



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 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.

Mary Taylor

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Auditor of State

September 16, 2009

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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, 2008 and 2007. 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.

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, 2008 and 2007 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, 2008 and 2007 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 the Clinton County Airport Authority, Clinton County, as of December 31, 2008 and 2007, 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 September 16, 2009, 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

September 16, 2009

**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash Receipts:		
County Contributions	\$42,000	\$42,000
Grants	71,738	193,707
Sale of Fuel	5,719	2,318
Lease	5,967	2,700
Fees	5,611	6,095
Rents	15,081	19,645
Interest	61	633
Miscellaneous	791	550
	<hr/>	<hr/>
Total Cash Receipts	146,968	267,648
	<hr/>	<hr/>
Cash Disbursements:		
Current:		
Transportation:		
Salaries	1,126	0
Utilities	10,438	9,558
Supplies	1,038	1,932
Insurance	5,335	5,691
Repair/Maintenance	22,849	5,882
Contracts - Services	40,659	43,409
Rentals	13,167	13,267
Miscellaneous	328	6,499
Capital Outlay	4,223	199,378
	<hr/>	<hr/>
Total Cash Disbursements	99,163	285,616
	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	47,805	(17,968)
	<hr/>	<hr/>
Fund Cash Balances, January 1	41,333	59,301
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Fund Cash Balances, December 31	<u>\$89,138</u>	<u>\$41,333</u>

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

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**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Clinton 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 Deposits

The Clerk/Treasurer of the Authority deposits all available funds of the authority. During the fiscal years 2008 and 2007, the Authority's funds were deposited in a checking and savings account with a local commercial bank.

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.

2. Equity in Cash and Deposits

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$89,138</u>	<u>\$41,333</u>

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

**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Retirement Systems

During all of 2007 and part of 2008, the Authority contracted the airport operations to a private vendor. In July 2008, the Authority hired a secretary/treasurer. 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 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Authority contributed an amount equaling 14%, respectively, of participants' gross salaries. The Authority has paid all contributions required through December 31, 2008.

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

The Authority is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Authority's financial condition.

6. Related Party Transactions

A board member, Richard Neff, provided bush hogging and other services to the Authority. During 2007 the Authority paid \$523 to Mr. Neff for these services. Mr. Neff abstained from voting on the contract.



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 year ended December 31, 2008 and 2007, and have issued our report thereon dated September 16, 2009, 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.

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 finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 finding number 2008-001 is also a material weakness.

We noted a certain matter that we reported to the Authority's management in a separate letter dated September 16, 2009.

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 also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated September 16, 2009.

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



Mary Taylor, CPA
Auditor of State

September 16, 2009

**CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

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

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Plan for adequate segregation of duties or compensating controls.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The small size of the Authority did not allow for an adequate segregation of duties. The Secretary/Treasurer processes all the financial record keeping including receipting, posting, and reconciling to the depository. Bookkeeping errors occurred without the detection of management. It is, therefore, important that the Board of Trustees monitor financial activity.

We noted the following conditions:

- Accurate monthly financial reports such as bank reconciliations were not presented to Board of Trustees for their review;
- Supporting documentation for receipts was not always maintained to support the validity of the receipt. We were able to perform alternative audit procedures to determine that validity of the receipt.
- During 2008, the federal grant receipts were receipted into the checking account and then posted again on the savings account ledger. This overstated the federal grant line item by \$37,715. Two miscellaneous receipts totaling \$737 were deposited, but not recorded on the ledgers. Audit adjustments have been posted to the financial statements and accounting records to correct these errors which decreased the General Fund receipts by \$36,968.59. As a result of these errors, the records maintained by the Secretary/Treasurer were not an accurate reflection of all moneys received and expended by the Authority. The Authority corrected the financial statements through audit adjustments.

**FINDING NUMBER 2008-001
(Continued)**

Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over Authority funds, 2) reduces the Board of Trustee's ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the financial statements will be misstated. We recommend that the Treasurer review the chart of accounts to assure that items are being posted to the proper funds and account codes.

To help strengthen the Authority's internal control structure and reduce the likelihood of undetected errors, we recommend the Authority officials and management implement the following controls:

- The Secretary/Treasurer should provide the Board of Trustees with detailed actual financial statements, cash balances, checks paid, receipts and bank reconciliations. These periodic reviews should be noted in the minutes and documents reviewed should be initialed by the reviewer;
- Accurate reconciliations should be prepared on a monthly basis and reviewed and approved by the officials;
- Officials should periodically review the accounting records and financial statements to determine accuracy and to assure themselves that proper procedures are followed by the fiscal officer.

We did not receive a response from Officials to the finding reported above.

CLINTON COUNTY AIRPORT AUTHORITY
CLINTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	The Authority did not appoint a Secretary/Treasurer as required by ORC 308.04	Yes	



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Auditor of State

CLINTON COUNTY 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
OCTOBER 13, 2009**