



**Auditor of State  
Betty Montgomery**



**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the Geauga County Airport Authority, Geauga County, Ohio, (the Airport Authority) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Airport 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 provides a reasonable basis for our opinion.

As described in Note 1, the Airport 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 combined cash fund balances of the Geauga County Airport Authority, Geauga County, Ohio, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2004 on our consideration of the Airport 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.

The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the 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

September 30, 2004

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2003**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Intergovernmental	\$30,000	\$235,196	\$265,196
Charges for Services	140,708		140,708
Interest Income	581	725	1,306
Other Income	24		24
Total Cash Receipts	171,313	235,921	407,234
<b>Cash Disbursements:</b>			
General Government	109,022		109,022
Capital Outlay	31,572	351,752	383,324
Total Cash Disbursements	140,594	351,752	492,346
Excess of Cash Receipts Over/(Under) Cash Disbursements	30,719	(115,831)	(85,112)
Fund Cash Balances, January 1, 2003	62,086	119,924	182,010
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$92,805</b>	<b>\$4,093</b>	<b>\$96,898</b>

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

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**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Geauga County Airport Authority, Geauga County, Ohio, (the Airport 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 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 Airport Authority is responsible for the safety and efficient operation and maintenance of the airport.

The Airport Authority's management believes these financial statements present all activities for which the Airport 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 Investments**

The Airport Authority did not have investments during the audit period. They maintain a general checking, savings and money market account.

**D. 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.

**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 fund into the following types:

General Fund

The General Fund 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.

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, 2003  
(Continued)**

**2. EQUITY IN CASH AND INVESTMENTS**

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

	2003
Demand deposits	\$92,805
Money Market Deposits	\$4,093
Total deposits	96,898

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

**3. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Geauga County Commissioners Operating Loan	\$96,850	0%

The Airport 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:

	Operating Loan
Year ending December 31:	
2004	53,550
2005	22,200
2006	21,100
Total	\$96,850

On 9/26/02 the Geauga County Commissioners passed a resolution deferring operating agreement payments to Fiscal Year 2004. To make the local match of an Improvement Grant, the Board of County Commissioners will allow the Airport Authority to delay payment of existing loans for two years for a total of \$51,000. In Fiscal Year 2002, \$6,250 was deferred and in Fiscal Year 2003, \$24,000 was deferred per the County resolution. These deferrals plus the scheduled Fiscal Year 2004 payment of \$23,300 resulted in a total operating loan payment of \$53,550 due in Fiscal Year 2004.

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

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

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, OPERS employee members contributed 8% of their gross salaries. The Authority contributed an amount equal to 13% of participants' gross salaries for 2003. The Authority has paid all contributions required through December 31, 2003.

**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 GRANTS**

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 rented a tractor from a company owned by an Airport Authority Board Member, in which back rental payments made were \$6,189 and equipment repairs made were \$1,011 during the audit period. The Board Member abstained from voting on this issue.

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**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Passed Through Northeast Ohio Areawide Coordinating Agency (NOACA)</i>				
Airport Improvement Program	006-2002	20.106	<u>\$203,624</u>	<u>\$351,752</u>
Total U.S. Department of Transportation			<u><b>203,624</b></u>	<u><b>351,752</b></u>
<b>Total Federal Assistance</b>			<u><b>\$203,624</b></u>	<u><b>\$351,752</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
DECEMBER 31, 2003**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Airport Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

CFDA – Catalog of Federal Domestic Assistance



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Geauga County Airport Authority, Geauga County, Ohio, (the Airport Authority) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 30, 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 Airport Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Airport Authority's internal control over financial reporting 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Airport Authority's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2003-001 listed above to be a material weakness.

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This report is intended solely for the information and use of the audit committee, management and Board of Trustees, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

September 30, 2004





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Geauga County Airport Authority  
Geauga County  
15395 Old State Road  
P.O. Box 1308  
Middlefield, Ohio 44062

To the Board of Trustees:

#### Compliance

We have audited the compliance of the Geauga County Airport Authority, Geauga County, Ohio, (the Airport Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended December 31, 2003. The Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on the Airport Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Airport Authority's compliance with those requirements.

In our opinion, the Airport Authority complied, in all material respects, with the requirement referred to above that is applicable to its major federal program for the year ended December 31, 2003.

#### Internal Control Over Compliance

The management of the Airport Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Airport Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Board of Trustees, and federal awarding agencies and pass-through agencies, 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

September 30, 2004

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2003**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b>	Airport Improvement Program 20.106
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Material Weakness**

<b>Finding Number</b>	<b>2003-001</b>
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**Segregation of Duties/Board Application Controls**

The Secretary/Treasurer processes and posts all disbursements to the accounting system. Also, she reconciles the bank accounts and post receipts. The Board does review the budgetary reports and ledgers, as well as the reconciliation of the ledgers to the bank account. Since the Secretary/Treasurer is the only person involved in documenting disbursements, there is an increased risk for the possibility of errors or diversion of funds occurring without being detected on a timely basis.

To improve controls over expenditures, and provide for a segregation of duties, we recommend the Board should expand their fiscal application procedures to include review of invoices processed. This process should include the review of invoices and verification of the checks written and noting any handwritten additions or deletions amounts or past due fees on the original invoice. The Board president started reviewing invoices and checks written in September 2004.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-001	Destruction of Records	Yes	Corrected
2002-002	Financial Statements and Reconciliation	Yes	Corrected
2002-003	Segregation of Duties/Board Monitoring Controls	No	Partially corrected; see comment 2003-001
2002-004	Standard Ledgers	Yes	Corrected





**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 7, 2004**