



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY  
SANDUSKY COUNTY  
DECEMBER 31, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Notes to the Basic Financial Statements .....	17
Schedule of Supplementary Information:	
Schedule of Expenditures of Federal Awards .....	24
Notes to the Schedule of Expenditures of Federal Awards .....	25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	29
Schedule of Findings.....	31
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	33
Corrective Action Plan .....	34

**This page intentionally left blank.**



One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

## 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 Financial Statements***

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

---

Efficient • Effective • Transparent

**Opinion**

In our opinion, the 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, 2018, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 12, 2019

**This page intentionally left blank.**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
UNAUDITED**

The management's 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, 2018. 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 the basic financial statements to enhance their understanding of the Authority's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- For governmental activities, assets of the Authority exceed its liabilities at December 31, 2018 by \$3,710,234. Of this amount, \$51,758 may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The net position of governmental activities increased by \$1,411,051 which represents a 61.4% increase from 2016.
- For governmental activities, all revenues of the Authority totaled \$2,221,573. General revenues accounted for \$137,500 in revenue or 6.2 percent of all revenues. Program revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,084,073 or 93.8 percent of all revenues.
- The Authority had \$810,522 in expenses related to governmental activities: 257.1 percent of those expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions. General revenues were \$137,500, 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 the 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 basic 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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**UNAUDITED**  
**(Continued)**

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 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 objectives. 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 spendable 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 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**This space intentionally left blank.**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
UNAUDITED  
(Continued)**

**Government-Wide Financial Analysis**

You may recall that the statement of net position provides the perspective of the Authority as a whole. The table below provides a summary of the Authority's net position at December 31, 2018 and December 31, 2017:

**Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Current and other assets	\$ 453,769	\$ 314,265
Capital assets, net	3,684,693	2,101,067
Total assets	\$ 4,138,462	\$ 2,415,332
<b>Liabilities</b>		
Current liabilities	\$ 401,978	\$ 116,149
Long-term debt	26,250	-
Total liabilities	\$ 428,228	\$ 116,149
<b>Net position</b>		
Net investment in capital assets	\$ 3,658,443	\$ 2,101,067
Restricted for:		
Capital projects	33	33
Unrestricted	51,758	198,083
Total net position	\$ 3,710,234	\$ 2,299,183

Current assets increased primarily due to increases in cash and cash equivalents and intergovernmental receivables.

Capital Assets increased as a result of capital improvements related to the runway repaving project.

Liabilities primarily increased due to contracts payable related to the runway repaving project.

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 \$3,710,234 at the end of 2018.

The Authority's largest portion of net position is net investment in capital assets. These assets are not available for future spending. Although the Authority's investments in its capital assets are 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.

The smallest portion of the net assets is restricted assets. The restricted net assets are subject to external restriction on how they may be used.

The remaining balance of \$51,758 is unrestricted. This net position represents resources that may be used to meet the Authority's ongoing obligations to its citizens and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
UNAUDITED  
(Continued)**

At the end of the current fiscal year, the Authority is able to report positive balances in both categories of net position. The same was true for the prior year. The table below shows the changes in net position for 2018 and 2017.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
<b>Program revenues</b>		
Charges for services	\$ 340,182	\$ 347,294
Operating grants & contributions	2,340	1,568
Capital grants & contributions	<u>1,741,551</u>	<u>92,339</u>
Total program revenues	2,084,073	441,201
<b>General revenues</b>		
Land Rent	92,198	92,198
Reimbursements	41,508	50,754
Miscellaneous	<u>3,794</u>	<u>2,150</u>
Total revenue	2,221,573	586,303
<b>Program expenses</b>		
Transportation	810,203	525,600
Interest	<u>319</u>	<u>-</u>
Total Program Expenses	810,522	525,600
Changes in net position	1,411,051	60,703
Net position at beginning of year (restated)	<u>2,299,183</u>	<u>2,238,480</u>
Net position at end of year	<u>\$ 3,710,234</u>	<u>\$ 2,299,183</u>

**Governmental Activities**

The significant change in revenue is related to the increase in capital grants for capital projects related to the runway repaving project.

The significant change in expenses is related to the increase of Authority local grant match expense and depreciation expense related to the runway repaving project.

The following table 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, operating grants and contributions, and capital grants and contributions offsetting those services. The net cost of services identifies the cost of those services support by miscellaneous revenue.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
UNAUDITED  
(Continued)**

**Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Transportation	\$ 810,203	\$ 525,600	\$ (1,273,870)	\$ 84,399
Interest	319	-	319	-
Total Expenses	<u>\$ 810,522</u>	<u>\$ 525,600</u>	<u>\$ (1,273,551)</u>	<u>\$ 84,399</u>

Of the \$810,522 total governmental activities expenses, 257.1 percent was covered by direct charges to uses of the services and intergovernmental grants. The majority of program revenues are grants with remaining portion of charges for services. The grants are for runway repaving project and 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 \$51,791. Of this total, \$51,758 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 \$51,758. Unassigned fund balance represents 7.9 percent of the expenditures. This is one measurement of the General fund's liquidity. The fund balance of the General fund decreased by \$146,325, as a result of capital projects.

**Capital Assets**

At the end of 2018, the Authority had \$3,684,693 (net of accumulated depreciation) invested in land, buildings, improvements and equipment. The following table shows 2018 and 2017 balances:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
UNAUDITED  
(Continued)**

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

	<u>Governmental Activities</u>	
	2018	2017
Land	\$ 863,291	\$ 863,291
Construction in progress	-	92,339
Buildings	1,010,986	1,064,626
Improvements	1,735,167	23,932
Equipment	75,249	56,879
Total	\$ 3,684,693	\$ 2,101,067

During 2018, the Authority had \$1,751,721 in additions and \$168,095 in depreciation expense. See Note 4 to the basic financial statements for detail on capital assets.

**Economic Factors**

The Authority's activities are projected to operate at a similar level as in 2018. The rates charged remain unchanged and expenses for operations are anticipated to increase due to the expected increase in fuel costs.

**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 David Wadsworth, Manager of the Sandusky County Regional Airport Authority, 1500 County Road 220, Clyde, Ohio 43410.

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

STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in pooled cash and cash equivalents:	\$ 243,567
Accounts receivable	14,725
Intergovernmental receivable	195,477
Capital assets	
Nondepreciable capital assets	863,291
Depreciable capital assets, net	2,821,402
Total capital assets, net	3,684,693
 Total assets	 \$ 4,138,462
<b>Liabilities</b>	
Contracts payable	366,650
Payroll liabilities	3,007
Accrued wages	2,220
Accrued property taxes	27,412
T-Hanger payable	495
Credit card payable	687
Sales tax payable	1,507
Long-term debt:	
Due within one year	15,000
Due in more than one year	11,250
Total liabilities	428,228
<b>Net Position</b>	
Net investment in capital assets	3,658,443
Restricted for:	
Capital projects	33
Unrestricted	51,758
Total net position	3,710,234
Total net position and liabilities:	\$ 4,138,462

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Transportation	\$ 810,203	\$ 340,182	\$ 2,340	\$ 1,741,551	\$ 1,273,870
Interest	319	-	-	-	(319)
<b>Total Governmental Activities</b>	<b>\$ 810,522</b>	<b>\$ 340,182</b>	<b>\$ 2,340</b>	<b>\$ 1,741,551</b>	<b>1,273,551</b>
<b>General revenues:</b>					
Land rent					92,198
Reimbursements					41,508
Miscellaneous					3,794
<b>Total general revenue</b>					<b>137,500</b>
Changes in net position					1,411,051
<b>Net position at beginning of year</b>					<b>2,299,183</b>
<b>Net position at end of year</b>					<b>\$ 3,710,234</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	<b>General</b>	<b>Airport Improvement Program Grant</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Equity in pooled cash and cash equivalents:	\$ 54,267	\$ 189,300	\$ 243,567
Accounts receivable	14,725	-	14,725
Intergovernmental receivable	-	195,477	195,477
Due from other funds	18,094	-	18,094
 Total assets	 \$ 87,086	 \$ 384,777	 \$ 471,863
<b>Liabilities</b>			
Contracts payable	-	366,650	366,650
Due to other funds	-	18,094	18,094
Payroll liability:	3,007	-	3,007
Accrued wages	2,220	-	2,220
Accrued property taxes	27,412	-	27,412
T-Hanger payable	495	-	495
Credit card payable	687	-	687
Sales tax payable	1,507	-	1,507
 Total liabilities:	 35,328	 384,744	 420,072
<b>Fund balances</b>			
Restricted	-	33	33
Unassigned	51,758	-	51,758
 Total fund balances	 51,758	 33	 51,791
 Total liabilities and fund balance	 \$ 87,086	 \$ 384,777	 \$ 471,863

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2018

<b>Total governmental fund balances</b>	\$ 51,791
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,684,693
Long-term debt is not due and payable in the current period and therefore are not reported in the funds.	<u>(26,250)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 3,710,234</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>General</u>	<u>Airport Improvement Program Grant</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,340	\$ 1,605,870	\$ 1,608,210
Authority local grant match	-	117,586	117,586
Fuel sales	278,292	-	278,292
Farm land rent	92,198	-	92,198
Hanger rental	61,890	-	61,890
Reimbursements	41,508	-	41,508
Other	3,794	-	3,794
Total revenues	<u>480,022</u>	<u>1,723,456</u>	<u>2,203,478</u>
<b>Expenditures</b>			
Cost of fuel sold	224,385	-	224,385
Personnel costs	119,363	-	119,363
Utilities	40,002	-	40,002
Maintenance and repairs	42,541	-	42,541
Property tax	41,916	-	41,916
Insurance	6,439	-	6,439
Professional fees	17,221	-	17,221
Office expenses	12,566	-	12,566
Authority local grant match	117,587	-	117,587
Travel costs	1,993	-	1,993
Debt service:			
Principal Retirement	3,750	-	3,750
Interest	319	-	319
Capital outlay	<u>28,265</u>	<u>1,723,456</u>	<u>1,751,721</u>
Total expenditures	<u>656,347</u>	<u>1,723,456</u>	<u>2,379,803</u>
Deficiency of revenues under expenditure	<u>(176,325)</u>	<u>-</u>	<u>(176,325)</u>
Other financing sources:			
Loan proceeds	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balances:	(146,325)	-	(146,325)
<b>Fund balances at beginning of year</b>	<u>198,083</u>	<u>33</u>	<u>198,116</u>
<b>Fund balances at end of year</b>	<u><u>\$ 51,758</u></u>	<u><u>\$ 33</u></u>	<u><u>\$ 51,791</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2018

<b>Net change in fund balances - total governmental fund:</b>		\$ (146,325)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	1,751,721	
Depreciation	<u>(168,095)</u>	1,583,626
Repayment of principal on long-term debt is expenditure in the governmental fund but the repayment reduces long-term debt on the statement of net position. Principal payments during the year were		
		3,750
The issuance of debt is recorded as other financing sources in the fund however, in the statement of activities, it is reported as long-term debt as it increases liabilities on the statement of net position		
		<u>(30,000)</u>
<b>Change in net position of governmental activities:</b>		<u><u>\$ 1,411,051</u></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**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. DESCRIPTION OF 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 for 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, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, the County's primary government and basic financial statement include component units, which are defined as legally separate organization for 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 organizations in its presentation.

**B. Accounting Basis**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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 basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detail level of financial information.

**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. These 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

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 contributions 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 a 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**

The Authority uses fund accounting to segregate cash that is restricted as to use. The Authority classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue 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 deposit accounts are presented in the balance sheet as "Cash and Cash Equivalents." The Authority has no investments.

**F. Capital Assets**

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in governmental 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

Capital assets are stated at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are valued at acquisition cost. 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 utilizing the half-year convention. Expenditures for maintenance and repairs are expenses as incurred.

**G. 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.

**H. 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 purposes for which both restricted and unrestricted components of net position are available.

**I. 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, report all

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

fund balances as *assigned* unless they are restricted or committed. In the General fund, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

**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 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.

**J. 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.

**K. 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 be received 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.

**L. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(Continued)

**M. Estimates**

The preparation of the basic 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 basic financial statements and accompanying notes. Actual results may differ from those estimates.

**3. EQUITY IN POOLED DEPOSITS**

At December, 31, 2018, the carrying amount of all Authority deposits was \$243,567. The Authority's bank balance of all Authority deposits was \$253,279. Of the bank balance, \$250,000 was covered by Federal Deposit Insurance Corporation (FDIC) and \$3,279 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover deposits 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, 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

**4. CAPITAL ASSETS**

Depreciation expense for December 31 2018 is \$168,095. Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<i>Capital assets not being depreciated</i>				
Land	\$ 863,291			\$ 863,291
Construction in progress	92,339	\$ 1,723,456	\$ (1,815,795)	
Total capital assets not being depreciated	955,630	1,723,456	(1,815,795)	863,291
<i>Capital assets, being depreciated</i>				
Buildings	1,743,215			1,743,215
Improvements	2,768,949	1,815,795		4,584,744
Equipment	173,342	28,265		201,607
Total capital assets, being depreciated	4,685,506	1,844,060		6,529,566
<i>Less: accumulated depreciation</i>				
Buildings	(678,589)	(53,640)		(732,229)
Improvements	(2,745,017)	(104,560)		(2,849,577)
Equipment	(116,463)	(9,895)		(126,358)
Total accumulated depreciation	(3,540,069)	(168,095)		(3,708,164)
Total capital assets, being depreciated	1,145,437	1,675,965		2,821,402
Capital assets, net	\$ 2,101,067	\$ 3,399,421	\$ (1,815,795)	\$ 3,684,693

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**5. RISK MANAGEMENT**

**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 the prior year. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

**Worker's 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 (if material).

**6. INTERFUND TRANSACTIONS**

Amounts due to/from other funds between governmental funds consisted of the following at December 31, 2018, as reported on the fund financial statements:

<b>Due from other funds:</b>	<b>Due to other funds:</b>	<b>Amount</b>
General fund	Airport Improvement Program Grant fund	\$ 18,094

Amounts due to/from other funds between governmental funds are eliminated for reporting purposes on the statement of net position.

**7. RECEIVABLES**

Receivables at December 31, 2018 consisted of 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:

<b>Governmental activities:</b>	<b>Amount</b>
Accounts receivable	\$ 14,725
Intergovernmental receivable	195,477

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**8. LONG-TERM DEBT**

Long-term debt activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/17	Additions	Reductions	Balance 12/31/2018	Amount Due in One year
<b>Governmental Activities:</b>					
Promissory note	\$ -	\$ 30,000	\$ 3,750	\$ 26,250	\$ 15,000

**Promissory Note**

On October 15, 2018, the Authority signed a promissory note through Clydescope Economic Development Corporation in the amount of \$30,000, to repave the entrance road to the Sandusky County Regional Airport. The debt was issued for a two year period with a 5% interest rate. The debt will be retired through the General fund.

The debt maturing on September 30, 2020 is subject to mandatory quarterly payments plus interest to date of redemption. The payment schedule is as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2019	\$ 15,000	\$ 1,029	\$ 16,029
2020	11,250	281	11,531
Total	\$ 26,250	\$ 1,310	\$ 27,560

**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. SUBSEQUENT EVENTS**

On August 19, 2019, the Board approved a line of credit in the amount of \$50,000 with Croghan Colonial Bank.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Program</i>			
Airport Improvement Program	20.106	3-39-0121-020-2017	\$ 164,373
Airport Improvement Program	20.106	3-39-0121-021-2018	<u>1,139,858</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,304,231</u></b>

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

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

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

**This page intentionally left blank.**



One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

**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 auditing standards generally accepted in the United States and 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) as of and for the year ended December 31, 2018, 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 12, 2019.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Authority's Response to Finding***

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 12, 2019



One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Trustees:

***Report on Compliance for the Major Federal Program***

We have audited Sandusky County Regional Airport Authority, Sandusky County, Ohio's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Sandusky County Regional Airport Authority's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

***Management's Responsibility***

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on the Major Federal Program***

In our opinion, Sandusky County Regional Airport Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

***Report on Internal Control Over Compliance***

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 12, 2019

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Airport Improvement Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

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

**FINDING NUMBER 2018-001**

**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.

Errors were noted in the financial statements, resulting in the following audit adjustments:

- Beginning fund balances in the General fund and Airport Improvement Program Grant fund were overstated in the amounts of \$7,153 and \$37,457, respectively, and beginning net position in Governmental Activities was understated by \$47,729.
- Intergovernmental receivable related to the runway repaving project in the amount of \$189,342 was improperly recorded as accounts receivable in the Airport Improvement Program Grant fund and Governmental Activities.
- Intergovernmental receivable, capital outlay, and authority local grant match related to the runway repaving project were improperly recorded in the Airport Improvement Program Grant fund and Governmental Activities in the amounts of \$6,137, \$136,697, and \$142,834, respectively.
- Authority local grant match, accounts receivable, cash, and capital outlay were improperly recorded in the General fund and Governmental Activities in the amounts of \$142,834, \$10,663, \$16,800, and \$136,697, respectively.
- Net investment in capital assets, net position restricted for capital projects, and net position unrestricted were improperly recorded in Governmental Activities in the amounts of \$163,051, \$189,267, and \$26,216, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

Additional errors were noted in smaller relative amounts that did not require adjustment to the financial statements.

To help ensure the Authority's financial statements and notes to the financial statements are complete and accurate, the Authority should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board, to identify and correct errors and omissions.

**Officials' Response:**

The Fiscal Officer will review the necessary procedures to properly record these transactions and will ensure these are accounted for correctly in the future.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None



1500 County Road 220, Clyde, Ohio 43410  
 Phone: 419-547-0131 Fax: 419-547-9981

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 2 CFR 200.511(b)  
 DECEMBER 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Finding was first reported during the audit of the 2017 financial statements. Material weakness due to errors over financial reporting.	Not corrected. Repeated in this report as finding 2018-001.	The reoccurrence occurred due to errors in the GAAP conversion process. The Fiscal Officer will review the necessary procedures to properly record these transactions. The Fiscal Officer will ensure these are accounted for correctly in the future.



1500 County Road 220, Clyde, Ohio 43410  
 Phone: 419-547-0131 Fax: 419-547-9981

**CORRECTIVE ACTION PLAN**  
 2 CFR § 200.511(c)  
 DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The Fiscal Officer will review the necessary procedures to properly record these transactions. The Fiscal Officer will ensure these are accounted for correctly in the future.	December 31, 2019	Rick Holland, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**

**SANDUSKY COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 26, 2019**