



**Auditor of State
Betty Montgomery**

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

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**Auditor of State
Betty Montgomery**

Columbiana County Airport Authority
Columbiana County
P.O. Box 81
East Liverpool, Ohio 43920

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 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

September 26, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Columbiana County Airport Authority
Columbiana County
P.O. Box 81
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the accompanying financial statements of the Columbiana County Airport Authority Columbiana County, (the Authority) as of and for the years ended December 31, 2005 and 2004. 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 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 Authority 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 Authority to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 statements. 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 statements referred to above for the years ended December 31, 2005 and 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 Authority as of December 31, 2005 and 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 combined fund cash balances of the Columbiana County Airport Authority, Columbiana County, as of December 31, 2005 and 2004, and its combined 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 December 31, 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 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

September 26, 2006

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
County Contributions	\$5,812	\$10,000	\$15,812
Intergovernmental	0	208,777	208,777
Rents	30,787	0	30,787
Earnings on Investments	51	101	152
Other Revenue	1,000	1,000	2,000
	<u>37,650</u>	<u>219,878</u>	<u>257,528</u>
Total Cash Receipts			
	<u>37,650</u>	<u>219,878</u>	<u>257,528</u>
Cash Disbursements:			
Salaries	4,076	0	4,076
Contract Services	2,396	3,000	5,396
Contract Repairs	838	0	838
Utilities	1,742	0	1,742
Miscellaneous	215	210	425
Debt Service:			
Redemption of Principal	11,636	0	11,636
Interest and Fiscal Charges	8,730	0	8,730
Supplies	26	0	26
Capital Improvements	9,613	234,087	243,700
	<u>39,272</u>	<u>237,297</u>	<u>276,569</u>
Total Cash Disbursements			
	<u>39,272</u>	<u>237,297</u>	<u>276,569</u>
Total Receipts Over/(Under) Disbursements	<u>(1,622)</u>	<u>(17,419)</u>	<u>(19,041)</u>
Other Financing Receipts and (Disbursements):			
Transfer In	3,228	0	3,228
Transfer Out	<u>(3,228)</u>	<u>(3,228)</u>	<u>(3,228)</u>
Total Other Financing Receipts/(Disbursements)	<u>3,228</u>	<u>(3,228)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	1,606	(20,647)	(19,041)
Fund Cash Balances, January 1	<u>5,260</u>	<u>27,613</u>	<u>32,873</u>
Fund Cash Balances, December 31	<u><u>\$6,866</u></u>	<u><u>\$6,966</u></u>	<u><u>\$13,832</u></u>

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

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
County Contributions	\$10,050	\$4,500	\$14,550
Intergovernmental	0	247,811	247,811
Rents	35,152	0	35,152
Earnings on Investments	28	91	119
Security Deposits	150	0	150
Other Revenue	6,061	0	6,061
	<u>51,441</u>	<u>252,402</u>	<u>303,843</u>
Total Cash Receipts			
	<u>51,441</u>	<u>252,402</u>	<u>303,843</u>
Cash Disbursements:			
Salaries	3,600	0	3,600
Contract Repairs	3,751	0	3,751
Contract Services	3,344	0	3,344
Miscellaneous	1,273	0	1,273
Debt Service:			
Redemption of Principal	25,059	0	25,059
Interest and Fiscal Charges	9,291	0	9,291
Supplies	611	12	623
Capital Outlay	3,705	228,546	232,251
	<u>50,634</u>	<u>228,558</u>	<u>279,192</u>
Total Cash Disbursements			
	<u>50,634</u>	<u>228,558</u>	<u>279,192</u>
Total Receipts Over/(Under) Disbursements	807	23,844	24,651
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	807	23,844	24,651
Fund Cash Balances, January 1	4,453	3,769	8,222
Fund Cash Balances, December 31	<u>\$5,260</u>	<u>\$27,613</u>	<u>\$32,873</u>

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

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Columbiana County Airport Authority, Columbiana County, (the Authority) as a body corporate and politic. The Columbiana County Commissioners appoint seven Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Columbiana County Airport Authority.

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 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 accounting basis values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Federal Grant Fund - This fund receives grant money for constructing, maintaining, and repairing Airport infrastructure.

E. 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.

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

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

2. EQUITY IN CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$12,509	\$31,570
Certificates of deposit	1,323	1,303
Total deposits	\$13,832	\$32,873

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

3. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Bank Loan	\$156,755	5.35%
Total	\$156,755	

The Authority is obligated for a note payable to a bank. The note is payable over a period of ten years at \$2,022 per month. The note is collateralized by all the Authority's 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:

Year ending December 31:	Bank Loan
2006	\$24,264
2007	24,264
2008	24,264
2009	24,264
2010	24,264
2011 – 2013	71,235
Total	\$192,555

4. RETIREMENT SYSTEM

The Authority's full-time 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.

**COLUMBIANA COUNTY AIRPORT AUTHORITY
COLUMBIANA COUNTY**

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

5. RISK MANAGEMENT

Commercial Insurance

The Columbiana County Airport Authority has obtained commercial insurance through the County for the following risks:

- Comprehensive property and general liability;
- And Vehicles

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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*

Columbiana County Airport Authority
Columbiana County
P.O. Box 81
East Liverpool, Ohio 43920

To the Board of Trustees:

We have audited the financial statements of the Columbiana County Airport Authority (the Authority) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 26, 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 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 Authority's management dated September 26, 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 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 Authority's management dated September 26, 2006, we reported a matter related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of 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

September 26, 2006



**Auditor of State
Betty Montgomery**

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COLUMBIANA COUNTY AIRPORT AUTHORITY

COLUMBIANA 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
DECEMBER 7, 2006**