

**AIRPORT AUTHORITY
AKRON-CANTON REGIONAL**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2001

**Laura J. MacDonald, CPA, Inc.
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STATE OF OHIO
OFFICE OF THE AUDITOR

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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, 2001 through December 31, 2001. 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

July 25, 2002

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**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
Year Ended December 31, 2001**

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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 Sheet of the Akron-Canton Regional Airport Authority as of December 31, 2001 and the related Statements of Revenues and Expenses, Changes in Airport Equity and Cash Flows for the year 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 audit.

I conducted my 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 I 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. I believe that my audit provides 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, 2001, and the results of its operations, changes in its airport equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Akron-Canton Regional Airport Authority changed its method of recording revenues associated with grant funds expended for capitalizable fixed assets, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions (GASB 33), effective for the year ended December 31, 2001.

In accordance with Government Auditing Standards, I have also issued a report dated June 21, 2002 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.

To the Board of Trustees
Akron-Canton Regional Airport Authority
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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 audit 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 21, 2002

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
BALANCE SHEET
December 31, 2001**

ASSETS

CURRENT ASSETS

Cash	\$ 448
Investments	368,906
Trade accounts receivable	391,399
Prepaid expenses and other current assets	<u>39,860</u>

TOTAL CURRENT ASSETS 800,613

**ASSETS RESTRICTED FOR AIRPORT
IMPROVEMENT PROJECTS**

Cash and cash equivalents	543,514
Investments	1,335,762
Passenger Facility Charges receivable	<u>280,070</u>

2,159,346

PROPERTY AND EQUIPMENT

Land and land improvements	22,072,199
Paving	21,162,781
Buildings	14,238,801
Vehicles and equipment	10,375,870
Utility systems	<u>447,748</u>

68,297,399

Less accumulated depreciation (25,510,016)

42,787,383

AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

4,619,632

\$ 50,366,974

Please refer to accompanying notes.

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LIABILITIES AND AIRPORT EQUITY

CURRENT LIABILITIES

Trade accounts payable	\$	108,036
Projects payable		114,198
Accrued payroll expenses		332,021
Accrued real estate taxes		49,743
Line of credit		<u>150,656</u>

TOTAL CURRENT LIABILITIES 754,654

DEFERRED EMPLOYEE BENEFITS 80,870

AIRPORT EQUITY 49,531,450

\$ 50,366,974

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
Year Ended December 31, 2001**

OPERATING REVENUES	\$ 4,566,104	
OPERATING EXPENSES	<u>4,265,527</u>	
INCOME FROM OPERATIONS BEFORE DEPRECIATION		300,577
DEPRECIATION:		
Assets acquired with airport equity	437,851	
Assets acquired with Passenger Facility Charge Revenues	310,206	
Assets acquired with contributed capital (prior to January 1, 2001)	961,830	
Assets acquired with contributed capital (subsequent to January 1, 2001)	<u>76,999</u>	
		<u>1,786,886</u>
OPERATING LOSS		(1,486,309)
NON-OPERATING REVENUES (EXPENSES)		
Capital grants	5,298,901	
Net revenue from Passenger Facility Charges	1,062,075	
Interest income	<u>83,067</u>	
		<u>6,444,043</u>
NET REVENUES OVER EXPENSES		<u>\$ 4,957,734</u>

Please refer to accompanying notes.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENT OF CHANGES IN AIRPORT EQUITY
Year Ended December 31, 2001

	<u>SUMMIT AND STARK COUNTIES</u>	<u>U.S. GOVERNMENT</u>	<u>OTHER CONTRIBUTED FUNDS</u>
BALANCES AT DECEMBER 31, 2000	\$ 1,614,624	\$ 28,116,025	\$ 210,000
Operating loss	-	-	-
Depreciation of Airport property and equipment purchased with contributed capital	(8,664)	(953,166)	-
Non-operating revenues, net	<u>-</u>	<u>-</u>	<u>-</u>
BALANCES AT DECEMBER 31, 2001	<u>\$ 1,605,960</u>	<u>\$ 27,162,859</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>
\$ 29,940,649	\$ 14,633,067	\$ 44,573,716
-	(1,486,309)	(1,486,309)
(961,830)	961,830	-
<u>-</u>	<u>6,444,043</u>	<u>6,444,043</u>
<u>\$ 28,978,819</u>	<u>\$ 20,552,631</u>	<u>\$ 49,531,450</u>

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2001**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (1,486,309)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,786,886
(Increase) decrease in assets:	
Accounts receivable	(186,780)
Prepaid expenses and other current assets	3,239
Increase (decrease) in liabilities:	
Trade accounts payable	37,846
Projects payable	(15,000)
Accrued payroll expenses	19,581
Accrued real estate taxes	1,401
Deferred employee benefits	<u>25,957</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

\$ 186,821

**CASH FLOWS FROM NON-CAPITAL FINANCING
ACTIVITIES**

Receipts from Passenger Facility Charges	1,062,075
--	-----------

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(6,899,623)
Capital grant proceeds	5,298,901
Net proceeds from (payments on) line of credit	<u>150,656</u>

**NET CASH USED BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

(1,450,066)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for (proceeds from) investments	118,103
Interest income	<u>83,067</u>

**NET CASH PROVIDED BY
INVESTING ACTIVITIES**

201,170

NET INCREASE (DECREASE) IN CASH

-

CASH AT BEGINNING OF YEAR

448

CASH AT END OF YEAR

\$ 448

Please refer to accompanying notes.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Akron-Canton Regional Airport (the Airport) was founded in 1946, as a governmental entity, 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

Accounting and Reporting for Nonexchange Transactions

The Airport Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, (GASB 33), effective for the year ended December 31, 2001. Nonexchange transactions occur when the Airport Authority receives (or gives) value without directly giving (or receiving) equal value in return.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Under generally accepted accounting principles, prior to GASB 33, the Authority did not recognize revenues associated with grant funds expended for capitalizable property and equipment. These transactions, along with the depreciation recorded on such assets, were reported as increases/decreases in contributed capital.

Effective for the year ended December 31, 2001, in conformity with the requirements of GASB 33, the Airport Authority has recognized grant funds expended for capitalizable property and equipment as revenues and the related depreciation thereon, as expenses in the accompanying financial statements.

Compensated Absences

The Airport Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, those accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Airport Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Assets Restricted for Airport Improvement Projects

Cash and cash equivalents, and investments funded by federal grant monies, along with Passenger Facility Charges receivable are restricted for use in various Airport Improvement Projects. Such deposits, along with Passenger Facility Charges receivable, are not available for use in the general operations of the Airport Authority.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2001**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 (Continued)**

Statement of Cash Flows

The Statement of Cash Flows is presented in accordance with Government Accounting Standards Board (GASB) Statement No. 9. The Airport Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In accordance with GASB Statement No. 9, the Authority has elected to treat restricted cash equivalents as investments for cash flow reporting purposes in 2001. Cash equivalents consist of certificates of deposit as of December 31, 2001.

There were no cash payments for interest or income taxes during the year ended December 31, 2001.

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.

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, 2001, 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>\$621,752</u>	<u>\$621,752</u>

As of December 31, 2001, the bank cash balance consisted of \$103,249 in demand deposits, \$518,055 in certificates of deposit and \$448 in petty cash. Of these amounts, \$179,718 was collateralized by FDIC insurance and the remaining \$442,034 was secured by pooled collateral pledged by various banks.

At December 31, 2001, 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>\$119,782</u>	<u>\$1,507,096</u>	<u>\$1,626,878</u>	<u>\$1,626,878</u>

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001**

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

In accordance with GASB Statement No. 3 repurchase agreements have been classified as to custodial credit risk in the categories described below:

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, 2001:

<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 #28 – Relocate access roads; extend and improve runways; acquire land for development; improve drainage and acquire equipment	\$3,852,772	\$473,166	\$4,325,938
AIP #29 – Shift/Extend Runway	36,765	4,085	40,850
Airport Improvement Project Awaiting Federal Funding: - Baggage Claim Expansion	-	161,975	161,975
Various Other Projects	-	90,869	90,869
	<u>\$3,889,537</u>	<u>\$730,095</u>	<u>\$4,619,632</u>

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

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, 2001, the accrual for vacation benefits totaled \$180,160 and has been included in accrued payroll expenses in the accompanying Balance Sheet. The expense associated with vacation benefits totaled \$85,396 for the year ended December 31, 2001 and has been included in "salaries and labor" in the accompanying Supplementary Schedule of Operating Expenses.

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 using the vesting method, as established by Governmental Accounting Standards Board Statement No. 16. As of December 31, 2001, the accrual for sick leave totaled \$80,870 and has been included in "deferred employee benefits" in the accompanying Balance Sheet. The expense for sick leave totaled \$55,843 for the year ended December 31, 2001 and has been included in "salaries and labor" in the accompanying Supplementary Schedule 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 administered by the Public Employees Retirement Board. PERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Airport Authority is required to contribute 13.55 percent. The portion of this amount used to fund pension obligations for 2001 was 9.25 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Airport Authority's contributions to PERS for the years ended December 31, 2001, 2000 and 1999 were \$199,872, \$184,579, and \$171,926, respectively. For each of these years, the Airport Authority's contribution amounts were equal to the total dollar amount billed to the Authority by PERS.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

NOTE 7 – POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by PERS is considered an “Other Postemployment Benefit” (OPEB) as described in GASB Statement No. 12, “Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers.” A portion of each employer’s contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2001 was 13.55 percent of covered payroll; 4.3 percent was the portion used to fund health care.

Benefits are advance funded using the entry age normal cost method. In 2000, PERS returned to an actuarially pre-funded disclosure because this provides a better presentation of the actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go basis. Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

Other Postemployment Benefits are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

As of December 31, 2000, the total number of active contributing participants statewide was 411,579. As of December 31, 2000, the actuarial value of net assets available for future OPEB payments was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial liability was \$14,364.6 million and \$2,628.7 million, respectively. The Airport Authority’s contribution for 2001 which was used to fund OPEB was \$63,419.

NOTE 8 - LINE OF CREDIT

As of December 31, 2001, the Airport Authority had a line of credit from a bank for \$1,500,000. Of this, \$1,349,344 was available at December 31, 2001. 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 9 - 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, 2001 under such agreements were as follows:

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2001**

NOTE 9 - NONCANCELLABLE LEASES (Continued)

<u>Amount</u>	<u>Year Ended December 31,</u>
2001	\$ 1,418,434
2002	983,929
2003	786,198
2004	429,208
2005	287,704
Thereafter	\$17,180,681

NOTE 10 - INSURANCE COVERAGES

As of December 31, 2001, 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. The risk of loss to which the Airport Authority is exposed include theft, fire, E&O, and general liability. There has been no reduction in insurance coverage during the period of January 1, 2001 through December 31, 2001. Settlement costs have not exceeded coverage limits during each of the years ended December 31, 1999, 2000 and 2001.

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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 audit of the basic financial statements of the Akron-Canton Regional Airport Authority, as of and for the year ended December 31, 2001 appears on page 1 of this report. I conducted my 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, 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 audit 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 21, 2002

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULE OF OPERATING REVENUES
Year Ended December 31, 2001

	<u>Amount</u>	<u>%</u>
LANDING AREA		
Landing fees - scheduled	\$ 510,729	11.2%
Landing fees - itinerant	42,016	0.9%
	<u>552,745</u>	<u>12.1%</u>
TERMINAL AREA		
Auto parking facility	1,678,997	36.8%
Auto rental agencies	783,538	17.2%
Airline leased areas	353,425	7.7%
Freight and cargo operations	39,692	0.9%
Food and beverage facility	77,976	1.7%
U.S. government leased area	53,493	1.2%
Other service facilities	202,882	4.4%
	<u>3,190,003</u>	<u>69.9%</u>
HANGAR AREA		
Corporate flight operations	225,912	4.9%
Fixed base operations	156,757	3.4%
Ohio National Guard	35,000	0.8%
Private hangars	78,352	1.7%
Aviation fuel facility	3,024	0.1%
	<u>499,045</u>	<u>10.9%</u>
OTHER		
	<u>324,311</u>	<u>7.1%</u>
	<u>\$ 4,566,104</u>	<u>100%</u>

Please refer to auditor's report on supplementary information.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULE OF OPERATING EXPENSES
Year Ended December 31, 2001

	<u>Amount</u>	<u>%</u>
LANDING AREA		
Materials and supplies	\$ 102,923	2.4%
Salaries and labor	196,454	4.6%
Employee benefits	76,926	1.8%
Administrative expenses	126,647	3.0%
Gasoline and oil	27,921	0.7%
Utilities	<u>910</u>	<u>0.0%</u>
	531,781	12.5%
TERMINAL AREA		
Salaries and labor	935,403	21.8%
Utilities	365,939	8.6%
Employee benefits	357,157	8.4%
Material and supplies	215,725	5.1%
Administrative expenses	591,017	13.9%
Contracted services	624,982	14.6%
Insurance	<u>54,231</u>	<u>1.3%</u>
	3,144,454	73.7%
HANGAR AREA		
Salaries and labor	308,601	7.2%
Employee benefits	115,389	2.7%
Administrative expenses	126,647	3.0%
Material and supplies	7,902	0.2%
Utilities	<u>30,753</u>	<u>0.7%</u>
	<u>589,292</u>	<u>13.8%</u>
	<u>\$ 4,265,527</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, 2001**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES*</u>
U.S. Department of Transportation			
Direct:			
Airport Improvement Program - #24	20.106	3-39-0001-24-99	\$ 49,016
Airport Improvement Program - #25	20.106	3-39-0001-25-99	775,206
Airport Improvement Program - #26	20.106	3-39-0001-26-99	2,234
Airport Improvement Program - #27	20.106	3-39-0001-27-00	312,399
Airport Improvement Program - #28	20.106	3-39-0001-28-01	<u>4,160,046</u>
			5,298,901
 Security Grant	 20.106	 3-39-00001-3002	 <u>114,443</u>
			<u>\$ 5,413,344</u>

* 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, 2001, and have issued my report thereon dated June 21, 2002. I conducted my 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 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 21, 2002

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON 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, 2001. 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 auditing standards generally accepted in the United States of America, 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, 2001.

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 21, 2002

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2001**

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
AUGUST 15, 2002**