of December 31, 2007 was \$4,500.

5. LEASE

The Authority is obligated on an operating lease for the use of a tractor and accessories. The lease requires monthly payments of \$542.85 for forty-eight months and the last payment occurs in August 2009.

The total of all lease payments remaining at December 31, 2007 is \$10,857.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

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Phone (330) 602-1322 • Fax (330) 602-2610

June 20, 2008

Board of Directors
Ashland Regional Airport Authority
Ashland County
Ashland, Ohio

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

We have audited the financial statements of Ashland Regional Airport Authority, Ashland County (the Authority) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated June 20, 2008. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

**Ashland Regional Airport Authority
Ashland County
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on An
Audit of Financial Statements In Accordance with
*Government Auditing Standards***

Compliance and Other Matters

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*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.

Willoughby & Company, Inc.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



Mary Taylor, CPA
Auditor of State

REGIONAL AIRPORT AUTHORITY

ASHLAND 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 24, 2008**