



Mary Taylor, CPA
Auditor of State

HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY

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Mary Taylor, CPA
Auditor of State

Highland County Regional Airport Authority
Highland County
9500 North Shore Drive
Post Office Box 444
Hillsboro, Ohio 45133

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 an 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 adverse 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

October 26, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Highland County Regional Airport Authority
Highland County
9500 North Shore Drive
Post Office Box 444
Hillsboro, Ohio 45133

To the Board of Trustees

We have audited the accompanying financial statements of Highland County Regional Airport Authority, Highland County, Ohio (the Authority), as of and for the years ended December 31, 2009 and 2008. 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.

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.

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, 2009 and 2008 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, 2009 and 2008, or its 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 Highland Regional Airport, Highland County, as of December 31, 2009 and 2008, and its combined 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 our report dated October 26, 2010, 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.

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Mary Taylor, CPA
Auditor of State

October 26, 2010

**HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants		\$197,428	\$197,428
Sale of Fuel	\$52,168		52,168
Rents and Leases	30,506		30,506
Interest	24		24
Miscellaneous	991		991
Total Cash Receipts	<u>83,688</u>	<u>197,428</u>	<u>281,116</u>
Cash Disbursements:			
Current:			
Transportation:			0
Utilities	11,097		11,097
Contract Services	3,019		3,019
Supplies and Materials	125		125
Equipment	34,468		34,468
Dues, Meetings, and Conferences	645		645
Repairs and Maintenance	3,363		3,363
Fuel Purchased for Resale	25,538		25,538
Credit Card Fees	1,321		1,321
State Sales Tax Refund	3,353		3,353
Miscellaneous	979		979
Capital Outlay		207,562	
Debt Service:			
Redemption of Principal		127,876	
Interest and Other Fiscal Charges		2,124	
Total Cash Disbursements	<u>83,908</u>	<u>337,562</u>	<u>83,908</u>
Total Receipts Over/(Under) Disbursements	<u>(220)</u>	<u>(140,134)</u>	<u>(140,354)</u>
Other Financing Receipts / (Disbursements):			
Other Debt Proceeds		203,850	203,850
Total Other Financing Receipts / (Disbursements)	<u>0</u>	<u>203,850</u>	<u>203,850</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>(220)</u>	<u>63,716</u>	<u>63,496</u>
Fund Cash Balances, January 1	<u>29,044</u>	<u>0</u>	<u>29,044</u>
Fund Cash Balances, December 31	<u>\$28,824</u>	<u>\$63,716</u>	<u>\$92,540</u>

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

**HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts:			
Grants		\$8,251	\$8,251
Sale of Fuel	\$78,563		78,563
Rents and Leases	24,923		24,923
Interest	19		19
Miscellaneous	1,456		1,456
Total Cash Receipts	104,960	8,251	113,211
Cash Disbursements:			
Current:			
Transportation:			0
Utilities	9,454		9,454
Contract Services	5,519		5,519
Supplies and Materials	475		475
Dues, Meetings, and Conferences	808		808
Repairs and Maintenance	6,869		6,869
Fuel Purchased for Resale	53,982		53,982
Credit Card Fees	2,266		2,266
State Sales Tax Refund	4,986		4,986
Miscellaneous	3,535		3,535
Capital Outlay		8,251	
Total Cash Disbursements	87,895	8,251	87,895
Total Receipts Over/(Under) Disbursements	17,065	0	17,065
Fund Cash Balances, January 1	11,979	0	11,979
Fund Cash Balances, December 31	\$29,044	\$0	\$29,044

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

**HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority 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 the Auditor of State prescribes or permits.

C. Cash and Deposits

The Authority deposits all available funds in interest earning checking accounts at a local commercial bank.

D. Fund Accounting

The Authority uses fund accounting to segregate cash that is restricted as to use. The Authority classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Projects Fund

This fund accounts for revenues that are restricted for the acquisition or construction of major capital projects.

E. Property, Plant, and Equipment

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Cash

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	<u>\$92,540</u>	<u>\$29,044</u>

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

3. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Merchants National Bank	<u>\$76,124</u>	5.95%

The Authority is obligated for a note payable to a bank. The note is payable over a period of one year due on June 16, 2010 plus interest charged at a fixed annual rate. The rate disclosed above was the rate effective at December 31, 2009. In Support of this note, a Guaranty was executed by Daniel Cowdrey and Paul Terrell, on June 16, 2009.

4. Risk Management

The Highland County Commissioners carry insurance through private carriers for airport property and liability.



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*

Highland County Regional Airport Authority
Highland County
9500 North Shore Drive
Post Office Box 444
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the financial statements of the governmental activities, of Highland County Regional Airport Authority, Highland County, Ohio (the Authority), as of and for the year ended December 31, 2009 and 2008, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 26, 2010, wherein we noted the Authority prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

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

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*.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated October 26, 2010.

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

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Mary Taylor, CPA
Auditor of State

October 26, 2010

**HIGHLAND COUNTY REGIONAL AIRPORT AUTHORITY
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Administrative Code, 117-2-02 (A) (D), Inadequate account records maintained, inadequate records for rents and leases and fuel sales receipts.	No	Partially Corrected: Reported in the management letter.
2007-002	Ohio Revised Code, 117.38, An annual financial report was not prepared.	Yes	
2007-003	Ohio Administrative Code, 117-2-02 (A), Inadequate records over the rents and leases. Inadequate records over the fuel sales.	No	Partially Corrected: Reported in the management letter.

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HIGHLAND COUNTY 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
NOVEMBER 18, 2010**