



Dave Yost • Auditor of State

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Lakefield Airport Authority
Mercer County
6177 State Route 219
Celina, Ohio 45822

To the Authority Board Members:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Lakefield Airport Authority, Mercer County, (the Authority) as of and for the years ended December 31, 2014 and 2013.

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 (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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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, 2014 and 2013, 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 Lakefield Airport Authority, Mercer County as of December 31, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2015, 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

April 20, 2015

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
County Contributions - general operations	\$27,000		\$27,000
County Contributions - grant match	19,415		19,415
Intergovernmental	5,197	\$188,251	193,448
Investment Earnings	16		16
Sales	75,506		75,506
Rents	26,396		26,396
Miscellaneous	336		336
Total Cash Receipts	<u>153,866</u>	<u>188,251</u>	<u>342,117</u>
Cash Disbursements:			
Fuel Loan Payment	4,020		4,020
Supplies and Materials for Resale	68,197		68,197
Supplies and Materials	292		292
Purchased and Contract Services	47,054	188,141	235,195
Sales & Real Estate Tax	6,584		6,584
Repairs and Maintenance	7,681		7,681
Utilities	13,853		13,853
Insurance	7,464		7,464
Miscellaneous	1,165		1,165
Total Cash Disbursements	<u>156,310</u>	<u>188,141</u>	<u>344,451</u>
Total Receipts Over/(Under) Disbursements	(2,444)	110	(2,334)
Fund Cash Balances, January 1	<u>27,224</u>	<u>(110)</u>	<u>27,114</u>
Unassigned (Deficit)	<u>24,780</u>		<u>24,780</u>
Fund Cash Balances, December 31	<u><u>\$24,780</u></u>	<u><u>\$0</u></u>	<u><u>\$24,780</u></u>

See Notes to Accompanying Financial Statements.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
County Contributions - general operations	\$35,000		\$35,000
County Contributions - grant match	9,167		9,167
Intergovernmental	6,291	\$94,508	100,799
Investment Earnings	18		18
Sales	112,259		112,259
Rents	24,728		24,728
Miscellaneous	1,676		1,676
Total Cash Receipts	<u>189,139</u>	<u>94,508</u>	<u>283,647</u>
Cash Disbursements:			
Fuel Loan Payment	3,150		3,150
Supplies and Materials for Resale	94,468		94,468
Supplies and Materials	263		263
Purchased and Contract Services	47,874	94,508	142,382
Sales & Real Estate Tax	10,542		10,542
Repairs and Maintenance	9,130		9,130
Utilities	10,139		10,139
Insurance	7,326		7,326
Miscellaneous	1,523		1,523
Total Cash Disbursements	<u>184,415</u>	<u>94,508</u>	<u>278,923</u>
Total Receipts Over/(Under) Disbursements	4,724	0	4,724
Fund Cash Balances, January 1	<u>22,500</u>	<u>(110)</u>	<u>22,390</u>
Unassigned (Deficit)	<u>27,224</u>	<u>(110)</u>	<u>27,114</u>
Fund Cash Balances, December 31	<u><u>\$27,224</u></u>	<u><u>(\$110)</u></u>	<u><u>\$27,114</u></u>

See Notes to Accompanying Financial Statements.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Lakefield Airport Authority, Mercer County, (the Authority) as a body corporate and politic. The Mercer County Commissioners appoints a maximum of 9 Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Lakefield Airport

As of December 31, 2014 there were six active Board Members and a Fixed Based Operator to manage daily operations

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 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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Authority maintains all funds in an interest bearing checking account and savings account.

D. Fund Accounting

The Authority uses fund accounting to segregate cash and investments that are 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.

2. Capital Projects Fund

These funds are used to account for the receipts that are restricted for the acquisition or construction of major capital projects. The Authority had the following significant Capital Project Fund:

Airport Improvement Program Fund – The Authority received federal grants to:

- 1309 – Drainage Improvement, T-Hangar Demolition/Relocation (Design)
- 1513 – Rehabilitate Runway 8/26 & Ramp (Crack seal, pavement marking)
- 1614 – Obstruction Removal, Construct Taxiway (T-hangar)

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. 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:

1. Non-spendable

The Authority classifies assets as *non-spendable* 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.

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.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand Deposits	\$24,780	\$27,114

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

3. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Fuel Loan	\$17,430	0%
Total	\$17,430	

The Authority is obligated for a loan payable to the Mercer County Commissioners. Annual payments are due in January. Payment amounts are calculated based fuel sales for the preceding year, with 50% of the profit being applied to the loan.

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 adjustments by the grantor, principally the federal government. The grantor may require refunding any disallowable cost. 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*

Lakefield Airport Authority
Mercer County
6177 State Route 219
Celina, Ohio 45822

To the Authority Board Members:

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 Lakefield Airport Authority, Mercer County, (the Authority) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated April 20, 2015 wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

April 20, 2015

LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Financial Record Keeping	Yes	

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LAKEFIELD AIRPORT AUTHORITY

MERCER 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
MAY 7, 2015**