



**Auditor of State  
Betty Montgomery**



# HENRY COUNTY REGIONAL AIRPORT AUTHORITY

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**Auditor of State  
Betty Montgomery**

## **INDEPENDENT ACCOUNTANTS' REPORT**

Henry County Regional Airport Authority  
10646 County Road O  
Napoleon, Ohio 43545-6217

To the Board of Trustees:

We have audited the accompanying financial statements of the Henry County Regional Airport Authority (the Authority) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As discussed in Note 1, the Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Authority as of December 31, 2003 and 2002, 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 our report dated August 10, 2004 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 10, 2004

## HENRY COUNTY REGIONAL AIRPORT AUTHORITY

### STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

|   | 2003      | 2002      |
|---|-----------|-----------|
| <b>Cash Receipts:</b>   |           |           |
| County Contributions  | \$ 20,903 | \$ 15,903 |
| Intergovernmental   | 260,420   | 71,286    |
| Rents   | 12,732    | 14,445    |
| Field Use Fees  | 6,082     | 7,176     |
| Fuel Sold Fees  | 2,889     | 2,733     |
| Miscellaneous   | 1,065     | 760       |
|   | 304,091   | 112,303   |
| <b>Cash Disbursements:</b>  |           |           |
| Salaries  | 11,700    | 10,200    |
| Billing Fee   | 483       | 582       |
| Utilities   | 1,520     | 1,631     |
| Insurance   | 5,231     | 4,182     |
| Building Repair and Maintenance   | 1,469     | 711       |
| Equipment Repair and Maintenance  | 1,799     | 1,604     |
| Runway/Taxiway Repair and Maintenance   | 327,266   | 71,088    |
| Fuel Pump Repair and Maintenance  | 2,185     | 2,204     |
| Legal and Professional  | 3,610     | 13,173    |
| Property Tax  | 1,870     | 1,729     |
| Miscellaneous   | 31,494    | 1,205     |
| Debt Service  | 188,440   | 41,432    |
|   | 577,067   | 149,741   |
| Total Cash Receipts (Under) Cash Disbursements  | (272,976) | (37,438)  |
| <b>Other Financing Receipts/(Disbursements):</b>  |           |           |
| Refunds   | 15,000    |           |
| Loan Proceeds   | 417,308   | 31,700    |
| Real Estate Purchase  | (162,000) |           |
|   | 270,308   | 31,700    |
| Excess of Cash Disbursement and Other<br>Financing Disbursements Over Cash Receipts<br>and Other Financing Receipts | (2,668)   | (5,738)   |
| Cash Balances, January 1  | 4,086     | 9,824     |
| Cash Balances, December 31  | \$ 1,418  | \$ 4,086  |

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

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# HENRY COUNTY REGIONAL AIRPORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003 AND 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of the Entity

The Henry County Regional Airport Authority (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 five member Board, appointed by Henry 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. 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. EQUITY IN CASH

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

|                       | 2003            | 2002            |
|-----------------------|-----------------|-----------------|
| Total demand deposits | <u>\$ 1,418</u> | <u>\$ 4,086</u> |

Deposits are insured by the Federal Depository Insurance Corporation.

**HENRY COUNTY REGIONAL AIRPORT AUTHORITY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**3. DEBT**

Debt outstanding at December 31, 2003 was as follows:

|            | <u>Principal</u>  | <u>Interest Rate</u> |
|------------|-------------------|----------------------|
| Bank Loans | <u>\$ 257,225</u> | 4.75 to 5.8%         |

The Authority has a promissory note #1 that it is allowed to draw money against. The Bank lent the Authority \$91,600 in 2003 and \$31,700 in 2002 to finish runway improvement projects started in fiscal year 2001. All loan payments are made monthly in the amount of \$811. The note is guaranteed by the Henry County Commissioners.

The Authority is obligated for a promissory note #2 to The Henry County Bank. The Bank lent the Authority \$163,708 in 2003 to purchase land. The loan is scheduled to mature December 2004. The note is collateralized by the substantially all real and personal property owned by the Authority and by revenues the Authority collects.

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

| <u>Year ending December 31:</u> | <u>Bank Loan 1</u> | <u>Bank Loan 2</u> |
|---------------------------------|--------------------|--------------------|
| 2004                            | \$ 9,983           | \$ 171,505         |
| 2005                            | 9,983              | -                  |
| 2006                            | 9,983              | -                  |
| 2007                            | 9,983              | -                  |
| 2008                            | 9,983              | -                  |
| 2009 – 2013                     | 49,914             | -                  |
| 2014 – 2017                     | 34,941             | -                  |
| Total                           | <u>\$ 134,770</u>  | <u>\$ 171,505</u>  |

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

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



**Auditor of State  
Betty Montgomery**

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

Henry County Regional Airport Authority  
10646 County Road O  
Napoleon, Ohio 43545-6217

To the Board of Trustees:

We have audited the accompanying financial statements of the Henry County Regional Airport Authority (the Authority) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated August 10, 2004.

**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. 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 Authority in a separate letter dated August 10, 2004.

This report is intended solely for the information and use of management and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 10, 2004



**Auditor of State  
Betty Montgomery**

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**HENRY COUNTY REGIONAL AIRPORT AUTHORITY**

**HENRY 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  
SEPTEMBER 7, 2004**