



OHIO AUDITOR OF STATE  
**KEITH FABER**





HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY  
DECEMBER 31, 2018

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Harrison Regional Airport Authority  
Harrison County  
43000 Airport Road  
Cadiz, Ohio 43907

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statement of the cash balance, receipts and disbursements, and related notes of the Harrison Regional Airport Authority, Harrison County, Ohio (the Authority), as of and for the year ended December 31, 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statement, the Authority prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance, receipts and disbursements, and related notes of the Harrison Regional Airport Authority, Harrison County as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Matter***

Our audit was conducted to opine on the financial statement taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statement.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statement. We subjected this Schedule to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statement taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

March 30, 2020

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**Harrison Regional Airport Authority**  
*Harrison County*  
*Statement of Receipts, Disbursements and*  
*Changes in Cash Balance (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2018*

<b>Cash Receipts</b>	
Grants	\$2,423,206
EMS Building	900
Rents	15,778
Miscellaneous	<u>2,922</u>
<i>Total Cash Receipts</i>	<u>2,442,806</u>
<b>Cash Disbursements</b>	
Current:	
Audit	5,023
Dues	300
Building and Grounds Repair	3,509
Electric	2,392
Equipment Repairs	471
Equipment	5,307
Fuel	1,671
Insurance	3,322
FAA Grant Expense	2,291,957
ODOT Grant Expense	127,065
Local Grant Expense	127,070
Office Supplies	434
OPERS	1,125
Payroll	3,676
Payroll Taxes	1,400
Property Taxes	143
Water and Sewer	822
Workers Compensation	<u>122</u>
<i>Total Cash Disbursements</i>	<u>2,575,809</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(133,003)</u>
<i>Cash Balance, January 1</i>	<u>395,002</u>
Unassigned (Deficit)	<u>261,999</u>
<i>Cash Balance, December 31</i>	<u><u>\$261,999</u></u>

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

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**Harrison Regional Airport Authority**  
*Harrison County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Harrison Regional Airport Authority (the Authority), Harrison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Harrison Regional Airport Authority and the Harrison County Commissioners appoints eight Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Harrison Regional Airport Authority.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Authority's financial statement consists of a statement of receipts, disbursements and changes in cash balance (regulatory cash basis).

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Deposits and Investments***

The Authority's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Authority currently holds money in a Certificate of Deposit (CD).

***Capital Assets***

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

***Cash Balance***

Cash balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Harrison Regional Airport Authority**  
*Harrison County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*

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**Committed** The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$66,720
Certificates of deposit	195,279
Total deposits	<u><u>\$261,999</u></u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

**Harrison Regional Airport Authority**  
*Harrison County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2018*

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**Note 5 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The Authority's employee belongs 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. OPERS members contributed 10% of their gross salaries and the Authority contributed an amount equaling 14% of participants' gross salaries. The Authority has paid all contributions required through December 31, 2018.

**Note 6 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 7 – Construction and Contractual Commitments**

The Airport Authority is in a contract with Michael Baker International Inc. (Consulting Firm) and Shelley & Sands, Inc. (Construction Firm) for runway reconstruction.

**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Direct Program</b>			
Airport Improvement Program	20.106	N/A	<u>\$2,291,957</u>
Total U.S. Department of Transportation			<u>2,291,957</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$2,291,957</u></u></b>

*The accompanying notes are an integral part of this Schedule.*

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**HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Harrison Regional Airport Authority (the Airport's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport, it is not intended to and does not present the cash balance, receipts and disbursements of the Airport.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Airport has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Airport to contribute non-Federal funds (matching funds) to support the federally funded programs. The Airport has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Harrison Regional Airport Authority  
Harrison County  
43000 Airport Road  
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balance, receipts, and disbursements of the Harrison Regional Airport Authority, Harrison County, Ohio (the Authority), as of and for the year ended December 31, 2018, and the related notes to the financial statement and have issued our report thereon dated March 30, 2020, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statement, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statement. We consider finding 2018-001 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-002 described in the accompanying Schedule of Findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statement is 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, opining 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*.

***Authority's Responses to Findings***

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the Authority's responses to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 30, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Harrison Regional Airport Authority  
Harrison County  
43000 Airport Road  
Cadiz, Ohio 43907

To the Board of Trustees:

### ***Report on Compliance for the Major Federal Program***

We have audited the Harrison Regional Airport Authority's, Harrison County, Ohio (the Authority), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Authority's major federal program.

### ***Management's Responsibility***

The Authority's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 30, 2020

**HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, Unmodified under the Regulatory Basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Airport Improvement Program (AIP) – CFDA #20.106
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2018-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-001 (Continued)**

**Material Weakness (Continued)**

The Authority should maintain an accounting system and accounting records sufficient to enable the Authority to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Authority did not always classify receipts/expenditures into accurate classifications on the financial statement. The following errors were noted:

- Certificate of Deposit (CD) investment of \$200,000 was improperly posted as a disbursement.
- CD investment of \$195,270 was improperly posted as a revenue.
- Distribution from CD of \$7,009 was improperly posted as revenue.
- CD interest of \$2,288 was not posted.
- FAA Grant expense of \$4,754 that was posted to Equipment.

The adjustments/ reclassifications noted above, with which management agrees, have been made and are reflected in the accompanying financial statements.

The Authority did not have a process in place to ensure receipts/expenditures are accurately classified on the financial statement.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and management may not be provided an accurate picture of the Airport's financial position and operations.

The Authority should take the necessary steps to ensure that all receipts and expenditures are properly presented and disclosed in the Airport's financial statements.

**Officials' Response:** See Corrective Action Plan on page 24.

**FINDING NUMBER 2018-002**

**Significant Deficiency**

Management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious.

The Authority approved the Treasurer to pay bills that came due before the next scheduled meeting and Board members signed blank checks to allow the Treasurer to pay those bills. Also, the list of bills approved each month did not contain check numbers to allow the Board the ability to ensure all checks issued were being approved.



HARRISON REGIONAL AIRPORT AUTHORITY  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2018-002 (Continued)**

**Significant Deficiency (Continued)**

As a result of signing blank checks and the approved list of bills not providing the proper accountability, the former Treasurer was able to issue checks for unauthorized payments, which resulted, at least partially, in Findings for Recovery in the prior audit.

The Authority Board members should not sign blank checks and the list of bills approved each month should provide enough detail that the Board members can monitor the checks being issued by the Treasurer.

**Officials' Response:** See Corrective Action Plan on page 24.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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**Harrison County Airport Authority**  
**43000 Airport Road**  
**Cadiz, OH 43907**  
**Office 850-814-6498**  
**hc.airport.auth@gmail.com**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Finding for Recovery for previous Treasurer making improper payments to herself.	Corrective Action Taken and Finding is Fully Corrected	Finding has been resolved.
2017-002	Finding for Recovery for payroll overpayment to the previous Treasurer.	Corrective Action Taken and Finding is Fully Corrected	Finding has been resolved.
2017-003	Finding for Recovery for cash not deposited by previous Treasurer.	Corrective Action Taken and Finding is Fully Corrected	Finding has been resolved.
2017-004	Finding for Recovery for overpayments to the previous Treasurer's spouse.	Corrective Action Taken and Finding is Fully Corrected	Finding has been repaid.
2017-005	Material Weakness for Board members signing blank checks.	Not Corrected	The Airport has implemented procedures to ensure this does not occur again.
2017-006	Material Weakness for not properly classifying fund balance.	Corrective Action Taken and Finding is Fully Corrected	The Airport will ensure balances are properly posted in the future.

**Harrison County Airport Authority  
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**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
DECEMBER 31, 2018**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	The Harrison County Airport Authority will ensure transactions are posted properly in the future.	December 31, 2020	Rachel Hamilton
2018-002	The Harrison County Airport Authority no longer allows its members to sign blank checks. The Harrison County Airport Treasurer now lists check numbers with list of bills approved in her monthly report to the board.	December 31, 2020	Rachel Hamilton

# OHIO AUDITOR OF STATE KEITH FABER



**HARRISON REGIONAL AIRPORT AUTHORITY**

**HARRISON 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  
APRIL 14, 2020**