



**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**HIGHLAND REGIONAL AIRPORT AUTHORITY  
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## 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, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 July 21, 2000 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.

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 black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 21, 2000

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**HIGHLAND REGIONAL AIRPORT AUTHORITY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<b>1999</b>	<b>1998</b>
<b>Cash Receipts:</b>		
Sale of Fuel	\$29,124	\$35,407
Rents	8,789	9,506
Equipment Sold	2,745	0
Electric Service Refund	0	1,600
Miscellaneous	449	127
	<b>41,107</b>	<b>46,640</b>
<b>Total Cash Receipts</b>		
<b>Cash Disbursements:</b>		
Electric Service	3,010	2,517
Telephone Expense	1,907	1,064
Water Service	155	0
Fuel and Oil	31,855	22,320
Sales Tax Remitted	1,651	2,010
License and Insurance	155	10
Postage	176	64
Office Supplies	55	160
Bank Charges	0	50
Contract Services	599	599
Mowing and Maintenance Expense	3,669	542
Equipment Repair and Maintenance	775	1,346
Building Repair and Maintenance	2,170	569
Miscellaneous	408	785
	<b>46,585</b>	<b>32,036</b>
<b>Total Cash Disbursements</b>		
Total Receipts Over/(Under) Disbursements	<b>(5,478)</b>	<b>14,604</b>
Cash Balances, January 1	<b>23,834</b>	<b>9,230</b>
<b>Cash Balances, December 31</b>	<b>\$18,356</b>	<b>\$23,834</b>

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

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**HIGHLAND REGIONAL AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Highland Regional Airport Authority, Highland 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 Highland County Commissioners. 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. 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. 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. EQUITY IN CASH AND DEPOSITS**

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

	<b>1999</b>	<b>1998</b>
Total Demand Deposits	<u>\$18,356</u>	<u>\$23,834</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**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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## 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, 1999 and 1998, and have issued our report thereon dated July 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance which are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-60436-001 and 1999-60436-002.

### 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described in the accompanying schedule of findings as items 1999-60463-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We noted other matters involving the internal controls over financial reporting that do not require inclusion in this report that we have reported to management of the Airport Authority in a separate letter dated July 21, 2000.

This report is intended 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.



**Jim Petro**  
Auditor of State

July 21, 2000

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-60436-001**

**Material Noncompliance**

ORC 117.38 requires cash basis entities to file annual reports with the Auditor of State within 60 days of fiscal year end. The Airport Authority failed to complete and file annual financial reports for both 1999 and 1998.

**FINDING NUMBER 1999-60436-002**

**Material Noncompliance/Material Weakness**

The Airport Authority accepts credit card payments and cash for its fuel sales. The majority of their fuel receipts are comprised of credit card sales. The Airport Authority did not write any receipts for fuel sales during 1998 and only wrote a few receipts for 1999. There was no fuel sales log maintained by the entity. The Airport Authority did not reconcile the amount of fuel used per month to the monthly fuel sales. Cash sales were not deposited timely as required by Ohio Rev. Code, Section 9.38, which states that public monies must be deposited with the treasury or a designated depository within 24 hours of collection. The Airport Authority only made deposits once or twice per month.

The accountability over fuel sales becomes weakened when receipts are not written when money is received, when money is not being deposited timely and there is no log to account for receipts. Additionally, errors could go undetected when the amount of fuel used per month is not reconciled to the monthly fuel sales.

To strengthen the controls over fuel sales, receipts and a fuel sales log should be maintained. Money should be deposited timely. A monthly reconciliation should be performed to reconcile the amount of fuel used to the amount of fuel sales collected.





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**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  
AUGUST 29, 2000**