



**Auditor of State
Betty Montgomery**

**CAMBRIDGE AREA REGIONAL AIRPORT AUTHORITY
GUERNSEY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance - For the Years Ended December 31, 2005 and 2004	5
Notes to the Financial Statement.....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

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**Auditor of State
Betty Montgomery**

Cambridge Area Regional Airport Authority
Guernsey County
P.O. Box 73
Cambridge, Ohio 43725

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement 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 statement in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement 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

August 14, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Cambridge Area Regional Airport Authority
Guernsey County
P.O. Box 73
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statement of Cambridge Area Regional Airport Authority, Guernsey County, Ohio (the Authority), as of and for the years ended December 31, 2005 and 2004. 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 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 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Authority has prepared this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Authority 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 its statements. The Authority has elected not to reformat its statement. Since this Authority 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 statement referred to above for the years ended December 31, 2005 and 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2005 and 2004, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of Cambridge Area Regional Airport Authority, Guernsey County, as of December 31, 2005 and 2004, 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 Authority to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Authority 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2006, 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 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

August 14, 2006

**CAMBRIDGE AREA REGIONAL AIRPORT AUTHORITY
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
Cash Receipts:		
City Contributions	\$118,686	\$107,499
County Contributions	29,000	59,000
Intergovernmental	146,059	118,618
Sale of Fuel	80,597	65,159
Rents	28,640	28,757
Miscellaneous	2,204	13,875
Interest	45	2
	405,231	392,910
Cash Disbursements:		
Cost of Fuel	57,473	55,783
Capital Outlay	235,890	127,526
Salaries	72,345	67,059
Professional fees	11,675	3,716
Repairs and Maintenance	37,420	35,129
Survey's and Appraisals	6,045	8,830
Licenses and Permits	2,785	
Office Supplies and Expenses	4,362	3,927
Utilities	13,425	13,992
Insurance	13,300	13,347
Miscellaneous	16,685	18,145
	471,405	347,454
Total Cash Receipts Over/(Under) Cash Disbursements	(66,174)	45,456
Cash Balance, January 1	140,483	95,027
Cash Balance, December 31	\$74,309	\$140,483

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

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**CAMBRIDGE AREA REGIONAL AIRPORT AUTHORITY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004**

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 Cambridge Area Regional Airport Authority, Guernsey County (the Authority), as a body corporate and politic. The Guernsey County Board of County Commissioners and the City of Cambridge, Ohio appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Cambridge Area Regional Airport Authority

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

B. Basis of Accounting

This financial statement follows 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.

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

C. Property, Plant, and Equipment

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

2. CASH

The carrying amount of cash as of December 31, 2005 and 2004 was \$74,309 and \$140,483, respectively. Deposits are insured by the Federal Deposit Insurance Corporation.

3. RETIREMENT SYSTEM

The Authority's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Authority contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Authority has paid all contributions required through December 31, 2005.

**CAMBRIDGE AREA REGIONAL AIRPORT AUTHORITY
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004
(Continued)**

4. RISK MANAGEMENT

Commercial Insurance

The Cambridge Area Regional Airport Authority has obtained commercial insurance for the following risks:

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

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**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***

Cambridge Area Regional Airport Authority
Guernsey County
P.O. Box 73
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statement of the Cambridge Area Regional Airport Authority, Guernsey County, Ohio (the Authority), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 14, 2006, wherein we noted the Authority follows the 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 Authority's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statement 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 statement 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 Authority's management dated August 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statement is 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 Authority's management dated August 14, 2006, we reported other matters related to noncompliance we deemed immaterial.

Cambridge Area Regional Airport Authority
Guernsey County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the Board of Trustees and management. 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

August 14, 2006



**Auditor of State
Betty Montgomery**

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CAMBRIDGE AREA REGIONAL AIRPORT AUTHORITY

GUERNSEY 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 19, 2006**