

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

**OHIO AUDITOR OF STATE
KEITH FABER**



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Sandusky County Regional Airport Authority
Sandusky County
1500 County Road 220
Clyde, Ohio 43410

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority), a component unit of Sandusky County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sandusky County Regional Airport Authority, Sandusky County, Ohio as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2023, the Authority restated the beginning capital asset balances to properly report construction in progress. This restatement had no effect on net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2024

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SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
(A Component Unit of Sandusky County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

The discussion and analysis of Sandusky County Regional Airport Authority's (the Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. Readers should also review the financial statement and notes to those respective statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- For governmental activities, assets of the Authority exceed its liabilities at December 31, 2023 by \$4,764,076. Of this amount, \$91,060 may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The net position of governmental activities decreased by \$59,386 which represents a 1.2% decrease from 2022.
- For governmental activities, all revenues of the Authority totaled \$922,555. General revenues accounted for \$152,807 in revenue or 16.6% of all revenues. Program revenues in the form of charges for services, grants, and contributions accounted for \$769,748 or 83.4% of all revenues.
- The Authority had \$981,941 in expenses related to governmental activities: 78.39% of those expenses were offset by program specific charges for services, grant, loans and contributions. General revenues were \$152,807, which consisted of rent, reimbursement and miscellaneous revenue.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Sandusky County Regional Airport Authority as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

The Authority's basis financial statements are comprised of three components: the government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private-sector businesses. The Statement of Net Position and the Statement of Activities provided information about activities of the Authority as a whole, presenting both an aggregate view of the Authority's finances and a longer-term view of those assets.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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The Statement of Activities presents information showing how the government’s net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Governmental Activities – All of the Authority’s services are reported here. These services are funded primarily by intergovernmental revenues and charges for services.

Fund Financial Statements

Fund financial reports provide detailed information about the Authority’s major funds. The Authority uses two funds to account for its financial transactions. The Authority’s major governmental funds are the General fund and the Airport Improvement Program Grant fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating the government’s near-term financing requirements.

Notes to the Basis Financial Statements – The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Government-Wide Financial Analysis

You may recall that the statement of net assets provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position for 2023 compared to 2022:

Table 1
Changes in Net Assets

	Governmental Activities	
	2023	2022 (Restated)
Assets:		
Current and Other Assets	\$ 139,045	\$ 626,983
Capital Assets, Net	4,672,980	4,858,905
Total Assets	4,812,025	5,485,888
Deferred Outflows of Resources		
Pension	238,467	111,441
OPEB	14,528	-
Total Deferred Outflows	252,995	111,441
Liabilities		
Current Liabilities	54,123	773,867
Long-term Liabilities	245,242	-
Total Liabilities	299,365	773,867
Deferred Inflows of Resources		
OPEB	1,579	-
Net Position		
Net Investment in Capital Assets	4,672,980	4,858,905
Restricted for:		
Capital Projects	36	410,058
Unrestricted (deficit)	91,060	(445,501)
Total Net Position	\$ 4,764,076	\$ 4,823,462

Current assets decreased primarily due to decreases in cash and cash equivalents. Capital assets decreased mainly as a result of current year depreciation expense.

Current liabilities decreased due to a decrease in accounts payable. Long-term Liabilities increased due to the Authority reporting net pension and net OPEB liabilities.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the Authority, assets exceed liabilities by \$4,764,076 at the end of 2023 year.

The Authority’s largest portion of net position is related to the amount of net investment in capital assets. These assets are not available for future spending. Although the Authority’s investments in its capital assets is reported net of related debt, it should be noted that the cash needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

A portion of the net position is restricted net position. The restricted net position is subject to external restrictions on how it may be used.

The remaining balance of \$91,060 is unrestricted. This net position represents resources that may be used to meet the Authority’s ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same was true for the prior year. Table 2 shows the changes in net assets for the fiscal year 2023 and 2022.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2023	2022
Program Revenues		
Charges for Services	\$ 421,782	\$ 407,115
Capital Grants & Contributions	<u>347,966</u>	<u>1,439,118</u>
Total Program Revenues	769,748	1,846,233
General Revenues		
Land Rent	93,397	93,397
Reimbursement	32,781	32,501
Property Lease	2,044	4,009
Interest	1,611	-
Miscellaneous	<u>22,974</u>	<u>25,972</u>
Total General Revenues	152,807	155,879
Program Expenses		
General Government	981,940	679,703
Interest	<u>1</u>	<u>18,404</u>
Total Program Expenses	981,941	698,107
Changes in Net Position	(59,386)	1,304,005
Net Position at January 1	<u>4,823,462</u>	<u>3,519,457</u>
Net Position at December 31	<u>\$ 4,764,076</u>	<u>\$ 4,823,462</u>

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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The significant change in revenue is an decrease in grants from the Federal Aviation Administration. The significant change in expenses is related to the decrease in capital outlay expenditures related to the Airport Improvement projects, in addition to the addition of pension and OPEB expenses.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and sales, grants and contributions offsetting those services. The net cost of services identifies the cost of those services support by interest and miscellaneous revenue.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Transportation	\$ 981,940	\$ 679,703	\$ (212,192)	\$ 1,166,530
Interest	1	18,404	(1)	(18,404)
Total Expenses	<u>\$ 981,941</u>	<u>\$ 698,107</u>	<u>\$ (212,193)</u>	<u>\$ 1,148,126</u>

Of the \$981,941 total governmental activities expenses, 78.39% was covered by direct charges to uses of the services and intergovernmental grants. The program revenues are charges for services. The charges for services are for fuel sales and hanger rental for use of facilities.

Financial Analysis of the Authority’s Funds

The focus of the Authority’s governmental funds is to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Authority’s financial requirements. In particular, unreserved fund balance may serve as a useful measure of an authority’s net resources available for spending at the end of the calendar year.

As of the end of the current year, the Authority’s governmental funds reported combined ending fund balances of \$84,922. Of this total, \$84,886 represents unassigned fund balance, which is available for appropriation at the government’s discretion within certain legal constraints and purposes restrictions.

The General fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the General fund was \$84,886. Unassigned fund balance represents 13.3% of the expenditures. This is one measurement of the General fund’s liquidity. The fund balance of the General fund decreased by \$63,069 as the result of capital outlay expenditures.

Economic Factors

The Authority’s activities were projected to operate at a similar level as in 2022. The rates charged remain unchanged and expenses for operations are anticipated to increase due to the expected increase in fuel costs.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
(A Component Unit of Sandusky County)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Capital Assets

At the end of 2023, the Authority had \$4,672,980 (net of accumulated depreciation) invested in land, buildings, improvements and equipment. The following table shows 2023 and 2022 balances:

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities	
	2023	2022 (Restated)
Land	\$ 863,291	\$ 863,291
Buildings	793,458	797,600
Improvements	2,781,604	1,564,873
Construction in Progress	-	1,578,261
Equipment	234,627	54,880
Total Capital Assets	\$ 4,672,980	\$ 4,858,905

Request for Information

This financial report is designed to provide a general overview of the Authority’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Michael Russell, Manager of the Sandusky County Airport, 1500 County Road 220, Clyde, Ohio 43410.

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Net Position
December 31, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 73,671
Accounts Receivable	12,497
Inventory	42,441
Prepays	10,436
Nondepreciable Capital Assets	863,291
Depreciable Capital Assets, Net	3,809,689
Total Capital Assets, Net	4,672,980
Total Assets	4,812,025
Deferred Outflows of Resources:	
Pension	238,467
OPEB	14,528
Total Deferred Outflows of Resources:	252,995
Liabilities	
Accounts Payable	6,325
Accrued Wages	4,240
OPERS Payable	3,221
Payroll Liabilities	2,658
Accrued Property Taxes	22,285
Deferred Revenue	10,663
Rental Deposits	4,731
Long-Term Liabilities	
Net Pension Liability	240,456
Net OPEB Liability	4,786
Total Liabilities	299,365
Deferred inflows of resource:	
Deferred Inflows - OPEB	1,579
Net Position	
Net Investment in Capital Assets	4,672,980
Restricted for:	
Capital Projects	36
Unrestricted	91,060
Total Net Position	\$ 4,764,076

See accompanying notes to the basic financial statements.

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Transportation	\$ 981,940	\$ 421,782	\$ 347,966	\$ (212,192)
Interest	1	-	-	(1)
Total Governmental Activities:	\$ 981,941	\$ 421,782	\$ 347,966	(212,193)
General Revenue				
Land Rent				93,397
Utility Reimbursemen				25,752
Property Tax Reimbursemen				7,029
Property Lease				2,044
Interest Income				1,611
Miscellaneous				22,974
Total General Revenue				152,807
Changes in Net Positior				(59,386)
Net Position at Beginning of Yea				4,823,462
Net Position at End of Year				\$ 4,764,076

See accompanying notes to the basic financial statement:

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Balance Sheet
Governmental Funds
December 31, 2023

	General	Airport Improvement Program Grant	Total Governmental Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 73,635	\$ 36	\$ 73,671
Accounts Receivable	12,497	-	12,497
Inventory	42,441	-	42,441
Prepaid Insurance	10,436	-	10,436
Total Assets	<u>139,009</u>	<u>36</u>	<u>139,045</u>
Liabilities			
Accounts Payable	6,325	-	6,325
Accrued Wages	4,240	-	4,240
Payroll Liabilities	2,658	-	2,658
OPERS Payable	3,221	-	3,221
Accrued Property Taxes	22,285	-	22,285
Rental Deposits	4,731	-	4,731
Deferred Revenue	10,663	-	10,663
Total Liabilities	<u>54,123</u>	<u>-</u>	<u>54,123</u>
Fund Balance			
Restricted	-	36	36
Unassigned	84,886	-	84,886
Total Fund Balance	<u>84,886</u>	<u>36</u>	<u>84,922</u>
Total Liabilities and Fund Balance	<u>\$ 139,009</u>	<u>\$ 36</u>	<u>\$ 139,045</u>

See accompanying notes to the basic financial statements.

**Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Year Ended December 31, 2023**

Total Governmental Fund Balance	\$	84,922
Amounts reported for governmental activities in the statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance		4,672,980
The net pension asset is not available to pay for the current period expenditure and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflow are not reported in governmental funds		
Deferred outflows of resources - pension	\$ 238,467	
Net pension liability	<u>(240,456)</u>	(1,989)
The net OPEB asset is not available to pay for the current period expenditure and the net OPEB liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflow are not reported in governmental funds		
Deferred outflows of resources - OPEB	14,528	
Deferred inflows of resources - OPEB	(1,579)	
Net OPEB liability	<u>(4,786)</u>	<u>8,163</u>
Net Position of Governmental Activities:	\$	<u>4,764,076</u>

See accompanying notes to the basic financial statements.

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Airport Improvement Program Grant	Total Governmental Fund
Revenues			
Grants	\$ -	\$ 347,966	\$ 347,966
Fuel Sales	342,933	-	342,933
Farm Land Rent	93,397	-	93,397
Hangar Rental	80,892	-	80,892
Reimbursements	32,782	-	32,782
Interest Income	1,611	-	1,611
Other	22,974	-	22,974
Total Revenues	<u>574,589</u>	<u>347,966</u>	<u>922,555</u>
Expenditures			
Cost of Fuel Sold	266,859	-	266,859
Personnel Costs	146,021	-	146,021
Utilities	51,050	-	51,050
Maintenance and Repairs	35,586	-	35,586
Property Tax	21,568	-	21,568
Professional Fees	18,194	-	18,194
Interest	1	-	1
Insurance	24,025	-	24,025
Office Expenses	12,088	-	12,088
Travel Costs	1,680	-	1,680
Rent	1,092	-	1,092
Capital Outlay	59,494	757,988	817,482
Total Expenditures	<u>637,658</u>	<u>757,988</u>	<u>1,395,646</u>
Net change in fund balances:	(63,069)	(410,022)	(473,091)
Fund Balances at Beginning of Year:	<u>147,955</u>	<u>410,058</u>	<u>558,013</u>
Fund Balances at End of Year:	<u>\$ 84,886</u>	<u>\$ 36</u>	<u>\$ 84,922</u>

See accompanying notes to the basic financial statement:

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statements of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Fund		\$ (473,091)
Amounts reported for governmental activities in the statement of Net Position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period		
Capital Outlay	\$ 817,482	
Depreciation	<u>(298,510)</u>	518,972
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows		
Pension		17,551
Except for amounts reported as deferred inflow/outflows, changes in net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(130,981)	
OPEB	<u>8,163</u>	<u>(122,818)</u>
Change in Net Position of Governmental Activities		<u>\$ (59,386)</u>

See accompanying notes to the basic financial statements.

SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
(A Component Unit of Sandusky County)

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. DESCRIPTION OF ENTITY

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sandusky County 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 Sandusky County Regional Airport. The County Commissioners are responsible for debt issued on behalf of the Authority. Due to the imposition of will exerted by the County as well as the financial burden of the Authority, the Authority is reflected as a component unit of Sandusky County. The Authority operates on a year ending December 31.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Sandusky County (the County) is a political subdivision of the State of Ohio. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organization are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in defining the financial reporting entity. The County's primary government and basic financial statement include component units, which are defined as legally separate organization which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or impose its will over the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the County is obligated for the debt of the organization. The Authority is a legally separate entity and is reported by the County as a discretely presented component unit in the County's basic financial statements. The Authority does not have any component units and does not include any organization in its presentation.

B. Accounting Basis

The financial statement of the Authority has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Authority's accounting policies are described below.

The Authority's basis financial statement consists of government-wide financial statement, including a Statement of Net Position and a Statement of Activities, and the fund financial statements which provide a more detailed level of financial information.

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C. Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. The statement of net position and the statement of activities display information about the Authority as a whole. The statements include the financial activities of the primary government, except for the fiduciary funds. These statements usually distinguish between those activities of the Authority that are governmental and those that are business-type. The Authority, however, does not have any business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the Authority at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Authority’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contribution that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support particular program. Revenues which are not classified as program revenues are presented as general revenues of the Authority, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements – All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and used (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Fund Accounting

A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residential equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitation. For financial statement purposes, the Authority’s funds are classified as governmental.

The Authority uses fund accounting to segregate cash that is restricted as to use.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used.

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Current liabilities are assigned to the fund from which they will be repaid. The difference between governmental fund assets plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following are the Authority's major governmental funds.

1. General Fund

The General fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

This fund accounts 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 fund:

Airport Improvement Program Grant fund – This fund receives federal money for design services for the runway rehabilitation project.

E. Cash and Cash Equivalents

The Authority maintains depository accounts. All funds of the Authority are maintained in these accounts. These deposits accounts are presented in the balance sheet as "Cash and Cash Equivalents." The Authority has no investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023 are record as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it is consumed.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on first-in first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies heal for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

H. Capital Assets

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the General funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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Capital assets are stated at cost at the approximate fair value at the date of purchase. All fixed assets in excess of \$5,000 and all expenditures for repairs, maintenance, renewal and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight line basis. Expenditures for maintenance and repairs are expenses as incurred.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

J. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority applies restricted resources first when an expense is incurred for purpose for with both restricted and unrestricted components of net position are available.

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Authority must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable** - The Authority classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
2. **Restricted** - Fund balances are *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. **Committed** - The Board can *commit* amounts via formal action (resolution). The Authority must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. **Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority be resolution, or by State Statute.

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5. **Unassigned** *Unassigned* fund balance is the residual classification for the General fund and includes amounts not included in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Income Tax Status

The Authority is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Authority is not a private foundation within the meaning of Section 509 (a). Contributions to the Authority are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Authority's tax status.

M. Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Authority, available means expected to receive within sixty days of year-end.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the authority on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, intergovernmental revenue sources are considered to be both measurable and available at year-end.

N. Deferred Outflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to the future period and will not be recognized as an outflow of resources (expenses/expenditures) until then. See Note 7 and 8 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

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O. Pension/Other Postemployment Benefits (OPEB)

For purpose of measuring the net pension/OPEB liability, net pension/OPEB asset, deferred outflows of resources and deferred inflows of resources related pension/OPEB, and pension/OPEB expense, information about fiduciary net position of the pension/OPEB plans and additional to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

P. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in the government funds.

Q. Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2023, the Authority has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Authority.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

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To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Authority.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Authority.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Authority.

Restatement of Capital Assets Beginning Balances

During 2022, the Authority understated construction in progress and accounts payable due to amounts paid in 2023 for work performed prior to December 31, 2022. Both amounts were understated by \$704,897. Therefore, this had no effect on beginning net position. Opening balances for capital assets have been restated in Note 6.

4. EQUITY IN POOLED DEPOSITS

At December 31, 2023, the carrying amount of all Authority deposits was \$73,671. The Authority's bank balance of all Authority deposits was \$99,974. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposit or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute.

Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured to a reduced rate by the Treasurer of State.

5. RECEIVABLES

Receivables at December 31, 2023 consisted of the amounts from accounts receivable and intergovernmental receivable. All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	Amount
Accounts receivables	\$ 12,497

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Receivables have been disaggregated on the face of the basis financial statements. All receivables are expected to be collected within the subsequent year.

6. CAPITAL ASSETS

Beginning balances for 2023 were restated as shown below. Depreciation expense for December 31, 2023 is \$298,510. Capital asset activity for the year ended December 31, 2023 was as follows:

	Restated Balance at January 1, 2023	Additions	Deletions	Balance at December 31, 2023
<i>Nondepreciable Capital Assets</i>				
Land	\$ 863,291	\$ -	\$ -	\$ 863,291
Construction in Progress	1,578,261	34,424	(1,612,685)	-
Total NonDepreciable Capital Assets	2,441,552	34,424	(1,612,685)	863,291
<i>Depreciable Capital Assets</i>				
Buildings	1,743,215	50,000	-	1,793,215
Improvements	4,959,104	1,445,946	-	6,405,050
Equipment	208,304	194,900	-	403,204
Total Depreciable Capital Assets	6,910,623	1,690,846	-	8,601,469
<i>Accumulated Depreciation</i>				
Buildings	(945,615)	(54,140)	-	(999,755)
Improvements	(3,394,231)	(229,217)	-	(3,623,448)
Equipment	(153,424)	(15,153)	-	(168,577)
Total Accumulated Depreciation	(4,493,270)	(298,510)	-	(4,791,780)
Depreciable Capital Assets, Net	2,417,353	1,392,336	-	3,809,689
Capital Assets, Net	<u>\$ 4,858,905</u>	<u>\$ 1,426,760</u>	<u>\$ (1,612,685)</u>	<u>\$ 4,672,980</u>

7. DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability and Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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The net pension liability and the net OPEB liability represent the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in OPERS payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 8 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:		
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of Service Credit or Age 62 with 5 years of Service Credit
Traditional Plan Formula:		
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:		
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution for the Traditional Pension Plan was \$17,551 for 2023. Of this amount, \$1,882 is reported as OPERS payable.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

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Following is information related to the proportionate share and pension expense:

	OPERS - Traditional
Proportion of the net pension liability/asset prior measurement date	0.000000%
Proportion of the net pension liability/asset current measurement date	<u>0.000814%</u>
Change in proportionate share	<u>0.000814%</u>
Proportionate share of the net pension liability	\$ 240,456
Pension expense	130,981

At December 31, 2023, the Authority reported deferred outflows of resources of resources related to pensions from the following sources:

	OPERS - Traditional
Deferred outflows of resources	
Differences between expected and actual experience	\$ 7,986
Net difference between projected and actual earnings on pension plan investments	68,542
Changes of assumptions	2,540
Changes in employer's proportionate percentage/difference between employer contributions	141,848
Contributions subsequent to the measurement date	17,551
Total deferred outflows of resources	<u>\$ 238,467</u>

\$17,551 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability in the year ending December 31, 2024.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional
Year Ending December 31:	
2024	\$ 105,349
2025	61,815
2026	20,175
2027	33,577
Total	\$ 220,916

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

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	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 360,195	\$ 240,456	\$ 140,855

8. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 7 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

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Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was zero for 2023.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

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Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the net OPEB liability/asset prior measurement date	0.000000%
Proportion of the net OPEB liability current measurement date	<u>0.000759%</u>
Change in proportionate share	<u><u>0.000759%</u></u>
Proportionate share of the net OPEB liability	\$ 4,786
OPEB expense	(8,163)

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 9,508
Changes of assumptions	4,674
Changes in employer's proportionate percentage/ difference between employer contributions	346
Total deferred outflows of resources	<u><u>\$ 14,528</u></u>

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 1,194
Changes of assumptions	385
Total deferred inflows of resources	<u><u>\$ 1,579</u></u>

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2024	\$ 1,786
2025	3,605
2026	2,965
2027	4,593
Total	\$ 12,949

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

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Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB liability/(asset)	\$ 16,288	\$ 4,786	\$ (4,706)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 4,486	\$ 4,786	\$ 5,123

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Employees contributed 10 percent of their gross salaries. The Authority contributed an amount equal to 14 percent of participants' gross salaries. The Authority has paid all contributions required through December 31, 2023.

9. 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.

10. RISK MANAGEMENT

A. Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

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

The Authority has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

B. Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

11. RELATED PARTY TRANSACTIONS

Certain businesses whose employees are members of the Board of Directors receive some benefit from the Authority. Transactions between the Authority and the business happen at an arms-length transaction. These transactions are disclosed as related party transactions.

One member of the Board of Directors works for an institution that holds funds for the Authority which amounted to \$99,974.

**Sandusky County Regional Airport Authority
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Schedules of the Required Supplementary Information

**Schedule of the Authority's Proportionate Share of
the Net Pension Liability
Ohio Public Employees Retirement System (OPERS)**

	2023
<i>Traditional Plan:</i>	
Authority's proportion of the net pension liability	0.000814%
Authority's proportionate share of the net pension liability	\$ 240,456
Authority's covered payroll	\$ 122,026
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	197.05%
Plan fiduciary net position as a percentage of the total pension liability	75.74%

Note: Information prior to 2023 was unavailable. The Authority only began to make contributions to OPERS starting in 2022. The Schedule is intended to show the information for 10 years. Additional years will be displaced as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is the prior year-end

See Accompanying Notes to the Required Supplementary Information

**Sandusky County Regional Airport Authority
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Schedules of the Required Supplementary Information

**Schedule of Authority's Pension Contributions
Ohio Public Employees Retirement System (OPERS)**

Last Two Years

	2023	2022
<i>Traditional Plan:</i>		
Contractually required contribution	\$ 17,551	\$ 111,441
Contributions in relation to the contractually required contribution	(17,551)	(111,441)
Contribution deficiency (excess)	\$ -	\$ -
Authority's covered payroll	\$ 125,364	\$ 122,026
Contributions as a percentage of covered payroll	14.00%	91.33%

Note: Information prior to 2022 was unavailable. The Authority only began to make contributions to OPERS starting in 2022. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

See Accompanying Notes to the Required Supplementary Information

**Sandusky County Regional Airport Authority
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Schedules of the Required Supplementary Information

**Schedule of the Authority's Proportionate Share of
the Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)**

	<u>2023</u>
Authority's proportion of the net OPEB liability	0.000759%
Authority's proportionate share of the net OPEB liability	\$ 4,786
Authority's covered payroll	\$ 122,026
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.92%
Plan fiduciary net position as a percentage of the total OPEB liability	94.79%

Note: Information prior to 2023 was unavailable. The Authority only began to make contributions to OPERS starting in 2022. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is prior to the year-end

See Accompanying Notes to the Required Supplementary Information

**Sandusky County Regional Airport Authority
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Schedules of the Required Supplementary Information

**Schedule of Authority's OPEB Contributions
Ohio Public Employees Retirement System (OPERS)**

Last Two Years

	2023	2022
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Authority's covered payroll	\$ 125,364	\$ 122,026
Contributions as a percentage of covered payroll	0.00%	0.00%

Note: Information prior to 2023 was unavailable. The Authority only began to make contributions to OPERS starting in 2022. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Pension

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

Other Postemployment Benefits (OPEB)

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Sandusky County Regional Airport Authority
Sandusky County
1500 County Road 220
Clyde, Ohio 43410

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority), a component unit of Sandusky County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 19, 2024, wherein we noted the Authority restated the beginning capital asset balances to properly report construction in progress.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2024

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

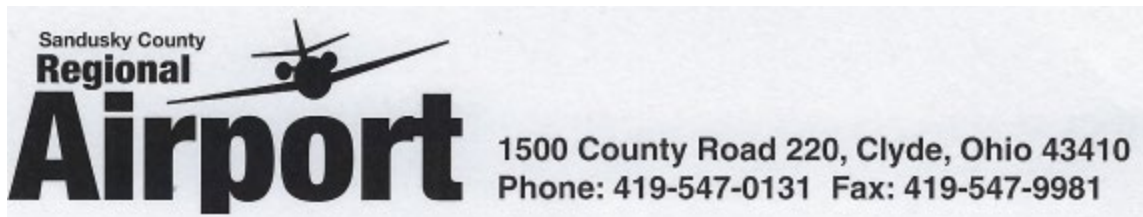
Beginning balance of construction in progress and construction in progress deletions were understated in the Authority's Capital Assets note to the financial statements in the amounts of \$704,897 and \$739,321, respectively.

These errors were the result of inadequate policies and procedures in reviewing the notes to the financial statements. Failure to complete accurate notes to the financial statements could lead to the Authority making misinformed decisions. The accompanying notes to the financial statements have been adjusted to correct these errors. An additional error of \$34,424 was also brought to management's attention.

The Authority should adopt and implement procedures, including a final review of the financial statements and notes to the financial statements by the Board, to help identify and correct errors and omissions.

Officials' Response:

Management has reviewed the schedule of findings and will take appropriate action to correct deficiencies.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first reported in the audit of the 2021 financial statements. Material weakness over financial reporting due to significant audit adjustments.	Not corrected. Repeated in this report as finding 2023-001.	Finding reoccurred as a result of inadequate policies and procedures in reviewing the notes to the financial statements prior to the Authority filing the annual report. The Authority will ensure these errors are accounted for correctly in the future.

OHIO AUDITOR OF STATE KEITH FABER



SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov