



**ASHTABULA COUNTY AIRPORT AUTHORITY  
ASHTABULA COUNTY**

**SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2008**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Ashtabula County Airport  
2382 Airport Road  
Jefferson, Ohio 44047

We have reviewed the *Independent Auditors' Report* of the Ashtabula County Airport prepared by Canter and Company, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashtabula County Airport is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 2, 2009

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**ASHTABULA COUNTY AIRPORT AUTHORITY  
ASHTABULA COUNTY**

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## INDEPENDENT AUDITORS' REPORT

Ashtabula County Airport Authority  
Ashtabula County  
2382 Airport Road  
Jefferson, Ohio 44047

To the Board of Trustees:

We have audited the accompanying financial statements of the Ashtabula County Airport Authority, (the Airport) a component unit of Ashtabula County as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Airport'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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula County Airport Authority, as of December 31, 2008, and the respective changes in its financial position and its cash flows for its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2009 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying schedule of expenditures of federal awards 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 also not a required part of the basic financial statements of the Airport. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Canter & Company

Youngstown, Ohio

May 18, 2009

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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The discussion and analysis of the Ashtabula County Airport Authority's financial performance provides an overall review of the Airport Authority's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the Airport Authority's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Airport Authority's financial performance.

***Financial Highlights***

Key financial highlights for 2008 are as follows:

- The Airport's net assets increased by \$693,606.
- Prior to 2008, the Airport Authority and Lakeside Aviation, LLC entered into a twenty year lease agreement that was to generate \$120,000 per year for the Airport, for the first ten years of the lease. Lakeside Aviation notified the Airport Authority on August 13, 2007 that it planned to back out of this lease effective September 30, 2007, citing a lack of near-term opportunities and unfavorable economic conditions. The Airport Authority subsequently sued for breach of contract and in 2008 was awarded a net settlement of \$44,128.
- During 2008 the Airport completed two major construction projects, the runway under-drain project and the apron drainage project. Grants received in 2008 from the Federal Aviation Administration in the amount of \$738,746 coupled with local funds generated by the Airport paid for these projects.

***Using this Annual Financial Report***

This report consists of a series of financial statements. The *Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets* provide information about the activities of the Airport and present a longer-term view of the Airport's finances.

A question typically asked about the Airport Authority's finances "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Airport and its activities in a way that helps answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* which is similar to the accounting used by most private-sector companies. The Airport charges a fee to customers to help it cover part of the services it provides. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport Authority's *net assets and changes in those assets*. This change in net assets is important because it tells the reader that, for the Airport Authority as a whole, the *financial position* of the Airport Authority has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, weather, etc.) in order to assess the overall health of the Airport.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

**The Airport Authority as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Airport Authority as a whole.

Table 1 provides a summary of the Airport Authority's net assets for 2008, compared to 2007:

**(Table 1)**  
**Net Assets**

	Business-Type Activities		
	2008	2007	Change
<b>Assets</b>			
Current and Other Assets	\$423,160	\$374,065	\$49,095
Capital Assets, Net of Depreciation	3,678,840	3,027,664	651,176
<b>Total Assets</b>	<b>4,102,000</b>	<b>3,401,729</b>	<b>700,271</b>
<b>Liabilities</b>			
Long-Term Liabilities	1,323,600	1,350,100	(26,500)
Other Liabilities	157,401	124,236	33,165
<b>Total Liabilities</b>	<b>1,481,001</b>	<b>1,474,336</b>	<b>6,665</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,273,772	1,587,567	686,205
Restricted for Debt Service	46,297	0	46,297
Unrestricted	300,930	339,826	(38,896)
<b>Total Net Assets</b>	<b>\$2,620,999</b>	<b>\$1,927,393</b>	<b>\$693,606</b>

Total assets increased by \$700,271 from 2007 to 2008. The majority of this increase was due to the \$651,176 increase in capital assets. During 2008, the Airport finished the runway under-drain project, which began in late 2007, and also started and completed the apron drainage project. The total capitalized cost of these two projects before depreciation was just over \$800,000.

Total liabilities increased by \$6,665 during 2008, which is an insignificant amount of change from the prior year. The Airport did reduce outstanding long-term debt by making its scheduled principal payment of \$26,500.

In total, net assets of the Airport increased by \$693,606 which is attributed directly to the completion of the aforementioned construction projects and corresponding increase in capital assets.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

Table 2 shows the revenues, expenses and the changes in net assets for the year ended December 31, 2008 compared to the year ended December 31, 2007.

**(Table 2)**  
**Changes in Net Assets**

	Business-Type Activities		
	2008	2007	Change
<b>Revenues</b>			
<i>Operating Revenues:</i>			
Charges for Services	\$423,298	\$219,642	\$203,656
Other Operating revenues	3,140	1,980	1,160
<b>Total Operating Revenues</b>	<b>426,438</b>	<b>221,622</b>	<b>204,816</b>
<b>Expenses</b>			
<i>Operating Expenses:</i>			
Personal services	81,774	16,071	65,703
Fringe Benefits	2,241	8,632	(6,391)
Depreciation	133,534	129,836	3,698
Materials and Supplies	249,214	55,164	194,050
Contractual services	84,186	75,276	8,910
Other Operating Expenses	34,107	7,866	26,241
<b>Total Expenses</b>	<b>585,056</b>	<b>292,845</b>	<b>292,211</b>
Operating Loss	(158,618)	(71,223)	(87,395)
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	2,569	1,990	579
Capital grants	738,746	181,663	557,083
Donations	125,100	0	125,100
Other non-operating revenue	4,987	36,520	(31,533)
Interest and Fiscal Charges	(63,306)	(56,764)	(6,542)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>808,096</b>	<b>163,409</b>	<b>644,687</b>
<b>Extraordinary and Special Items</b>			
Litigation Settlement	44,128	0	44,128
Change in Net Assets	693,606	92,186	601,420
Net Assets, Beginning of Year	1,927,393	1,835,207	92,186
Net Assets, End of Year	<b>\$2,620,999</b>	<b>\$1,927,393</b>	<b>\$693,606</b>

Operating revenues increased by \$204,816 due primarily to Lakeside Aviation, LLC operating the Airport Authority for nine months of the previous year. Operating expenses also increased by \$292,211 due primarily to Lakeside Aviation, LLC running the Airport Authority for nine months of 2007, resulting in significant increases to personal services, materials and supplies and contractual services expenditures required to operate the Airport during 2008.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

**Capital Assets**

The largest portion of the Airport's net assets each year is its investment in capital assets, net of related debt. The Airport uses these capital assets to provide services to the businesses and public using the Ashtabula County Airport. Table 3 shows 2008 balances compared with 2007.

**(Table 3)**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Business-Type Activities		
	2008	2007	Change
Land	\$108,569	\$108,569	\$0
Construction in Progress	0	364,621	(364,621)
Buildings and Improvements	1,764,631	1,476,266	288,365
Improvements Other Than Buildings	1,719,111	980,677	738,434
Vehicles	82,808	91,597	(8,789)
Furniture and Equipment	3,721	5,934	(2,213)
<b>Totals</b>	<b>\$3,678,840</b>	<b>\$3,027,664</b>	<b>\$651,176</b>

The \$651,176 increase in capital assets was due to the Airport finishing the runway under-drain project, which began in late 2007, and also starting and completing the apron drainage project. The total capitalized cost of these two projects before depreciation was just over \$800,000. During 2008, the Airport also purchased a used dump truck for \$8,000 and was the recipient of a donated vehicle with a fair market value of \$2,800 and office furniture valued at \$1,050. The annual depreciation expense of \$133,534 coupled with the scrapping of a runway sweeper helped to offset these additions. Note 10 of the basic financial statements provides a more detailed look at the capital asset activity during 2008.

**Debt**

The outstanding debt for the Airport Authority as of December 31, 2008 and 2007 includes a \$90,000 short-term obligation due to the primary government. No payments have been made on this obligation in 2008. In 2006, the Airport Authority issued revenue bonds in the amount of \$1,400,000 in order to finance new hangar construction. The revenue bonds will mature in thirty years and have an interest rate of 4.125 percent. The Airport's outstanding long-term obligations are included in the following table:

**(Table 4)**  
**Outstanding Debt, at December 31**

	Business-Type Activities	
	2008	2007
Revenue Bonds	\$1,323,600	\$1,350,100

Additional information concerning the Airport's long-term obligations can be found in Note 6 to the basic financial statements.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*

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**Current Financial Issues**

During 2008, the operating performance of the Airport continued the trends identified in 2007. Annual fuel sales were down 20 percent compared to the 2002-2006 timeframe. Operating results were expected to be unfavorable in 2008, and were. However, operating losses were offset by one-time revenues, including a settlement from Lakeside Aviation, payment of a natural gas development lease for Airport property and the prepayment of various hangar leases. Hangar occupancy was lower than expected and had an adverse impact on income.

**Outlook:**

The Airport Authority expects the reduced fuel sales trend experienced in 2007 and 2008 to continue through the current period of economic downturn. Occupancy of the new hangar buildings is slightly less than forecasted. However, fuel sales from the occupied hangars are significantly lower than planned. Adverse national economic conditions have resulted in some of our customers selling their aircraft or severely reducing flying activity and thus, our revenue. We expect this trend to continue through 2009 and well into 2010. The Airport Authority is moving to reduce operating expenses to better match income and has entered into discussions with the Ashtabula County Commissioners regarding general fund support of Airport operating expenses.

Capital development projects planned for the next five years are being funded by the Federal Aviation Administration and local match funds are being donated by local foundations. These plans include the renewal of our nearly 42 year-old infrastructure assets. Priorities are given to the projects which improve Airport safety and utility. The recently enacted Federal Stimulus Programs will have funds available for reconstruction of Airport assets and we expect that the Ashtabula County Airport will receive a significant grant that will accelerate our development plan. Funds granted under the stimulus package will not require a local match.

**Contacting the Airport Authority's Finance Department**

This financial report is designed to provide our citizens, taxpayers, airport users, and all interested parties with a general overview of the Airport Authority's finances and to show the Airport Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Price, President of the Ashtabula County Airport Authority, 2382 Airport Road, Jefferson, Ohio 44047.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Statement of Net Assets*  
*December 31, 2008*

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**Assets**

*Current Assets:*

Cash and Cash Equivalents	\$205,476
Accounts Receivable	816
Fuel Inventory	21,313
Lease Receivable	168,875
Prepays	8,956
Due from Other Governments	9,372
Deferred Charges	8,352

*Total Current Assets* 423,160

*Non-Current Assets:*

Nondepreciable Capital Assets	108,569
Depreciable Capital Assets, Net	3,570,271

*Total Non-Current Assets* 3,678,840

*Total Assets* \$4,102,000

**Liabilities**

*Current Liabilities:*

Accounts Payable	\$14,058
Contracts Payable	12,923
Accrued Wages	2,498
Due to Primary Government	90,000
Accrued Interest Payable	13,650
Intergovernmental Payable	1,401
Deferred Revenue	9,372
Unearned Revenue	13,499

*Total Current Liabilities* 157,401

*Non-Current Liabilities:*

Due Within One Year	27,600
Due In More than One Year	1,296,000

*Total Non-Current Liabilities* 1,323,600

*Total Liabilities* 1,481,001

**Net Assets**

Invested in Capital Assets, Net of Related Debt	2,273,772
Restricted for Debt Service	46,297
Unrestricted	300,930

*Total Net Assets* 2,620,999

*Total Liabilities and Net Assets* \$4,102,000

See accompanying notes to the basic financial statements

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Statement of Revenues, Expenses and Changes in Net Assets*  
*For the year ended December 31, 2008*

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<b>Operating Revenue</b>	
Sales	\$303,558
Rent	15,919
Lease	103,821
Other Operating Revenues	3,140
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<i>Total Operating Revenue</i>	<i>426,438</i>
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<b>Operating Expenses</b>	
Personal Services	81,774
Fringe Benefits	2,241
Contractual Services	84,186
Materials and Supplies	249,214
Depreciation	133,534
Other Operating Expenses	34,107
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<i>Total Operating Expenses</i>	<i>585,056</i>
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<i>Operating Loss</i>	<i>(158,618)</i>
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<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	2,569
Capital Grants	738,746
Contributions and Donations	125,100
Other Non-Operating Revenue	4,987
Interest and Fiscal Charges	(63,306)
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<i>Total Non-Operating Revenues (Expenses)</i>	<i>808,096</i>
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<b>Extraordinary and Special Items</b>	
Litigation Settlement	44,128
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<i>Increase In Net Assets</i>	<i>693,606</i>
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<i>Net Assets, Beginning of Year</i>	<i>1,927,393</i>
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<i>Net Assets, End of Year</i>	<i>\$2,620,999</i>
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See accompanying notes to the basic financial statements

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Statement of Cash Flows*  
*For the year ended December 31, 2008*

<b>Cash Flows From Operating Activities:</b>	
Cash Received from Customers	\$318,661
Cash Received from Lease	100,670
Other Operating Revenue	3,140
Cash Paid for Goods and Services	(309,701)
Cash Paid to Employees	(83,798)
Other Operating Expenses	(36,195)
	(7,223)
<i>Net Cash Provided by/(Used for) Operating Activities</i>	
	(7,223)
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Other Non-Operating Receipts	41,192
	41,192
<b>Cash Flows From Investing Activities:</b>	
Interest on Investments	2,569
	2,569
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Contributions and Donations	121,250
Capital Grants	738,746
Payment for Capital Acquisitions	(772,937)
Principal Payments on Debt	(26,500)
Interest Payments	(63,267)
	(2,708)
<i>Net Cash Provided by/(Used for) Capital and Related Financing Activities</i>	
	(2,708)
Net Increase/(Decrease) in Cash and Cash Equivalents	33,830
Cash and Cash Equivalents at Beginning of Year	171,646
	171,646
Cash and Cash Equivalents at End of Year	\$205,476
<b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Provided by/(Used for) Operating Activities</b>	
Operating Loss	(\$158,618)
	(\$158,618)
<b>Adjustments to Reconcile Operating Loss to</b>	
<b>Net Cash Provided by Operating Activities:</b>	
Depreciation	133,534
<i>(Increase) Decrease in Assets:</i>	
Accounts Receivable	(816)
Inventory	9,420
Prepays	866
Lease Receivable	(16,650)
Due from Other Governments	(6,948)
<i>Increase (Decrease) in Liabilities:</i>	
Accounts Payable	(1,498)
Accrued Wages	128
Deferred Revenue	6,948
Due to Other Governments	(11)
Contracts Payable	12,923
Customer Deposits	13,499
	13,499
Total Adjustments	151,395
Net Cash Provided by/(Used for) Operating Activities	(\$7,223)

See accompanying notes to the basic financial statements

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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**Note 1 - Description of Ashtabula County Airport Authority and Reporting Entity**

***A. The Airport Authority***

The Ashtabula County Airport Authority, Ashtabula County, (the Airport) 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 is directed by a nine member Board, appointed by the County commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. Since the Airport imposes a financial burden on the County, the Airport is reflected as a component unit of Ashtabula County. The Airport has a December 31 year end.

***B. Reporting Entity***

The Airport has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Airport are not misleading. The primary government consists of all departments, boards and agencies that are not legally separate from the Airport.

Component units are legally separate organizations for which a primary government is financially accountable. The Airport is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the Airport is able to significantly influence the programs or services performed or provided by the organization; or (2) the Airport is legally entitled to or can otherwise access the organization's resources; or (3) the Airport is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the Airport is obligated for the debt of the organization. Under the criteria specified in Statement No. 14, the Airport has no component units. Accordingly, the accompanying financial statements include only the accounts and transactions of the Airport. The Airport is, however, considered to be a component unit of Ashtabula County ("the County") by virtue of the fact the Airport's Board of Trustees is appointed by the County and the Airport imposes a financial burden on the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Airport is not financially accountable for any other organization.

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

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources are generally applicable to the primary government. The Airport also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Airport has elected not

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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to apply FASB Pronouncements and Interpretations issued after November 30, 1989. The more significant of the Airport's accounting policies are described below.

***A. Basis of Presentation***

The Airport reports its operations as a single enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

***B. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by measurement focus. Proprietary accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Airport finances and meets the cash flow needs of its enterprise activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

Non-exchange transactions, in which the Airport receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Airport must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the airport on a reimbursement basis.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

***C. Cash and Cash Equivalents***

The Airport maintains interest bearing depository accounts. All funds of the Airport are maintained in these accounts. These interest bearing depository accounts are presented in the combined balance sheet as "Cash and Cash Equivalents". The Airport has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2008 amounted to \$2,569.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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***D. Prepayments***

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

***E. Fuel Inventory***

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

***F. Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the revenue bonds are being amortized using the straight line method over the life of the bonds. The straight-line method of amortization is not materially different from the effective interest method. On the basic financial statements bond issuance costs are expended in the year the bonds are issued.

***G. Capital Assets***

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Airport maintains a capitalization threshold of one hundred dollars.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

<u>Estimated Lives</u>	<u>Description</u>
25 - 40 years	Buildings and Improvements
25 - 40 years	Improvements other than Buildings
5 -10 years	Vehicles
3 - 20 years	Furniture and Equipment

***H. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The statement of net assets reports restricted net assets of \$46,297, none of which is restricted by enabling legislation.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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***I. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from primary activities. For the Airport, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Airport. Revenues and expenses which do not meet these definitions are reported as non-operating.

***J. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***K. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Airport and that are either unusual in nature or infrequent in occurrence. During 2008, the Airport received a settlement for breach of contract in the amount of \$44,128.

**Note 3 – Change in Accounting Principles**

For 2008, the Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for the OPERS postemployment healthcare plan in the amount of \$612, which is the same as the previously reported liability.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements of the Airport.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement required additional note disclosure but did not result in any change to the financial statements of the Airport.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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During 2008, the Airport reevaluated the useful lives that were assigned to its capital assets for depreciation purposes. It was determined that the useful lives of capital assets currently in use should be extended to properly expense each asset over the time it was being utilized by the Airport. Please see note 2G "Capital Assets" for the table of new useful lives.

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Airport into three categories.

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash by the Airport, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Airport has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio).

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Airport, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Airport Authority's name. During 2008, the Airport had no investments.

**Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of bank failure, the Airport's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Airport.

At year-end, the carrying amount of the Airport's deposits was \$205,476, of which \$217 was cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, none of the Airport Authority's bank balance of \$205,601 was exposed to custodial risk. The Federal Deposit Insurance Corporation currently insures up to \$250,000.

**Note 5 – Due to Primary Government**

The Airport has a short-term obligation to the primary government of \$90,000 at December 31, 2008. This obligation was incurred in 1997 for the purchase of a refueler truck by the County to be used for Airport operations. It was to be repaid in equal installments through 2002. No payments have been made on this obligation; therefore the entire balance is recorded as a current obligation.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

**Note 6 – Long-Term Obligations**

During 2005, the Airport issued revenue bonds where the government income derived from the constructed assets will be used to retire the debt. The interest rate on the revenue bonds is 4.125 percent and they are scheduled to mature in 2035. Changes in the long-term obligations during 2008 were as follows:

	Amount Outstanding 1/1/2008	Additions	Reductions	Amount Outstanding 12/31/2008	Amount Due In One Year
<b><i>Business-Type Activities</i></b>					
Revenue Bonds	\$1,350,100	\$0	\$26,500	\$1,323,600	\$27,600

The annual requirements to retire this debt are as follows:

	2005 Revenue Bonds		
	Principal	Interest	Total
2009	\$27,600	\$54,599	\$82,199
2010	28,700	53,460	82,160
2011	30,000	52,276	82,276
2012	31,100	51,039	82,139
2013	32,500	49,756	82,256
2014 - 2018	183,400	227,564	410,964
2019 - 2023	224,500	186,478	410,978
2024 - 2028	274,700	136,199	410,899
2029 - 2033	336,300	74,659	410,959
2034 - 2035	154,800	9,641	164,441
<i>Total</i>	<u>\$1,323,600</u>	<u>\$895,671</u>	<u>\$2,219,271</u>

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The Airport participated in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll.

The Airport's contribution rate for 2008 was 14.0 percent of covered payroll, of which 7.0 percent was used to fund health care coverage for retirees. The employer contribution rate is determined actuarially. State statute sets a maximum contribution rate for the Airport at 14.0 percent.

The Airport's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007 and 2006 were \$9,116, \$2,061 and \$4,900, respectively. 95 percent has been contributed for 2008, and one hundred percent has been contributed for 2007 and 2006. There were no contributions made to the member directed plan for 2008.

**Note 8 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' post employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Airport's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007 and 2006 were \$4,558, \$893 and \$1,447 respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**Note 9 – Other Employee Benefits**

***A. Sick and Personal Absence Days***

Full time employees are eligible for one paid personal absence day annually which can be used for personal business. Employees are also eligible for five paid sick days, which can be used for illness or sickness. Employment anniversary dates are used in establishing eligibility. The banked liability has no value for time off or for payment of unused days upon termination. Therefore, there was no liability for accrued but unused personal or sick days as of December 31, 2008.

***B. Vacation***

Full time employees are eligible for paid vacation time depending upon length of service. Vacation time may not be carried over to the following year unless, prior written approval from the Board is granted. Eligible employees will not be paid for any earned but unused vacation upon termination. . Therefore, there was no liability for accrued but unused vacation days as of December 31, 2008.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
December 31, 2008

**Note 10 - Capital Assets**

A summary of the Airport's capital assets at December 31, 2008 follows:

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$108,569	\$0	\$0	\$108,569
Construction in Progress	364,621	636,240	(1,000,861)	0
<b><i>Total Capital Assets, not being depreciated:</i></b>	<b>473,190</b>	<b>636,240</b>	<b>(1,000,861)</b>	<b>108,569</b>
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	1,674,089	341,299	0	2,015,388
Improvements other than Buildings	1,205,235	801,182	0	2,006,417
Vehicles	413,764	10,800	(25,000)	399,564
Furniture and Equipment	31,567	1,050	0	32,617
<b><i>Total Capital Assets, being depreciated:</i></b>	<b>3,324,655</b>	<b>1,154,331</b>	<b>(25,000)</b>	<b>4,453,986</b>
Less Accumulated Depreciation:				
Buildings and Improvements	(197,823)	(52,934)	0	(250,757)
Improvements other than Buildings	(224,558)	(62,748)	0	(287,306)
Vehicles	(322,167)	(14,589)	20,000	(316,756)
Furniture and Equipment	(25,633)	(3,263)	0	(28,896)
<b><i>Total Accumulated Depreciation</i></b>	<b>(770,181)</b>	<b>(133,534)</b>	<b>20,000</b>	<b>(883,715)</b>
<b><i>Total Capital Assets being depreciated, net</i></b>	<b>2,554,474</b>	<b>1,020,797</b>	<b>(5,000)</b>	<b>3,570,271</b>
<b>Total Capital Assets, Net</b>	<b>\$3,027,664</b>	<b>\$1,657,037</b>	<b>(\$1,005,861)</b>	<b>\$3,678,840</b>

**Note 11 - Risk Management**

***Commercial Insurance***

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Ashtabula County Airport Authority**  
Ashtabula County, Ohio

*Notes to the Basic Financial Statements*  
*December 31, 2008*

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**Note 12 – Contingent Liability**

The Airport receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Airport as of December 31, 2008.

**Note 13 – Termination and Settlement Agreement**

On July 21, 2008, the Airport and Lakeside Aviation, LLC entered into an agreement to terminate a contract previously entered into by the two parties. As a result of the early termination by Lakeside Aviation, LLC, they agreed to allow the Airport to retain fuel, software and various pieces of equipment left behind when they pulled out of the Airport in October of 2007. In addition, Lakeside Aviation, LLC agreed to make a one time payment of \$50,000 to the Airport which will relieve them of all prior commitments entered into under the original contract. In July of 2008, the Airport received a deposit, net of attorney fees, in the amount of \$44,128.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Ashtabula County Airport Authority  
Ashtabula County  
2382 Airport Road  
Jefferson, Ohio 44047

We have audited the financial statements of the Ashtabula County Airport Authority (the Airport), a component unit of Ashtabula County, as of and for the year ended December 31, 2008, and have issued our report thereon dated May 18, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Airport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Airport's financial statements that is more than inconsequential will not be prevented or detected by the Airport's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Airport's internal control.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Airport, in a separate letter dated May 18, 2009.

This report is intended solely for the information and use of the Board of Trustees, management, and 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.



Canter & Company

Youngstown, Ohio

May 18, 2009

Ashtabula County Airport Authority  
Ashtabula County  
Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2008

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Federal Grantor/ Pass Through Grantor Program Title	Grant Name or I.D. No.	Federal CFDA Number	Pass Through Entity Number	Receipts	Expenditures
<b><u>FEDERAL AVIATION ADMINISTRATION AIRPORTS</u></b>					
Airport Improvement Program	3-39-0005-1008	20.106	N/A	\$ 43,508	\$ 43,508
Airport Improvement Program	3-39-0005-0908	20.106	N/A	111,240	111,240
Airport Improvement Program	3-39-0005-0807	20.106	N/A	<u>583,998</u>	<u>583,998</u>
<b>Total Federal Aviation Administration Airports</b>				<b><u>\$738,746</u></b>	<b><u>\$738,746</u></b>
<b>Totals</b>				<b><u>\$738,746</u></b>	<b><u>\$738,746</u></b>

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

**Ashtabula County Airport Authority  
Ashtabula County  
Notes to Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2008**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule is a summary of activity of the Airports's federal award programs. The Schedule has been prepared on the cash basis of accounting.



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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Ashtabula County Airport Authority  
Ashtabula County  
2382 Airport Road  
Jefferson, Ohio 44047

To the Board of Trustees:

**Compliance**

We have audited the compliance of Ashtabula County Airport Authority (“Airport”), a component unit of Ashtabula County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Airport’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Airport’s management. Our responsibility is to express an opinion on the Airport’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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport’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 of the Airport’s compliance with those requirements.

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

**Internal Control Over Compliance**

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Airport’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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport’s internal control over compliance.

Ashtabula County Airport Authority  
Ashtabula County  
Report on Compliance with Requirements Applicable  
To Each Major Federal Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133  
Page 2

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Airport's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, others within the entity, and 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.



Canter & Company

Youngstown, Ohio  
May 18, 2009

**ASHTABULA COUNTY AIRPORT AUTHORITY  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED DECEMBER 31, 2008**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	<b>UNQUALIFIED</b>
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>NO</b>
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>NO</b>
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>NO</b>
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>NO</b>
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	<b>NO</b>
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	<b>UNQUALIFIED</b>
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	<b>NO</b>
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	AIRPORT IMPROVEMENT, CFDA 20.106
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	<b>NO</b>



**Mary Taylor, CPA**  
Auditor of State

**ASHTABULA COUNTY AIRPORT**

**ASHTABULA 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  
JUNE 16, 2009**