



**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31 2005



**Auditor of State
Betty Montgomery**

HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY

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**Auditor of State
Betty Montgomery**

Hardin County Airport Authority
Hardin County
1040 West Franklin Street
Kenton, Ohio 43326

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 13, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Airport Authority
1040 West Franklin Street
Kenton, Ohio 43326

To the Board:

We have audited the accompanying financial statement of the Hardin County Airport Authority (the "Airport") as of and for the year ended December 31, 2005. This financial statement is the responsibility of the Airport's management. Our responsibility is to express an opinion on this financial statement 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Airport has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Airport to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. While the Airport does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statements. The Airport has elected not to reformat its statement. Since this Airport does not use GAAP to measure financial statement amounts, 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2005 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Airport as of December 31, 2005, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the fund cash balance of the Airport, as of December 31, 2005, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Airport to include Management's Discussion and Analysis for the year ended December 31, 2005. The Airport 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 our report dated June 13, 2006, on our consideration of the Airport's internal control over financial reporting and 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 the 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.



Betty Montgomery
Auditor of State

June 13, 2006

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>2005</u>
Cash Receipts:	
County Contribution	\$15,000
Sale of Fuel	64,488
Hanger Rent	22,375
Land Rent	1,250
Grants	54,182
Interest	1,222
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Total Cash Receipts	158,517
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Cash Disbursements:	
Fuel	80,696
Utilities	3,342
Supplies	1,735
Services	32,214
Grants	53,775
Taxes	6,434
Other	6,171
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Total Cash Disbursements	184,367
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Total Receipts (Under) Disbursements	(25,850)
Fund Cash Balance, January 1	109,264
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Fund Cash Balance, December 31	<u><u>\$83,414</u></u>

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

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**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

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 Hardin County Airport Authority (the "Airport") as a body corporate and politic. The Airport is directed by a seven member Board, appointed by Hardin County Board of Commissioners. The Airport is responsible for the safe and efficient operation and maintenance of the Hardin County Airport.

The Airport's management believes these financial statements present all activities for which the Airport 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.

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

C. Cash and Investments

The checking account is valued at cost.

D. 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. EQUITY IN CASH

The carrying amount of cash at December 31 follows:

	<u>2005</u>
Demand deposits	\$83,414

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. RISK MANAGEMENT

Commercial Insurance

As of December 31, 2005, the only commercial insurance for the Airport is premises liability coverage. This coverage is provided under the policy of Hardin County. The Airport is uninsured for all other risks, including aviation activity.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Hardin County Airport Authority
1040 West Franklin Street
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the Hardin County Airport Authority (the "Airport") as of and for the year ended December 31, 2005, and have issued our report thereon dated June 13, 2006, wherein we noted the Airport follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Airport's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Airport's management dated June 13, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Airport's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instances of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001.

Hardin County Airport Authority
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board.
It is not intended for 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 13, 2006

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Airport did not file their 2005 annual financial report with the Auditor of State. In addition, the Airport did not publish notice that the 2005 financial statement was available for public inspection. The Airport's Board should implement monitoring procedures to help assure the timely filing and public notification of annual financial reports.

OFFICIALS' RESPONSE

The failure to file this report was an oversight and proper action will be taken in the future.



**Auditor of State
Betty Montgomery**

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HARDIN COUNTY AIRPORT AUTHORITY

HARDIN 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 13, 2006**