

**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1998**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Portage Regional Airport Authority  
Portage County  
8095 State Route 44  
Ravenna, Ohio 44266

### Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Portage County Regional Airport Authority, (the Airport), component unit of Portage County, as of and for the year ended December 31, 1998. These general-purpose financial statements are the responsibility of the Airport's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audit 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 general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Portage County Regional Airport Authority, Portage County, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with Generally accepted accounting principles.

As more fully described in Note 3 to the general-purpose financial statements, certain changes in accounting policies and financial reporting practices were made in order to present the aforementioned general-purpose financial statements in conformity with generally accepted accounting principles. Such changes were adopted effective January 1, 1998 and to implement those changes, adjustments were made to restate fund balances and retained earnings as of that date.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 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.

Our audit was performed for the purpose of forming an opinion on the General-purpose financial statements of the Airport, taken as a whole. 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 general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respect, in relation to the general-purpose financial statements taken as a whole.



**Jim Petro**  
Auditor of State

January 12, 2000

**BALANCE SHEET  
PROPRIETARY FUND TYPE  
DECEMBER 31, 1998**

	<b>Enterprise Funds</b>
<b>Assets:</b>	
Cash in Segregated Accounts	\$ 373,203
Material and Supplies Inventory	12,226
Fixed Assets, (Net where applicable of Accumulated Depreciation)	<u>1,660,169</u>
Total Assets	<u>\$ 2,045,598</u>
<b>Liabilities:</b>	
Accounts Payable	\$ 9,878
Due to Primary Government	<u>300,000</u>
Total Liabilities	309,878
<b>Fund Equity:</b>	
Retained Earnings: Unreserved	<u>1,735,720</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$2,045,598</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Enterprise Funds</b>
<b>Operating Revenues:</b>	
Charges for Services	\$ 121,157
Other	<u>13,262</u>
<b>Total Operating Revenues</b>	<b>134,419</b>
<b>Operating Expenses:</b>	
Personal Services	12,007
Contractual Services	19,969
Material and Supplies	312,037
Depreciation	21,667
Other	<u>23,447</u>
<b>Total Operating Expenses</b>	<b><u>389,127</u></b>
<b>Operating Loss</b>	<b>(254,708)</b>
<b>Non-Operating Revenues:</b>	
Operating Grants	347,083
Interest Income	<u>724</u>
<b>Total Non-Operating Revenues</b>	<b><u>347,807</u></b>
<b>Net Income</b>	<b>93,099</b>
Retained Earnings - January 1,	<u>1,642,621</u>
Retained Earnings - December 31,	<b><u>\$1,735,720</u></b>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 1998**

**Increase (Decrease) in Cash and Cash Equivalents:**

**Cash Flows from Operating Activities:**

Cash Received from Customers	\$ 121,157
Other Cash Receipts	13,262
Cash Payments to Suppliers for Goods and Services	(309,047)
Cash Payments for Employee Services and Benefits	(12,007)
Cash Payments for Contractual Services	(20,515)
Cash Payments for Operating Expenses	( 23,008)
Net Cash Provided by Operating Activities	<u>(230,158)</u>

**Cash Flows from Noncapital Financing Activities:**

Operating Grants	362,375
Loan from Primary Government	<u>300,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>662,375</u>

**Capital-Related Financing Activities:**

Payments for Capital Acquisitions	( 215,525)
Net Cash Used for Capital and Related Financing Activities	<u>( 215,525)</u>

**Cash Flows from Investing Activities:**

Interest on Investments	<u>724</u>
Net Cash Provided by Investing Activities	<u>724</u>
Net Increase in Cash and Cash Equivalents	217,416

Cash and Cash Equivalents at Beginning of Year	<u>155,787</u>
Cash and Cash Equivalents at End of Year	<u>\$ 373,203</u>

**Reconciliation of Operating Income (Loss)  
to Net Cash Provided by Operating Activities**

Operating Loss	(\$254,708)
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Adjustments:

Depreciation	21,667
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Changes in Assets and Liabilities:

Increase in Accounts Payable	<u>2,883</u>
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<b>Net Cash Provided by Operating Activities</b>	<b><u>(\$230,158)</u></b>
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*The notes to the financial statements are an integral part of the financial statements.*

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1998**

**1. DESCRIPTION OF REGIONAL AIRPORT AUTHORITY AND REPORTING ENTITY**

The Portage County Regional Airport Authority (the "Authority") was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a seven member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name, the power to establish and collect rates, rentals and other charges, the authority to acquire, construct, operate, manage and maintain airport facilities, the authority to buy and sell real and personal property, and the authority to issue debt for acquiring or constructing any facility or permanent improvement. Since the airport imposes a financial burden on the County, the Airport is reflected as a component unit of Portage County. The Airport has a December 31 year end.

**Reporting Entity**

The Authority has adopted the provisions of Statement No. 14 of the Governmental Accounting Standards Board ("GASB") regarding the definition of the financial reporting entity. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statement No. 14, the Authority has no component units. The Authority is, however, considered to be a component unit of Portage County ("the County") by virtue of the fact the Authority's Board of Trustees is appointed by the County and the Airport imposes a financial burden on the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organization.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources are generally applicable to the primary government. The Authority also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to its proprietary activities.

**A. Basis of Presentation - Fund Accounting**

The Airport uses a fund to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the fund of the Authority is grouped into the following generic fund type under the broad proprietary fund category.

**Proprietary Fund Types:**

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following are the Authority's proprietary fund types:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**  
**(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Enterprise Fund**

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

**C. Cash**

The Authority maintains an interest bearing depository account. All funds of the Authority are maintained in this account. This interest bearing depository accounts is presented in the combined balance sheet as "Cash in Segregated Accounts" since they are not required to be deposited into the County treasury. The Authority has no investments.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 1998 amounted to \$724.

For purposes of the Statement of Cash Flows and for presentation of the Balance Sheet, the Authority had one interest bearing checking account which is considered to be cash.

**D. Inventories**

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenses in the proprietary fund types when used.

**E. Property, Plant, Equipment and Depreciation**

Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1998  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fund fixed assets.

Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

Description	Estimated Life
Buildings	40 Years
Machinery and Equipment	3-20 Years

**G. Accrued Liabilities and Long-Term Obligations**

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the proprietary fund.

**H. Reserves of Fund Equity and Designations**

Undesignated fund equity indicates that portion of fund equity which is available for appropriation in future periods.

**I. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR'S FUND EQUITY**

For the year ended December 31, 1998, the Airport has presented for the first time financial statements in accordance with generally accepted accounting principles.

In conjunction with this presentation, the Airport has changed its basis of accounting from cash basis to the accrual basis. This change required that certain adjustments be recorded to the January 1, 1998 retained earnings as previously reported to reflect the prior year's effect of adopting these new accounting principles. This change caused General Fund balance of \$5,177 and the Special Revenue Fund balance of \$150,610 to be restated as Enterprise Fund retained earnings of \$1,642,621.

**4. DEPOSITS**

Moneys held by the Authority are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the Authority treasury. Active moneys must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**  
**(Continued)**

**4. DEPOSITS (Continued)**

Moneys held by the Authority which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation and security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the Authority;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the Authority lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Authority's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Authority's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**  
**(Continued)**

**4. DEPOSITS (Continued)**

**Deposits:** At December 31, 1998, the carrying amount of the Airport's deposits was \$367,203 and the bank balance was \$367,696. There were certificates of deposit in the amount of \$6,000. The entire amount was covered by Federal Depository Insurance.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classification of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash</u>	<u>Investments</u>
Per GASB Statement 9	\$373,203	\$ 0
Additions/(Deletions)	<u>(6,000)</u>	<u>6,000</u>
Per GASB Statement 3	<u>\$367,203</u>	<u>\$6,000</u>

**5. RISK MANAGEMENT**

The Airport maintains comprehensive insurance coverage for real property and building contents. Real property and contents are 90 percent coinsured.

**6. FIXED ASSETS**

A summary of the Airport's fixed assets at December 31, 1998 follows:

Land & Buildings	\$1,479,564
Equipment	<u>215,525</u>
Total	<u>\$1,695,089</u>
Accumulated Depreciation	<u>(250,292)</u>
Net Fixed Assets	<u>\$1,444,797</u>

Values for Land and Buildings were estimated to establish estimated historical costs using the *Consumer Price Index*.

**7. DEFINED BENEFIT RETIREMENT SYSTEM**

**A. Public Employees Retirement System**

All Authority employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits and obligations to contribute to the plan by employers and employees are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which 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 Authority is required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**  
**(Continued)**

**8. POSTEMPLOYMENT BENEFITS**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. 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 1998 employer contribution rate was 13.55 percent of covered payroll; effectively January 1, 1998, 4.2 percent was the portion that was used to fund health care in 1998.

For 1998, benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. 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.

**9. LONG-TERM DEBT**

The Authority has a long-term obligation to the primary government of \$300,000 at December 31, 1998. This obligation is for the administration and implementation of federal grant and matching local funds. The loan from the County shall be paid back to the County at a rate of thirty thousand dollars (\$30,000) per year plus interest at a rate based upon the annual investment loss percentage rate of the County. The interest rate presently used in the calculations is 5.38%. Principal and interest payments due on this obligation as of December 31, 1998 are as follows:

<u>Year</u>	<u>Due to Primary Government</u>
1999	\$ 46,140
2000	44,526
2001	42,912
2002	41,298
2003	39,684
2004-2008	<u>174,210</u>
Total	<u>\$388,770</u>

**10. YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Portage County Regional Airport Authority's operations as early as fiscal 1999.

The Portage County Regional Airport Authority is aware of the Year 2000 issue and believes it has no internal, mission critical, computer or electronic equipment systems.

To the best of management's knowledge and belief, as of January 12, 2000, the Airport experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties which whom the Airport does business may also experience Year 2000 readiness issues that are as yet, unknown.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <u>Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Airport Improvement Program	20.106	94-1-3390099-05 94-1-3390099-08	\$ 10,767 <u>325,043</u>
Total			\$ <u>335,810</u>

*The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.*

**NOTES TO SCHEDULE OF FEDERAL AWARDS  
EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1998**

**NOTE - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

Portage Regional Airport Authority  
Portage County  
8095 State Route 44  
Ravenna, Ohio 44266

Board of Trustees:

We have audited the financial statements of the Portage County Regional Airport Authority as of and for the year ended December 31, 1998, and have issued our report thereon dated January 12, 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 Portage County Regional Airport 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 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Portage County Regional Airport 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 Portage County Regional Airport Authority in a separate letter dated January 12, 2000.

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

This report is intended for the information and use of the management, board of trustees, and federal awarding agencies 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", written over a large, stylized "X" mark.

**Jim Petro**  
Auditor of State

January 12, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Portage Regional Airport Authority  
Portage County  
8095 State Route 44  
Ravenna, Ohio 44266

**Board of Trustees:**

We have audited the compliance of the Portage County 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, 1998. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Airport's compliance with those requirements.

In our opinion, the Portage County 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, 1998.

**Internal Control Over Compliance**

The management of the Portage County 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 our audit, we considered the Airport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Portage Regional Airport Authority  
Portage County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to the Major Federal Program and Internal  
Control over Compliance in Accordance with OMB Circular A-133  
Page 2

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Jim Petro  
Auditor of State

January 12, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**DECEMBER 31, 1998**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Airport Improvement Program CFDA # 20.106
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY  
PORTAGE 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.

By: *Susan Babbitt*

Date: FEB 08 2000