



**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Greene County Regional Airport Authority
Greene County
140 North Valley Road
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the accompanying financial statement of the Greene County Regional Airport Authority (the Authority) as of and for the year ended December 31, 2001. 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 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 Authority as of December 31, 2001, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2002 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. 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.

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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

April 4, 2002

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>2001</u>
Cash Receipts:	
County Contributions	\$176,003
Sale of Fuel	43,030
Rents & Lease Payment	66,809
State of Ohio Grant	65,562
Miscellaneous	<u>7,001</u>
Total Cash Receipts	<u>358,405</u>
Cash Disbursements:	
Supplies and Materials	9,391
Contractual Services	136,894
Other	61,990
Debt Service	71,177
Fuel	<u>19,164</u>
Total Cash Disbursements	<u>298,616</u>
Total Receipts Over Disbursements	<u>59,789</u>
Cash Balance, January 1	<u>226,175</u>
Cash Balance, December 31	<u><u>\$285,964</u></u>

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

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**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Greene County Regional Airport Authority, Greene County, (the Authority) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a seven member Board, appointed by Greene County Commissioners. The Authority is responsible for the safety and efficient operation and maintenance of the airport.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. CASH AND INVESTMENTS

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

	<u>2001</u>
Demand deposits	<u>\$265,964</u>
Repurchase agreement	<u>20,000</u>
Total deposits and investments	<u><u>\$285,964</u></u>

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Greene County General Obligation Bond	\$75,168	Various
Airport Improvement Bond Anticipation Notes	150,000	4.00%
Total	\$227,168	

The General Obligation Bonds were issued by Greene County for various purposes, including Airport Improvements. The Bond Anticipation Notes were also issued by Greene County for the purpose of paying the costs of Airport improvements.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Note	Bond Issue
2002	\$ 156,000	\$11,502
2003		11,444
2004		11,470
2005		11,462
2006		11,450
2007 - 2010		\$34,333
Total	\$ 156,000	\$91,661

In addition to the debt described above, the Authority has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2001 was \$70,644. Assets accumulated to retire this debt are held by the County.

4. RETIREMENT SYSTEM

The Authority's full-time employee, who is paid by Greene County, belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

5. RISK MANAGEMENT

A. Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

The Authority also provides health insurance, dental, and vision coverage for the full-time employee through a private carrier.

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

Greene County Regional Airport Authority
Greene County
140 North Valley Road
Xenia, Ohio 45385

To the Board of Trustees:

We have audited the accompanying financial statement of the Greene County Regional Airport Authority (the Authority) as of and for the year ended December 31, 2001, and have issued our report thereon dated April 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-60329-001 and 2001-60329-002.

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 statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the 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 2001-60329-003.

**Internal Control Over Financial Reporting
(Continued)**

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. However, we do not believe the reportable condition described above is a material weakness.

This report is intended solely 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.



Jim Petro
Auditor of State

April 4, 2002

**GREENE COUNTY REGIONAL AIRPORT AUTHORITY
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-60329-001

Timely Deposits

Ohio Rev. Code, Section 9.38 requires that all public money be deposited with the Treasurer or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. The policy must include provisions and procedures to safeguard the money during the intervening period. The Airport Authority did not make deposits within these guidelines and no policy was adopted. Only one deposit was made in the month of November, and no deposits were made in the month of December, even though several thousands of dollars were received during this time.

The Airport Authority should develop and institute procedures to provide that all collections are promptly deposited to either the Treasurer or financial institution to reduce the possibility of misappropriation of funds and to maximize interest earnings. This should increase the Authority's ability to have an accurate presentation of its financial status.

FINDING NUMBER 2001-60329-002

Public Records

Ohio Rev. Code, Section 149.351 states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commission provided for under Ohio Rev. Code Section 149.41. The Airport Authority did not maintain certain deposit slips during the months of May through September, 2001.

The Airport Authority must maintain a record of all deposits made to their financial institution. The failure to maintain proper documentation could allow for the misappropriation of funds and unaccounted monies. Not maintaining all financial documents also hampers the reconciliation process and would not provide the Authority with proof of deposit in the event of a discrepancy with the bank records.

FINDING NUMBER 2001-60329-003

Financial Records

Various errors in postings of receipts and disbursements were noted throughout the year. The monthly Summary of Cash Receipts included errors in totals for grant, lease, and fuel receipts. Additionally, miscellaneous disbursements were understated on the year-end financial statements prepared by the Authority. These errors did not allow for a correct presentation of the Authority's financial status and hampered the ability to make sound financial decisions. The accompanying financial statements have been adjusted to correct for these errors. The Authority did not have a procedure in place to routinely review its financial records for correctness by someone other than the preparer. The development of an independent review of financial records may be especially important in an entity that relies on only one person to process its records. An independent review would provide for a greater understanding of problems encountered during this process and possibly provide for a means of processing activity in the event of the Treasurer becoming incapacitated.

The Authority should develop and implement procedures for a routine independent review of all financial records, including monthly reconciliations. This review should also be documented and any questions resolved. Additionally, the Airport Authority should develop and document a means of processing necessary financial activity in the event of the incapacity of the Treasurer.



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GREENE COUNTY REGIONAL AIRPORT AUTHORITY

GREENE 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
MAY 16, 2002**