



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Schedule of Federal Award Expenditures for the Year Ended December 31, 2001 .....	7
Notes to the Schedule of Federal Award Expenditures .....	8
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Airport Authority Board:

We have audited the accompanying financial statements of the Lakefield Airport Authority (the Authority) as of and for the years ended December 31, 2001 and December 31, 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provide a reasonable basis for our opinion.

As discussed in Note 1, the Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Authority as of December 31, 2001 and December 31, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

We performed our audit to form an opinion on the financial statements of the Lakefield Airport Authority taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the December 31, 2001 financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Airport Authority Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

September 9, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
County Contributions	\$20,000	\$21,406	\$41,406
Intergovernmental		432,602	432,602
Investment Earnings	963		963
Sale of Fuel	41,247		41,247
Rents	30,750		30,750
Miscellaneous	4,656		4,656
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	97,616	454,008	551,624
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries	24,759		24,759
Supplies and Materials	33,318		33,318
Purchased and Contract Services	1,389	40,923	42,312
Sales Tax	2,261		2,261
Repairs and Maintenance	5,840		5,840
Equipment	4,974		4,974
Utilities	7,580		7,580
Insurance	3,806		3,806
Miscellaneous	2,695		2,695
Capital Outlay	2,969	386,777	389,746
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	89,591	427,700	517,291
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	8,025	26,308	34,333
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	22,215	5,405	27,620
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$30,240</u>	<u>\$31,713</u>	<u>\$61,953</u>

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

**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, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
County Contributions	\$6,500		\$6,500
Intergovernmental		226,903	226,903
Investment Earnings	1,075		1,075
Sale of Fuel	37,988		37,988
Rents	29,785		29,785
Miscellaneous	3,895		3,895
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	79,243	226,903	306,146
<b>Cash Disbursements:</b>			
Salaries	15,821		15,821
Supplies and Materials	26,237		26,237
Purchased and Contract Services	5,637	57,562	63,199
Sales Tax	1,391		1,391
Repairs and Maintenance	11,112		11,112
Utilities	7,207		7,207
Insurance	3,832		3,832
Miscellaneous	4,838		4,838
Capital Outlay	2,397	208,487	210,884
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	78,472	266,049	344,521
Total Receipts Over/(Under) Disbursements	771	(39,146)	(38,375)
<b>Other Financing Receipts and (Disbursements):</b>			
Sale of Fixed Assets	2,397		2,397
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	2,397		2,397
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,168	(39,146)	(35,978)
Fund Cash Balances, January 1	19,047	44,551	63,598
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$22,215</u>	<u>\$5,405</u>	<u>\$27,620</u>

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

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Lakefield Airport Authority, Mercer County, (the Authority), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a ten member Board, appointed by the Mercer County Commissioners. The Authority is responsible for the safety and efficient operation and maintenance of the airport.

At December 31, 2001, there were seven active board members.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 Investments**

Deposits are in a checking account and savings account valued at cost.

**D. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**E. 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 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. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Authority had the following significant capital project fund.

**Airport Improvement Program Fund** - The Authority received federal grants to lengthen the runways.

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. RESTATEMENT OF PRIOR YEAR ENDING BALANCES**

Prior financial statements presented only a General Fund. Capital Grant monies were commingled with the General Fund rather than presented as separate Capital Projects Fund which are designated by the Airport Board for a specific purpose. The correction of this error in fund reporting have the following effect on fund balances as it was previously reported as of December 31, 1999.

	General	Capital Projects
Balances as previously reported	\$62,604	\$ 994
Restatement to separate Capital Project Funds	(43,557)	43,557
Restated Balances as of December 31, 1999	\$19,047	\$44,551

**3. EQUITY IN CASH**

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

	2001	2000
Demand deposits	\$61,953	\$27,620

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

**4. RETIREMENT SYSTEM**

The Authority's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS employee members contributed 8.5% of their gross salaries. The Authority contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Authority has paid all contributions required through December 31, 2001.

**5. RISK MANAGEMENT**

**Commercial Insurance**

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

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

LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001

Federal Grantor/ Pass Through Grantor Program Title	Grant Project Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION</b>			
Direct Program			
Airport Improvement Program	3-39-0016-299	20.106	\$293,099
	3-39-0016-399		11,012
	3-39-0016-401		<u>94,730</u>
<b>Total</b>			<u><u>\$398,841</u></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**NOTES TO THE FEDERAL SCHEDULE  
DECEMBER 31, 2001**

**NOTE A - BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Authority's federal award programs. The Schedule has been prepared on the cash basis of accounting. Revenues are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

**NOTE B- AIRPORT IMPROVEMENT PROGRAM**

The Authority received grant awards for the Airport Improvement Program whose objective is to assist sponsors, owners, or operators of public-use airports in the development of a nationwide system of airports adequate to meet the needs of civil aeronautics.

<b>FEDERAL GRANTOR/</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Amount of Allotment</b>
Federal Aviation Administration	20.106	3-39-0016-299	\$440,000
		3-39-0016-399	\$200,000
		3-39-0016-401	\$168,525



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Airport Authority Board:

We have audited the accompanying financial statements of the Lakefield Airport Authority (the Authority) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated September 9, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-60254-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated September 9, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated September 9, 2002.

This report is intended for the information and use of the audit committee, management, the Airport Authority Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

September 9, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Airport Authority Board:

**Compliance**

We have audited the compliance of Lakefield Airport Authority, Mercer County, (the Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

As described in items 2001-60254-002 and 2001-60254-003 in the accompanying schedule of findings, the Airport Authority did not comply with requirements regarding Reporting that are applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. The results of our auditing procedures also disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2001-60254-004. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the Authority in a separate letter dated September 9, 2002.

### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items 2001-60254-002 to 2001-60254-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-60254-002 to be material weaknesses.

This report is intended for the information and use of the management, the Airport Authority Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

September 9, 2002

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Airport Improvement Program: CFDA # 20.106
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others

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

**FINDING NUMBER 2001-60254-001**

**Noncompliance Citation**

**Ohio Admin. Code 117-2-02 (A)** requires all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, classify, record and report its transactions. Ohio Admin. Code 117-2-02 (D) states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- a) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- b) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- c) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Authority maintained a cash journal for the General fund and for each federal grant, however, a separate receipts ledger and appropriation ledger was not maintained and the information maintained in the cash journals did not allow for the preparation of financial statements that would include classification of receipts and expenditures. For example, the receipts were noted in lump sum amounts which did not indicate the revenue by type (grants, rent, gas sales, etc.) The expenditures were identified by check number but provided no indication of account to be charged (salaries, supplies and materials, capital outlay, etc.) In addition, the cash journal maintained includes in the balance only the checking account for the Airport and does not account for the savings account maintained.

The Authority should develop an accounting system that would enable accurate reporting of transactions and preparation of financial statements.

**3. FINDINGS FOR FEDERAL AWARDS**

**FINDING NUMBER 2001-60254-002**

**CFDA Title and Number:** 20.106 Airport Improvement Program  
**Federal Award Number/Year:** 3-39-0016-0299, 3-39-0016-0399, 3-39-0016-0401  
**Federal Agency:** Department of Transportation  
**Pass-Through Agency:** Direct Program

**Noncompliance - Code of Federal Regulations/Material Weakness - Reporting**

**49 CFR Section 18.20(b)** requires the financial management system of grantees to meet the following standards: (1) Financial reporting - Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or sub-grant; (2) Accounting records - Grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant awards and authorization, obligations, unobligated balances, outlays or expenditures, and income; (3) Budget control - Actual expenditures or outlays must be compared with budgeted amounts for each grant.

The Authority completed Outlay Report and Request for Reimbursement for Construction Programs reports to request grant payments. The reports did not accurately report amounts actually expended for which reimbursement was requested but also reported, as expenditures, estimates for future expenditures. The following represents amounts reported as expenditures for the period identified, actual expenditures per the Authority's cash journal, subsequent period expenditures made for the grant classification. The variance could represent reported expenditures which were not subsequently traced to a related expenditure, expenditures incorrectly reported by classification or expenditures that have not been reported for reimbursement.

**Grant 3-39-0016-0299:**

Classification	Total Per Request 7 As of 11-20-00 FAA Form 5100-60 "Outlay Report for Reimbursement for Construction Programs"	Total Per Request 11 As of 12-5-01 FAA Form 5100-60 "Outlay Report for Reimbursement for Construction Programs"	Reported Expenditures for the Period	Actual Expenditures per Journal from 11-20-00 to 12-5-01	Difference	Subsequent Expenditures to 12-31-01	Variance
Land, Structure	\$90,036	\$360,781	\$270,745	\$1,545	\$269,200	\$242,906	\$26,294
Architectural Basic Fees	0	4,094	4,094	3,744	350	9,888	(9,538)
Other Architectural Fees	47,068	66,430	19,362	19,362	0	0	
Project Inspection Fees	0	311	311	0	311	0	311
Relocation Expenses	0	4,225	4,225	0	4,225	0	4,225
Relocation Payments to Individual	26,797	46,797	20,000	0	20,000	20,000	
Demolition	10,291	6,000	(4,291)	6,000	(10,291)	0	(10,291)
Total Cumulative to Date	174,192	488,638	314,446	30,651	283,795	272,794	11,001

**FINDING NUMBER 2001-60254-002 (Continued)**

**Grant 3-39-0016-0399:**

Classification	Total Per Request 5 As of 11-20-00 FAA Form 5100-60 "Outlay Report for Reimbursement for Construction Programs"	Total Per Request 7 As of 11-23-01 FAA Form 5100-60 "Outlay Report for Reimbursement for Construction Programs"	Reported Expenditures for the Period	Actual Expenditures per Journal from 11-20-00 to 11-23-01	Difference	Subsequent Expenditures To 12-31-01	Variance
Land, Structure	\$129,200	\$163,574	\$34,374	\$2,279	\$32,095	\$0	\$32,095
Architectural Basic Fees	9,900	6,341	(3,559)	1,876	(5,435)	0	(5,435)
Other Architectural Fees	1,905	1,958	53	0	53	0	53
Project Inspection Fees	0	1,736	1,736	0	1,736	1,460	276
Relocation Expenses	0	0	0	0	0	0	0
Relocation Payments to Individual	35,974	38,252	2,278	0	2,278	0	2,278
Demolition	<u>10,333</u>	<u>11,500</u>	<u>1,167</u>	<u>6,000</u>	<u>(4,833)</u>	<u>5,500</u>	<u>(10,333)</u>
Total Cumulative to Date	187,312	223,361	36,049	10,155	25,894	6,960	18,934

**Grant 3-39-0016-0401:**

Classification	Total Per Request 1 As of 7/5/01 FAA Form 5100-60 "Outlay Report for Reimbursement for Construction Programs"	Actual Expenditures per Journal from 1-1-01 to 7-5-01	Difference	Subsequent Expenditures to 12-31-01	Variance
Land, Structure	\$86,000	\$850	\$85,150	\$87,480	\$(2,330)
Architectural Basic Fees	4,110		4,110		4,110
Relocation Payments to Individual	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,400</u>	<u>(6,400)</u>
Total Cumulative to Date	90,110	850	89,260	93,880	(4,620)

The Authority should establish a financial management system to record expenditures by classification (activity) and a system to reconcile the reports submitted to actual expenditures made.

**FINDING NUMBER 2001-60254-003**

**CFDA Title and Number:** 20.106 Airport Improvement Program  
**Federal Award Number/Year:** 3-39-0016-0299, 3-39-0016-0399  
**Federal Agency:** Department of Transportation  
**Pass-Through Agency:** Direct Program

**Noncompliance – Federal Assistance Application/ Reportable Condition – Reporting**

**Part III Budget Information – Construction, Section B of the approved Application for Federal Assistance** set cost classifications for the federal grants. The Authority reported costs that were not authorized by the grant budget and there was no evidence of any written authorized amendments to the grant budget. The Authority’s representative indicated verbal approval of the change in budget was obtained. The following table represents approved cost classifications and actual reported expenditures.

**Grant 03-39-0016-0299**

<b>Classification</b>	<b>Budget</b>	<b>Expenses as of 12-31-01</b>	<b>Variance from Budget</b>
Administration Expense	\$4,000	\$4,000	\$0
Land, Structures, right-or-way	374,989	329,493	45,496
Architectural Engineering Basic Fees	7,000	7,000	0
Other Engineering Fees	67,000	65,638	1,362
Project Inspection Fees	2,000	2,000	0
Relocation Expenses	4,000	2,000	2,000
Relocation Payments to Individuals	29,900	42,030	(12,130)
Demolition	<u>0</u>	<u>6,000</u>	<u>(6,000)</u>
<b>Total</b>	<b>488,889</b>	<b>458,161</b>	<b>30,728</b>

**Grant 03-39-0016-0399**

<b>Classification</b>	<b>Budget</b>	<b>Expenses as of 12-31-01</b>	<b>Variance from Budget</b>
Administration Expense	\$4,000	\$24,077	\$(20,077)
Land, Structures, right-or-way	174,722	127,260	47,462
Relocation Expenses	3,500	1,350	2,150
Relocation Payments to Individuals	40,000	36,902	3,098
Demolition	<u>0</u>	<u>11,500</u>	<u>(11,500)</u>
<b>Total</b>	<b>222,222</b>	<b>201,089</b>	<b>21,133</b>

Prior to closeout of the grants, the Authority should obtain written approval of the amendments to the approved cost classification.

**FINDING NUMBER 2001-60254-004**

**CFDA Title and Number:** 20.106 Airport Improvement Program

**Federal Award Number/Year:** 3-39-0016-0299

**Federal Agency:** Department of Transportation

**Pass-Through Agency:** Direct Program

**Noncompliance - Code of Federal Regulations/Reportable Condition – Cash Management**

**49 CFR Section 18.20 (b) (7)** requires the financial management system of grantees to meet procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees for program expenditures. When advances are made the grantee must monitor cash drawdowns as close as possible to the time of making disbursements.

The Authority submitted Outlay Report and Request for Reimbursement for Construction Programs reports to request grant payments. The expenditures reported for reimbursement actually were estimates for future expenditures and therefore the grant receipts were advance payments. In review of the cash journal maintained for each grant, for the period January 2001 to November 2001, an average cash balance of \$30,000 was maintained for grant number 3-39-0016-0299. Additional requests for grant monies of \$20,097 were made during this period when the cash balance on hand was adequate to cover the expenditures during this period.

The Authority should monitor the cash balance maintained for each grant and the estimated expenditures made and request additional funds as necessary to cover necessary expenditures and minimize the cash balance maintained by the Authority.

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 and 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-60254-001	Cashbook, receipt journal or appropriation ledger not maintained by the Airport	No	Repeated as 2001-60254-001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
OCTOBER 8, 2002**