

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

SINGLE AUDIT

January 1, 1999 to December 31, 1999

Fiscal Year Audited Under GAGAS: 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Erie-Ottawa Regional Airport Authority
Ottawa County
3255 East State Road
Port Clinton, Ohio 43452

We have reviewed the independent auditor's report of the Erie-Ottawa Regional Airport Authority, Ottawa County, prepared by Kraus, Hanck & Co., Certified Public Accountants, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Erie-Ottawa Regional Airport Authority is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

February 8, 2001

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

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ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

3255 East State Road
 Port Clinton, Ohio 43452

**ADMINISTRATIVE PERSONNEL
 AS OF DECEMBER 31, 1999**

<u>Title/Name</u>	<u>Representing</u>	<u>Term of Office or Contract Period</u>	<u>Surety</u>	<u>Amount</u>
BOARD OF TRUSTEES				
President:				
James Parker	Ottawa County	07/15/96-12/31/02	-	
Trustees:				
Louis Zorn	Erie County	02/10/93-01/06/01	-	
Robert L. Strayer	Erie County	01/01/92-12/31/00	-	
Lloyd Washburn	Ottawa County	07/16/92-07/15/01	-	
Hugh Northup	Erie County	03/30/98-03/30/01	-	
Richard Biro	At-Large Member	06/09/93-07/15/01	-	
Richard Harman	Erie County	02/11/99-02/11/02	-	
Kenneth Benjamin	Ottawa County	09/24/99-09/24/01	-	
Richard Johnson	Ottawa County	07/01/93-07/15/01	-	

EXECUTIVE DIRECTOR

Ralf Iglie

SECRETARY/TREASURER

Mary Arquette		Indefinite	(A)	\$ 50,000
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(A) The Cincinnati Insurance Company

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

Index of Funds

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund

Special Revenue Fund Type:

Airport Development Aid Program Fund

Airport Improvement Program Fund

KRAUS, HANCK & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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DONALD P. HANCK, CPA

THOMAS J. GOTTLIEB, CPA
TIMOTHY H. ZORN, CPA
EDWARD A. ZIPPAY, JR., CPA

January 12, 2001

Board of Trustees
Erie-Ottawa Regional Airport Authority
3255 East State Road
Port Clinton, Ohio 43452

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the **Erie-Ottawa Regional Airport Authority, (the Authority)**, as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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 provides 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 fund cash balances of the **Authority**, as of December 31, 1999, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 12, 2001 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.

KRAUS, HANCK & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Erie-Ottawa Regional Airport Authority
Page 2

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements of the **Authority**. Such information has been subjected 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 financial statements taken as a whole.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.


Certified Public Accountants

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Combined Statement of Cash, Liabilities and Fund
Cash Balances – All Fund Types
As of December 31, 1999

CASH

Cash	\$ <u>77,944</u>
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CASH BALANCES BY FUND TYPE

Governmental Fund Type:	
General Fund	\$ 36,368
Special Revenue Funds	<u>41,576</u>
Total Cash Fund Balance	<u>77,944</u>

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

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
 Combined Statement of Cash Receipts, Disbursements, and
 Changes in Fund Cash Balances – Governmental Fund Types
 For The Year Ended December 31, 1999

	Governmental Fund Types		Totals Memorandum Only
	General	Special Revenue	
Revenue Receipts:			
County Grants	\$ 6,000	\$ 56,345	\$ 62,345
Rents and Leases	62,551	- 0 -	62,551
Fuel	127,200	- 0 -	127,200
Departure and Ramp Fees	9,799	- 0 -	9,799
Miscellaneous	10,402	- 0 -	10,402
Federal Grants	- 0 -	422,593	422,593
State Grants	<u>- 0 -</u>	<u>20,596</u>	<u>20,596</u>
Total Revenue Receipts	215,952	499,534	715,486
Expenditure Disbursements:			
General Government	217,856	- 0 -	217,856
Contracts	17,353	- 0 -	17,353
Capital Outlay – Improvements	<u>24,348</u>	<u>474,324</u>	<u>498,672</u>
Total Expenditure Disbursements	<u>259,557</u>	<u>474,324</u>	<u>733,881</u>
Excess (Deficit) of Revenue Receipts Over Expenditure Disbursements	(43,605)	25,210	(18,395)
Other Financing Sources:			
Interim Financing	- 0 -	10,000	10,000
Payment of Interim Financing	<u>- 0 -</u>	(<u>10,000</u>)	(<u>10,000</u>)
Total Other Financing Sources	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Net Excess (Deficit) of Cash Receipts Over Cash Disbursements	(43,605)	25,210	(18,395)
Fund Balance, January 1	<u>79,973</u>	<u>16,366</u>	<u>96,339</u>
Fund Balance, December 31	<u>36,368</u>	<u>41,576</u>	<u>77,944</u>

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

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Notes To The Financial Statements
December 31, 1999

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The **Erie-Ottawa Regional Airport Authority (Airport Authority)** is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The **Airport Authority** operates under the direction of a seven-member board of trustees. Three members are appointed by each Board of County Commissioners in Ottawa and Erie Counties. The seventh member is appointed at large by the other six. The members serve without compensation, as outlined in Section 308.04 of the Ohio Revised Code. The secretary/treasurer is appointed by the board of trustees. The **Airport Authority** provides maintenance of runways and taxiways.

The **Airport Authority** is a component unit of Ottawa County.

Oversight responsibility is determined by such criteria as financial interdependency, selection of governing authority and designation of management, budget control, ability to significantly influence operations, etc.

The attached component unit financial statements contain only the information relative to the **Airport Authority** as one component unit which is an integral part of the total reporting entity. They do not contain financial data relating to the other reporting units.

B. Basis of Accounting

The **Airport Authority** prepares its financial statements on a basis of cash receipts and disbursements. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the **Airport Authority** under the basis of accounting used.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

Notes To The Financial Statements

December 31, 1999

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The **Airport Authority** maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund – The General fund is the general operating fund of the **Airport Authority**. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds – Special Revenue funds account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes.

D. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

E. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

Note 2 – POOLED CASH AND INVESTMENTS

The **Airport Authority** maintains a cash and investment pool used by all funds. Each fund type’s portion of this pool is displayed on the Combined Statement of Cash and Fund Cash Balances – All Fund Types.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Notes To The Financial Statements
December 31, 1999

Note 2 – POOLED CASH AND INVESTMENTS (Continued)

A. Legal Requirements

Statutes require the classification of monies held by the **Airport Authority** into three categories. Category 1 consists of “active” monies, those monies required to be kept in a “cash” or “near-cash” status for immediate use by the **Airport Authority**. Such monies must be maintained either as cash in the **Airport Authority’s** treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” monies, those monies not required for use within the current two year depository contract. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current two year depository contract.

Category 3 consists of “interim” monies, those monies which are not needed for immediate use but which will be needed before the end of the two year depository contract. Interim monies may be invested or deposited in the following securities:

1. Bonds, notes or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes and debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington. Effective July 1, 1994, bonds, notes, debentures, or other obligations or securities issued by the federal government instrumentalities are also permissible investments or interim notes;
3. Interim deposits in the eligible institutions applying for interim monies as provided in Section 135.08 of the Revised Code;
4. Bonds and other obligations of the State of Ohio; and
5. No load money market funds consisting exclusively of obligations described in 1 or 2 above and repurchase agreements secured by obligations so long as made through eligible institutions mentioned in Section 135.03 of the Revised Code.

B. Deposits

At year-end, the carrying amount of the **Airport Authority’s** deposits was \$77,944 and the bank balance was \$80,827. All of the bank balance was covered by federal depository insurance.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
 Notes To The Financial Statements
 December 31, 1999

Note 3 – INTERIM FINANCING DUE

During 1998 the **Authority** entered into an agreement with Ottawa County to fund the option to purchase real estate. The interim financing would bear no interest, and would be repaid with the Federal grant monies, as the grants are paid to the **Authority**. As of December 31, 1999 there is a balance due the county of \$-0-.

Note 4 – CONTRACTUAL COMMITMENTS

At December 31, 1999, the **Airport Authority** had outstanding contractual commitments totaling \$18,724 in the General Fund Type and \$204,136 in the Special Revenue Funds Type. The projects included land acquisition and runway renovations.

Note 5 – DEBT OBLIGATIONS

Debt outstanding at December 31, 1999, consisted of the following:

General Obligation Bonds	
Principal Outstanding	\$ 555,000
Interest Rates	3.35-5.95 %

These bonds have been issued by Ottawa County on behalf of the **Airport Authority** for terminal and fuel farm improvements.

The annual requirements to amortize all debt outstanding as of December 31, 1999, including interest payments of \$375,064 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Bonds</u>
2000	\$ 51,563
2001	50,652
2002	49,713
2003	48,742
2004	47,742
2005-2009	245,829
2010-2014	239,960
2015-2019	<u>195,863</u>
Total	<u>930,064</u>

During 1999 the **Airport Authority** was not financially able to meet the debt payment for the general obligation bond. The debt payment was made by Ottawa County and Erie County. The County is committed to paying the **Erie-Ottawa Regional Airport's** debt if the **Authority** is not in a financial position to do so.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Notes To The Financial Statements
December 31, 1999

Note 6 – OPERATING LEASES

The **Authority** leases equipment under a noncancellable operating lease with a term in excess of one year. Total rent expense under all equipment leases for the year ended December 31, 1999 was \$4,465. Future minimum equipment lease payments for the next five years and in the aggregate are as follows:

2001	\$ 6,165
2002	6,165
2003	<u>4,380</u>
Total	<u>16,710</u>

Note 7 – LEGAL COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, Kraus, Hanck & Co., CPAs performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's recommendations and citation reports are included in a separate part of this presentation.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
 Schedule of Expenditures of Federal Awards
 For The Year Ended December 31, 1999

FEDERAL GRANTOR Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	<u>Grantor Number</u>	<u>Project Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION Federal Aviation Administration				
Airport Improvement	20.106	AIP FA 97-DET-0028	AIP 3-39-0068-13	\$ 54,254
		AIP FA 99-GL	AIP 3-39-0068-15	408,048
		AIP FA 00	AIP 3-39-0068-16	<u>12,022</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>474,324</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note A The accompanying schedule of expenditures of Federal awards is a summary of the activity of the **Authority's** Federal awards program presented on the cash basis of accounting which is comprehensive basis of accounting other than generally accepted accounting principles.
- Note B Monies are received on a reimbursement basis. The **Erie-Ottawa Regional Airport Authority** pays bills from money in the general checking account which is replaced when reimbursement checks are received.
- Note C Federal funds were commingled with other state and local revenues. Assumed federal revenues received were disbursed on a first-in, first-out basis.

KRAUS, HANCK & CO.

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January 12, 2001

Erie-Ottawa Regional Airport Authority
Port Clinton, Ohio

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of **Erie-Ottawa Regional Airport Authority**, a component unit of Ottawa County, as of and for the year ended December 31, 1999, and have issued our report thereon dated January 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **Erie-Ottawa Regional Airport 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 no instances of noncompliance that are required to be reported under Governmental Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Erie-Ottawa Regional Airport Authority's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements 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 general purpose 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.

This report is intended for the information of management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Kraus, Hanck & Co.
Certified Public Accountants

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January 12, 2001

Erie-Ottawa Regional Airport Authority
Port Clinton, Ohio

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

Compliance

We have audited the compliance of **Erie-Ottawa Regional Airport Authority**, a component unit of Ottawa County, 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 each of its major federal programs for the year ended December 31, 1999. **Erie-Ottawa Regional Airport Authority's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Erie-Ottawa Regional Airport Authority's** management. Our responsibility is to express an opinion on **Erie-Ottawa Regional Airport Authority's** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Governmental 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Erie-Ottawa Regional Airport 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 **Erie-Ottawa Regional Airport Authority's** compliance with those requirements.

In our opinion, **Erie-Ottawa Regional Airport Authority**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

KRAUS, HANCK & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Erie-Ottawa Regional Airport Authority
Page 2

Internal Control Over Compliance

The management of **Erie-Ottawa Regional Airport 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 **Erie-Ottawa Regional Airport Authority's** internal control over compliance with requirements that could have a direct and material effect on the 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 1999

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes X no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
-•.0. •	Airport Improvement Program
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Status of Prior Audit's Citations and Recommendations

<u>Citations</u>	<u>Status</u>	<u>Explanation If Not Fully Implemented</u>
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None

<u>Recommendations</u>	<u>Status</u>	<u>Explanation If Not Fully Implemented</u>
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None

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
General Comments

The **Regional Airport Authority** officials were cooperative and available for questions and assistance during our regular working hours.

ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY
Conclusion Statement

The audit report, including the citation and recommendations reports, was reviewed with and acknowledged by the following on January 17, 2001.

James Parker – President

Richard Biro – Trustee

They were informed that officials had five working days from the date of the exit conference to respond to or contest, in writing, the report contents. No response was received.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ERIE-OTTAWA REGIONAL AIRPORT AUTHORITY

OTTAWA 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
FEBRUARY 22, 2001**