



**Auditor of State  
Betty Montgomery**



HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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, 2003 and 2002. 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 *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, 2003 and 2002, 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 April 20, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 20, 2004

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fuel Sales	\$37,468	\$0	\$37,468
Rents	24,350	0	24,350
Miscellaneous	1,752	0	1,752
Intergovernmental	0	23,337	23,337
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	63,570	23,337	86,907
<b>Cash Disbursements:</b>			
Current:			
Utilities	6,024	0	6,024
Communications	2,217	0	2,217
Postage	111	0	111
Office Supplies	184	0	184
Contract Services	15,896	0	15,896
Fuel Purchased	28,795	0	28,795
Sales Tax Remitted	2,279	0	2,279
Miscellaneous Expenses	350	0	350
Capital Outlay	0	23,337	23,337
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	55,856	23,337	79,193
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	7,714	0	7,714
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	35,413	0	35,413
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$43,127</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$43,127</b> <hr/>

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

**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Fuel Sales	\$40,853	\$0	\$40,853
Rents	17,101	0	17,101
Miscellaneous	404	0	404
Intergovernmental	0	16,420	16,420
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,358	16,420	74,778
<b>Cash Disbursements:</b>			
Current:			
Utilities	5,733	0	5,733
Communications	2,235	0	2,235
Postage	114	0	114
Office Supplies	174	0	174
Contract Services	13,660	0	13,660
Fuel Purchased	24,854	0	24,854
Sales Tax Remitted	2,323	0	2,323
Miscellaneous Expenses	152	0	152
Capital Outlay	0	16,420	16,420
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	49,245	16,420	65,665
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	9,113	0	9,113
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	26,300	0	26,300
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$35,413</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$35,413</b> <hr/>

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



**HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Highland Regional Airport Authority, Highland County, Ohio (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 safety 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 and one money market fund with a local commercial bank. One checking account handles only fuel sales and the related direct deposits while the second 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. 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 Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Capital Projects**

These funds are used to account for revenues that are restricted for the acquisition or construction of major capital projects. The Highland County Commissioners administer and account for grants for the capital projects of the Airport Authority. The grants are from the Ohio Department of Aviation and the Federal Aviation Administration. The projects during the audit period were for improvements to the grounds and taxi areas, and security for the airport. Although the Airport Authority does not handle the actual funds they are being presented for reporting purposes.

HIGHLAND REGIONAL AIRPORT AUTHORITY  
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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

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

	2003	2002
Total Demand Deposits	<u>\$43,127</u>	<u>\$35,413</u>

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

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



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated March 19, 2004. 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.

#### **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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated April 20, 2004.

#### **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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated April 20, 2004.

Highland Regional Airport Authority  
Highland County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by 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

April 20, 2004



**Auditor of State  
Betty Montgomery**

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**HIGHLAND 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  
MAY 11, 2004**