



**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lakefield Airport Authority
Mercer County
6177 St. Rt. 219
Celina, Ohio 45822

To the Lakefield Airport Board Members:

We have audited the accompanying financial statements of the Lakefield Airport Authority, Mercer County, Ohio, (the Airport) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As discussed in Note 1, the Airport prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Airport as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2000 on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the Lakefield Airport Authority Board, Airport management, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 27, 2000

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Charges for Services	\$57,998	\$0	\$57,998
Intergovernmental	228,993	0	228,993.00
Interest Income	851	0	851.00
Miscellaneous	1,290	0	1,290.00
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	289,132	0	289,132
Cash Disbursements:			
Current:			
Personal services	12,253	0	12,253.00
Contractual services	990	0	990.00
Insurance	4,623	0	4,623.00
Supplies and materials	21,175	0	21,175.00
Maintenance	6,385	0	6,385.00
Utilities	6,510	0	6,510.00
Miscellaneous	3,273	0	3,273.00
Capital outlay	182,783	0	182,783.00
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	237,992	0	237,992
Total receipts over/(under) disbursements	51,140	0	51,140
Fund cash balances, January 1, 1999	11,464	994	12,458
	<hr/>	<hr/>	<hr/>
Fund cash balances, December 31, 1999	<u>\$62,604</u>	<u>\$994</u>	<u>\$63,598</u>

The notes to the financial statements are an integral part of this statement.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Charges for Services	\$62,808	\$0	\$62,808
Interest Income	320	0	320
Miscellaneous	1,094	0	1,094
	<u>64,222</u>	<u>0</u>	<u>64,222</u>
Total Cash Receipts	64,222	0	64,222
Cash Disbursements:			
Personal Services	6,729	0	6,729
Contractual services	7,195	0	7,195
Insurance	3,528	0	3,528
Supplies and materials	27,860	0	27,860
Maintenance	2,974	0	2,974
Utilities	6,578	0	6,578
Miscellaneous	4,688	0	4,688
Capital outlay	6,479	4,747	11,226
	<u>66,031</u>	<u>4,747</u>	<u>70,778</u>
Total Cash Disbursements	66,031	4,747	70,778
Total receipts over/(under) disbursements	(1,809)	(4,747)	(6,556)
Fund cash balances, January 1, 1998 (restated)	<u>13,273</u>	<u>5,741</u>	<u>19,014</u>
Fund cash balances, December 31, 1998	<u>\$11,464</u>	<u>\$994</u>	<u>\$12,458</u>

The notes to the financial statements are an integral part of this statement.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lakefield Airport Authority, Mercer County, (the Airport) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Airport is directed by a ten-member Board, appointed by the Mercer County Commissioners. The Airport is responsible for the safe and efficient operation and maintenance of the airport.

At December 31, 1999, there were five active board members.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Deposits are in a checking account and a savings account and are valued at cost.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. RESTATEMENT OF PRIOR ENDING BALANCES

Prior financial statements presented as Special Revenue funds, monies which are designated by the Airport Board for specific purposes. These monies are designations of the general fund rather than a separate source of funds requiring establishment of a special revenue fund. The correction of this error in fund reporting have the following effect on fund balances as it was preciously reported as of December 31, 1997:

	<u>General</u>	<u>Special Revenue</u>
Balances as previously reported	\$6,175	\$7,098
Restatement of designations reported as separate funds	7,098	(7,098)
Restated Balances as of December 31, 1997	<u>\$13,273</u>	<u>\$0</u>

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits		
Checking Account	\$ 48,093	\$ 2,881
Savings Account	<u>14,511</u>	<u>8,583</u>
Total deposits	62,604	11,464
Other	<u>994</u>	<u>994</u>
Total equity in cash and investments	<u><u>\$63,598</u></u>	<u><u>\$12,458</u></u>

The amount documented as "Other" is maintained by the Mercer County Commissioners who act as fiscal agent for these funds.

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Intergovernmental Loan	\$ 10,000	5%

The Airport received a \$15,000 loan from the Mercer County Commissioners during 1997, which was used to finance the local matching share for the Ohio Department of Transportation - Division of Aviation grant for the runway overlay project. The repayment of the loan was scheduled to begin in July 1999 with payments of \$1,500 per year plus interest. In January 1999, the Commissioners forgave \$5,000 in loan principal and \$750 in accrued interest. Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Intergovernmental Loan</u>
2000	\$ 2,000
2001	1,925
2002	1,850
2003	1,775
2004	1,700
Subsequent	<u>2,675</u>
Total	<u><u>\$ 11,925</u></u>

During April, 2000, the Mercer County Commissioners passed a resolution to forgive the outstanding \$10,000 loan and all related interest.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. RISK MANAGEMENT

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

6. PRIOR PERIOD CONTRACTUAL OBLIGATIONS

As of December 31, 1999, the Airport was obligated to CS Service for \$3,585 for fuel tank removal and relocation services performed during 1997. This obligation was paid in full during June, 2000.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Lakefield Airport Authority
Mercer County
6177 St. Rt. 219
Celina, Ohio 45822

To the Lakefield Airport Board Members:

We have audited the accompanying financial statements of the Lakefield Airport, Mercer County, Ohio (the Airport), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Airport in a separate letter dated July 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Airport's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Airport's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-60254-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Airport in a separate letter dated July 27, 2000.

This report is intended for the information and use of management and the Lakefield Airport Authority Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 27, 2000

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-60254-001
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Airport Records

The Airport did not maintain a cashbook, receipts journal, or an appropriations ledger. Quick Books software was utilized for the audit period. This accounting software is not designed to accommodate fund accounting on a cash basis. The resulting reports were a mixture between cash basis and accrual accounting.

Without accurate financial reporting, the Board is unable to effectively monitor the financial activity of the Airport. Such monitoring is necessary to determine the continued integrity of the Airport, compliance with finance-related laws, and the retention of all required records.

The financial transactions should be recorded on a cash basis and a separate cashbook, receipts ledger, and appropriations ledger, either computerized or manual, should be maintained. All ledgers should be subtotaled and reconciled monthly to the cashbook and the monthly bank statement(s). Details supporting the monthly bank-to-book reconciliation should be retained in the Airport files. All information pertinent to the Airport's activity should be retained and provided for audit review.

**LAKEFIELD AIRPORT AUTHORITY
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or No Longer <u>Valid</u> ; Explain
1997-60254-001	Payroll - Payroll register not maintained, documentation not maintained for payroll withholding and remittances	No	Partially corrected, the recommendation has been modified and repeated in the management letter.
1997-60254-002	Airport Records - Cashbook, receipt and appropriation ledgers not maintained. Accounting software utilized did not support fund accounting. Various other records not maintained by the Airport	No	See Schedule of Findings Item 1999-60254-001.
1997-60254-003	Monitoring Airport Activity	No	Partially corrected, repeated as a management letter comment.



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LAKEFIELD AIRPORT AUTHORITY

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2000**