



Dave Yost • Auditor of State

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Sandusky County Regional Airport Authority
Sandusky County
2511 Countryside Drive, Suite D
Fremont, Ohio 43420-3021

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority), a component unit of Sandusky County, as of and for the years ended December 31, 2013 and 2012.

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 Section 117.38 and Ohio Administrative Code Section 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 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 opinion.

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

As described in Note 1 of the financial statements, the Authority prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or 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 combined cash balances of Sandusky County Regional Airport Authority, Sandusky County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1E to the financial statements, during 2012, the Authority adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

June 25, 2014

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
(A COMPONENT UNIT OF SANDUSKY COUNTY)**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental		\$15,308	\$15,308
SCEDC Contributions	\$10,000		10,000
Contract/Property Leases	5,029		5,029
Purvis Deposits (includes fuel sales and parking fees)	236,863		236,863
T-Hangar Rent	3,960		3,960
Airport Owned Hangar Rent	55,389		55,389
Life Flight Utilities	14,400		14,400
Property Tax Reimbursement	6,169		6,169
Farm Land Rent	92,199		92,199
Miscellaneous and Reimbursement Payments	9,594		9,594
Local Share Donation/Contributions	112		112
<i>Total Cash Receipts</i>	<u>433,715</u>	<u>15,308</u>	<u>449,023</u>
Cash Disbursements:			
Legal/Consulting Fees	40,007	15,535	55,542
Property Taxes	39,552		39,552
Advertising/Marketing	423		423
Equipment Maintenance/Runway Sealing/Equipment	23,503		23,503
Diesel/Oil/Propane/Fuel - Courtesy Car	13,865		13,865
Fuel Purchased (fuel farm)	190,034		190,034
Fuel Sales Tax/Online Fee	20,595		20,595
T-Hangar Reimbursement	3,069		3,069
Utilities	21,471		21,471
Insurance	9,075		9,075
Miscellaneous	4,437		4,437
Inspections	179		179
Seminars/Workshops/Travel Expenses	2,681		2,681
Salaries - Management	11,720		11,720
Salaries - Line Personnel	27,287		27,287
Bookkeeping Service	1,141		1,141
Payroll Taxes	9,183		9,183
Ditch Maintenance/Tree Removal/Weed Products	2,917		2,917
AWOS Maintenance Contract	2,400		2,400
<i>Total Cash Disbursements</i>	<u>423,539</u>	<u>15,535</u>	<u>439,074</u>
<i>Net Change in Fund Cash Balances</i>	10,176	(227)	9,949
<i>Fund Cash Balances, January 1</i>	<u>39,390</u>	<u>260</u>	<u>39,650</u>
Fund Cash Balances, December 31			
Restricted		33	33
Unassigned	49,566		49,566
<i>Fund Cash Balances, December 31</i>	<u>\$49,566</u>	<u>\$33</u>	<u>\$49,599</u>

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

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
(A COMPONENT UNIT OF SANDUSKY COUNTY)**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental		\$51,650	\$51,650
SCEDC Contributions	\$10,000		10,000
Contract/Property Leases	6,372		6,372
Purvis Deposits (includes fuel sales and parking fees)	205,833		205,833
T-Hangar Rent	3,960		3,960
Airport Owned Hangar Rent	30,405		30,405
Life Flight Utilities	9,600		9,600
Property Tax Reimbursement	6,256		6,256
Farm Land Rent	83,007		83,007
Miscellaneous and Reimbursement Payments	1,170		1,170
Sandusky County Commissioners payment	1,574,328		1,574,328
<i>Total Cash Receipts</i>	<u>1,930,931</u>	<u>51,650</u>	<u>1,982,581</u>
Cash Disbursements:			
Legal/Consulting Fees	100,474		100,474
Property Taxes	35,600		35,600
Advertising/Marketing	454		454
Equipment Maintenance/Runway Sealing/Equipment	80,488		80,488
Diesel/Oil/Propane/Fuel - Courtesy Car	6,621		6,621
Fuel Purchased (fuel farm)	160,922		160,922
Fuel Sales Tax/Online Fee	12,662		12,662
T-Hangar Reimbursement	2,871		2,871
Utilities	14,466		14,466
Insurance	75		75
Miscellaneous	3,943	27	3,970
Equipment Rentals	391		391
Inspections	130		130
Seminars/Workshops/Travel Expenses	568		568
Staff Payroll	19,329		19,329
Bookkeeping Service	678		678
Payroll Taxes	4,721		4,721
Audit Services	9,020		9,020
Snowplowing	1,240		1,240
Mowing	9,000		9,000
AWOS Maintenance Contract	2,400		2,400
Fencing Project		51,614	51,614
Airport Building Purchase	1,494,830		1,494,830
<i>Total Cash Disbursements</i>	<u>1,960,883</u>	<u>51,641</u>	<u>2,012,524</u>
<i>Net Change in Fund Cash Balances</i>	(29,952)	9	(29,943)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>69,342</u>	<u>251</u>	<u>69,593</u>
Fund Cash Balances, December 31			
Restricted		260	260
Unassigned	39,390		39,390
<i>Fund Cash Balances, December 31</i>	<u>\$39,390</u>	<u>\$260</u>	<u>\$39,650</u>

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

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Sandusky County Regional Airport Authority, Sandusky County, Ohio (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 Sandusky County Regional Airport Authority.

Sandusky County (the County) is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, the County's primary government and basic financial statements include component units, which are defined as legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. The Authority is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Authority does not have any component units and does not include any organizations in its presentation.

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 reports all financial resources except those required to be accounted for in another fund.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Authority had the following significant special revenue fund:

Airport Improvement Program Grant 1812 – This fund receives federal money for design services for the wildlife fence design project.

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 Balance

In 2012, the Authority implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which had no effect on fund balances. Under GASB 54, 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:

1. Nonspendable

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

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amend 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.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

4. 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.

5. 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.

2. ACCOUNTING CHANGE

An accounting change is required to correct the beginning fund balances in the general and special revenue funds during 2012. The special revenue fund portion was incorrectly reported within the general fund in 2011. The accounting change had the following effect on the Authority's governmental fund balances as previously reported:

	General	Special Revenue
Fund balance as previously reported	\$69,593	
Accounting change:		
Fund balance adjustment	(251)	\$251
Restated fund balance at January 1, 2012	\$69,342	\$251

3. EQUITY IN POOLED DEPOSITS

The Authority maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2013	2012
Total deposits	\$49,599	\$39,650

Deposits are insured by the Federal Depository Insurance Corporation.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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.



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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

Sandusky County Regional Airport Authority
Sandusky County
2511 Countryside Drive, Suite D
Fremont, Ohio 43420-3021

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 Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and the Ohio Administrative Code Section 117-2-03 permit, and wherein we noted the Authority adopted Governmental Accounting Standards Board Statement No. 54 in 2012. We also noted the Authority is a component unit of Sandusky County.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 25, 2014

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	OMB Circular A-133 § .200 and .300 - Noncompliance Citation for failure to file a single audit timely.	N/A	Client no longer a single audit. Finding no longer valid.

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SANDUSKY COUNTY 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 8, 2014**