



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

**OHIO AUDITOR OF STATE
KEITH FABER**



**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Sandusky County Regional Airport Authority, Sandusky County, Ohio (the Authority), a component unit of Sandusky County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sandusky County Regional Airport Authority Sandusky County, Ohio as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As Discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2022

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

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021. 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 2021 are as follows:

- For governmental activities, assets of the Authority exceed its liabilities at December 31, 2021 by \$3,519,457. Of this amount, \$22,071 may be used to meet the Authority’s ongoing obligations to citizens and creditors.
- The net position of governmental activities decreased by \$122,855 which represents a 3.4% decrease from 2020.
- For governmental activities, all revenues of the Authority totaled \$601,544. General revenues accounted for \$134,616 in revenue or 22.4% of all revenues. Program revenues in the form of charges for services, grants, and contributions accounted for \$466,928 or 77.6% of all revenues.
- The Authority had \$724,399 in expenses related to governmental activities: 64.5% of those expenses were offset by program specific charges for services, grant, loans and contributions. General revenues were \$134,616, 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 basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority’s finances, in a manner similar to private-sector businesses. The statement of net position and the statement of activities provide 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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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 statements 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 Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

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 2021 compared to 2020:

**Table 1
Net Position**

	Governmental Activities	
	2021	2020
Assets		
Current and Other Assets	\$ 225,261	\$ 126,217
Capital Assets, Net	3,432,353	3,609,753
Total Assets	\$ 3,657,614	\$ 3,735,970
Liabilities		
Current Liabilities	\$ 138,157	\$ 71,658
Long-Term Debt	-	22,000
Total Liabilities	\$ 138,157	\$ 93,658
Net Position		
Net Investment in Capital Assets	\$ 3,432,353	\$ 3,609,753
Restricted for:		
Capital Projects	65,033	33
Unrestricted	22,071	32,526
Total Net Position	\$ 3,519,457	\$ 3,642,312

Current assets increased primarily due to increases in cash and cash equivalents along with an increase in inventory at the end of the year.

Capital assets decreased as a result of depreciation.

Current liabilities increased due to the addition of OPERS payable.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$3,519,457 at the end of 2021.

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.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The restricted net position of \$65,033 is subject to external restriction on how these resources may be used.

The remaining balance of \$22,071 is unrestricted. This net position represents resources that may be used to meet the Authority's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in 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 2021 and 2020.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2021	2020
Program Revenues		
Charges for Services	\$ 328,587	\$ 260,393
Capital Grants & Contributions	138,341	301,237
Total Program Revenues	466,928	561,630
General Revenues		
Land Rent	93,397	92,198
Reimbursements	39,912	45,513
Property Lease	1,180	370
Miscellaneous	127	1,369
Total Revenue	601,544	701,080
Program Expenses		
General Government	724,399	572,073
Interest on Debt	-	281
Total Program Expenses	724,399	572,354
Changes in Net Position	(122,855)	128,726
Net Position at January 1	3,642,312	3,513,586
Net Position at December 31	\$ 3,519,457	\$ 3,642,312

The significant change in revenue is an increase in fuel sales offset by a decrease in capital grants for capital projects.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

The significant change in expenses is related to the increase in fuel cost of sales offset by the Authority local grant match expense and depreciation related to the runway repaving project, in addition to OPERS expense incurred.

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

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Transportation	\$ 724,399	\$ 572,073	\$ 257,471	\$ 10,443
Interest	-	281	-	281
Total Expenses	<u>\$ 724,399</u>	<u>\$ 572,354</u>	<u>\$ 257,471</u>	<u>\$ 10,724</u>

Of the \$724,399 total governmental activities expenses, 64.5% 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, unassigned 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 \$87,104. Of this total, \$22,071 represents unassigned fund balance, which is available for appropriation at the Authority'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 \$22,071. Unassigned fund balance represents 4.3% of the expenditures. This is one measurement of the General fund's liquidity. The fund balance of the General fund decreased by \$32,455 primarily as the result of OPERS expense incurred prior to year end.

Economic Factors

The Authority's activities were projected to operate at a similar level as in 2019, prior to the COVID-19 pandemic affecting 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 the pandemic.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Capital Assets

At the end of 2021, the Authority had \$3,432,353 (net of accumulated depreciation) invested in land, buildings, improvements and equipment. The following table shows 2021 and 2020 balances:

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

	Governmental Activities	
	2021	2020
Land	\$ 863,291	\$ 863,291
Buildings	850,770	903,940
Improvements	1,668,455	1,785,263
Equipment	49,837	57,259
Total Capital Assets	\$ 3,432,353	\$ 3,609,753

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 Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Michael Russell, Manager of Sandusky County Regional Airport Authority, 1500 County Road 220, Clyde, Ohio 43410.

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 141,389
Accounts Receivable	10,793
Inventory	62,835
Prepaid Insurance	10,244
Nondepreciable Capital Assets	863,291
Depreciable Capital Assets, Net	2,569,062
Total capital assets, net	3,432,353
Total Assets	3,657,614
 Liabilities	
Accounts Payable	36,811
Payroll Liabilities	2,113
OPERS Payable	66,584
Accrued Wages	2,799
Accrued Property Taxes	22,442
Deferred Revenue	2,958
Rental Deposit	4,450
Total Liabilities	138,157
 Net Position	
Net Investment in Capital Assets	3,432,353
Restricted for:	
Capital Projects	65,033
Unrestricted	22,071
Total Net Position	\$ 3,519,457

See accompanying notes to the basic financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	
Governmental Activities Transportation	<u>\$ 724,399</u>	<u>\$ 328,587</u>	<u>\$ 138,341</u>	<u>\$ (257,471)</u>
 General Revenue				
Land Rent				93,397
Utility Reimbursemen				32,397
Property Tax Reimbursement				7,515
Property Lease				1,180
Miscellaneous				127
Total General Revenue				<u>134,616</u>
Change in Net Position				(122,855)
Net Position at Beginning of Year				3,642,312
Net Position at End of Year				<u><u>\$ 3,519,457</u></u>

See accompanying notes to the basic financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Balance Sheet
Governmental Funds
December 31, 2021

	General	Airport Improvement Program Grant	Total Governmental Fund
Assets			
Equity in Pooled Cash and Cash Equivalent:	\$ 61,881	\$ 79,508	\$ 141,389
Accounts Receivable	10,793	-	10,793
Due from Other Funds	14,475	-	14,475
Inventory	62,835	-	62,835
Prepaid Insurance	10,244	-	10,244
Total Assets	160,228	79,508	239,736
Liabilities			
Accounts Payable	36,811	-	36,811
Due to Other Funds	-	14,475	14,475
Accrued Wages	2,113	-	2,113
Payroll Liabilities	2,799	-	2,799
OPERS Payable	66,584	-	66,584
Accrued Property Taxes	22,442	-	22,442
Rental Deposits	4,450	-	4,450
Deferred Revenue	2,958	-	2,958
Total Liabilities	138,157	14,475	152,632
Fund Balances			
Restricted	-	65,033	65,033
Unassigned	22,071	-	22,071
Total Fund Balances	22,071	65,033	87,104
Total Liabilities and Fund Balances	\$ 160,228	\$ 79,508	\$ 239,736

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, 2021**

Total Governmental Fund Balance	\$ 87,104
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	3,432,353
	<hr/>
Net Position of Governmental Activities	\$ 3,519,457
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See accompanying notes to the basic financial statements

Sandusky County Regional Airport Authority
(A Component Unit of Sandusky County)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Airport Improvement Program Grant	Total Governmental Fund
Revenues			
Grants	\$ 22,366	\$ 93,975	\$ 116,341
Fuel Sales	264,536	-	264,536
Farm Land Rent	93,397	-	93,397
Hanger Rental	64,051	-	64,051
Reimbursements	39,912	-	39,912
Other	1,307	-	1,307
Total Revenues	<u>485,569</u>	<u>93,975</u>	<u>579,544</u>
Expenditures			
Cost of Fuel Sold	184,996	-	184,996
Personnel Costs	109,731	-	109,731
Utilities	45,571	-	45,571
Maintenance and Repairs	39,236	-	39,236
Property Tax	22,496	-	22,496
Insurance	16,005	-	16,005
Professional Fees	17,105	-	17,105
Office Expenses	10,103	-	10,103
Travel Costs	438	-	438
Rent	876	-	876
OPERS Expense	66,584	-	66,584
Capital Outlay	4,883	28,975	33,858
Total Expenditures	<u>518,024</u>	<u>28,975</u>	<u>546,999</u>
Net change in fund balances:	(32,455)	65,000	32,545
Fund Balances at Beginning of Year	<u>54,526</u>	<u>33</u>	<u>54,559</u>
Fund Balances at End of Year	<u>\$ 22,071</u>	<u>\$ 65,033</u>	<u>\$ 87,104</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 Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Fund	\$ 32,545
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	28,975
Depreciation	(206,375)
Elimination of debt as loan was forgiven	22,000
 Change in Net Position of Governmental Activities	 \$ (122,855)

See accompanying notes to the basic financial statements

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 statements 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 basic financial statements consist of government-wide financial statements, 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.

SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021
(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 governmental 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.

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

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 fund. 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 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 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 be resolution, or by State Statute.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2021, 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. ACCOUNTABILITY AND COMPLIANCE

Changes in Accounting Principles

For 2021, the Authority has implemented GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*"

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Authority.

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(Continued)

For 2021, the Authority has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. 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 pronouncements are postponed by one year and the Authority has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

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*

4. EQUITY IN POOLED DEPOSITS

At December 31, 2021, the carrying amount of all Authority deposits was \$141,389. The Authority's bank balance of all Authority deposits was \$146,417. 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.

5. RECEIVABLES

Receivables at December 31, 2021 consisted of the amounts from accounts 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	\$ 10,793

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

6. CAPITAL ASSETS

Depreciation expense for December 31 2021 is \$206,375. Capital asset activity for the year ended December 31, 2021 was a follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
<i>Nondepreciable Capital Assets</i>				
Land	\$ 863,291	\$ -	\$ -	\$ 863,291
<i>Depreciable Capital Assets</i>				
Buildings	1,743,215	-	-	1,743,215
Improvements	4,885,981	28,975	-	4,914,956
Equipment	198,437	-	-	198,437
Assets	6,827,633	28,975	-	6,856,608
<i>Accumulated Depreciation</i>				
Buildings	839,275	53,170	-	892,445
Improvements	3,100,718	145,783	-	3,246,501
Equipment	141,178	7,422	-	148,600
Total Accumulated Depreciation	4,081,171	206,375	-	4,287,546
Depreciable Capital Assets, Net	2,746,462	(177,400)	-	2,569,062
Capital Assets, Net	\$ 3,609,753	\$ (177,400)	\$ -	\$ 3,432,353

7. LONG-TERM OBLIGATIONS

During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021	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	\$ 22,366	\$ 44,366	\$ -	\$ -

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-19.

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(Continued)

If certain criteria is met at the end of 24 weeks, the loan will be forgiven. The Authority received a \$22,000 loan in 2020 and an additional \$22,366 loan in 2021. All \$44,366 was forgiven during 2021. The \$22,366 issued and forgiven during 2021 was recorded as grant revenue on the Statement of Revenues, Expenditures and Changes in Fund Balances.

8. 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.

9. CONTINGENT LIABILITIES

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

10. 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 \$146,417.

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

11. INTERFUND TRANSACTIONS

Amounts due to/from other funds between governmental funds consist of the following at December 31, 2021, as reported on the fund financial statements:

Due from other funds:	Due to other funds:	Amount
General Fund	Airport Improvement Program Grant fund	\$ 14,475

12. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. 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 additional recovery from emergency funding, either federal or state, cannot be estimated.

In 2022, the Ohio Public Employees Retirement System (OPERS) informed the Authority of the requirements of its employees belonging to the OPERS retirement program. The Authority has received an invoice for \$84,257 for this obligation. Of this amount, an estimated amount of \$3,421 is for late fees and \$14,252 is for interest charges. The Authority is working with OPERS to have the late fees and interest charges reduced. Therefore, a liability of \$66,584 has been included on the financial statements.

13. 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, 2021.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 19, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2022

**SANDUSKY COUNTY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

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

The following errors and omissions were noted in the Authority's financial statements and notes to the financial statements:

- General Fund revenues and expenses were overstated in the amount of \$22,000 due to improper recording of forgiveness of the 2020 payroll protection loan during 2021.
- Note disclosures for prepaid items, inventory, social security, and changes in accounting principles were improperly omitted from the Authority's draft report.
- Fund balance for the General Fund was understated in the amount of \$14,475 on the Balance Sheet.

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

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

Officials' Response:

Steps will be taken to review the prior year's audit to ensure a better transition and more accurate financial statements.

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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 9/29/2022

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