



Mary Taylor, CPA  
Auditor of State



**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

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Mary Taylor, CPA  
Auditor of State

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

To the Authority Board Members:

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

July 24, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Authority Board Members:

We have audited the accompanying financial statements of Lakefield Airport Authority, Mercer County, (the Authority) as of and for the year ended December 31, 2008. 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 year ended December 31, 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2008 or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lakefield Airport Authority, Mercer County, as of December 31, 2008, and its cash receipts and disbursements for the year 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 July 24, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Authority's financial statements. The Federal Awards Expenditures Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this Schedule to the auditing procedures applied in our audit of the Authority's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the Authority's financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

July 24, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>			
County Contributions	\$30,000		\$30,000
Intergovernmental		\$1,044,301	1,044,301
Investment Earnings	766		766
Sales	68,112		68,112
Rents	31,605		31,605
Miscellaneous	242		242
Total Cash Receipts	<u>130,725</u>	<u>1,044,301</u>	<u>1,175,026</u>
<b>Cash Disbursements:</b>			
Salaries	32,622		32,622
Supplies and Materials for Resale	47,878		47,878
Supplies and Materials	1,231		1,231
Purchased and Contract Services	6,139	1,038,617	1,044,756
Sales and Property Tax	8,530		8,530
Repairs and Maintenance	7,196		7,196
Utilities	10,069		10,069
Insurance	5,652		5,652
Miscellaneous	112		112
Training	802		802
Total Cash Disbursements	<u>120,231</u>	<u>1,038,617</u>	<u>1,158,848</u>
Total Receipts Over/(Under) Disbursements	10,494	5,684	16,178
Fund Cash Balances, January 1	<u>7,549</u>	<u>13,027</u>	<u>20,576</u>
Fund Cash Balances, December 31	<u>\$18,043</u>	<u>\$18,711</u>	<u>\$36,754</u>

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

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**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

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

**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 Authority is directed by a 7 member Board appointed by the Mercer County Commissioners. The Authority is responsible for the safe and efficient operation and maintenance of the Lakefield Airport.

As of December 31, 2008, there were seven active Board members and a Board appointed Airport Manager 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and 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 Project Funds**

These funds are used to account for 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 receives federal grants to lengthen and improve runways.

**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.

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

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

**2. EQUITY IN CASH AND INVESTMENTS**

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

	<b>2008</b>
Demand deposits	<u>\$36,754</u>
Total deposits	<u>\$36,754</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Authority.

**3. RETIREMENT SYSTEM**

The Authority's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2008, OPERS employee members contributed 10 percent, respectively, of their gross salaries. The Authority contributed an amount equal to 14 percent of participants' gross salaries for 2008.

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Authority has obtained commercial insurance for the following risks:

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

**5. CONTINGENT LIABILITIES**

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 such refunds would be immaterial.

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass-Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>United States Department of Transportation</b>			
<i>(Direct Receipt)</i>			
Airport Improvement Program	3-39-0016-1007	20.106	\$393,258
	3-39-0016-1108		<u>635,340</u>
Total Federal Assistance - United States Department of Transportation			<u><u>\$1,028,598</u></u>

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

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Authority's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Authority contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



# 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*

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

To the Authority Board of Trustees:

We have audited the financial statements of the Lakefield Airport Authority, Mercer County, (the Authority) as of and for the year ended December 31, 2008, and have issued our report thereon dated July 24, 2009 wherein we noted the Authority prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control over Financial Reporting  
(Continued)**

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 deficiencies in the internal control that might be significant deficiencies or material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Authority's management in a separate letter dated July 24, 2009.

**Compliance and Other Matters**

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain noncompliance or other matters that we reported to the Authority's management in a separate letter dated July 24, 2009.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

July 24, 2009



# Mary Taylor, CPA

## Auditor of State

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

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

To the Airport Authority:

#### Compliance

We have audited the compliance of Lakefield Airport Authority (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 apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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.

In our opinion, the Lakefield Airport Authority complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

In a separate letter to the Authority's management dated July 24, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We did note a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Authority's management in a separate letter dated July 24, 2009.

We intend this report solely for the information and use of the management and Authority's Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 24, 2009

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse – GAAP Unqualified – Regulatory basis
<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>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #20.106: Airport Improvement Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: None
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2008-001**

**SIGNIFICANT DEFICIENCY**

**System Reconciliations and Financial Statement Presentation**

The Airport Manager did not reconcile the monthly book balances to the monthly bank statements for 2008. In addition, the Airport Manager did not verify that the amounts reported on the annual financial report submitted to the Auditor of State for 2008 were complete or accurate and that the ending balance agreed with the amounts reported on the systems general ledger. As a result, the 2008 receipts were understated by \$12,614 and disbursements were understated by \$12,939 on the financial statements presented and the 2008 ending balance did not reconcile with the systems general ledger by \$325.

The absence of a process to assure that financial reports are complete and in agreement with the underlying accounting system data could result in the failure to promptly detect inaccurate or incomplete financial information in the normal course of business. The accompanying financial statements for 2008 contain the required adjustments to accurately present the financial activity for the year

The Airport Board should require monthly bank to book reconciliations and verify each month they were performed. In addition, procedures should be implemented to review the monthly financial reports to determine that amounts were properly posted, which can be done in part by reconciling the ending balance on the reports with the ending balance from the system.

**Officials Response:**

The board appointed two new members this year following the death of our long time president. One of the new members is a former banking executive brought on to insure that our accounting is brought up to industry standards. The newly reorganized board has adopted new policies and procedures to correct many of our former shortcomings. We have adopted new by-laws and leasing templates in addition to several other significant procedural and accountancy changes. Moorman and Harting, a local accounting firm, has been hired to restructure our accounting software and reporting formats. Monthly reports will now include cash to books and balance sheets along with other reports deemed necessary by the executive committee and recommended by your audit team.

**LAKEFIELD AIRPORT AUTHORITY  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

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>
2007-001	Ohio Admin. Code 117-2-02 (A)	Yes	
2007-002	Systems reconciliation	No	Will be reissued as 2008-001





**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 24, 2009**