



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

**OHIO AUDITOR OF STATE
KEITH FABER**



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
DECEMBER 31, 2020**

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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 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, 2020, 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 the accounting principles generally accepted in the United States of America. This responsibility includes the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 and each major fund of the Authority, as of December 31, 2020, 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 September 21, 2021, 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 21, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The discussion and analysis of Sandusky County Regional Airport Authority's (the Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ended December 31, 2020. 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 2020 are as follows:

- For governmental activities, assets of the Authority exceed its liabilities at December 31, 2020 by \$3,642,312. Of this amount, \$32,526 may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The net position of governmental activities increased by \$128,726 which represents a 3.7% increase from 2019.
- For governmental activities, all revenues of the Authority totaled \$701,080. General revenues accounted for \$139,450 in revenue or 19.9% of all revenues. Program revenues in the form of charges for services, grants, and contributions accounted for \$561,630 or 80.1% of all revenues.
- The Authority had \$572,354 in expenses related to governmental activities: 98.1% of those expenses were offset by program specific charges for services, grant, loans and contributions. General revenues were \$139,450, 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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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. The Authority’s major governmental funds are the General fund and the Airport Improvement Program Grant fund.

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

You may recall that the statement of net assets provides the perspective of the Authority as a whole. Table 1 provides a summary of the Authority's net position for 2020 compared to 2019:

Table 1
Changes in Net Assets

	Governmental Activities	
	2020	2019
Assets:		
Current and Other Assets	\$ 126,217	\$ 98,351
Capital Assets, Net	3,609,753	3,495,752
Total Assets	\$ 3,735,970	\$ 3,594,103
Liabilities		
Current Liabilities	\$ 71,658	\$ 69,267
Long-Term Debt	22,000	11,250
Total Liabilities	\$ 93,658	\$ 80,517
Net Position		
Net Investment in Capital Assets	\$ 3,609,753	\$ 3,495,752
Restricted for:		
Capital Projects	33	33
Unrestricted	32,526	17,801
Total Net Position	\$ 3,642,312	\$ 3,513,586

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

Capital Assets increased as a result of runway improvements less depreciation.

Liabilities increased due to an increase in long-term debt.

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 \$3,642,312 at the end of 2020.

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

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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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 \$32,526 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 assets for the fiscal year 2020 and 2019.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2020	2019
Program Revenues		
Charges for Services	\$ 260,393	\$ 357,071
Capital Grants & Contributions	301,237	-
Total Program Revenues	<u>561,630</u>	<u>357,071</u>
General Revenues		
Land Rent	92,198	92,198
Reimbursements	45,513	31,564
Property Lease	370	-
Miscellaneous	1,369	411
Total Revenue	<u>701,080</u>	<u>481,244</u>
Program Expenses		
General Government	572,073	676,863
Interest on Debt	281	1,029
Total Program Expenses	<u>572,354</u>	<u>677,892</u>
Changes in Net Position	128,726	(196,648)
Net Position at January 1	<u>3,513,586</u>	<u>3,710,234</u>
Net Position at December 31	<u>\$ 3,642,312</u>	<u>\$ 3,513,586</u>

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

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

Table 3
Governmental Activities

	Total Cost of Services		Nett Cost of Services	
	2020	2019	2020	2019
Transportation	\$ 572,073	\$ 676,863	\$ 10,443	\$ 319,792
Interest	281	1,029	281	1,029
Total Expenses	\$ 572,354	\$ 677,892	\$ 10,724	\$ 320,821

Of the \$572,354 total governmental activities expenses, 98.1% was covered by direct charges to uses of the services and intergovernmental grants. The program revenues are charges for services and capital grants and contributions. The charges for services are for fuel sales and hanger rental for use of facilities. The capital grants and contributions were for a runway project at the Authority.

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 \$54,559. Of this total, \$54,526 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 \$54,526. Unassigned fund balance represents 13.8% of the expenditures. This is one measurement of the General fund’s liquidity. The fund balance of the General fund increased by \$25,474 as the result of proceeds from long-term debt.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS
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Economic Factors

The Authority’s activities were projected to operate at a similar level as in 2019 until the COVID-19 pandemic effected 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 the true economic impact of the pandemic will be.

Capital Assets

At the end of 2020, the Authority had \$3,609,753 (net of accumulated depreciation) invested in land, buildings, improvements and equipment. The following table shows 2020 and 2019 balances:

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

	Governmental Activities	
	2020	2019
Land	\$ 863,291	\$ 863,291
Buildings	903,940	957,346
Improvements	1,785,263	1,610,434
Equipment	57,259	64,681
Total Capital Assets	\$ 3,609,753	\$ 3,495,752

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 Airport Authority, 1500 County Road 220, Clyde, OH 43410.

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 70,652
Accounts Receivable	20,920
Inventory	29,965
Prepaid Insurance	4,680
Nondepreciable Capital Assets	863,291
Depreciable Capital Assets, Net	2,746,462
Total capital assets, net	3,609,753
Total Assets	3,735,970
 Liabilities	
Accounts Payable	34,437
Payroll Liabilities	2,419
Accrued Wages	2,899
Accrued Property Taxes	26,252
T-Hanger Payable	2,079
Deferred Revenue	2,270
Sales Tax Payable	1,302
Long-Term Debt:	
Due within one year	22,000
Total Liabilities	93,658
 Net Position	
Net Investment in Capital Assets	3,609,753
Restricted for:	
Capital Projects	33
Unrestricted	32,526
Total Net Position	\$ 3,642,312

See accompanying notes to the basis financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Activities
For the Year Ended December 31, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Transportation	\$ 572,073	\$ 260,393	\$ 301,237	\$ (10,443)
Interest	281	-	-	(281)
Total Governmental Activities	\$ 572,354	\$ 260,393	\$ 301,237	(10,724)
General Revenue				
Land Rent				92,198
Utility Reimbursement				26,127
Property Tax Reimbursement				19,386
Property Lease				370
Miscellaneous				1,369
Total General Revenue				139,450
Changes in Net Position				128,726
Net Position at Beginning of Year				3,513,586
Net Position at End of Year				\$ 3,642,312

See accompanying notes to the basis financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Balance Sheet
Governmental Funds
December 31, 2020

	General	Airport Improvement Program Grant	Total Governmental Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 70,619	\$ 33	\$ 70,652
Accounts Receivable	20,920	-	20,920
Inventory	29,965	-	29,965
Prepaid Insurance	4,680	-	4,680
Total Assets	126,184	33	126,217
Liabilities			
Accounts Payable	34,437	-	34,437
Payroll Liabilities	2,419	-	2,419
Accrued Wages	2,899	-	2,899
Accrued Property Taxes	26,252	-	26,252
T-Hanger Payable	2,079	-	2,079
Deferred Revenue	2,270	-	2,270
Sales Tax Payable	1,302	-	1,302
Total Liabilities	71,658	-	71,658
Fund Balance			
Restricted	-	33	33
Unassigned	54,526	-	54,526
Total Fund Balance	54,526	33	54,559
Total Liabilities and Fund Balance	\$ 126,184	\$ 33	\$ 126,217

See accompanying notes to the basic financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Year Ended December 31, 2020

Total Governmental Fund Balance	\$ 54,559
Amounts reported for governmental activities in the statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance	3,609,753
Long-term debt are not due and payable in the current period therefore are not reported in the funds	<u>(22,000)</u>
Net Position of Governmental Activities	<u><u>\$ 3,642,312</u></u>

See accompanying notes to the basis financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Airport Improvement Program Grant	Total Governmental Fund
Revenues			
Grants	\$ -	\$ 301,237	\$ 301,237
Fuel Sales	199,816	-	199,816
Farm Land Rent	92,198	-	92,198
Hanger Rental	59,135	-	59,135
Reimbursements	45,513	-	45,513
Other	3,180	-	3,180
Total Revenues	<u>399,842</u>	<u>301,237</u>	<u>701,079</u>
Expenditures			
Cost of Fuel Sold	129,715	-	129,715
Personnel Costs	100,387	-	100,387
Utilities	48,788	-	48,788
Maintenance and Repairs	34,018	-	34,018
Property Tax	26,448	-	26,448
Insurance	13,792	-	13,792
Professional Fees	16,849	-	16,849
Office Expenses	13,398	-	13,398
Travel Costs	721	-	721
Rent	720	-	720
Debt Service			
Principle Retirement	11,250	-	11,250
Interest Expense	281	-	281
Capital Outlay	-	301,237	301,237
Total Expenditures	<u>396,367</u>	<u>301,237</u>	<u>697,604</u>
Excess revenues over expenditures	<u>3,475</u>	<u>-</u>	<u>3,475</u>
Other financing sources:			
Proceeds from Loan	<u>22,000</u>	<u>-</u>	<u>22,000</u>
Net change in fund balance	25,475	-	25,475
Fund Balances at Beginning of Year	<u>29,051</u>	<u>33</u>	<u>29,084</u>
Fund Balances at End of Year	<u>\$ 54,526</u>	<u>\$ 33</u>	<u>\$ 54,559</u>

See accompanying notes to the basic financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statements of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 25,475
Amounts reported for governmental activities in the statement of Net Position are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period:	
Capital Outlay	301,237
Depreciation	(187,236)
Proceeds of long-term debt is revenue in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
Amounts received during the year were:	(22,000)
Repayment of principle on long-term debt is expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principle payments during the year were:	
	11,250
 Change in Net Position of Governmental Activities	 \$ 128,726

See accompanying notes to the basis financial statements

SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. DESCRIPTION OF ENTITY

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority) as a body corporate and politic. The Sandusky County Commissioners appoint five Board members to direct the Authority. The Authority is responsible for the safe and efficient operation and maintenance of Sandusky County Regional Airport. The County Commissioners are responsible for debt issued on behalf of the Authority. Due to the imposition of will exerted by the County as well as the financial burden 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 organization 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
DECEMBER 31, 2020
(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

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.

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

Governmental Funds

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

1. General Fund

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

2. Special Revenue Fund

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

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

E. Cash and Cash Equivalents

The Authority maintains depository accounts. All funds of the Authority are maintained in these accounts. These 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 the general funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are stated at cost or estimated historical cost 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.

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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 purpose 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, *assigned* amounts represent intended uses established by the Board or an Authority official delegated that authority by resolution, or by State Statute.

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5. Unassigned

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

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

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.

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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.

N. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

O. Inventory

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

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

3. EQUITY IN POOLED DEPOSITS

At December 31, 2020, the carrying amount of all Authority deposits was \$70,652. The Authority's bank balance of all Authority deposits was \$94,489. 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.

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4. RECEIVABLES

Receivables at December 31, 2020 consisted of the amounts from accounts receivable and intergovernmental receivable. All receivables are considered collectible in full. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	Amount
Accounts receivable	\$ 20,920

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

5. CAPITAL ASSETS

Depreciation expense for December 31 2020 is \$187,236. Capital asset activity for the year ended December 31, 2020 was a follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
<i>Nondepreciable Capital Assets</i>				
Land	\$ 863,291	\$ -	\$ -	\$ 863,291
<i>Depreciable Capital Assets</i>				
Buildings	1,743,215	-	-	1,743,215
Improvements	4,584,744	301,237	-	4,885,981
Equipment	198,437	-	-	198,437
Total Depreciable Capital Assets	6,526,396	301,237	-	6,827,633
<i>Accumulated Depreciation</i>				
Buildings	785,869	53,406	-	839,275
Improvements	2,974,310	126,408	-	3,100,718
Equipment	133,756	7,422	-	141,178
Total Accumulated Depreciation	3,893,935	187,236	-	4,081,171
Depreciable Capital Assets, Net	2,632,461	114,001	-	2,746,462
Capital Assets, Net	\$ 3,495,752	\$ 114,001	\$ -	\$ 3,609,753

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6. LONG-TERM OBLIGATIONS

During fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020	Amounts due in One year
<i>Promissory Note</i>					
Note due to Small Business Association payable in 5 years with interested at 1.5%	\$ -	\$ 22,000	\$ -	\$ 22,000	\$ 22,000
Note due to unrelated company payable in 3 years with interested at 5%	\$ 11,250	\$ -	\$ 11,250	\$ -	\$ -

The Small Business Association along with the Federal Government has issued a Payroll Protection Program. This program issues loans to businesses who were impacted by COVID. If certain criteria is met at the end of 24 week, the loan will be forgiven.

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.

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.

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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. RELATED PARTY TRANSACTIONS

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

One member of the Board of Directors works for an institution that holds funds for the Authority which amounted to \$57,202.

10. SUBSEQUENT EVENTS

The United States and the 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. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On March 4, 2021, the Small Business Association forgave the Paycheck Protection Loan (Small Business Association Loan in Note 6). The Authority does not have to pay back the \$22,000 loan proceeds.

11. SOCIAL SECURITY

The Authority's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Authority contributed an amount equal to 6.2 percent of participants' gross salaries. The Authority has paid all contributions required through December 31, 2020.

12. ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2020, the Authority has implemented GASB Statement No. 84 "Fiduciary Activities" and GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The Authority did not have any fiduciary funds as of December 31, 2020. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Authority.

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GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the Authority has elected delaying implementation until the fiscal year ended December 31, 2021:

* Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the Authority has elected delaying implementation until the fiscal year ended December 31, 2022:

* Statement No. 87, *Leases*

* Implementation Guide No. 2019-3, *Leases*

OHIO AUDITOR OF STATE KEITH FABER



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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), a component unit of Sandusky County, as of and for the year ended December 31, 2020, 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 21, 2021, 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 financial statements. 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

September 21, 2021

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 10/5/2021

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