



**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula County Airport Authority
Ashtabula County
25 W. Jefferson St.
Jefferson, OH 44047

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Ashtabula County Airport Authority, Ashtabula County, (the Government), component unit of Ashtabula County, as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Government's management. Our responsibility is to express an opinion on these general-purpose financial statements 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 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula County Airport Authority, Ashtabula County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001 on our consideration of the Government'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.

Jim Petro
Auditor of State

June 18, 2001

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**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**BALANCE SHEET
PROPRIETARY FUND TYPE
DECEMBER 31, 2000**

	<u>Enterprise</u>
Assets	
Cash and Cash Equivalents	\$43,456
Accounts Receivable	2,250
Materials and Supplies Inventory	16,448
Fixed Assets, (Net of Accumulated Depreciation)	<u>303,082</u>
 Total Assets	 <u><u>\$365,236</u></u>
 Liabilities	
Accounts Payable	\$4,242
Accrued Wages and Benefits	2,298
Compensated Absences Payable	9,357
Due to Other Government	459
Due to Primary Government	90,000
Capital Leases Payable	<u>20,000</u>
 Total Liabilities	 <u>126,356</u>
 Fund Equity	
Contributed Capital	207,053
Retained Earnings:	
Unreserved, Undesignated	<u>31,827</u>
 Total Fund Equity	 <u>238,880</u>
 Total Liabilities and Fund Equity	 <u><u>\$365,236</u></u>

See accompanying notes to the general purpose financial statements

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED, DECEMBER 31, 2000**

	Enterprise
Operating Revenues	
Charges for Services	\$235,598
Rent	3,250
Other	116
	238,964
Operating Expenses	
Personal Services	76,036
Contractual Services	40,888
Materials and Supplies	154,831
Other	8,941
Depreciation	48,150
	328,846
Total Operating Expenses	328,846
Operating Loss	(89,882)
Non-Operating Revenues (Expenses)	
Interest	706
Operating Grants	5,337
Interest and Fiscal Charges	(1,690)
	4,353
Total Non-Operating Revenues and Expenses	4,353
<i>Net Loss</i>	(85,529)
Retained Earnings Beginning of Year - Restated (See Note 3)	117,356
Retained Earnings End of Year	31,827
Contributed Capital Beginning of Year	172,553
Other Contributions:	
Developers	25,000
Intergovernmental	5,000
Private Industry	4,500
	207,053
Contributed Capital End of Year	207,053
Total Fund Equity End of Year	\$238,880

See accompanying notes to the general purpose financial statements

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED, DECEMBER 31, 2000**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$240,344
Cash Payments to Suppliers for Goods and Services	(132,801)
Cash Payments for Contractual Services	(39,908)
Cash Payments to Employees for Services	(75,452)
Cash Received from Sales Tax	8,721
Cash Payments to the State	(8,779)
Other Operating Revenue	116
Other Operating Expenses	(8,970)
Net Cash Used for Operating Activities	(16,729)
Cash Flows from Noncapital Financing Activities	
Operating Grants	5,337
Cash Flows from Capital and Related Financing Activities	
Receipts from Developers	25,000
Receipts from Intergovernmental	5,000
Receipts from Private Industry	4,500
Principal Payments on Loan	(9,042)
Interest Payments on Loan	(1,087)
Principal Payments on Capital Lease	(5,000)
Interest Payments on Capital Lease	(603)
Net Cash Provided by Capital and Related Financing Activities	18,768
Cash Flows from Investing Activities	
Interest on Investments	706
Net Increase in Cash and Cash Equivalents	8,082
Cash and Cash Equivalents Beginning of Year	35,374
Cash and Cash Equivalents End of Year	\$43,456
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(89,882)
Adjustments:	
Depreciation	48,150
Increase in Assets:	
Accounts Receivable	1,496
Materials and Supplies Inventory	23,398
Increase (Decrease) in Liabilities:	
Accounts Payable	(758)
Accrued Wages and Benefits	392
Compensated Absences Payable	533
Due to Other Governments	(58)
Total Adjustments	73,153
Net Cash Used for Operating Activities	\$16,729

See accompanying notes to the general purpose financial statements

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**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

1. DESCRIPTION OF ASHTABULA COUNTY AIRPORT AUTHORITY AND REPORTING ENTITY

A. The Airport Authority

The Ashtabula County Airport Authority (the "Airport") was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a eight member board of trustees 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. Ashtabula County has issued debt on behalf of the Airport. Since the airport imposes a financial burden on the County, the Airport is reflected as a component unit of Ashtabula County.

B. Reporting Entity

The Airport has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board ("GASB") regarding the definition of the financial reporting entity. A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements of the Airport are not misleading. The stand-alone 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 primary government is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the primary government is able to significantly influence the programs or services performed or provided by the organization; or (2) the primary government is legally entitled to or can otherwise access the organization's resources; the primary government is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the primary government 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.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

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.

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 balance sheet. Equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

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.

C. Cash and Cash Equivalents

The Airport maintains an interest bearing depository account. All funds of the Airport are maintained in this account. This interest bearing depository account is 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 2000 amounted to \$706.

D. Inventories

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenses when used.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant, Equipment and Depreciation

All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market values as of the date donated. The Airport has established a capitalization threshold for fixed assets at \$1,000 with the exception of land, as all land was listed regardless of cost.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fund fixed assets.

Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

Estimated Lives	Description
25 years	Buildings
25 years	Improvements other than Buildings
25 years	Sewer System
3-20 years	Machinery and Equipment
5 years	Vehicles

F. Compensated Absences

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Airport records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Airport has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Airport's termination policy.

G. Contributed Capital

Contributed capital represents resources provided from developers, Ashtabula County and private industry that are not subject to repayment. These assets are recorded at their fair market value on the date contributed.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

3. RESTATEMENT OF PRIOR YEAR FUND EQUITY

The fund equity at December 31, 1999 of \$394,136 was restated by \$104,227 to \$289,909. This decrease was due to an overstatement of fixed assets.

4. DEPOSITS AND INVESTMENTS

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Airport treasury, 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 two 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.

Protection of the Airport's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Moneys held by the Airport which are not considered active are classified as inactive. Inactive monies may 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 and 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;

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. 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; and
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the Authority lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Authority's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days in an amount not to exceed ten percent of the Authority's total average portfolio.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the carrying amount of the Airport's deposits was \$43,456 and the bank balance was \$40,907. The entire bank balance was covered by Federal depository insurance.

GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements" requires that local governments disclose the market value and carrying amounts of investments, classified by risk. The Airport's investments are categorized as either (1) insured or registered or for which the securities are held by the Airport or its agent in the Airport's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Airport's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the Airport's name. For the purpose of classification under GASB Statement No. 3, the Airport did not have any investments at year end.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. FIXED ASSETS

A summary of the Airport's fixed assets at December 31, 2000 follows:

Land	\$108,569
Buildings	87,854
Improvement Other than Buildings	140,576
Equipment	6,490
Vehicles	373,659
Total	<u>717,148</u>
Less: Accumulated Depreciation	<u>(414,066)</u>
Net Fixed Assets	<u><u>\$303,082</u></u>

6. RISK MANAGEMENT

The Airport maintains comprehensive insurance coverage with Kollhoff Insurance for real property, building contents and vehicles. Vehicles include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded coverage in any of the last four years and there has been no significant reduction in commercial coverage in any of the past three years.

The Airport is included in the County's payment to the State Workers' Compensation System. A premium is paid based on a rate per \$100 of salaries.

7. DEFINED BENEFIT PENSION PLAN

A. Public Employees Retirement System

All Airport full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the Airport was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Airport's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$4,024, \$5,946, and \$5,485 respectively. The full amount has been contributed for 1999 and 1998. 91.72 percent has been contributed for 2000.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

8. POSTEMPLOYMENT BENEFIT

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 401,339. The Airport's actual contributions for 2000 which were used to fund postemployment benefits were \$2,646. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

9. OTHER EMPLOYEE BENEFITS

Airport employees earn vacation and sick leave at varying rates depending on length of service. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the Airport. Compensatory time, up to 240 hours, must be taken within 180 days from date earned or is paid in cash to employees. Sick leave accrual is continuous, without limit. Upon retirement, an employee can be paid a maximum of twenty-five percent up to 240 hours.

As of December 31, 2000, the liability for unpaid compensated absences was \$9,357 for the entire Airport.

**ASHTABULA COUNTY AIRPORT AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

10. CAPITAL LEASES

The Airport has entered into a capitalized lease for the acquisition of a tractor. The lease meets the criteria of a capital lease as defined by Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fixed assets acquired by lease have been capitalized in the Airport enterprise account in the amount of \$25,000 which represents the present value of the lease payments at the time of the acquisition. A corresponding liability was recorded in the Airport enterprise account.

The following schedule is an analysis of equipment leased under capital leases as of December 31, 2000:

Equipment	\$25,000
Less: Accumulated Depreciation	<u>(5,000)</u>
Carrying Value	<u><u>\$20,000</u></u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments.

Year	Total
2001	\$5,602
2002	5,602
2003	5,602
2004	<u>5,602</u>
Total minimum lease payments	22,408
Less: Amount representing interest	<u>(2,408)</u>
Present value of minimum lease payments	<u><u>\$20,000</u></u>

11. LONG-TERM DEBT

The Airport has a long-term obligation to the primary government of \$90,000 at December 31, 2000. This obligation is due to the purchase of a refueler truck by the County during 1997 to be used for Airport operations. No payments have been made on this obligation as of December 31, 2000 and no current amortization schedule for the refueler truck was in place. During the year ended December 31, 2000, the Airport paid \$9,042 in principal on snow equipment previously purchased by the County for the Airport and this obligation is paid off.



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

Ashtabula County Airport Authority
Ashtabula County
25 W. Jefferson St.
Jefferson, OH 44047

To the Board of Trustees:

We have audited the financial statements of the Ashtabula County Airport Authority as of and for the year ended December 31, 2000, and have issued our report thereon dated June 18, 2001. 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 Ashtabula County Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Ashtabula County Airport Authority in a separate letter dated June 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ashtabula County Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 Ashtabula County Airport Authority in a separate letter dated June 18, 2001.

Ashtabula County Airport Authority
Ashtabula County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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This report is intended for the information and use of management, the audit committee and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 18, 2001



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OFFICE OF THE AUDITOR

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ASHTABULA COUNTY AIRPORT AUTHORITY

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
JULY 10, 2001**