



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY  
SANDUSKY COUNTY  
DECEMBER 31, 2019**

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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 Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information 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, 2019, 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2019, 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.

**Emphasis of Matter**

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

**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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, 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

November 10, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**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, 2019. 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 2019 are as follows:

- For governmental activities, assets of the Authority exceed its liabilities at December 31, 2019 by \$3,513,586. Of this amount, \$17,801 may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The net position of governmental activities decreased by \$196,648 which represents a 5.3% decrease from 2018.
- For governmental activities, all revenues of the Authority totaled \$481,244. General revenues accounted for \$124,173 in revenue or 25.8 percent of all revenues. Program revenues in the form of charges for services accounted for \$357,071 or 74.2 percent of all revenues.
- The Authority had \$677,892 in expenses related to governmental activities: 52.7 percent of those expenses were offset by program specific charges for services. General revenues were \$124,173, 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED  
(Continued)

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.

**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. However, these fund financial statements focus on the Authority's most significant fund. The Authority's major governmental fund is the General 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.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED  
(Continued)**

**Government-Wide Financial Analysis**

You may recall that the statement of net position provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position for 2019 compared to 2018:

**Table 1  
Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets:</b>		
Current and Other Assets	\$ 98,351	\$ 453,769
Capital Assets, Net	3,495,752	3,684,693
Total Assets	3,594,103	4,138,462
<b>Liabilities</b>		
Current Liabilities	69,267	401,978
Long-Term Debt	11,250	26,250
Total Liabilities	80,517	428,228
<b>Net Position</b>		
Net Investment in Capital Assets	3,495,752	3,658,443
Restricted for:		
Capital Projects	33	33
Unrestricted	17,801	51,758
Total Net Position	\$ 3,513,586	\$ 3,710,234

Current assets decreased primarily due to decreases in cash and cash equivalents.

Capital Assets decreased as a result of depreciation.

Current liabilities decreased due to decrease in accounts payable related to the runway repaving project in 2018.

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 \$3,513,586 at the end of 2019.

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(Continued)

The Authority's largest portion of net position is related to amounts 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.

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

The remaining balance of \$17,801 is unrestricted. These net position represent 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 both categories of net position. The same was true for the prior year. Table 2 shows the changes in net position for the fiscal year 2019 and 2018.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Program Revenues</b>		
Charges for Services	\$ 357,071	\$ 340,182
Operating Grant & Contributions	-	2,340
Capital Grants & Contributions	-	1,741,551
Total Program Revenues	<u>357,071</u>	<u>2,084,073</u>
<b>General Revenues</b>		
Land Rent	92,198	92,198
Reimbursements	31,564	41,508
Miscellaneous	411	3,794
Total Revenue	<u>481,244</u>	<u>2,221,573</u>
<b>Program Expenses</b>		
General Government	676,863	810,203
Interest on Debt	1,029	319
Total Program Expenses	<u>677,892</u>	<u>810,522</u>
Changes in Net Position	(196,648)	1,411,051
Net Position at January 1	3,710,234	2,299,183
NET POSITION AT DECEMBER 31	<u><u>\$ 3,513,586</u></u>	<u><u>\$ 3,710,234</u></u>

The significant change in revenue is related to the capital grants for capital projects related to the runway repaving project in 2018.

The significant change in expenses is related to the decrease of Authority local grant match expense related to the runway repaving project in 2018.

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 offsetting those services. The net cost of services identifies the cost of those services support by interest and miscellaneous revenue.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Transportation	\$ 676,863	\$ 810,203	\$ 319,792	\$ (1,273,870)
Interest	1,029	319	1,029	319
<b>Total Expenses</b>	<u>\$ 677,892</u>	<u>\$ 810,522</u>	<u>\$ 320,821</u>	<u>\$ (1,273,551)</u>

Of the \$677,892 total governmental activities expenses, 52.7 percent was covered by direct charges to uses of the services. 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 \$29,084. Of this total, \$29,051 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 \$29,051. Unassigned fund balance represents 5.7 percent of the expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$22,707 as the result of principle debt retirement and personnel costs.

**Capital Assets**

At the end of 2019, the Authority had \$3,495,752 (net of accumulated depreciation) invested in land, buildings, improvements and equipment. The following table shows 2019 and 2018 balances:

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**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)**

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

	Governmental Activities	
	2019	2018
Land	\$ 863,291	\$ 863,291
Buildings	957,346	1,010,986
Improvements	1,610,434	1,735,167
Equipment	64,681	75,249
Total	\$ 3,495,752	\$ 3,684,693

**Economic Factors**

The Authority’s activities were projected to operate at a similar level as in 2019 until the COVID-19 pandemic affected the United States. The rates charged remain unchanged and expenses for operations are anticipated to increase due to the expected increase in fuel costs; however, there is still an unknown regarding what the true economic impact of the pandemic will be.

**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**  
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STATEMENT OF NET POSITION  
DECEMBER 31, 2019

		Governmental Activities
<b>Assets</b>		
Equity in pooled cash and cash equivalent	\$	38,626
Accounts receivable		12,702
Intergovernmental receivable		6,130
Inventory		30,893
Prepaid insurance		10,000
Nondepreciable capital assets		863,291
Depreciable capital assets, net		2,632,461
Total capital assets, net		3,495,752
Total Assets		3,594,103
<b>Liabilities</b>		
Accounts payable		32,874
Credit card payable		280
Payroll liabilities		2,517
Accrued wages		2,692
Accrued property taxes		27,236
T-Hanger payable		594
Sales tax payable		3,074
Long-term debt:		
Due within one year		11,250
Total Liabilities		80,517
<b>Net Position</b>		
Net investment in capital assets:		3,495,752
Restricted for:		
Capital projects		33
Unrestricted		17,801
Total net position		3,513,586
Total net position and liabilities:	\$	3,594,103

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**  
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STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues	Net Expense and Changes in Net Position
<b>Governmental Activities:</b>	Expenses	Charges for Services	Governmental Activities
Transportation	\$ 676,863	\$ 357,071	\$ (319,792)
Interest	1,029	-	(1,029)
Total Governmental Activities:	\$ 677,892	\$ 357,071	(320,821)
<b>General Revenue</b>			
Land Rent			92,198
Reimbursements			31,564
Miscellaneous			411
Total General Revenue			124,173
Changes in Net Position			(196,648)
Net Position at Beginning of Year			3,710,234
Net Position at End of Year			\$ 3,513,586

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**  
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BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	General	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>			
Equity in pooled cash and cash equivalent	\$ 38,593	\$ 33	\$ 38,626
Accounts receivable	12,702	-	12,702
Intergovernmental receivable	-	6,130	6,130
Inventory	30,893	-	30,893
Prepaid insurance	10,000	-	10,000
Due from other funds	6,130	-	6,130
Total assets	<u>\$ 98,318</u>	<u>\$ 6,163</u>	<u>\$ 104,481</u>
<b>Liabilities</b>			
Accounts payable	\$ 32,874	-	\$ 32,874
Due to other funds	-	\$ 6,130	6,130
Credit card payable	280	-	280
Payroll liabilities	2,517	-	2,517
Accrued wages	2,692	-	2,692
Accrued property taxes	27,236	-	27,236
T-Hanger payable	594	-	594
Sales tax payable	3,074	-	3,074
Total liabilities	<u>69,267</u>	<u>6,130</u>	<u>75,397</u>
<b>Fund Balance</b>			
Restricted	-	33	33
Unassigned	29,051	-	29,051
Total fund balances	<u>29,051</u>	<u>33</u>	<u>29,084</u>
Total liabilities and fund balance	<u>\$ 98,318</u>	<u>\$ 6,163</u>	<u>\$ 104,481</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**  
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RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019

<b>Total governmental fund balance</b>	\$ 29,084
<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	3,495,752
Long-term debt are not due and payable in the current period therefore are not reported in the funds	<u>(11,250)</u>
Net Position of Governmental Activities	<u><u>\$ 3,513,586</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**  
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Other Governmental Fund	Total Governmental Funds
<b>Revenues</b>			
Fuel sales	\$ 296,357	\$ -	\$ 296,357
Farm land rent	92,198	-	92,198
Hanger rental	60,715	-	60,715
Reimbursements	31,564	-	31,564
Other	3,556	-	3,556
Total revenues	<u>484,390</u>	<u>-</u>	<u>484,390</u>
<b>Expenditures</b>			
Cost of fuel sold	219,646	-	219,646
Personnel costs	117,093	-	117,093
Utilities	43,939	-	43,939
Maintenance and repairs	35,334	-	35,334
Property tax	26,127	-	26,127
Insurance	7,150	-	7,150
Professional fees	26,162	-	26,162
Office expenses	11,306	-	11,306
Travel costs	1,861	-	1,861
Debt service			
Principle retirement	15,000	-	15,000
Interest expense	1,029	-	1,029
Capital outlay	2,450	-	2,450
Total expenditures	<u>507,097</u>	<u>-</u>	<u>507,097</u>
Net change in fund balance	<u>(22,707)</u>	<u>-</u>	<u>(22,707)</u>
Fund balances at beginning of year	51,758	33	51,791
Fund balances at end of year	<u>\$ 29,051</u>	<u>\$ 33</u>	<u>\$ 29,084</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY**  
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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, 2019

<b>Net change in fund balances - total governmental fund:</b>		<b>\$ (22,707)</b>
 <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 their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		
Disposal of assets	(3,145)	
Depreciation	(185,796)	
		(188,941)
 Repayment of principle on long-term debt is expenditure in the governmental fund but the repayment reduces long-term liabilities on the statement of net position. Principle payments during the year were		
		15,000
 Change in Net Position of Governmental Activities		 <b>\$ (196,648)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**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, 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 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 financial statement of the Authority have 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 consist 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 detail level of financial information.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(Continued)**

**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**

The Authority uses fund accounting to segregate cash and investments that are restricted to use. 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 residual equities or balances, and attaining certain objectives in accordance with special regulations, restrictions or limitations. For financial statement purposes, the Authority's funds are classified as governmental.

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. Current liabilities are assigned to the fund from which they will

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be repaid. The difference between governmental fund assets plus deferred outflows less liabilities plus deferred inflows is reported as fund balance. The following is the Authority's major governmental fund:

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

The other governmental fund of the Authority accounts for a grant whose use is restricted to a particular purpose.

**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. Capital Assets**

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

Capital assets are stated at cost at the approximate fair value at the date of purchase. 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. 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.

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**(Continued)**

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.

**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, *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.

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**(Continued)**

**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 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.

**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.

**M. 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.



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**(Continued)**

**3. EQUITY IN POOLED DEPOSITS**

At December 31, 2019, the carrying amount of all Authority deposits was \$38,626. The Authority's bank balance of all Authority deposits was \$57,202. The entire bank balance was covered by Federal Deposit Insurance Corporation (FDIC).

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.

**4. RECEIVABLES**

Receivables at December 31, 2019 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:

<b>Governmental activities:</b>	<b>Amount</b>
Accounts receivable	\$ 12,702
Intergovernmental receivable	6,130

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

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(Continued)

**5. CAPITAL ASSETS**

Depreciation expense for December 31 2019 is \$185,796. Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<i>Capital assets not being depreciated</i>				
Land	\$ 863,291	\$ -	\$ -	\$ 863,291
<i>Capital assets, being depreciated</i>				
Buildings	1,743,215	-	-	1,743,215
Improvements	4,584,744	-	-	4,584,744
Equipment	201,607	-	(3,170)	198,437
Total capital assets, being depreciated	6,529,566	-	(3,170)	6,526,396
<i>Less: accumulated depreciation</i>				
Buildings	(732,229)	(53,640)	-	(785,869)
Improvements	(2,849,577)	(124,733)	-	(2,974,310)
Equipment	(126,358)	(7,423)	25	(133,756)
Total accumulated depreciation	(3,708,164)	(185,796)	25	(3,893,935)
Total capital assets, being depreciated	2,821,402	(185,796)	(3,145)	2,632,461
Capital assets, net	\$ 3,684,693	\$ (185,796)	\$ (3,145)	\$ 3,495,752

**6. LONG-TERM OBLIGATIONS**

During fiscal year 2019, the following changes occurred in governmental activities long-term obligations.

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Amounts Due in One year
<b>Governmental Activities:</b>					
Promissory note	\$ 26,250	\$ -	\$ 15,000	\$ 11,250	\$ 11,250

**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.

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(Continued)**

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,	Interest	Principal	Total Payment
2020	\$ 281	\$ 11,250	\$ 11,531

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

**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

**8. 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.

**9. INTERFUND TRANSACTIONS**

Amounts due to/from other funds between governmental funds consistent of the following at December 31, 2019, as reported on the fund financials statements:

<b>Due from other funds:</b>	<b>Due to other funds:</b>	<b>Amount</b>
General Fund	Airport Improvement Program Grant fund	\$ 6,130

Amounts due to/from other funds between governmental funds are eliminated for reporting purposes on the Statement of Net Position.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. SUBSEQUENT EVENTS**

The United States and State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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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, the major fund, and the aggregate remaining fund information of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 10, 2020, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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

November 10, 2020



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding was first reported during the audit of the 2017 financial statements. Material weakness due to errors over financial reporting.	Partially corrected and repeated in the Management Letter.	Error identified in the 2019 audit was not material to the financial statements. The finding partially reoccurred 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.

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# 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 12/1/2020**

88 East Broad 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](http://www.ohioauditor.gov)