



**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007



Mary Taylor, CPA
Auditor of State

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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Mary Taylor, CPA Auditor of State

Sandusky Regional Airport Authority
Sandusky County
101 South Front Street
Fremont, Ohio 43420-3021

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

Mary Taylor, CPA
Auditor of State

June 27, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sandusky Regional Airport Authority
Sandusky County
101 South Front Street
Fremont, Ohio 43420-3021

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky Regional Airport Authority, Sandusky County, (the Authority) as of and for the years ended December 31, 2007 and 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 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 2006, 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 combined fund cash balances of Sandusky Regional Airport Authority, Sandusky County, as of December 31, 2007 and 2006, and its combined 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 June 27, 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.

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

Mary Taylor, CPA
Auditor of State

June 27, 2008

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$158,375	\$158,375
Interest	\$356		356
SCEDC Contributions	59,207		59,207
Contract/FBO Property Lease	1,020		1,020
Fuel Sales/Hanger Rent	24,742		24,742
Farm Land Rent	30,775		30,775
Property tax reimbursement	16,968		16,968
Open House	20,000		20,000
Local Share Donation	18,200		18,200
Other Revenue	1,165		1,165
	<u>172,433</u>	<u>158,375</u>	<u>330,808</u>
Total Cash Receipts			
	<u>172,433</u>	<u>158,375</u>	<u>330,808</u>
Cash Disbursements:			
Legal/Consultant Fees	8,180	146,632	154,812
Property Taxes	21,545		21,545
Management Fees	63,902		63,902
Advertising	258	916	1,174
Open House	20,713		20,713
Equipment	15,204		15,204
T-Hangar Reimbursement	1,044		1,044
Utilities	5,449		5,449
Insurance	940		940
Ditch Maintenance	505		505
Wildlife Study	1,069	20,307	21,376
Miscellaneous	598		598
	<u>139,407</u>	<u>167,855</u>	<u>307,262</u>
Total Cash Disbursements			
	<u>139,407</u>	<u>167,855</u>	<u>307,262</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>33,026</u>	<u>(9,480)</u>	<u>23,546</u>
Fund Cash Balances, January 1	<u>55,648</u>	<u>32,318</u>	<u>87,966</u>
Fund Cash Balances, December 31	<u><u>\$88,674</u></u>	<u><u>\$22,838</u></u>	<u><u>\$111,512</u></u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$123,983	\$123,983
Interest	\$306		306
SCEDC Contributions	65,162		65,162
Contract/FBO Property Lease	1,645		1,645
Fuel Sales/Hanger Rent	15,660		15,660
Farm Land Rent	27,450		27,450
Property tax reimbursement	12,220		12,220
Other Revenue	14,644		14,644
	<u>137,087</u>	<u>123,983</u>	<u>261,070</u>
Cash Disbursements:			
Legal/Consultant Fees	7,088	64,598	71,686
Property Taxes	16,340		16,340
Management Fees	59,436		59,436
Advertising	318		318
Equipment	17,160		17,160
T-Hangar Reimbursement	2,074		2,074
West Parallel Taxiway	961	18,251	19,212
Fencing/Runway Sealing/Equipment		2,688	2,688
Tiling	141		141
Utilities	5,455		5,455
Insurance	900		900
Audit	5,960		5,960
Ditch Maintenance	520		520
Miscellaneous	1,618		1,618
	<u>117,971</u>	<u>85,537</u>	<u>203,508</u>
Total Cash Receipts Over Cash Disbursements	<u>19,116</u>	<u>38,446</u>	<u>57,562</u>
Other Financing Receipts and (Disbursements):			
Advances-In	7,517		7,517
Advances-Out		(7,517)	(7,517)
	<u>7,517</u>	<u>(7,517)</u>	
Total Other Financing Receipts/(Disbursements)	<u>7,517</u>	<u>(7,517)</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	26,633	30,929	57,562
Fund Cash Balances, January 1	<u>29,015</u>	<u>1,389</u>	<u>30,404</u>
Fund Cash Balances, December 31	<u>\$55,648</u>	<u>\$32,318</u>	<u>\$87,966</u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 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 Sandusky Regional Airport Authority, Sandusky County, (the Authority) as a body corporate and politic. The Sandusky County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Sandusky Regional 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. Fund Accounting

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

1. General Fund

The General fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditures for specific purposes. The Authority had the following significant Special Revenue Funds:

Airport Improvement Program Grant 2006 - This fund receives federal money for the wildlife study of the airport and surrounding area.

Airport Improvement Program Grant 2007 - This fund receives federal money for the construction of an expansion to the apron.

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.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$111,512</u>	<u>\$87,966</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. RISK MANAGEMENT

Commercial Insurance

The Authority's management company, Advanced Air Service, Inc, has obtained commercial insurance for the following risk:

- Comprehensive property and general liability;

4. 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.



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*

Sandusky Regional Airport Authority
Sandusky County
101 South Front Street
Fremont, Ohio 43420-3021

To the Board of Trustees:

We have audited the financial statements of the Sandusky Regional Airport Authority, Sandusky County, (the Authority) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 27, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 27, 2008

**SANDSUKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	49CFR 18.23(b) questioned costs for \$1,323.81	Yes	



Mary Taylor, CPA
Auditor of State

SANDUSKY REGIONAL AIRPORT AUTHORITY

SANDUSKY 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 24, 2008**