



**Mary Taylor, CPA**  
Auditor of State



**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2007 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2006 .....	6
Notes to the Financial Statements .....	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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**Mary Taylor, CPA**  
Auditor of State

Geauga County Airport Authority  
Geauga County  
15421 Old State Road  
P.O. Box 1308  
Middlefield, Ohio 44062

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 an 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 adverse 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.

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**Mary Taylor, CPA**  
Auditor of State

August 1, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Airport Authority  
Geauga County  
15421 Old State Road  
P.O. Box 1308  
Middlefield, Ohio 44062

To the Board of Trustees:

We have audited the accompanying financial statements of Geauga County Airport Authority, Geauga County, Ohio, (the Authority) as of and for the years ended December 31, 2007 and December 31, 2006. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Authority's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Authorities to reformat their statements. The Authority has elected not to follow GAAP statement formatting requirements. 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, 2007 and December 31, 2006 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, 2007 and December 31, 2006 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Geauga County Airport Authority, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 1, 2008, 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.



**Mary Taylor, CPA**  
Auditor of State

August 1, 2008



**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental	\$0	\$438,413	\$438,413
Charges For Services	181,707	0	181,707
Interest Income	6,554	193	6,747
Other Income	5,427	0	5,427
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	193,688	438,606	632,294
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
General Government	137,862	0	137,862
Capital Outlay	29,627	438,413	468,040
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	167,489	438,413	605,902
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	26,199	193	26,392
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2007	141,249	4,167	145,416
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2007</b>	<b><u><u>\$167,448</u></u></b>	<b><u><u>\$4,360</u></u></b>	<b><u><u>\$171,808</u></u></b>

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

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental	\$0	\$41,751	\$41,751
Charges For Services	165,196	0	165,196
Interest Income	4,722	53	4,775
Other Income	3,868	0	3,868
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	173,786	41,804	215,590
<b>Cash Disbursements:</b>			
General Government	124,571	0	124,571
Capital Outlay	40,430	46,976	87,406
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	165,001	46,976	211,977
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	8,785	(5,172)	3,613
Fund Cash Balances, January 1, 2006	<hr/>	<hr/>	<hr/>
	132,464	9,339	141,803
<b>Fund Cash Balances, December 31, 2006</b>	<u><u>\$141,249</u></u>	<u><u>\$4,167</u></u>	<u><u>\$145,416</u></u>

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

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

**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 Geauga County Airport Authority, Geauga County, Ohio, (the Authority) as a body corporate and politic. The Authority is directed by a seven member Board, three appointed by the Geauga County Board of Commissioners, three appointed by the Authority, and one appointed by the Middlefield Village Council. The Authority is responsible for the safe and efficient operation and maintenance of the Geauga County Airport Authority

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Authority did not have investments during the audit period. The Authority maintains a general checking, savings, and money market accounts.

**D. Property, Plant, and Equipment**

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**E. Fund Accounting**

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted and accounted for in another fund.

Special Revenue Fund

This fund is used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Authority had the following significant Special Revenue Fund:

Grant Fund – This fund receives federal and state monies for Airport improvements. In 2007, the Airport received an FFA grant for parallel taxi-way project.

**GEAUGA COUNTY AIRPORT AUTHORITY  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND DECEMBER 31, 2006  
(Continued)**

**2. Equity in Pooled Cash and Investments**

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

	2007	2006
Demand deposits	\$22,041	\$35,084
Money market deposits	149,767	110,332
Total deposits	\$171,808	\$145,416

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

**3. Retirement Systems**

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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Authority contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Authority has paid all contributions required through December 31, 2007.

**4. Risk Management**

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

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

**5. Contingent Liabilities**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**6. Related Party Transactions**

The Authority had tractor repairs made during the audit period from a company owned by an Authority Board Member, in which equipment repairs made were \$1,361 for FY 2007 and \$116 for FY 2006. The Board Member abstained from voting on this issue.



# Mary Taylor, CPA

Auditor of State

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

Geauga County Airport Authority  
Geauga County  
15421 Old State Road  
P.O. Box 1308  
Middlefield, Ohio 44062

To the Board of Trustees:

We have audited the financial statements of the Geauga County Airport Authority, Geauga County, Ohio, (the Authority) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 1, 2008, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **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*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 1, 2008



**Mary Taylor, CPA**  
Auditor of State

**GEAUGA COUNTY AIRPORT AUTHORITY**

**GEAUGA 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 21, 2008**