



**Auditor of State
Betty Montgomery**

**REGIONAL AIRPORT AUTHORITY
HENRY COUNTY**

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**Auditor of State
Betty Montgomery**

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

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 is 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

November 22, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statement of the Regional Airport Authority, Henry County, (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 statement. 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 balances of the Regional Airport Authority, Henry 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 November 22, 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

November 22, 2006

**REGIONAL AIRPORT AUTHORITY
HENRY COUNTY**

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

	2005	2004
Cash Receipts:		
County Contributions	\$15,902	\$20,902
Intergovernmental Federal	28,681	150,581
Sale of Fuel	2,689	2,479
Rents	15,704	14,229
Fees	6,911	6,278
Other income business		1,588
Miscellaneous		8,318
	69,887	204,375
Cash Disbursements:		
Salaries	1,500	1,375
Operator Fees	10,200	10,200
Billing Fees	612	543
Building Repairs and Maintenance	20,735	757
Fuel Pumb Repairs and Maintenance	2,023	1,300
Legal and Professional	2,888	15,555
Utilities	3,079	2,513
Insurance	4,113	4,113
Equipment Repairs and Maintenance	6,250	2,196
Auto	759	1,658
Property Tax	2,100	3,486
Debt Service	97,758	149,498
Miscellaneous	32,400	2,482
	184,417	195,676
Total Cash Receipts Over/(Under) Cash Disbursements	(114,530)	8,699
Other Financing Receipts:		
Sale of Capital Assets	68,408	
Loan Proceeds	36,118	
	104,526	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(10,004)	8,699
Cash Balances, January 1	10,117	1,418
Cash Balances, December 31	\$113	\$10,117

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

**REGIONAL AIRPORT AUTHORITY
HENRY 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 Regional Airport Authority, Henry County, (the Authority) as a body corporate and politic. The Henry County Commissioners appoints five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the 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. EQUITY IN CASH

The carrying amount of cash at December 31 follows:

	2005	2004
Total demand deposits	\$113	\$10,117

Deposits are insured by the Federal Depository Insurance Corporation.

3. DEBT

Debt outstanding at December 31, 2005, was as follows:

	Principal	Interest Rate
Bank Loan	\$62,956	5.80%

The Authority has a promissory note that it is allowed to draw money against. The Bank lent the Authority \$36,118 in 2005 to finish runway improvement projects started in fiscal year 2001. All loan payments are made monthly in amounts of \$811. The note is guaranteed by the Henry County Commissioners.

**REGIONAL AIRPORT AUTHORITY
HENRY COUNTY**

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

3. DEBT – (Continued)

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

<u>Year ending December 31:</u>	<u>Bank Loan</u>
2006	\$9,732
2007	9,732
2008	9,732
2009	9,732
2010	9,732
2011 – 2014	<u>30,221</u>
Total	<u><u>\$78,881</u></u>

4. RISK MANAGEMENT

Commercial Insurance

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

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

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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***

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

To the Board of Trustees:

We have audited the financial statement of the Regional Airport Authority, Henry County (the Authority) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 22, 2006, wherein we noted the Authority 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 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 November 22, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Authority's management dated November 22, 2006, we reported a matter related to noncompliance we deemed immaterial.

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.



Betty Montgomery
Auditor of State

November 22, 2006

**REGIONAL AIRPORT AUTHORITY
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Administrative Code § 117-2-01(A) states all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Further, Ohio Administrative Code § 117-2-01(D)(1) provides that when designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies.

During our disbursement testing of expenditures we noted that 12 out of 60 transactions examined did not have invoices or other supporting documentation to substantiate the expenditures that occurred. This increases the likelihood that inappropriate or inaccurate payments could be made without the possibility of detection by management. We recommend that all disbursements be supported by original, detailed invoices. Consistent with the Ohio Administrative Code's requirements, we recommend the Board adopt a policy that requires all expenditures be substantiated with original invoices before payment is authorized.

Officials' Response

We did not receive a response from Officials to this finding.



**Auditor of State
Betty Montgomery**

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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
DECEMBER 19, 2006**