



Mary Taylor, CPA
Auditor of State

CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY

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Mary Taylor, CPA Auditor of State

Clinton County Airport Authority
Clinton County
1581 N. Curry Rd.
Wilmington, Ohio 45177

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.

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Mary Taylor, CPA
Auditor of State

July 17, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clinton County Airport Authority
Clinton County
1581 N. Curry Rd.
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the accompanying financial statements of the Clinton County Airport Authority, Clinton County, Ohio (the Authority), as of and for the years ended December 31, 2006 and 2005. 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, 2006 and 2005. 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, 2006 and 2005 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, 2006 and 2005, or their 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 fund cash balances of the Clinton County Airport Authority, Clinton County, as of December 31, 2006 and 2005, 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, 2006 and 2005. 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 July 17, 2007, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 17, 2007

**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
Cash Receipts:		
Federal Grants	\$44,662	\$64,000
County and State Contributions	42,000	42,000
Sale of Fuel	1,590	875
Interest	886	615
Rentals	29,119	23,608
Miscellaneous	1,258	1,000
Total Cash Receipts	119,515	132,098
Cash Disbursements:		
Salaries	0	1,387
Supplies and Materials	2,692	2,099
Repairs and Maintenance	43,231	28,954
Utilities	9,227	6,600
Insurance	5,643	6,633
Capital Outlay	68,662	33,000
Rent	13,067	13,067
Miscellaneous	1,046	5,810
Total Cash Disbursements	143,568	97,550
Total Receipts Over/(Under) Disbursements	(24,053)	34,548
Cash Balances, January 1	83,354	48,806
Cash Balances, December 31	\$59,301	\$83,354

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

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**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Clinton County Airport Authority, Clinton County, Ohio (the Authority), as a body corporate and politic. The Authority is directed by a seven member Board, appointed by the Clinton County Commissioners, as outlined in Section 308.04 of the Ohio Revised Code. The Authority is responsible for the safe and efficient operation and maintenance of the airport.

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 Deposits

The Clerk/Treasurer of the Authority deposits all available funds of the authority. During the fiscal years 2006 and 2005, the Authority's funds were deposited in a checking and savings account with a local commercial bank.

D. 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.

2. EQUITY IN CASH AND DEPOSITS

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

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$59,301</u>	<u>\$83,354</u>

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

**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. RETIREMENT SYSTEM

The Authority's former clerk/treasurer belonged 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. During part of 2005 and all of 2006, the Authority contracted the airport operations to a private vendor.

The Ohio Revised Code also prescribes contribution rates. For 2005, 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. The Authority has paid all contributions required through December 31, 2005.

4. RISK MANAGEMENT

Commercial Insurance

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

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

5. RELATED PARTY TRANSACTIONS

A board member, Dick Neff, provided bush hogging and other services to the Authority. During 2005 the Authority paid \$2,168 and \$1,623 in 2006 to Mr. Neff for these services. Mr. Neff abstained from voting on the contract.

6. MATERIAL NONCOMPLIANCE

The Authority did not appoint a secretary/treasurer contrary to Ohio Revised Code Section 308.04.



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*

Clinton County Airport Authority
Clinton County
1581 N. Curry Rd.
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the financial statements of the Clinton County Airport Authority, Clinton County, Ohio (the Authority), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 17, 2007, 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to the Authority's management in a separate letter dated July 17, 2007.

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 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 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated July 17, 2007.



Mary Taylor, CPA
Auditor of State

July 17, 2007

CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation/Significant Deficiency

Ohio Revised Code, Section 308.04, states that the board shall appoint and fix the compensation of a secretary-treasurer, who shall not be a member of the board and who shall serve at the pleasure of the board. The Authority contracted out the position of airport coordinator. Contrary to this Section, the airport coordinator then subcontracted the secretary-treasurer's position. The airport coordinator set the rate of pay for the secretary-treasurer and the secretary-treasurer served at the pleasure of the airport coordinator, contrary to the Ohio Revised Code. We recommend that the Authority appoint and fix the compensation of a secretary-treasurer to serve at the pleasure of the board.

Officials' Response:

No response was received from the officials.



Mary Taylor, CPA
Auditor of State

AIRPORT AUTHORITY

CLINTON 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
JULY 31, 2007**