



Dave Yost • Auditor of State

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

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

To the Board of Trustees:

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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 15, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky Regional Airport Authority, Sandusky County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010. 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. In addition, the Authority failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011 as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements.

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 governments 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 years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of not adopting the provisions of Governmental Accounting Standards Board Statement No. 54 for the year ended December 31, 2011, as described in the third preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Sandusky Regional Airport Authority, Sandusky County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, 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.

Our audit was performed to form an opinion on the financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the 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. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Dave Yost
Auditor of State

October 15, 2012

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental		\$35,421	\$35,421
Interest	\$19		19
SCEDC Contributions	30,000		30,000
Contract/Property Leases	7,312		7,312
Fuel Sales	6,859		6,859
T-Hangar Rent	3,850		3,850
Property Tax Reimbursement	27,408		27,408
Farm Land Rent	45,917		45,917
Other Revenue	211	32	243
<i>Total Cash Receipts</i>	<u>121,576</u>	<u>35,453</u>	<u>157,029</u>
Cash Disbursements:			
Legal/Consultant Fees	46,421	481	46,902
Property Taxes	36,069		36,069
Advertising	675		675
Equipment Maintenance	13,130		13,130
Fuel	3,549		3,549
Utilities	3,354		3,354
Insurance	923		923
Miscellaneous	314	32	346
Ditch Maintenance	2,245		2,245
Snowplowing/Mowing	8,430		8,430
AWOS Maintenance Contract	2,400		2,400
East Parallel Taxiway	1,839	34,940	36,779
<i>Total Cash Disbursements</i>	<u>119,349</u>	<u>\$35,453</u>	<u>154,802</u>
<i>Net Change in Fund Cash Balances</i>	<u>2,227</u>		<u>2,227</u>
<i>Fund Cash Balances, January 1</i>	<u>67,366</u>		<u>67,366</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$69,593</u></u>		<u><u>\$69,593</u></u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental		\$982,314	\$982,314
Interest	\$76		76
SCEDC Contributions	30,000		30,000
Contract/Property Leases	7,112		7,112
Fuel Sales	30,345		30,345
T-Hangar Rent	3,620		3,620
Property Tax Reimbursement	24,912		24,912
Farm Land Rent	35,701		35,701
Other Revenue	70		70
Local Share Donation	3,950		3,950
<i>Total Cash Receipts</i>	<u>135,786</u>	<u>982,314</u>	<u>1,118,100</u>
Cash Disbursements:			
Legal/Consultant Fees	34,428	291,312	325,740
Property Taxes	39,597		39,597
Advertising	537	950	1,487
Equipment Maintenance	19,033		19,033
Fuel	673		673
Utilities	3,257		3,257
Insurance	969		969
Audit	3,608		3,608
Miscellaneous	335		335
Ditch Maintenance	11,090		11,090
AWOS Maintenance Contract	2,400		2,400
East Parallel Taxiway	36,318	690,052	726,370
<i>Total Cash Disbursements</i>	<u>152,245</u>	<u>\$982,314</u>	<u>1,134,559</u>
<i>Net Change in Fund Cash Balances</i>	<u>(16,459)</u>		<u>(16,459)</u>
<i>Fund Cash Balances, January 1</i>	<u>83,825</u>		<u>83,825</u>
<i>Fund Cash Balances, December 31</i>	<u>\$67,366</u>		<u>\$67,366</u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Sandusky Regional Airport Authority, Sandusky County, Ohio (the Authority), as a body corporate and politic. The Sandusky County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of the Sandusky Regional Airport Authority.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Fund Accounting

The Authority uses fund accounting to segregate cash 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. Special Revenue Funds

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

Airport Improvement Program Grant 2009 – This fund receives federal money for design services for the parallel taxiway extension.

Airport Improvement Program Grant 2010 – This fund receives federal money for the construction of a parallel taxiway extension.

D. Property, Plant, and Equipment

The Authority records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	<u>\$69,593</u>	<u>\$67,366</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. Risk Management

Commercial Insurance

The Authority has obtained commercial insurance for comprehensive property and general liability.

4. Contingent Liabilities

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR	Federal CFDA Number	Disbursements
<u>Program Title</u>	<u>Number</u>	<u>Disbursements</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Aviation Administration		
<i>Direct Assistance</i>		
Airport Improvement Program	20.106	<u>\$982,314</u>

The accompanying notes are an integral part of this schedule.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Sandusky Regional Airport Authority's (the Authority's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Authority to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Authority has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

We have audited the financial statements of Sandusky Regional Airport Authority, Sandusky County, Ohio (the Authority), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated October 15, 2012 wherein we noted the Authority followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We also noted the Authority did not adopt the provision of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

Sandusky Regional Airport Authority
Sandusky County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated October 15, 2012.

We intend this report solely for the information and use of Board of Trustees, audit committee, management, federal awarding agencies and pass-through entities and others within the Authority. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

October 15, 2012



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

Compliance

We have audited the compliance of Sandusky Regional Airport Authority, Sandusky County, Ohio (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 could directly and materially affect the Authority's major federal program for the year ended December 31, 2010. 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 its major federal program. Our responsibility is to opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-001.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 also noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the Authority's management in a separate letter dated October 15, 2012.

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



Dave Yost
Auditor of State

October 15, 2012

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	GAAP - Adverse Regulatory - Qualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA - #20.106 – Airport Improvement Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2011-001

Noncompliance Citation

OMB Circular A-133 § .200, Audits of States, Local Governments and Non-Profit Organizations, as published on 6/27/2003, requires Non-Federal entities that expend \$500,000 or more in a year in Federal awards to have a single or program-specific audit conducted for that year in accordance with the provisions of **OMB Circular A-133**.

OMB Circular A-133 § .320 requires the audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

The Authority expended greater than \$500,000 in Federal awards during fiscal year 2010 and did not have a single audit or a program-specific audit conducted to meet the nine month deadline. The Authority did not receive an extension to this filing requirement.

Officials' Response:

We did not receive a response from Officials to this finding.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-001	The Authority will make an effort to complete the audit and the data collection form timely.	10/30/12	Karen Dray, Treasurer

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Dave Yost • Auditor of State

SANDUSKY REGIONAL AIRPORT AUTHORITY

SANDUSKY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2012**