



**Auditor of State  
Betty Montgomery**



**MONROE AIRPORT AUTHORITY  
MONROE COUNTY**

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**Auditor of State  
Betty Montgomery**

Monroe Airport Authority  
Monroe County  
47073 SR 26  
Woodsfield, Ohio 43793

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

May 4, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Monroe Airport Authority  
Monroe County  
47073 SR 26  
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the accompanying financial statement of Monroe Airport Authority, Monroe 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 statement does 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 Monroe Airport Authority, Monroe 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 statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 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

May 4, 2006

**MONROE AIRPORT AUTHORITY  
MONROE COUNTY**

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

|   | <b>2005</b>     | <b>2004</b>     |
|---|-----------------|-----------------|
| <b>Cash Receipts:</b>                               |                 |                 |
| County Contributions                                | \$13,021        | \$13,332        |
| Intergovernmental                                   | 100,400         | 168,745         |
| Sale of Fuel  | 9,231           | 6,865           |
| Rents   | 8,705           | 8,300           |
| Interest  | 73              | 143             |
| Miscellaneous                                       | 20              | 174             |
| Total Cash Receipts                                 | 131,450         | 197,559         |
| <b>Cash Disbursements:</b>                          |                 |                 |
| Salaries  | 9,070           | 8,706           |
| Supplies and Materials                              | 1,995           | 2,284           |
| Repairs and Maintenance                             | 3,022           | 15,940          |
| Utilities   | 4,347           | 3,571           |
| Equipment   | 100             | 52              |
| Capital Outlay                                      | 123,567         | 133,861         |
| Debt Service  | 3,348           | 3,348           |
| Miscellaneous                                       | 9,991           | 15,912          |
| Total Cash Disbursements                            | 155,440         | 183,674         |
| Total Cash Receipts Over/(Under) Cash Disbursements | (23,990)        | 13,885          |
| Cash Balance, January 1 - Restated (See Note 2)     | 47,524          | 33,639          |
| <b>Cash Balance, December 31</b>                    | <b>\$23,534</b> | <b>\$47,524</b> |

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

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**MONROE AIRPORT AUTHORITY  
MONROE 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 Monroe Airport Authority, Monroe County (the Authority), as a body corporate and politic. The Monroe County Board of Commissioners appoints seven Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Monroe 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. RESTATEMENT OF CASH BALANCE**

**Prior Period Adjustments:** The prior financial statement did not reflect the cash balance held by Monroe County for the Airport's grants. In addition, there was a payment which was recorded as a disbursement in prior year that represented a duplicate payment and was cancelled. To correct these, the beginning cash balance has been restated as follows:

|   |                        |
|---|------------------------|
| Previously Stated Cash Balance 12/31/03 | \$18,237               |
| Cash Balance held by Monroe County      | 6,780                  |
| Disbursement recorded in error          | 8,622                  |
| Restated Cash Balance 1/1/04            | <u><u>\$33,639</u></u> |

**MONROE AIRPORT AUTHORITY  
MONROE COUNTY**

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

**3. CASH**

The carrying amount of cash at December 31 follows:

|  | <u>2005</u>          | <u>2004</u>          |
|--|----------------------|----------------------|
| Demand deposits                          | \$20,376             | \$17,066             |
| Cash balance maintained by Monroe County | <u>3,158</u>         | <u>30,458</u>        |
| Total deposits                           | <u><u>23,534</u></u> | <u><u>47,524</u></u> |

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**Cash Balance Maintained by Monroe County:** Monroe County administers grants on-behalf of the Authority and maintain cash balances for these Authority grants. The Monroe County Treasurer is responsible for all risks associated with the Authority's cash deposits maintained in relation with these grants.

**4. DEBT**

The Monroe County Commissioners obtained a loan, in the County's name, on behalf of the Authority for the purchase of a tractor/mower to be used for maintenance at the Airport in the amount of \$15,000 at a rate of 4.4%. The loan is payable over a period of five years at \$279 per month including interest. The Authority makes monthly payments to the County for repayment of this loan. As of December 31, 2005, \$5,886 remains outstanding on the bank loan.

**5. RETIREMENT SYSTEM**

The Authority's Secretary/Treasurer belongs 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.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Authority has obtained commercial insurance for general liability insurance. Monroe County provides commercial insurance for comprehensive property of the Authority.

**7. 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*

Monroe Airport Authority  
Monroe County  
47073 SR 26  
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the financial statement of the Monroe Airport Authority, Monroe County, Ohio (the Authority), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 4, 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 in order to express our opinion on the financial statement and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Authority's management dated May 4, 2006, we reported an other matter involving internal control over financial reporting which we did not deem a reportable condition.

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### **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 May 4, 2006, we reported other matters related to noncompliance we deemed immaterial.

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.



**Betty Montgomery**  
Auditor of State

May 4, 2006

**MONROE AIRPORT AUTHORITY  
MONROE COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2005-001**

**Reportable Condition**

The Auditor of State provided, through Auditor of State Audit Bulletins 2000-008 and 2002-004, the recommended accounting treatment for on-behalf-of grants or loans. For payments made to a contractor of a project by a grantor directly, the grantor will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the appropriate fund equal to the amount disbursed by the grantor on their behalf.

The Authority was the beneficiary of state and federal grants administered by Monroe County on their behalf. The Authority did not record receipts or disbursements on their accounting records for these grants. Grant receipts were \$96,267 in 2005 and \$157,539 in 2004 and disbursements were \$123,567 and \$133,861, respectively. Adjustments were made to properly reflect this activity on the accompanying financial statement.

We recommend the Authority refer to Auditor of State Audit Bulletins 2000-008 and 2002-004 and follow the recommended accounting treatment for all monies expended on-behalf-of the Authority. We also recommend the Authority retain copies of all grant applications, award letters and close-out reports, to support such grant activity.

**FINDING NUMBER 2005-002**

**Reportable Condition**

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensuring that accounting records are properly designed.
- Verifying the existence and valuation of assets and liabilities and periodically reconciling them to the accounting records.
- Ensuring the collection and compilation of the data needed for the timely preparation of financial statements.

Cash balances recorded on the Authority's cash journal should be reconciled with the bank balances monthly. Financial reports submitted by the Authority should agree to the Authority's cash journal and be reconciled to the bank balances.

The Authority utilized Quickbooks by Intuit accounting software to generate checks and prepare their annual and monthly financial reports. They also maintained manual income worksheets and cash journals. While reconciliations were performed for the Authority's checking account, these reconciliations did not include the Authority's savings account. In addition, the activity per the Authority's cash journal did not reconcile to the activity reflected on the reports generated by Quickbooks.

We recommend the Authority Treasurer reconcile the Authority's cash balances with the bank balances monthly. Any differences should be documented and investigated. In addition, if the Authority intends to continue to use Quickbooks to prepare their financial statements the reports generated by Quickbooks' should be reconciled to bank balances and the cash journal.

**MONROE AIRPORT AUTHORITY  
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2005 AND 2004**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|--|------------------|--|
| 2003-001       | Airport grant receipts and disbursements administered by the County were not recorded on the Authority's accounting records. | No               | Not Corrected; Reissued as Finding No. 2005-001.   |



**Auditor of State  
Betty Montgomery**

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**MONROE AIRPORT AUTHORITY**

**MONROE 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  
JUNE 27, 2006**