



**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

REGUALR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004



Mary Taylor, CPA
Auditor of State

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

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Mary Taylor, CPA
Auditor of State

Geauga County Airport Authority
Geauga County
15421 Old State Road
P.O. Box 1308
Middlefield, Ohio 44062

To the Board of Trustees:

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.

Mary Taylor

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Auditor of State

February 20, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Airport Authority
Geauga County
15421 Old State Road
P.O. Box 1308
Middlefield, Ohio 44062

To the Board of Trustees:

We have audited the accompanying financial statements of the Geauga County Airport Authority, Geauga County, Ohio, (the Authority) as of and for the years ended December 31, 2005 and December 31, 2004. 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 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 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 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.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statements. The Authority has elected not to reformat its statements. Since this Authority 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 statements referred to above for the years ended December 31, 2005 and December 31, 2004 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, 2005 and December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Geauga County Airport Authority, Geauga County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Authority to include Management's Discussion and Analysis for the years ended December 31, 2005 and December 31, 2004. 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 our report dated February 20, 2007, 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 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.



Mary Taylor, CPA
Auditor of State

February 20, 2007

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$4,354	\$63,225	\$67,579
Charges for Services	141,253		141,253
Interest Income	2,556	56	2,612
Other Income	1,936		1,936
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	150,099	63,281	213,380
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
General Government	112,804		112,804
Capital Outlay	6,000	58,016	64,016
Debt Service	24,000		
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	142,804	58,016	176,820
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements	7,295	5,265	36,560
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2005	125,169	4,074	129,243
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2005	<u>\$132,464</u>	<u>\$9,339</u>	<u>\$165,803</u>

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

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$26,615	\$249,914	\$276,529
Charges for Services	148,398		148,398
Interest Income	621	127	748
Other Income	17,671		17,671
	<u>193,305</u>	<u>250,041</u>	<u>443,346</u>
Total Cash Receipts			
	<u>193,305</u>	<u>250,041</u>	<u>443,346</u>
Cash Disbursements:			
General Government	112,997		112,997
Capital Outlay	26,585	250,060	276,645
Debt Service	21,359		
	<u>160,941</u>	<u>250,060</u>	<u>389,642</u>
Total Cash Disbursements			
	<u>160,941</u>	<u>250,060</u>	<u>389,642</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>32,364</u>	<u>(19)</u>	<u>53,704</u>
Fund Cash Balances, January 1, 2004	<u>92,805</u>	<u>4,093</u>	<u>96,898</u>
Fund Cash Balances, December 31, 2004	<u>\$125,169</u>	<u>\$4,074</u>	<u>\$150,602</u>

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

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Geauga County Airport Authority, Geauga County, (the Authority) as a body corporate and politic. The Airport Authority is directed by a seven member Board, three appointed by the Geauga County Board of Commissioners, three appointed by the Airport Authority, and one appointed by the Middlefield Village Council. 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 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 Airport Authority did not have investments during the audit period. The Authority maintains a general checking, savings, and money market account.

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.

E. 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 Fun is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted and accounted for in another fund.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Authority had the following significant Special Revenue Fund:

Grant Fund – This fund receives federal and state monies for Airport improvements.

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$132,464	\$125,169
Money Market Deposits	9,339	4,074
Total deposits	\$141,803	\$129,243

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

3. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Geauga County Commissioner Operating Loan	\$51,491	0.00%

The Authority is obligated for a loan payable to the Geauga County Commissioners. The interest free loan is payable over a period of 10 years at the amounts specified in the operating agreement between the Airport Authority and the Geauga County Commissioners.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Operating Loan
2006	\$24,000
2007	27,491
Total	\$51,491

In 2002 the Geauga County Commissioners and the Geauga County Airport Authority Trustees agreed to delay repayment of the loan for two years. The above schedule is the final two payments of the loan.

4. RETIREMENT SYSTEM

The Authority's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Authority contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Authority has paid all contributions required through December 31, 2005.

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RISK MANAGEMENT

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

- Comprehensive property and general liability;
- Officer's and Director's Insurance; and
- Errors and omissions.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

7. RELATED PARTY TRANSACTIONS

The Airport Authority had tractor repairs made during the audit period by a company owned by an Airport Authority board member. The amount paid for the equipment repairs were \$129 for FY 2005 and \$3,548 for FY 2004. The board member abstained from voting on this issue.

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Mary Taylor, CPA

Auditor of State

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

Geauga County Airport Authority
Geauga County
15421 Old State Road
P.O. Box 1308
Middlefield, Ohio 44062

To the Board of Trustees:

We have audited the financial statements of the Geauga County Airport Authority (the Authority) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated February 20, 2007, wherein we noted the Authority 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 Authority'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.

Compliance and Other Matters

As part of reasonably assuring whether the Authority'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Geauga County Airport Authority
Geauga 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 the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

February 20, 2007

**GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Segregation of Duties/Board Monitoring Controls	Yes	Corrected. An Airport Authority Board Member reviews all invoices and signs off on the invoice when signing the corresponding check.



Mary Taylor, CPA
Auditor of State

GEAUGA COUNTY AIRPORT AUTHORITY
GEAUGA 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
MARCH 13, 2007