



OHIO AUDITOR OF STATE
KEITH FABER



HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY
DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Cash Balances (Regulatory Cash Basis) For the Year Ended December 31, 2017	3
Notes to the Financial Statements – December 31, 2017	5
Statement of Receipts, Disbursements, and Changes in Cash Balances (Regulatory Cash Basis) For the Year Ended December 31, 2016	9
Notes to the Financial Statements – December 31, 2016	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Harrison Regional Airport Authority
Harrison County
43000 Airport Road
Cadiz, Ohio 43907

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Harrison Regional Airport Authority, Harrison County, Ohio (the Authority), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Authority prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Harrison Regional Airport Authority, Harrison County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 30, 2020

Harrison Regional Airport Authority
Harrison County
Statement of Receipts, Disbursements and
Changes in Cash Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2017

<hr/> <hr/>	
Cash Receipts	
Grants	\$149,370
EMS Building	900
Rents	12,423
Miscellaneous	1,009
	<hr/>
<i>Total Cash Receipts</i>	<i>163,702</i>
	<hr/>
Cash Disbursements	
Current:	
FAA Grant Consultant	155,565
Advertising	60
Building and Grounds Repair	8,826
Electric	2,408
Equipment Repairs	823
Gas	608
Fuel	833
Insurance	3,480
Fire Inspection	135
Membership Fees	600
Checks	359
Office Supplies	299
OPERS	914
Payroll	3,763
Postage	157
Property Taxes	103
Stage Taxes	502
Tank Registration	1,200
Water and Sewer	547
Workers Compensation	124
Other	617
	<hr/>
<i>Total Cash Disbursements</i>	<i>181,923</i>
	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(18,221)</i>
	<hr/>
<i>Cash Balances, January 1</i>	<i>413,223</i>
	<hr/>
Cash Balances, December 31	
Restricted	2,902
Unassigned (Deficit)	392,100
	<hr/>
<i>Cash Balances, December 31</i>	<i>\$395,002</i>
	<hr/> <hr/>

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

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Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Harrison Regional Airport Authority (the Authority), Harrison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Harrison Regional Airport Authority and the Harrison County Commissioners appoint eight Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Harrison Regional Airport Authority.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements consist of a statement of receipts, disbursements and changes in cash balance (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	<u>\$395,002</u>
Total deposits	<u><u>\$395,002</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Risk Management (Continued)

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

Note 5 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Authority's employee 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. OPERS members contributed 10% of their gross salaries and the Authority contributed an amount equaling 14% of participants' gross salaries. The Authority has paid all contributions required through December 31, 2017.

Note 6 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.

Note 7 – Construction and Contractual Commitments

The Airport Authority is in contract with Michael Baker International Inc. (consulting firm) for the following projects:

- Runway Reconstruction
- Beacon Light Installation

Note 8 – 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.

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Subsequent Events

The Airport Authority paid \$1,757,775 in federal funds from the Federal Aviation Association to Shelly & Sands, Inc. for a runway project subsequent to December 31, 2017.

The Airport Authority Board passed a motion during the May 10, 2018 board meeting to invest \$200,000 with Edward Jones in certificates of deposit.

Harrison Regional Airport Authority
Harrison County
Statement of Receipts, Disbursements and
Changes in Cash Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2016

Cash Receipts	
Electric Reimbursement	\$254
Grants	37,764
EMS Building	900
Rents	12,700
Water Reimbursement	162
Miscellaneous	1,282
	53,062
<i>Total Cash Receipts</i>	
Cash Disbursements	
Current:	
FAA Grant	28,637
ODOT Grant	30
Advertising	10
Building and Grounds Repair	21,614
Electric	2,345
Equipment Repairs	1,551
Federal Taxes	362
Fuel	274
Insurance	3,711
Maintenance Supplies	266
Medicare Payments	80
Membership Fees	125
ODJFS	203
Office Supplies	229
OPERS	725
Payroll	2,364
Postage	47
Property Taxes	102
State Audit	2,050
State Taxes	489
Tank Registration	1,200
Water and Sewer	551
Workers Compensation	277
Other	509
	67,751
<i>Total Cash Disbursements</i>	
<i>Excess of Receipts Over (Under) Disbursements</i>	
	(14,689)
<i>Cash Balances, January 1</i>	
	427,912
Cash Balances, December 31	
Restricted	9,097
Unassigned (Deficit)	404,126
	413,223
<i>Cash Balances, December 31</i>	
	\$413,223

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

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Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Harrison Regional Airport Authority (the Authority), Harrison County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Harrison Regional Airport Authority and the Harrison County Commissioners appoint eight Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Harrison Regional Airport Authority.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements consist of a statement of receipts, disbursements and changes in cash balance (regulatory cash basis).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	<u>\$413,223</u>
Total deposits	<u><u>\$413,223</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or are uninsured or uncollateralized. There are no significant statutory restrictions regarding the deposit of funds by the Authority.

Note 4 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Risk Management (Continued)

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.

Note 5 – Defined Benefit Pension Plans

Ohio Public Employees 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. OPERS members contributed 10% of their gross salaries and the Authority contributed an amount equaling 14% of participants' gross salaries. The Authority has paid all contributions required through December 31, 2016.

Note 6 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 2 percent during calendar year 2016.

Note 7 – Construction and Contractual Commitments

The Airport Authority is in contract with Michael Baker International Inc. (Consulting firm) to work on the following projects:

- Runway Reconstruction
- Beacon Light Installation

Note 8 – 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.

Harrison Regional Airport Authority
Harrison County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Subsequent Events

The Airport Authority paid \$1,757,775 in federal funds from the Federal Aviation Association to Shelly & Sands, Inc. for a runway project subsequent to December 31, 2016.

The Airport Authority Board passed a motion during the May 10, 2018 board meeting to invest \$200,000 with Edward Jones in certificates of deposit.

OHIO AUDITOR OF STATE KEITH FABER



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

Harrison Regional Airport Authority
Harrison County
43000 Airport Road
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the Harrison Regional Airport Authority, Harrison County, Ohio (the Authority), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 30, 2020, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2017-005 through 2017-006 to be material weaknesses.

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2017-001 and 2017-004.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Authority's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 30, 2020

**HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Finding for Recovery - Resolved

During 2017, former Treasurer Tanya Burgess wrote 3 checks to herself totaling \$4,000. According to Mrs. Burgess these checks were written to pay a contractor in cash for work performed for the Authority. Mrs. Burgess stated the cash payment was requested by this contractor. Mrs. Burgess provided a signed statement from the contractor indicating he accepted a cash payment and then briefly described the work performed on behalf of the Authority. The former Treasurer ultimately admitted that the contractor did not exist and that these checks were cashed by the Treasurer for personal use.

On December 3, 2019, Ms. Burgess pled guilty to the Bill of Information, Theft in Office, in violation of Ohio Rev. Code § 2921.41(A)(2) & (B), a felony of the fourth degree, in the Harrison County Common Pleas Court. Ms. Burgess was ordered to pay restitution in the amount of \$3,000 to the Harrison County Regional Airport Authority. On February 11, 2020, the restitution was paid in full to the Harrison County Common Pleas Court.

Additionally, during 2017 and 2016, the former Treasurer Tanya Burgess, reimbursed herself for certain expenses she incurred personally on-behalf of the Authority, in the aggregate amount of \$280; however, the voucher packet, which normally contains an invoice or other documentation to support the expenditure, did not contain receipts to show that the former Treasurer personally paid for the items. Without the appropriate documentation, it was not possible to determine if the expenditures were considered a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tanya Burgess, former Harrison Regional Airport Authority Treasurer and her bonding company, the Western Surety Company (Bond No. 71511181), jointly and severally, in the amount of \$1,280 and in favor of the Harrison Regional Airport Authority.

Officials' Response: On February 20, 2020, the Authority deposited a check received from the Harrison County Clerk of Courts, which included the \$3,000 restitution amount. The remaining \$1,280 will be paid through an approved payment plan.

FINDING NUMBER 2017-002

Finding for Recovery - Resolved

The unsigned minutes of the meeting of the Harrison Regional Airport Authority Board for September 4, 2017, provided for audit by the Treasurer, upon request, indicated the former Treasurer's hourly wages were increased from \$10 per hour to \$20 per hour which was retroactive for 3 months. The former Treasurer calculated and paid herself a retroactive pay increase. However, the actual signed minutes of the meeting of the Harrison Regional Airport Authority Board for September 4, 2017, indicated the former Treasurer's hourly wages were increased from \$10 per hour to \$20 per hour with no mention of a retroactive aspect to the increase. This resulted in an overpayment to the former Treasurer in the amount of \$769.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tanya Burgess, former Harrison Regional Airport Authority Treasurer and her bonding company, the Western Surety Company (Bond No. 71511181), jointly and severally, in the amount of \$769 and in favor of the Harrison Regional Airport Authority.

Officials' Response: The finding will be paid through an approved payment plan.

**HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-003

Finding for Recovery - Resolved

The Authority charges rent for hangar space at the Authority. The Board President paid cash for his rent on February 8, 2018 in the amount of \$150 and July 12, 2018 in the amount of \$75. Receipts for these cash payments were written by the former Treasurer of the Authority, Tanya Burgess.

Review of the deposits made to the Authority's bank account by the former Treasurer from February 8, 2018 through her resignation in September 2018 indicated no cash was deposited into the Authority's account during this period.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies collected but not deposited is hereby issued against Tanya Burgess, former Harrison Regional Airport Authority Treasurer and her bonding company, the Western Surety Company (Bond No. 71511181), jointly and severally, in the amount of \$225 and in favor of the Harrison Regional Airport Authority.

Officials' Response: The finding will be paid through an approved payment plan.

FINDING NUMBER 2017-004

Finding for Recovery Repaid Under Audit

The former Treasurer's husband Gregory Burgess contracted with the Authority to provide electrical contract work in 2015. The final contract amount for the electrical contract was \$13,755. However, the amount paid to Gregory Burgess for this contract aggregated to \$14,495. This resulted in an overpayment on this contract of \$740.

In addition, on September 13, 2017, the former Treasurer's husband Gregory Burgess received a reimbursement for cookies in the amount of \$49. There was no documentation that refreshments were approved to be purchased with the Authority's funds and this reimbursement was not included in the subsequent list of bills approved by the Board at their meeting on September 14, 2017.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gregory Burgess in the amount of \$789 and in favor of the Harrison Regional Airport Authority.

On March 21, 2020, Mr. Burgess repaid the entire amount of \$789 to the Authority.

Officials' Response: The finding was repaid to the Authority on March 21, 2020.

FINDING NUMBER 2017-005

Material Weakness

Management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious.

HARRISON REGIONAL AIRPORT AUTHORITY
HARRISON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-005
(Continued)

Material Weakness (Continued)

The Authority approved the Treasurer to pay bills that came due before the next scheduled meeting and Board members signed blank checks to allow the Treasurer to pay those bills. Also, the list of bills approved each month did not contain check numbers to allow the Board the ability to ensure all checks issued were being approved. As a result of signing blank checks and the approved list of bills not providing the proper accountability, the Treasurer was able to issue checks for unauthorized payments, which resulted, at least partially, in Findings 2017-001 through 2017-004.

The Authority Board members should not sign blank checks and the list of bills approved each month should provide enough detail that the Board members can monitor the checks being issued by the Treasurer.

Officials' Response: The Harrison County Airport Authority no longer allows its members to sign blank checks. The Harrison County Airport Treasurer now lists check numbers with list of bills approved in her monthly report to the board.

FINDING NUMBER 2017-006

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Governmental Accounting Standards Board (GASB) Statement No. 54, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The Authority's annual financial statements did not classify ending cash balances for 2017 in the amount of \$395,002 and 2016 in the amount of \$413,223 in accordance with GASB Statement No. 54. As a result, adjustments were necessary to properly reflect the cash balance for 2017 as Restricted in the amount of \$2,902 and Unassigned in the amount of \$392,100, and for 2016 as Restricted in the amount of \$9,097 and Unassigned in the amount of \$404,126.

The adjustments noted above with which management agreed are reflected in the accompanying financial statements.

The Authority did not have internal controls in place to ensure the proper classification of fund balance.

The Authority should implement procedures to ensure fund balance classifications are in accordance with GASB Statement No. 54.

Officials' Response: The Harrison County Airport Authority will ensure the balances are properly classified in the future.

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OHIO AUDITOR OF STATE KEITH FABER



HARRISON REGIONAL AIRPORT AUTHORITY

HARRISON 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
APRIL 14, 2020**