

AKRON-CANTON REGIONAL AIRPORT AUTHORITY

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 1999 and 1998

**Laura J. MacDonald, CPA, Inc.
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To the Board of Trustees
Akron-Canton Regional Airport Authority
North Canton, Ohio

We have reviewed the Independent Auditor's Report of the Akron-Canton Regional Airport Authority, Summit County, prepared by Laura J. MacDonald, CPA, Inc., for the audit period January 1, 1999 to December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron-Canton Regional Airport Authority is responsible for compliance with these laws and regulations.

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

JIM PETRO
Auditor of State

September 7, 2000

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
Years Ended December 31, 1999 and 1998**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Akron-Canton Regional Airport Authority
North Canton, Ohio

I have audited the accompanying Balance Sheets of the Akron-Canton Regional Airport Authority as of December 31, 1999 and 1998 and the related Statements of Revenues and Expenses, Changes in Airport Equity and Cash Flows for the years then ended. These financial statements are the responsibility of the Akron-Canton Regional Airport Authority's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron-Canton Regional Airport Authority as of December 31, 1999 and 1998, and the results of its operations, changes in its airport equity and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 27, 2000 on my consideration of the Akron-Canton Regional Airport Authority's internal control over financial reporting and on my 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 my audit.

The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the procedures applied in the audits of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
June 27, 2000

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**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
BALANCE SHEETS
December 31, 1999 and 1998**

ASSETS	1999	1998
CURRENT ASSETS		
Cash	\$ 448	\$ 828
Investments	293,634	211,801
Accounts receivable	304,036	288,416
Prepaid expenses	29,808	31,585
TOTAL CURRENT ASSETS	627,926	532,630
ASSETS RESTRICTED FOR AIRPORT IMPROVEMENT PROJECTS		
Cash and cash equivalents	1,655,108	1,279,369
Investments	592,367	400,000
Passenger Facility Charges receivable	175,662	135,354
	2,423,137	1,814,723
AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS	2,431,092	2,517,507
PROPERTY AND EQUIPMENT		
Land and land improvements	19,331,373	18,024,756
Paving	19,804,453	19,796,804
Buildings	13,746,030	13,611,175
Vehicles and equipment	6,976,346	6,240,771
Utility systems	281,551	272,531
	60,139,753	57,946,037
Less accumulated depreciation	(22,370,023)	(20,994,393)
	37,769,730	36,951,644
	\$ 43,251,885	\$ 41,816,504

Please refer to accompanying notes.

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LIABILITIES AND AIRPORT EQUITY

	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Trade accounts payable	\$ 211,576	\$ 104,879
Projects payable	56,284	-
Accrued payroll expenses	283,544	237,665
Accrued taxes	46,274	46,129
Line of credit	-	422,009
Other current liabilities	<u>822</u>	<u>963</u>
TOTAL CURRENT LIABILITIES	598,500	811,645
DEFERRED EMPLOYEE BENEFITS	64,032	44,792
AIRPORT EQUITY	<u>42,589,353</u>	<u>40,960,067</u>
	<u>\$ 43,251,885</u>	<u>\$ 41,816,504</u>

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES	\$ 4,450,098	\$ 4,119,094
OPERATING EXPENSES	<u>3,400,144</u>	<u>3,019,061</u>
INCOME FROM OPERATIONS BEFORE DEPRECIATION	1,049,954	1,100,033
DEPRECIATION:		
Assets acquired with airport equity	402,708	346,599
Assets acquired with contributed capital	<u>994,148</u>	<u>953,987</u>
	<u>1,396,856</u>	<u>1,300,586</u>
OPERATING PROFIT/(LOSS)	(346,902)	(200,553)
NON-OPERATING REVENUES (EXPENSES)		
Net revenue from Passenger Facility Charges	1,179,804	1,026,308
Depreciation on assets acquired with Passenger Facility Charge revenues	(182,009)	(146,907)
Interest income	73,034	67,779
Gain/(loss) on sale of property and equipment	<u>66,472</u>	<u>(14,513)</u>
	<u>1,137,301</u>	<u>932,667</u>
NET REVENUES OVER EXPENSES	<u>\$ 790,399</u>	<u>\$ 732,114</u>

Please refer to accompanying notes.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (346,902)	\$ (200,553)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,396,856	1,300,586
(Increase) decrease in assets:		
Accounts receivable	(15,620)	(13,015)
Prepaid expenses	1,777	(3,020)
Increase (decrease) in liabilities:		
Trade accounts payable	106,697	56,958
Projects payable	56,284	(52,981)
Accrued payroll expenses	45,879	6,472
Accrued taxes	145	(100,531)
Road development funds held in escrow	-	(250,000)
Deferred rental income	-	(1,957)
Deferred employee benefits	19,240	20,829
Other current liabilities	(141)	-
	<u>1,264,215</u>	<u>762,788</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from Passenger Facility Charges	1,139,496	1,016,517
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,310,536)	(2,011,113)
Capital grant proceeds	838,887	591,042
Net proceeds from (payments on) line of credit	(422,009)	338,842
Gain/(loss) on sale of property and equipment	66,472	(14,513)
	<u>(1,827,186)</u>	<u>(1,095,742)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment, net	(649,939)	(751,147)
Interest income	73,034	67,779
	<u>(576,905)</u>	<u>(683,368)</u>
NET INCREASE (DECREASE) IN CASH	(380)	195
CASH AT BEGINNING OF YEAR	<u>828</u>	<u>633</u>
CASH AT END OF YEAR	<u>\$ 448</u>	<u>\$ 828</u>

Please refer to accompanying notes.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 STATEMENTS OF CHANGES IN AIRPORT EQUITY
 Years Ended December 31, 1999 and 1998**

	SUMMIT AND STARK COUNTIES	U.S. GOVERNMENT	OTHER CONTRIBUTED FUNDS
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 1997	\$ 1,640,616	\$ 28,307,844	\$ 210,000
Capital grants	-	509,568	-
Operating loss	-	-	-
Depreciation of Airport property and equipment purchased with contributed capital	(8,664)	(945,323)	-
Non-operating revenues, net	<u>-</u>	<u>-</u>	<u>-</u>
BALANCES AT DECEMBER 31, 1998	1,631,952	27,872,089	210,000
Capital grants	-	838,887	-
Operating loss	-	-	-
Depreciation of Airport property and equipment purchased with contributed capital	(8,664)	(985,484)	-
Non-operating revenues, net	<u>-</u>	<u>-</u>	<u>-</u>
BALANCES AT DECEMBER 31, 1999	<u>\$ 1,623,288</u>	<u>\$ 27,725,492</u>	<u>\$ 210,000</u>

Please refer to accompanying notes.

<u>TOTAL CONTRIBUTED FUNDS</u>	<u>RETAINED NET REVENUES</u>	<u>TOTAL AIRPORT EQUITY</u>
\$ 30,158,460	\$ 9,559,925	\$ 39,718,385
509,568	-	509,568
-	(200,553)	(200,553)
(953,987)	953,987	-
-	932,667	932,667
29,714,041	11,246,026	40,960,067
838,887	-	838,887
-	(346,902)	(346,902)
(994,148)	994,148	-
-	1,137,301	1,137,301
\$ 29,558,780	\$ 13,030,573	\$ 42,589,353

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Akron-Canton Regional Airport (the Airport) was founded in 1946 for the purpose of operating an airport facility serving commercial carriers and industrial concerns. The Akron-Canton Regional Airport Authority (the Airport Authority) was created by resolution of the County Commissioners of Stark and Summit Counties of Ohio in 1964. The Airport Authority is governed by a Board of Trustees consisting of representatives from both Stark and Summit Counties.

Accounting Basis

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned and measurable, and expenditures are recognized as incurred.

In accordance with Statement Number 20 of the Government Accounting Standards Board, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the Airport Authority has elected not to apply the provisions of the statements and interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The Authority will continue to apply all applicable pronouncements issued by the Governmental Accounting Standards Board.

The following information summarizes the accounting basis:

Property and Equipment

Substantially all of the Airport Authority's grounds and aircraft runways were contributed by the U.S. Government at the time the Airport was founded. These assets were recorded at their estimated fair value as of the date the contributions were made. Property and equipment acquired subsequent to the Airport's inception is carried at cost. Renewals and betterments are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Paving	2 - 30 years
Buildings	3 - 30 years
Vehicles and equipment	3 - 20 years
Utility systems	3 - 20 years

Capital Grants

The Airport Authority receives capital grants from various government agencies to fund the cost of Airport Improvement Projects. These grants are recorded as contributions to airport equity when the related expenses have been incurred.

Income Taxes

As a governmental entity, the Airport Authority is exempt from federal and state income taxes.

AKRON CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998

Statements of Cash Flows

The Statements of Cash Flows are presented in accordance with Government Accounting Standards Board Statement No. 9. The Airport Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit as of December 31, 1999 and 1998. Cash paid for interest totaled \$1,709 and \$9,195 for the years ended December 31, 1999 and 1998, respectively. There were no cash payments for income taxes during 1999 or 1998. Restricted cash and cash equivalents have not been included in the accompanying Statements of Cash Flows as these deposits represent funds which are not available for general operations.

Use of Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Reclassifications

Certain balances in the December 31, 1998 financial statements have been reclassified to conform with the 1999 presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

Ohio law requires that cash deposits be placed in eligible banks or domestic savings and loan associations located in Ohio. Any public depositor in which the Airport Authority places deposits must pledge as collateral eligible securities having an aggregate market value equal to the excess of any deposits not insured by the Federal Deposit Insurance Corporation (FDIC).

At December 31, 1999, the Airport Authority's deposit balances (all with banks) were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Market Value</u>
Cash deposits	<u>\$1,715,556</u>	<u>\$1,655,556</u>	<u>\$1,655,556</u>

As of December 31, 1999, the bank cash balance consisted of \$61,905 in demand deposits, \$1,653,203 in certificates of deposit and \$448 in petty cash. Of these amounts, \$100,000 was collateralized by FDIC insurance and the remaining \$1,615,556 was secured by pooled collateral pledged by various banks.

At December 31, 1999, the Airport Authority's investment balances (all with banks) were as follows:

	<u>Category</u>		<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>		
Repurchase Agreements	<u>\$200,000</u>	<u>\$686,001</u>	<u>\$886,001</u>	<u>\$886,001</u>

Repurchase agreements have been classified as to credit risk by the categories described below:

**AKRON CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Category 1– Insured or registered, with securities held by the Airport/Agent in the Airport Authority’s name

Category 2 – Uninsured and unregistered, with securities held by an Agent in the Airport Authority’s name

NOTE 3 - AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

Airport improvement projects-in-progress consist of expenditures for capitalizable improvements or additions to the Airport Authority’s facilities. The cost of completed projects is transferred to property and equipment accounts and depreciated over the estimated useful lives of the projects as of the date of completion. Airport improvement projects-in-progress consist of the following at December 31, 1999 and 1998:

Airport Improvement Projects-in-Progress at December 31, 1999:

<u>Description of Project</u>	<u>Source of Funding</u>		<u>Total Cost of Projects- In-Progress</u>
	<u>Federal Grants</u>	<u>Authority Dollars</u>	
AIP #21 - Environmental Assessment; Drainage Study; Snow Removal Equip.; etc.	\$163,771	\$ 18,197	\$ 181,968
AIP #23 – Noise Study; Snow Removal; Storm Water Drainage And Pollution Prevention; Passenger Loading Bridge	2,262	251	2,513
AIP #24 – Snow Removal; Environmental Assessment; Security Equipment	216,153	24,017	240,170
AIP #25 – Acquire Land; Install Signs; Improve Drainage	109,048	12,116	121,164
AIP #26 – Acquire Land	111,513	12,390	123,903
PFC – Maintenance Building	-	1,244,184	1,244,184
PFC – Taxiway Lighting	-	215,231	215,231
Terminal Master Plan	-	175,440	175,440
Various Other Projects	-	126,519	126,519
	<u>\$602,747</u>	<u>\$1,828,345</u>	<u>\$2,431,092</u>

AKRON CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998

NOTE 3 - AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS (Continued)

Airport Improvement Projects-in-Progress at December 31, 1998:

<u>Description of Project</u>	<u>Source of Funding</u>		<u>Total Cost of Projects- In-Progress</u>
	<u>Federal Grants</u>	<u>Authority Dollars</u>	
AIP #20 – Noise Study; Snow Removal	\$ 244,157	\$ 27,129	\$ 271,286
AIP #21 - Environmental Assessment; Drainage Study; Snow Removal Equip.; etc.	131,259	14,584	145,843
AIP #22 – Rehabilitate Taxi- Ways, Drives, etc.; Snow Removal; Drainage; Land Reimbursement	555,681	61,742	617,423
AIP #23 – Noise Study; Snow Removal; Storm Water Drainage And Pollution Prevention; Passenger Loading Bridge	204,450	22,717	227,167
PFC – Maintenance Building	-	1,234,649	1,234,649
Various Other Projects	<u>-</u>	<u>21,139</u>	<u>21,139</u>
	<u>\$1,135,547</u>	<u>\$1,381,960</u>	<u>\$2,517,507</u>

NOTE 4 - VACATION BENEFITS

Employees hired on or before January 1, 1996 earn two weeks of vacation annually during their first five years of service plus an additional week for every five years thereafter, up to a maximum of six weeks. Employees hired after January 1, 1996 can earn a maximum of five weeks of vacation. Vacation leave may, upon approval, be carried over for up to two years. As of December 31, 1999 and 1998, the accrual for vacation benefits totaled \$145,279 and \$123,222, respectively, and has been included in accrued payroll expenses in the accompanying Balance Sheets. The expense associated with vacation benefits totaled \$75,905 for the year ended December 31, 1999 and \$58,712 for the year ended December 31, 1998, and has been included in “salaries and labor” in the accompanying Supplementary Schedules of Operating Expenses.

AKRON CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998

NOTE 5 - DEFERRED EMPLOYEE BENEFITS

Deferred employee benefits consist exclusively of accrued sick leave. Full-time employees accumulate ten hours of sick leave for each completed month in active pay status. Part-time employees accrue sick leave on a proportionate basis. Upon retirement, Airport Authority employees are paid for accrued sick leave, up to a maximum of 960 hours. The Airport Authority accrues for sick leave through the vesting method, as established by Governmental Accounting Standards Board Statement No. 16. As of December 31, 1999 and 1998, the accrual for sick leave totaled \$64,032 and \$44,792, respectively. The expense for sick leave totaled \$50,957 for the year ended December 31, 1999 and \$45,130 for the year ended December 31, 1998. The expense for sick leave has been included in "salaries and labor" in the accompanying Supplementary Schedules of Operating Expenses.

All full-time Airport Authority employees are given the opportunity to become members of the Ohio Deferred Compensation Plan.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

All employees of the Airport Authority participate in the Public Employees Retirement System of Ohio (PERS), which is a cost-sharing, multiple-employer defined benefit pension plan. PERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries.

Employees may retire at or after age 60 with 5 years of credited service. They are entitled to reduced benefits at age 55, with 25 years of service. With 30 years of service there is no age requirement or age benefit reduction. Benefit payments vary in amount based on length of public service, age, final average salary level and the type of benefit payment plan selected. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

In addition, PERS provides post retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an "Other Post Employment Benefit" (OPEB) as described in Statement No. 12 of the Government Accounting Standards Board. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. Other Post Employment Benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. The Public Employees Retirement System of Ohio reported expenditures for OPEB during 1999 of \$523,599,349. As of December 31, 1999, the unaudited net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

The Ohio Revised Code provides statutory authority for employee and employer contributions, including the funding of post retirement health care benefits by public employers through their contributions to PERS.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 1999 and 1998**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Throughout the year ended December 31, 1999, covered employees were required to contribute 8.5% of their salary to PERS. The employer contribution rate for local government employer units was 13.55% of covered payroll; 4.2% of which was used to fund health care. For the fiscal years ended December 31, 1999, 1998 and 1997, the Authority’s PERS expense totaled \$171,926, \$154,724, and \$144,713, respectively. PERS expense for 1999 and 1998 has been included in employee benefits in the accompanying Supplementary Schedules of Operating Expenses. For fiscal 1999, 1998 and 1997, the Authority’s contribution amounts were equal to the total dollar amount billed to the Authority by PERS.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

The Public Employees Retirement System issues a stand-alone financial report which can be obtained by making a written request to 277 East Town Street, Columbus, Ohio 43215 - 4642 or by calling (614) 466-2085.

NOTE 7 - LINE OF CREDIT

As of December 31, 1999, the Airport Authority had a line of credit from a bank for \$1,500,000. Of this, \$1,500,000 was available at December 31, 1999. The line of credit is payable on demand and bears interest at a variable rate adjusted quarterly, based on a predetermined index. The line of credit is secured by balances in certain bank accounts.

NOTE 8 - NONCANCELLABLE LEASES

The Airport Authority leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. Future minimum rentals as of December 31, 1999 under such agreements were as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2000	\$1,433,161
2001	1,414,392
2002	986,554
2003	617,375
2004	408,000
Thereafter	18,847,914

NOTE 9 - INSURANCE COVERAGES

As of December 31, 1999, the Airport Authority had general liability insurance coverage of \$50,000,000 for each occurrence and in the aggregate; director and officer liability coverage of \$1,000,000 per loss and in the aggregate; vehicle liability coverage with a combined single limit of \$1,000,000; and public officials coverage of \$1,000,000 for each loss and in the aggregate.

SUPPLEMENTARY INFORMATION

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To The Board of Trustees
Akron-Canton Regional Airport Authority
North Canton, Ohio

My report on my audits of the basic financial statements of the Akron-Canton Regional Airport Authority, as of and for the years ended December 31, 1999 and 1998, appears on page 1 of this report. I conducted my audits 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, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Schedules of Operating Revenues and Operating Expenses is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
June 27, 2000

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULES OF OPERATING REVENUES
Years Ended December 31, 1999 and 1998

	1999		1998	
	Amount	%	Amount	%
LANDING AREA				
Landing fees - scheduled	\$ 487,234	10.9%	\$ 474,515	11.5%
Landing fees - itinerant	56,512	1.6%	63,169	1.6%
	543,746	12.5%	537,684	13.1%
TERMINAL AREA				
Auto parking facility	1,734,446	38.7%	1,403,034	34.1%
Auto rental agencies	807,670	18.1%	708,947	17.2%
Airline leased areas	357,314	8.0%	338,315	8.2%
Freight and cargo operations	47,920	1.1%	50,189	1.2%
Food and beverage facility	81,184	1.8%	83,652	2.0%
U.S. government leased area	53,493	1.2%	68,461	1.7%
Other service facilities	98,963	2.2%	109,097	2.6%
	3,180,990	71.1%	2,761,695	67.0%
HANGAR AREA				
Corporate flight operations	209,260	4.7%	212,142	5.2%
Fixed base operations	146,892	3.3%	131,351	3.2%
Ohio National Guard	35,000	0.8%	35,000	0.8%
Private hangars	30,447	0.7%	29,609	0.7%
Aviation fuel facility	3,024	0.1%	3,024	0.1%
	424,623	9.6%	411,126	10.0%
OTHER				
	300,739	6.8%	408,589	9.9%
	<u>\$ 4,450,098</u>	<u>100.0%</u>	<u>\$ 4,119,094</u>	<u>100.0%</u>

Please refer to auditor's report on supplementary information.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULES OF OPERATING EXPENSES
Years Ended December 31, 1999 and 1998

	1999		1998	
	Amount	%	Amount	%
LANDING AREA				
Materials and supplies	\$ 142,712	4.2%	\$ 105,140	3.5%
Salaries and labor	199,022	5.3%	157,520	5.3%
Employee benefits	77,173	2.3%	47,557	1.6%
Administrative expenses	62,883	1.8%	39,645	1.3%
Gasoline and oil	18,540	0.5%	14,454	0.5%
Utilities	(16,860)	-0.6%	20,132	0.6%
	<u>483,470</u>	<u>13.5%</u>	<u>384,448</u>	<u>12.8%</u>
TERMINAL AREA				
Salaries and labor	719,606	21.0%	693,075	23.0%
Utilities	340,896	10.0%	305,827	10.1%
Employee benefits	279,753	8.2%	208,517	6.9%
Material and supplies	227,628	6.7%	199,259	6.6%
Administrative expenses	293,457	8.6%	185,372	6.1%
Contracted services	470,141	14.5%	447,271	14.7%
Insurance	51,794	1.8%	51,834	1.8%
	<u>2,383,275</u>	<u>70.8%</u>	<u>2,091,155</u>	<u>69.2%</u>
HANGAR AREA				
Salaries and labor	326,376	9.6%	369,200	12.2%
Employee benefits	125,407	3.7%	109,747	3.6%
Administrative expenses	62,883	1.8%	37,945	1.3%
Material and supplies	2,726	0.1%	13,719	0.5%
Utilities	16,007	0.5%	12,847	0.4%
	<u>533,399</u>	<u>15.7%</u>	<u>543,458</u>	<u>18.0%</u>
	<u>\$ 3,400,144</u>	<u>100.0%</u>	<u>\$ 3,019,061</u>	<u>100.0%</u>

Please refer to auditor's report on supplementary information.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES*
Year Ended December 31, 1999**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES
U.S. Department of Transportation:			
Airport Improvement Program - #20	20.106	3-39-0001-20-95	\$ 3,677
Airport Improvement Program - #21	20.106	3-39-0001-21-96	32,511
Airport Improvement Program - #22	20.106	3-39-0001-22-97	11,869
Airport Improvement Program - #23	20.106	3-39-0001-23-98	273,170
Airport Improvement Program - #24	20.106	3-39-0001-24-99	394,314
Airport Improvement Program - #25	20.106	3-39-0001-25-99	12,284
Airport Improvement Program - #26	20.106	3-39-0001-26-99	111,062
			<u>\$ 838,887</u>

Please refer to auditor's report on supplementary information.

* This Schedule has been prepared on the accrual basis of accounting.

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Akron-Canton Regional Airport Authority
North Canton, Ohio

I have audited the financial statements of the Akron-Canton Regional Airport Authority as of and for the year ended December 31, 1999, and have issued my report thereon dated June 27, 2000. I conducted my 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 Akron-Canton Regional Airport Authority's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Akron-Canton Regional Airport Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Laura J. MacDonald, CPA, Inc.
June 27, 2000

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Akron-Canton Regional Airport Authority
North Canton, Ohio

Compliance

I have audited the compliance of the Akron-Canton Regional Airport Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 1999. The Akron-Canton Regional Airport Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Akron-Canton Regional Airport Authority. My responsibility is to express an opinion on the Akron-Canton Regional Airport Authority's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Akron-Canton Regional Airport Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Akron-Canton Regional Airport Authority's compliance with those requirements.

In my opinion, the Akron-Canton Regional Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Akron-Canton Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Akron-Canton Regional Airport Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Laura J. MacDonald, CPA, Inc.
June 27, 2000

**AKRON CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1999**

I. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weaknesses conditions reported for major programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under Section 510?	No
Major Programs:	Airport Improvement Program CFDA No.:20.106
Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	Yes

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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AKRON CANTON REGIONAL AIRPORT AUTHORITY

SUMMIT 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
OCTOBER 19, 2000**