



**Auditor of State
Betty Montgomery**

HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY

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**Auditor of State
Betty Montgomery**

Hardin County Airport Authority
Hardin County
1040 West Franklin Street
Kenton, OH 43326

To the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 16, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Hardin County Airport Authority
Hardin County
1040 West Franklin Street
Kenton, OH 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the Hardin County Airport Authority (the "Airport") as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Airport has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Airport to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Airport does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Airport has elected not to reformat its statements. Since this Airport does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Airport as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Airport as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Airport to include Management's Discussion and Analysis for the year ended December 31, 2004. The Airport has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2005, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

June 16, 2005

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Receipts:	
County Contribution	\$18,219
Sale of Fuel	66,890
Hanger Rent	22,098
Land Rent	2,798
Grants	4,356
Interest	7
Other	300
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Total Cash Receipts	114,668
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Cash Disbursements:	
Fuel	49,626
Supplies and Materials	1,451
Contract Services	25,449
Utilities	3,098
Taxes	5,958
Other	454
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Total Cash Disbursements	86,036
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Total Receipts Over Disbursements	28,632
Cash Balance, January 1	80,632
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Cash Balance, December 31	<u><u>\$109,264</u></u>

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

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2003**

Cash Receipts:	
County Contribution	\$19,580
Sale of Fuel	61,860
Hanger Rent	21,525
Land Rent	2,500
Grants	30,630
Interest	5
Other	<u>3,900</u>
 Total Cash Receipts	 <u>140,000</u>
 Cash Disbursements:	
Fuel	59,679
Supplies and Materials	6,958
Contract Services	59,929
Utilities	3,005
Taxes	6,461
Other	<u>200</u>
 Total Cash Disbursements	 <u>136,232</u>
 Total Receipts Over Disbursements	 3,768
 Cash Balance, January 1	 <u>76,864</u>
 Cash Balance, December 31	 <u><u>\$80,632</u></u>

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

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Hardin County Airport Authority (the "Airport") as a body corporate and politic. The Airport is directed by a seven member Board, appointed by Hardin County Board of Commissioners. The Authority is responsible for the safe and efficient operation and maintenance of the Hardin County Airport.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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

The accounting basis includes Investments as assets. This basis does not record investment purchases as disbursements or investments sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The Airport maintained all money in a checking account which is valued at cost.

The checking account is valued at cost.

D. Property, Plant, and Equipment

The accounting basis recognizes acquisitions of property, plant, and equipment as disbursements when paid. The financial statements do not report these as assets.

2. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash at December 31 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$109,264	\$80,632

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**HARDIN COUNTY AIRPORT AUTHORITY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. RISK MANAGEMENT

Commercial Insurance

As of December 31, 2004, the only commercial insurance for the Airport is premises liability coverage. This coverage is provided under the policy of Hardin County. The Airport is uninsured for all other risks, including aviation activity.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Hardin County Airport Authority
Hardin County
1040 West Franklin Street
Kenton, OH 43326

To the Board of Trustees:

We have audited the financial statements of the Hardin County Airport Authority (the "Airport") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 16, 2005, wherein we noted the Airport followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Airport's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Airport's management dated June 16, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Airport's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Airport's management dated June 16, 2005, we reported an other matter related to noncompliance we deemed immaterial

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Hardin County Airport Authority
Hardin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for 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

June 16, 2005



**Auditor of State
Betty Montgomery**

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HARDIN COUNTY AIRPORT AUTHORITY

HARDIN 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 4, 2005**