



**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7

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REPORT OF INDEPENDENT ACCOUNTANTS

Sandusky Regional Airport Authority
Sandusky County
101 South Front Street
Fremont, Ohio 43420-3099

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky Regional Airport Authority (the Authority) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. 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 provides a reasonable basis for our opinion.

As discussed in Note 1, the Authority 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 combined fund cash balances of the Authority as of December 31, 2001 and 2000, 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 February 12, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees 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.

Jim Petro
Auditor of State

February 12, 2002

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$104,278	\$104,278
Interest	\$77	52	129
SCEDC Contributions	68,712		68,712
Contract/FBO Property Lease	100		100
Fuel Sales	3,962		3,962
Farm Land Rent		53,010	53,010
Miscellaneous	7,118	678	7,796
	<u>79,969</u>	<u>158,018</u>	<u>237,987</u>
Cash Disbursements:			
Consultant Fees	4,501	4,999	9,500
Rent	8,200		8,200
Legal Fees	5,694	6,579	12,273
Land Acquisition/Easements	7,605	117,800	125,405
Surveys/Appraisals	400	7,600	8,000
Property Taxes	7,468		7,468
Management Fees	34,717	12,000	46,717
Advertising	1,147		1,147
Grand Opening/Open House	505		505
Tiling	129	1,620	1,749
Equipment	1,656	59	1,715
Airport Operations	3,232	3,033	6,265
Tree/Stump/Brush Removal		1,500	1,500
Utilities	3,072	3,794	6,866
Insurance	6,958	50	7,008
Miscellaneous	1,185	45	1,230
	<u>86,469</u>	<u>159,079</u>	<u>245,548</u>
Total Cash Disbursements Over Cash Receipts	<u>(6,500)</u>	<u>(1,061)</u>	<u>(7,561)</u>
Other Financing Receipts/(Disbursements):			
Grant Reimbursement - In	3,139		3,139
Grant Reimbursement - Out		(3,139)	(3,139)
Transfers-In	10,918		10,918
Transfers-Out	(10,918)		(10,918)
	<u>3,139</u>	<u>(3,139)</u>	
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	<u>(3,361)</u>	<u>(4,200)</u>	<u>(7,561)</u>
Fund Cash Balances, January 1	<u>15,876</u>	<u>85,679</u>	<u>101,555</u>
Fund Cash Balances, December 31	<u>\$12,515</u>	<u>\$81,479</u>	<u>\$93,994</u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$113,510	\$113,510
Interest	\$77	58	135
SCEDC Contributions	66,000		66,000
Contract/FBO Property Lease	100		100
Fuel Sales	3,074		3,074
Miscellaneous	134	7,055	7,189
Total Cash Receipts	<u>69,385</u>	<u>120,623</u>	<u>190,008</u>
Cash Disbursements:			
Consultant Fees	1,930	2,624	4,554
Administrative Fees		4,401	4,401
Legal Fees	7,560	6,366	13,926
Home Demolition	320	6,080	6,400
Audit Services	213	4,045	4,258
Surveys/Appraisals	784		784
Property Taxes	3,439	3,510	6,949
Management Fees	56,000	28,000	84,000
Advertising		32	32
Grand Opening/Open House	1,566		1,566
Tiling	7,506		7,506
Equipment		3,335	3,335
Airport Operations	556	255	811
Crop Damage Reimbursement		1,940	1,940
Utilities	800	3,936	4,736
Insurance	405		405
Miscellaneous	115		115
Total Cash Disbursements	<u>81,194</u>	<u>64,524</u>	<u>145,718</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,809)</u>	<u>56,099</u>	<u>44,290</u>
Other Financing Receipts/(Disbursements):			
Grant Reimbursement - In		1,843	1,843
Grant Reimbursement - Out		(1,843)	(1,843)
Transfers-In	2,300		2,300
Transfers-Out		(2,300)	(2,300)
Total Other Financing Receipts/(Disbursements)	<u>2,300</u>	<u>(2,300)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,509)	53,799	44,290
Fund Cash Balances, January 1 (restated)	<u>25,385</u>	<u>31,880</u>	<u>57,265</u>
Fund Cash Balances, December 31	<u>\$15,876</u>	<u>\$85,679</u>	<u>\$101,555</u>

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

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Sandusky Regional Airport Authority, Sandusky County, (the Authority) 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 Authority is directed by a nine member Board, appointed by the Sandusky County Commissioners. The Authority is responsible for the safety and efficient operation and maintenance of the airport.

The Authority's management believes these financial statements present all activities for which the Authority 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. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Authority had the following significant Special Revenue Funds:

Farmland Rent Fund - This fund receives rent money for airport land being farmed which is used for airport operations.

Airport Improvement Program Grant Funds - These funds are used to account for all federal programs.

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.

**SANDUSKY REGIONAL AIRPORT AUTHORITY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. RESTATEMENT OF PRIOR PERIOD FUND BALANCE

The cash balances in the special revenue fund were overstated by \$8,398 which resulted in an understatement of general fund cash balances.

This adjustment had the following effect on the General Fund and Special Revenue Fund balances as they were previously reported as of December 31, 1999:

	General Fund	Special Revenue Fund	
Fund Balance, December 31, 1999	\$16,987	\$40,278	
Adjustment	8,398	(8,398)	
Fund Balance, December 31, 1999	\$25,385	\$31,880	

This adjustment had no effect on the excess of expenditures and other financing uses over revenues and other financing sources as previously reported for the year ended December 31, 1999.

3. EQUITY IN POOLED CASH

The carrying amount of cash at December 31 follows:

	2001	2000	
Demand deposits	\$93,994	\$101,555	

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

4. RISK MANAGEMENT

The County has obtained insurance for the Authority for premises liability and public officials liability. The primary insurance for the airport is being provided by the owner of the buildings and fuel farm.

Commercial Insurance

The Authority has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Sandusky Regional Airport Authority
Sandusky County
101 South Front Street
Fremont, Ohio 43420-3099

To the Board of Trustees:

We have audited the accompanying financial statements of the Sandusky Regional Airport Authority (the Authority) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 12, 2002. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Authority'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 Authority in a separate letter dated February 12, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 Authority in a separate letter dated February 12, 2002.

Sandusky Regional Airport Authority
Sandusky County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 12, 2002



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SANDUSKY REGIONAL AIRPORT AUTHORITY

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2002**