



**REGIONAL AIRPORT AUTHORITY
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**REGIONAL AIRPORT AUTHORITY
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – For the Years Ended December 31, 1999 and 1998	3
Notes to the Financial Statement	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7
Schedule of Findings	9

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Regional Airport Authority
Morgan County
19 E. Main Street
McConnelsville, Ohio 43756

To Members of the Board of Trustees:

We have audited the accompanying financial statement of the Regional Airport Authority, Morgan County, Ohio, (the Authority) as of and for the years ended December 31, 1999, and 1998. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 discussed in Note 1, the Authority prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the cash balance of the Regional Airport Authority, Morgan County, as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2000, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 19, 2000

**REGIONAL AIRPORT AUTHORITY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Cash Receipts:		
County Contributions	\$2,260	\$2,195
Sale of Fuel	2,731	2,553
Rents	1,850	2,550
Fees	75	
Royalties		104
Miscellaneous	385	542
	<u>7,301</u>	<u>7,944</u>
Cash Disbursements:		
Salaries	825	2,325
Supplies and Materials	3,888	4,281
Repairs and Maintenance	1,193	1,138
Equipment		346
Debt Service	4,183	4,290
Miscellaneous	292	668
	<u>10,381</u>	<u>13,048</u>
Total Receipts Over/(Under) Disbursements	<u>(3,080)</u>	<u>(5,104)</u>
Cash Balance, January 1	<u>12,105</u>	<u>17,209</u>
Cash Balance, December 31	<u>\$9,025</u>	<u>\$12,105</u>

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

This page intentionally left blank.

**REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Regional Airport Authority, Morgan County, (the Authority) operates pursuant to Chapter 308 of the Revised Code. The purpose of the Authority is for acquisition, construction, operation, and maintenance of airports and airport facilities. The Authority operates under the direction of a three-member Board of Trustees. The Clerk/Treasurer is responsible for fiscal accounting of the resources of the Authority. Services provided by the Authority include: the means by which to aid the safe taking off and landing of aircraft, storage and maintenance of aircraft, and the safe and efficient operation and maintenance of the airport.

The Authority's management believes the financial statement presents all activities for which the Authority is financially accountable.

B. Basis of Accounting

The Clerk/Treasurer, acting as the fiscal agent for the Authority, prepares the Board's financial statement on 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.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Clerk/Treasurer is responsible for investment of all monies. The Authority maintained an interest-bearing checking account during both 1998 and 1999.

2. EQUITY IN CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 9,025	\$ 12,105
Total deposits and investments	<u>\$ 9,025</u>	<u>\$ 12,105</u>

Deposits: All deposits were insured by the Federal Deposit Insurance Corporation.

**REGIONAL AIRPORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999 AND 1998
(Continued)**

3. DEBT

Debt principal outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan	<u>\$ 10,378</u>	Variable
Total	<u><u>\$ 10,378</u></u>	

The Authority is obligated for a real estate loan, entered into on September 11, 1992, payable to the First National Bank of McConnelsville. This loan was made for the purpose of purchasing land adjacent to the Airport. The loan is payable over a period of ten years at a variable interest rate, not to exceed 11.5 percent or fall below 3.0 percent. This loan will mature September 11, 2002. The loan is collateralized by the real property.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Regional Airport Authority
Morgan County
19 E. Main Street
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statement of the Regional Airport Authority, Morgan County, Ohio, (the Authority) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated June 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement 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 judgement, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying Schedule of Findings as item 1999-61058-001.

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 statement 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. We do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated June 19, 2000.

Regional Airport Authority
Morgan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a small yellow mark above the "i".

Jim Petro
Auditor of State

June 19, 2000

**REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1988**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 1999-61058-001

During testing of fuel sales, we compared amounts deposited in the Authority's bank account for fuel sales to individuals to the amounts of fuel purchased from the Authority, as recorded on the fuel invoices which were prepared by the individuals receiving fuel. Based on our comparison, we noted the following:

- a. There were fuel receipts issued and deposits made in the amount of \$1,830 for which corresponding fuel invoices could not be located. As a result, fuel was received and paid for by individuals either without a fuel invoice being prepared or with a fuel invoice being prepared and the invoice subsequently misplaced or discarded.
- b. Receipts and invoices did not appear to be issued in sequential order. Without numerical accountability over receipts and fuel invoices, fuel could be sold without payments being received and deposited by Authority management.
- c. A majority of fuel invoices did not include beginning and ending meter readings and a calculated amount due the Authority (gallons x rate = amount due). Without maintaining a record of beginning and ending readings from the fuel meter and reconciling amounts sold per the fuel meter to the amounts shown as sold on the fuel invoices, inaccurate amounts of fuel sales could be recorded on the fuel invoices without being detected by management in a timely manner.
- d. A majority of invoices were not signed by the individual who received the fuel. Without the signature of the individual purchasing fuel, a question could arise as to who actually received the fuel.

We recommend the Authority establish the following procedures:

- a. The Authority should use and maintain a pre-numbered duplicate fuel invoice book. This would enable the customer to receive a copy as well as enable the Authority to maintain a duplicate copy in a bound book whereby all fuel invoices could be accounted for numerically.
- b. Fuel invoices should document total gallons sold, beginning and ending meter readings, and a calculated total amount due.
- c. Periodically, the amount of fuel sold per the fuel meter should be compared to the amount of fuel sold per the fuel invoices. Any significant discrepancies should then be resolved.
- d. All fuel invoices should be signed by the individual who received the fuel.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

REGIONAL AIRPORT AUTHORITY

MORGAN 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
AUGUST 29, 2000**