

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES  
Single Audit  
For the Year Ended December 31, 2011**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Akron-Canton Regional Airport Authority  
5400 Lauby Road Box 23  
North Canton, Ohio 44720

We have reviewed the *Independent Accountants' Report* of the Akron-Canton Regional Airport Authority, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 through December 31, 2011. 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 that reads "Dave Yost".

Dave Yost  
Auditor of State

June 15, 2012

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**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES**

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**INDEPENDENT ACCOUNTANTS' REPORT**

March 30, 2012

Board of Trustees  
Akron-Canton Regional Airport Authority  
5400 Lauby Road Box 23  
North Canton, Ohio 44720

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities of the **Akron-Canton Regional Airport Authority** (the Authority), Stark and Summit Counties, Ohio, as of and for the years ended December 31, 2011 and 2010 which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures and the Schedule of Expenditures of Passenger Facility Charges provide additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, and are not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures and the Schedule of Expenditures of Passenger Facility Charges are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures and the Schedule of Expenditures of Passenger Facility Charges were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)**

**The Airport**

The Akron – Canton Regional Airport, (the “Airport”) is the second entry portal for northeastern Ohio. The Airport opened its doors in 1946 and began commercial service in 1948 with passenger traffic of 43,042 passengers. Today the Airport accommodates approximately 1,660,000 passengers annually.

The Airport offers 33 flights a day to 13 different cities from which travelers can connect to anywhere in the world. The Airport recently expanded its terminal and gate area to accommodate the increase in passenger traffic.

**Overview of Financial Statements**

The financial statements are presented in accordance with the accounting principles generally accepted in the United States of America, including GASB Statements No. 34. The statements are:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Fund Net Assets
- Statement of Cash Flows

The statements are prepared on the accrual basis and presented all assets and liabilities of the Airport, both financial and capital, and short and long – term. They also present revenues and expenses of the Airport during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Airport's financial condition as of December 31, 2011 and 2010 and the results of its operations and cash flows for the years then ended.

**Financial Highlights**

As of December 31, 2011, the Airport's net assets increased \$7,873,245. Federal grant activity decreased \$10,550,513 from 2010 due to a decrease in federally funded improvement projects. The Airport completed a major runway expansion in 2010. The Airport received a much greater amount of federal funds in 2010 towards this expansion project. In 2011, the level of federal funds received began to return to the average amount the Airport receives in an annual year. Overall operating expenses decreased \$268,772 due to a consistent emphasis by every department to control spending. The Airport was able to reduce operating expenses for salaries, contract services, utilities, and insurance in 2011.

**Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities of the Airport using the accrual basis of accounting, which is similar to the accounting used by most private – sector institutions. Condensed information from the Airport's statements of net assets, including comparative data from 2010 and 2009 is as follows:

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)**

(Table 1)  
**Net Assets**

|   | 2011                  | 2010                  | 2009                  |
|---|-----------------------|-----------------------|-----------------------|
| <b>Assets</b>                           |                       |                       |                       |
| Current Assets                          | \$ 1,434,018          | \$ 1,308,681          | \$ 838,117            |
| Restricted Assets                       | 11,807,315            | 11,503,633            | 7,888,931             |
| Noncurrent Assets                       | 164,870,570           | 158,348,364           | 143,949,950           |
| <b>Total Assets</b>                     | <b>178,111,903</b>    | <b>171,160,678</b>    | <b>152,676,998</b>    |
| <b>Liabilities</b>                      |                       |                       |                       |
| Current Liabilities                     | 3,139,147             | 2,306,439             | 3,882,509             |
| Noncurrent Liabilities                  | 20,247,982            | 22,002,710            | 19,131,313            |
| <b>Total Liabilities</b>                | <b>23,387,129</b>     | <b>24,309,149</b>     | <b>23,013,822</b>     |
| <b>Net Assets</b>                       |                       |                       |                       |
| Invested In Capital Assets              |                       |                       |                       |
| Net of Related Debt                     | 143,145,304           | 134,940,468           | 121,938,892           |
| Restricted Net Assets                   | 11,807,315            | 11,503,633            | 7,888,931             |
| Unrestricted Net Assets                 | (227,845)             | 407,428               | (164,647)             |
| <b>Total Net Assets</b>                 | <b>154,724,774</b>    | <b>146,851,529</b>    | <b>129,663,176</b>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 178,111,903</b> | <b>\$ 171,160,678</b> | <b>\$ 152,676,998</b> |

An analysis of significant changes in assets, liabilities and net assets for the year ended 2011 is as follows:

**Assets**

Total assets increased \$6,951,225 from 2010 due to the following factors.

- Facility Enhancements in parking and screening checkpoint expansion
- Replacement of outdated equipment with new equipment

**Liabilities**

Total liabilities decreased \$922,020 due to the following factor:

- Reduction of Debt Service

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)**

An analysis of significant changes in assets, liabilities and net assets for the year ended 2010 is as follows:

**Assets**

Total assets increased \$18,483,680 from 2009 due to the following factors.

- Runway Extension Project
- Replacement of outdated equipment with new equipment

**Liabilities**

Total liabilities increased \$1,295,327 due to the following factor:

- Issuance of additional revenue bonds towards an expansion of the screening checkpoint and additional automobile parking.

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

The Statement of Revenues, Expenses, and Changes in Fund Net Assets present the operating results of the Airport, as well as the non - operating revenues and expenses. Federal Grant and PFC income are considered non – operating revenues. Condensed information from the Airport's Statement of Revenues, Expenses, and Changes in Net Assets, including comparative data from 2010 and 2009 is as follows:

(Table 2)

**Change in Net Assets**

|   | 2011                  | 2010                  | 2009                  |
|---|-----------------------|-----------------------|-----------------------|
| Operating Revenues                          | \$ 10,518,140         | \$ 9,729,241          | \$ 9,007,262          |
| Operating Expenses (Including Depreciation) | 14,220,639            | 14,489,411            | 15,054,624            |
| <b>Operating Income (Loss)</b>              | (3,702,499)           | (4,760,170)           | (6,047,362)           |
| Net Non-Operating Revenues (Expenses)       | 11,575,744            | 21,948,523            | 17,420,226            |
| <b>Change in Net Assets</b>                 | 7,873,245             | 17,188,353            | 11,372,864            |
| Net Assets Beginning of the Year            | 146,851,529           | 129,663,176           | 118,290,312           |
| <b>Net Assets End of Year</b>               | <u>\$ 154,724,774</u> | <u>\$ 146,851,529</u> | <u>\$ 129,663,176</u> |

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)**

An analysis of significant changes in revenues and expenditures for the year ended 2011 is as follows:

**Operating Revenues**

All - time record annual passenger traffic created an increase in concession revenues year over year. These concession revenues include parking lot, rental car and restaurant concession. Revenues from the Airports parking lots increased 13% from 2010 results. Revenues for rental cars increased 8% and restaurant concession revenues increased 9% from 2010 results. The Airport also had an increase in landing fee revenue due to airlines utilizing larger aircraft to accommodate passenger growth. All other sources of revenue were consistent with last year.

**Operating Expenses**

Overall Operating Expenses were lower than in 2010. During 2011 the Airport was able to reduce expenses for salaries, contract services, utilities, and insurance compared to the previous year.

**Non-Operating Revenues**

The Airport received less federal funding in 2011 than in 2010 primarily due to the amount of construction that took place during the year. These federal funds refer to federal grants received by the Airport. The Airport received a large amount of additional federal funding in 2011 to complete a major runway expansion. The level of federal funds returned to more normal levels in 2011 due to the Airport not having as many ongoing federally funded projects as in 2010. PFC (Passenger Facility Charge) funding increased compared to year-end 2010 due to the increase in passenger enplanement levels.

An analysis of significant changes in revenues and expenditures for the year ended 2010 is as follows:

**Operating Revenues**

An 8% increase in passenger traffic created an increase in concession revenues year over year. These concession revenues include parking lot, rental car and restaurant concession. The parking lot is the greatest revenue producing area at the Airport. All other sources of revenue were consistent with last year.

**Operating Expenses**

Overall Operating Expenses were lower than in 2009. During 2010 the Airport was able to reduce expenses for contract services, material and supplies, utilities, insurance and administrative compared to the previous year while salaries and fuel expenses were up slightly compared to last year.

**Non-Operating Revenues**

The Airport received more federal funding in 2010 than in 2009 primarily due to the amount of construction that took place during the year. These federal funds refer to federal grants received by the Airport. The Airport has an ongoing major runway project that received more funding in 2010 than in 2009. PFC (Passenger Facility Charge) funding increased compared to year-end 2009 due to the increase in passenger enplanement levels.

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Management's Discussion and Analysis  
For the Years Ended December 31, 2011 and 2010  
(Unaudited)**

**Budget Summary**

The annual budget is the main document used to estimate revenues and expenses for the year and helps track the actual progress. The Airport Authority is not required to follow the budgetary requirements of the Ohio Revised Code.

**Capital Asset and Long-Term Debt Activity**

The Airport Authority's capital asset activities consist of various construction projects, including extending and shifting of a runway, new fire vehicles and new multipurpose maintenance building. Its debt is administered via loan agreements with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Authority a total of \$8,850,000 for the purpose of assisting in the financing of the Gate Concourse Rehabilitation Project of which \$4,179,527 was outstanding as of December 31, 2011. The Airport Authority was issued \$18,000,000 in debt via Airport Revenue Bonds with Huntington Bank. These bonds were issued to fund a terminal concourse rehabilitation, additional parking lots, and screening checkpoint expansion projects. As of December 31, 2011, the Authority had \$17,506,481 in Airport Revenue Bonds outstanding. See notes 9 and 12 in the Notes to the Financial Statements for further information related to debt and capital assets, respectively.

**Contacting the Airport's Management**

This financial report is designed to provide our users, investors and creditors with a general overview of the Airport Authority's finances and to show the Airport Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact James Krum, Contracts and Finance Manager at the Akron Canton Regional Airport, 5400 Lauby Road NW, North Canton, OH. 44720.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES**

**STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2011 AND 2010**

|  | <b>2011</b>           | <b>2010</b>           |
|--|-----------------------|-----------------------|
| <b>ASSETS:</b>   |                       |                       |
| Current Assets:  |                       |                       |
| Cash and Cash Equivalents                                | \$ 400,611            | \$ 537,071            |
| Accounts Receivable                                      | 978,221               | 710,015               |
| Prepaid Expenses   | 17,990                | 26,733                |
| Current Portion of Note Receivable                       | 37,196                | 34,862                |
| Total Current Assets                                     | 1,434,018             | 1,308,681             |
| Assets Restricted for Airport Improvement Projects:      |                       |                       |
| Cash and Cash Equivalents                                | 11,514,547            | 11,236,262            |
| Passenger Facility Charges Receivable                    | 292,768               | 267,371               |
| Total Assets Restricted for Airport Improvement Projects | 11,807,315            | 11,503,633            |
| Noncurrent Assets:                                       |                       |                       |
| Long-Term Portion of Note Receivable                     | 39,258                | 73,477                |
| Capital Assets:  |                       |                       |
| Airport Improvement Projects-In-Progress                 | 40,741,015            | 29,740,663            |
| Land and Land Improvements                               | 52,757,175            | 52,757,175            |
| Paving   | 51,146,560            | 51,146,560            |
| Buildings  | 68,133,375            | 67,224,143            |
| Vehicles and Equipment                                   | 19,349,143            | 18,882,189            |
| Utility Systems  | 553,929               | 542,779               |
| Less Accumulated Depreciation                            | (67,849,885)          | (62,018,622)          |
| Total Noncurrent Assets                                  | 164,870,570           | 158,348,364           |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 178,111,903</b> | <b>\$ 171,160,678</b> |
| <b>LIABILITIES AND NET ASSETS:</b>                       |                       |                       |
| Current Liabilities:                                     |                       |                       |
| Accounts Payable   | \$ 329,494            | \$ 332,271            |
| Projects Payable   | 818,166               | -                     |
| Accrued Payroll Expenses                                 | 511,129               | 596,511               |
| Accrued Real Estate Taxes                                | 42,332                | 45,948                |
| Debt Due Within One Year                                 | 1,438,026             | 1,331,709             |
| Total Current Liabilities                                | 3,139,147             | 2,306,439             |
| Long-Term Liabilities:                                   |                       |                       |
| Long-Term Notes and Bonds Payable                        | 20,247,982            | 22,002,710            |
| Total Long-Term Liabilities                              | 20,247,982            | 22,002,710            |
| <b>TOTAL LIABILITIES</b>                                 | <b>23,387,129</b>     | <b>24,309,149</b>     |
| Net Assets:  |                       |                       |
| Invested in Capital Assets, Net of Related Debt          | 143,145,304           | 134,940,468           |
| Restricted for Airport Improvement Projects              | 11,807,315            | 11,503,633            |
| Unrestricted Net Assets                                  | (227,845)             | 407,428               |
| Total Net Assets   | 154,724,774           | 146,851,529           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                  | <b>\$ 178,111,903</b> | <b>\$ 171,160,678</b> |

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|                                     | <b>2011</b>               | <b>2010</b>               |
|-------------------------------------|---------------------------|---------------------------|
| <b>Operating Revenues:</b>          |                           |                           |
| Charges for Services                | \$ 4,081,439              | \$ 3,859,884              |
| Rent                                | 973,494                   | 936,639                   |
| Parking                             | 5,001,362                 | 4,417,269                 |
| Other Operating Revenues            | 461,845                   | 515,449                   |
| <br>Total Operating Revenues        | <br>10,518,140            | <br>9,729,241             |
| <b>Operating Expenses:</b>          |                           |                           |
| Salaries                            | 2,460,815                 | 2,510,345                 |
| Contract Services                   | 1,402,090                 | 1,979,172                 |
| Materials and Supplies              | 670,109                   | 560,341                   |
| Utilities                           | 774,300                   | 779,058                   |
| Fuel                                | 98,227                    | 89,583                    |
| Insurance                           | 72,352                    | 79,616                    |
| Administrative                      | 2,900,626                 | 2,541,407                 |
| Depreciation                        | 5,842,120                 | 5,949,889                 |
| <br>Total Operating Expenses        | <br>14,220,639            | <br>14,489,411            |
| <br>Operating Income / (Loss)       | <br>(3,702,499)           | <br>(4,760,170)           |
| <b>Non-operating Revenues:</b>      |                           |                           |
| Federal Funds                       | 8,026,720                 | 18,577,233                |
| Passenger Facility Charge Revenue   | 3,537,808                 | 3,340,198                 |
| Interest                            | 11,216                    | 23,900                    |
| Gain on Sale of Fixed Assets        | -                         | 7,192                     |
| <br>Total Non-operating Revenues    | <br>11,575,744            | <br>21,948,523            |
| <br>Change in Net Assets            | <br>7,873,245             | <br>17,188,353            |
| <br>Net Assets - January 1          | <br>146,851,529           | <br>129,663,176           |
| <br><b>Net Assets - December 31</b> | <br><b>\$ 154,724,774</b> | <br><b>\$ 146,851,529</b> |

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES**

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

|   | <b>2011</b>          | <b>2010</b>          |
|---|----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>  |                      |                      |
| Cash Received from Customers  | \$ 10,281,819        | \$ 9,808,110         |
| Cash Payments to Suppliers for Goods and Services   | (5,911,739)          | (6,158,938)          |
| Cash Payments to Employees for Services   | (2,549,813)          | (2,508,472)          |
|   | <b>1,820,267</b>     | <b>1,140,700</b>     |
| Net Cash Provided by (Used by) Operations   |                      |                      |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                          |                      |                      |
| Receipts from Passenger Facility Charge   | 3,512,411            | 3,255,769            |
| Grants  | 8,026,720            | 18,577,233           |
| Revenue Bond Improvement Funds  | -                    | 4,275,000            |
| Acquisition of Construction of Capital Assets   | (11,004,644)         | (19,033,907)         |
| Debt Principal Paid   | (1,648,411)          | (2,840,671)          |
| Gain of Sale of Equipment   | -                    | 7,192                |
| Interest Paid   | (575,734)            | (1,356,737)          |
|   | <b>(1,689,658)</b>   | <b>2,883,879</b>     |
| Net Cash Provided by (Used by) Capital and Related Financing Activities                   |                      |                      |
| <b>Cash Flows from Investing Activities:</b>  |                      |                      |
| Interest Received   | 11,216               | 23,900               |
|   | <b>11,216</b>        | <b>23,900</b>        |
| Net Cash Provided by (Used by) Investing Activities                                       |                      |                      |
| Net Increase/(Decrease) in Cash and Cash Equivalents                                      | 141,825              | 4,048,479            |
| Cash and Cash Equivalents - January 1   | 11,773,333           | 7,724,854            |
| <b>Cash and Cash Equivalents - December 31</b>  | <b>\$ 11,915,158</b> | <b>\$ 11,773,333</b> |
| <b>Cash Flows from Operating Activities:</b>  |                      |                      |
| Operating Income / (Loss)   | (3,702,500)          | (4,760,170)          |
| <b>Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:</b> |                      |                      |
| Depreciation  | 5,842,120            | 5,949,889            |
| (Increase) Decrease in Accounts Receivable  | (268,206)            | 43,567               |
| (Increase) Decrease in Note Receivable  | 31,885               | 35,302               |
| (Increase) Decrease in Prepaid Assets   | 8,743                | 11,114               |
| Increase (Decrease) in Accounts Payable   | (2,777)              | (140,875)            |
| Increase (Decrease) in Accrued Real Estate Taxes  | (3,616)              | -                    |
| Increase (Decrease) in Payroll related Liabilities  | (85,382)             | 1,873                |
|   | <b>5,522,767</b>     | <b>5,900,870</b>     |
| Total Adjustments   |                      |                      |
| Net Cash Provided by (Used by) Operating Activities                                       | <b>\$ 1,820,267</b>  | <b>\$ 1,140,700</b>  |

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

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

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 Authority) was created by resolution of the County Commissioners of Stark and Summit Counties of Ohio in 1964. The Authority is governed by a Board of Trustees consisting of representatives from both Stark and Summit Counties.

The Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*." The financial statements include all departments and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefit to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

**B. BASIS OF ACCOUNTING**

The Authority uses "fund accounting" to report on 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.

For financial statement presentation purposes, the Authority has one fund which is categorized as a proprietary fund. Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the Authority's proprietary fund type:

**Enterprise Fund** - A fund 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.

The accounting and financial reporting treatment applied to the Authority's fund is determined by their measurement focus. The Authority's fund is an enterprise fund, which uses a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The Authority uses the accrual basis of accounting, which records revenue when earned and measurable and expenses when the liability is incurred. Revenues subject to accrual are charges for services.

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

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

**B. BASIS OF ACCOUNTING (Continued)**

In accordance with Statement No. 20 of the Governmental Accounting Standards Board “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*”, the 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 applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The following information summarizes the accounting basis:

**Property and Equipment** – The Authority’s capitalization threshold is \$500. Substantially all of the Authority’s grounds and 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 cost of maintenance and repairs are charged to expense accounts 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 |

**Compensated Absences** – The 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 Statement of Net Assets 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 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 Authority. When both restricted and unrestricted are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents** –The Authority considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

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

**BASIS OF ACCOUNTING (Continued)**

**Accounting and Reporting for Nonexchange Transactions** - The Authority accounts for nonexchange transactions in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Nonexchange transactions occur when the Authority receives (or gives) something of value without giving (or receiving) equal value in return. As such, and in conformity with GASB Statement No. 33, the 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.

**Use of Accounting Estimates** – Management uses estimates and assumptions in preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP). 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.

**Federal Income Tax** – No provision or credit has been made in the accompanying financial statements for federal or state income taxes, as the Authority is not subject to taxation.

**2. CASH AND CASH EQUIVALENTS**

The investment and deposit of Authority monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Authority to invest its monies in certificates of deposit, commercial paper, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio) and obligations of the United States government or certain agencies thereof. The Authority may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days. The Authority is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse repurchase agreements.

***Deposits with Financial Institutions***

At December 31, 2011 and 2010, the carrying amount of the Authority's deposits was \$11,914,978 and \$11,773,153, respectively, excluding petty cash deposits of \$180 for both years. The bank balance was \$12,282,872 and \$12,043,140 at December 31, 2011 and 2010, respectively. Deposits with financial institutions were covered by federal depository insurance and/or were collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Authority's name.

*Custodial Credit Risk* is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities, subject to a repurchase agreement, must exceed the value of the principal by 2% and be marked to market daily.

**Akron-Canton Regional Airport Authority  
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For the Years Ended December 31, 2011 and 2010**

**3. LOAN RECEIVABLE**

In February 2002, the Authority entered into a "Concession Agreement" with a Concessionaire of food, beverage and merchandise. As part of this agreement, the Authority has agreed to loan the Concessionaire up to \$300,000 for the purpose of completing concession area renovations. The term of this loan is ten years, with principal and interest at 6.5% per annum, payable monthly. As of December 31, 2011, \$76,454 is outstanding with \$37,196 in principal considered current receivables and the remainder considered long-term receivables. As of December 31, 2010, \$108,339 is outstanding with \$34,862 in principal considered current receivables.

**4. INSURANCE COVERAGES**

As of December 31, 2011 and 2010, the 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; public officials' coverage of \$1,000,000 per loss and in the aggregate and environmental impairment coverage of \$1,000,000 per loss and in the aggregate. The risks of loss exposed to the Authority include theft, fire, errors and omissions, and general liability. There has been no reduction in insurance coverage during the year ending December 31, 2011. Settlement costs did not exceed coverage in the past three years.

**5. 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, 2011 and 2010, the accrual for vacation benefits totaled \$254,787 and \$247,191, respectively, and is included in the Accrued Payroll Expense in the accompanying Statement of Net Assets.

**6. DEFINED BENEFIT PENSION PLAN**

***Ohio Public Employees Retirement System***

Plan Description – The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**6. DEFINED BENEFIT PENSION PLAN (Continued)**

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The 2011 and 2010 member contribution rates were 10.0% of covered payroll. The 2011 and 2010 required employer contribution rates were 14.0% of covered payroll.

The Authority's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, 2009 and 2008 were \$338,680, \$350,649, \$338,682 and \$312,476, respectively; which equal the required contributions for those years.

**7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described by GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

**Akron-Canton Regional Airport Authority  
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**7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar 2011, 5.5% from January 1 through February 28, 2010, and 5% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar 2011, 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same as 2011, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, 2009, and 2008 were \$96,761, \$107,950, \$169,341, and \$156,238, respectively; 100% percent has been contributed for 2011, 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**8. 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, employees are paid for accrued sick leave, up to a maximum of 960 hours. Employees qualify for this payment upon retirement by having at least five years service with the Authority and being eligible to receive OPERS retirement benefits. There were no eligible employee retirements in 2011 and 2010, therefore, there was no such expense.

**9. LONG-TERM LIABILITIES**

The changes in the Authority's long-term obligations during 2011 were as follows:

| <u>Name</u>   | <u>Principal<br/>Outstanding<br/>12/31/10</u> | <u>Additions</u> | <u>Deductions</u>   | <u>Principal<br/>Outstanding<br/>12/31/11</u> | <u>Due in One<br/>Year</u> |
|---------------|---|------------------|---------------------|---|----------------------------|
| SIB II        | \$ 694,213                                    | \$ -             | \$ 334,686          | \$ 359,527                                    | \$ 179,025                 |
| SIB III       | 4,640,206                                     | -                | 820,206             | 3,820,000                                     | 695,000                    |
| Airport Bonds | 18,000,000                                    | -                | 493,519             | 17,506,481                                    | 564,001                    |
| <b>TOTALS</b> | <b>\$ 23,334,419</b>                          | <b>\$ -</b>      | <b>\$ 1,648,411</b> | <b>\$ 21,686,008</b>                          | <b>\$ 1,438,026</b>        |

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**9. LONG-TERM LIABILITIES (Continued)**

The changes in the Authority's long-term obligations during 2010 were as follows:

| <u>Name</u>   | <u>Principal<br/>Outstanding<br/>12/31/09</u> | <u>Additions</u>           | <u>Deductions</u>          | <u>Principal<br/>Outstanding<br/>12/31/10</u> | <u>Due in One<br/>Year</u> |
|---------------|---|----------------------------|----------------------------|---|----------------------------|
| SIB I         | \$ 925,042                                    | \$ -                       | \$ 925,042                 | \$ -  | \$ -                       |
| SIB II        | 1,249,259                                     | -                          | 555,046                    | 694,213                                       | 173,190                    |
| SIB III       | 5,130,789                                     | -                          | 490,583                    | 4,640,206                                     | 665,000                    |
| Airport Bonds | 14,595,000                                    | 4,275,000                  | 870,000                    | 18,000,000                                    | 493,519                    |
| <b>TOTALS</b> | <b><u>\$ 21,900,090</u></b>                   | <b><u>\$ 4,275,000</u></b> | <b><u>\$ 2,840,671</u></b> | <b><u>\$ 23,334,419</u></b>                   | <b><u>\$ 1,331,709</u></b> |

In 2002, the Authority entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Authority a total of \$5,010,000 for the purpose of assisting in the financing of the Baggage Claim Expansion Project. The remaining balance was paid off during 2010.

In 2004, the Authority entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Authority a total of \$2,005,000 for the purpose of assisting in the financing of the Gate Concourse Replacement Project. As of December 31, 2011 and 2010, \$ 359,527 and \$694,213 was outstanding under this loan agreement. The loan bears interest at a rate of 3% annually. Principal and interest payments are due semiannually, as follows:

ODOT#SIB 0409

| <u>Year Ending<br/>December 31,</u> | <u>Principal<br/>Payment</u> | <u>Interest<br/>Payment</u> |
|-------------------------------------|------------------------------|-----------------------------|
| 2012                                | \$ 179,025                   | \$ 10,907                   |
| 2013                                | 180,502                      | 8,231                       |
| Total                               | <u>\$ 359,527</u>            | <u>\$ 19,138</u>            |

In 2006, the Authority entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Authority a total of \$6,845,000 for the purpose of assisting in the financing of the Gate Expansion Project. As of December 31, 2011 and 2010, \$ 3,820,000 and \$4,640,206, respectively, was outstanding under this loan agreement. The loan bears interest at a rate between 4.25% and 5.00% annually.

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
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**9. LONG-TERM LIABILITIES (Continued)**

Principal and interest payments are due semiannually, as follows:

ODOT#SIB 0100

| Year Ending<br>December 31, | Principal<br>Payment | Interest<br>Payment |
|-----------------------------|----------------------|---------------------|
| 2012                        | \$ 695,000           | \$ 185,788          |
| 2013                        | 725,000              | 156,250             |
| 2014                        | 760,000              | 120,000             |
| 2015                        | 800,000              | 82,000              |
| 2016                        | 840,000              | 42,000              |
| Total                       | \$ 3,820,000         | \$ 586,038          |

During 2010, the Authority along with Huntington Bank reissued the 2007 Airport Revenue Bonds. The Bonds bear interest at a variable rate and mature on January 1, 2031. Payments are due monthly. Principal payments are due as follows. Interest payments are estimated based on the current rate.

AIRPORT FACILITY REVENUE BONDS

| Year Ending<br>December 31, | Principal<br>Payment | Interest<br>Payment |
|-----------------------------|----------------------|---------------------|
| 2012                        | \$ 564,601           | \$ 857,326          |
| 2013                        | 593,309              | 828,618             |
| 2014                        | 623,479              | 798,448             |
| 2015                        | 655,181              | 766,746             |
| 2016                        | 688,495              | 736,432             |
| 2017-2021                   | 4,004,320            | 3,102,042           |
| 2022-2026                   | 5,131,838            | 1,977,978           |
| 2027-2031                   | 5,245,258            | 561,039             |
| Total                       | \$ 17,506,481        | \$ 9,628,629        |

**10. NONCANCELLABLE LEASES**

The Authority leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. Future minimum rentals as of December 31, 2011 under such agreements are as follows:

| Year Ending December 31, | Amount        |
|--------------------------|---------------|
| 2012                     | \$ 5,727,578  |
| 2013                     | 5,642,309     |
| Thereafter               | 37,371,865    |
| Total Payments           | \$ 48,741,752 |

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**11. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS**

Airport Improvement Projects-in-Progress consists of expenditures for capitalized improvements or additions to the 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, 2011:

| <u>Description of Project</u> | <u>Source of Funding</u> |                     | <u>Total Cost of Projects-<br/>In-Progress</u> |
|-------------------------------|--------------------------|---------------------|--|
|                               | <u>Federal Grants</u>    | <u>State/Local</u>  |  |
| AIP #39                       | \$ 2,856,587             | \$ 150,347          | \$ 3,006,934                                   |
| AIP #44                       | 681,539                  | 35,871              | 717,410  |
| AIP #46                       | 1,095,646                | 57,666              | 1,153,312                                      |
| AIP #48                       | 1,240,587                | 65,295              | 1,305,882                                      |
| AIP #50                       | 11,971,907               | 630,101             | 12,602,008                                     |
| AIP #52                       | 15,999,474               | 842,078             | 16,841,552                                     |
| AIP #54                       | 179,088                  | 9,426               | 188,514  |
| AIP #55                       | 2,303,571                | 170,122             | 2,473,693                                      |
| AIP #56                       | 33,814                   | 1,780               | 35,594   |
| Various Projects              | -                        | 2,416,116           | 2,416,116                                      |
| Total                         | <u>\$ 36,362,213</u>     | <u>\$ 4,378,802</u> | <u>\$ 40,741,015</u>                           |

Airport Improvement Projects-in-Progress consist of the following at December 31, 2010:

| <u>Description of Project</u> | <u>Source of Funding</u> |                     | <u>Total Cost of Projects-<br/>In-Progress</u> |
|-------------------------------|--------------------------|---------------------|--|
|                               | <u>Federal Grants</u>    | <u>State/Local</u>  |  |
| AIP #39                       | \$ 2,856,587             | \$ 150,347          | \$ 3,006,934                                   |
| AIP #44                       | 681,539                  | 35,871              | 717,410  |
| AIP #46                       | 1,095,646                | 57,666              | 1,153,312                                      |
| AIP #48                       | 1,240,587                | 65,295              | 1,305,882                                      |
| AIP #50                       | 10,725,023               | 564,475             | 11,289,498                                     |
| AIP #52                       | 10,857,793               | 571,463             | 11,429,256                                     |
| AIP #54                       | 587,746                  | 30,934              | 618,680  |
| Various Projects              | -                        | 219,691             | 219,691  |
| Total                         | <u>\$ 28,044,921</u>     | <u>\$ 1,695,742</u> | <u>\$ 29,740,663</u>                           |

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
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**12. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011:

|  | 12/31/2010            | 12/31/2011          |                     |                       |
|--|-----------------------|---------------------|---------------------|-----------------------|
|  | Balance               | Additions           | Deletions           | Balance               |
| Capital assets non-depreciable:          |                       |                     |                     |                       |
| Airport Improvement Projects in Progress | \$ 29,740,663         | \$ 11,418,153       | \$ (417,801)        | \$ 40,741,015         |
| Land                                     | 12,542,983            | -                   | -                   | 12,542,983            |
| Land Improvements                        | 40,214,192            | -                   | -                   | 40,214,192            |
| Total non-depreciable capital assets     | 82,497,838            | 11,418,153          | (417,801)           | 93,498,190            |
| Capital assets being depreciated:        |                       |                     |                     |                       |
| Buildings                                | 67,224,143            | 909,232             | -                   | 68,133,375            |
| Paving                                   | 51,146,560            | -                   | -                   | 51,146,560            |
| Vehicles and Equipment                   | 18,882,189            | 477,812             | (10,858)            | 19,349,143            |
| Utility Systems                          | 542,779               | 11,150              | -                   | 553,929               |
| Total capital assets being depreciated   | 137,795,671           | 1,398,194           | (10,858)            | 139,183,007           |
| Less accumulated depreciation:           |                       |                     |                     |                       |
| Buildings                                | (23,400,794)          | (3,098,120)         | -                   | (26,498,914)          |
| Paving                                   | (25,656,839)          | (1,882,216)         | -                   | (27,539,055)          |
| Vehicles and Equipment                   | (12,531,284)          | (25,148)            | 10,858              | (12,545,574)          |
| Utility Systems                          | (429,705)             | (836,637)           | -                   | (1,266,342)           |
| Total accumulated depreciation           | (62,018,622)          | (5,842,121)         | 10,858              | (67,849,885)          |
| Capital assets, net of depreciation      | <u>\$ 158,274,887</u> | <u>\$ 6,974,226</u> | <u>\$ (417,801)</u> | <u>\$ 164,831,312</u> |

**Akron-Canton Regional Airport Authority  
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**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2011 and 2010**

**12. CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended December 31, 2010:

|  | 12/31/2009            | 12/31/2010           |                        |                       |
|--|-----------------------|----------------------|------------------------|-----------------------|
|  | Balance               | Additions            | Deletions              | Balance               |
| Capital assets non-depreciable:          |                       |                      |                        |                       |
| Airport Improvement Projects in Progress | \$ 21,009,337         | \$ 18,889,474        | \$ (10,158,148)        | \$ 29,740,663         |
| Land                                     | 12,526,133            | 16,850               | -                      | 12,542,983            |
| Land Improvements                        | 31,168,221            | 9,045,971            | -                      | 40,214,192            |
| Total non-depreciable capital assets     | 64,703,691            | 27,952,295           | (10,158,148)           | 82,497,838            |
| Capital assets being depreciated:        |                       |                      |                        |                       |
| Buildings                                | 65,077,662            | 2,146,481            | -                      | 67,224,143            |
| Paving                                   | 51,131,610            | 14,950               | -                      | 51,146,560            |
| Vehicles and Equipment                   | 18,484,054            | 411,979              | (13,844)               | 18,882,189            |
| Utility Systems                          | 523,735               | 19,044               | -                      | 542,779               |
| Total capital assets being depreciated   | 135,217,061           | 2,592,454            | (13,844)               | 137,795,671           |
| Less accumulated depreciation:           |                       |                      |                        |                       |
| Buildings                                | (20,382,998)          | (3,017,796)          | -                      | (23,400,794)          |
| Paving                                   | (23,720,994)          | (1,935,845)          | -                      | (25,656,839)          |
| Vehicles and Equipment                   | (11,570,201)          | (974,927)            | 13,844                 | (12,531,284)          |
| Utility Systems                          | (407,577)             | (22,128)             | -                      | (429,705)             |
| Total accumulated depreciation           | (56,081,770)          | (5,950,696)          | 13,844                 | (62,018,622)          |
| Capital assets, net of depreciation      | <u>\$ 143,838,982</u> | <u>\$ 24,594,053</u> | <u>\$ (10,158,148)</u> | <u>\$ 158,274,887</u> |

**13. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, particularly the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

Management believes there are no pending claims or lawsuits that would have a material, if any, effect on the financial condition of the Authority.

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Schedule of Federal Awards Receipts and Expenditures  
For the Year Ended December 31, 2011**

| Federal Grantor/<br>Program Title                 | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Receipts            | Expenditures        |
|---|----------------------------------|---------------------------|---------------------|---------------------|
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>          |                                  |                           |                     |                     |
| <i>Direct Funding:</i>                            |                                  |                           |                     |                     |
| Airport Improvement Program:                      |                                  |                           |                     |                     |
| Airport Improvement Project No. 50                | 3-39-000-5009                    | 20.106                    | \$ 1,246,885        | \$ 1,312,510        |
| Airport Improvement Project No. 52                | 3-39-000-5210                    | 20.106                    | 5,141,681           | 5,412,296           |
| Airport Improvement Project No. 54                | 3-39-000-5410                    | 20.106                    | 29,294              | -                   |
| Airport Improvement Project No. 55                | 3-39-000-5511                    | 20.106                    | 1,586,114           | 2,473,693           |
| Airport Improvement Project No. 56                | 3-39-000-5611                    | 20.106                    | <u>22,746</u>       | <u>35,594</u>       |
| <b>Total -- U.S. Department of Transportation</b> |                                  |                           | <u>8,026,720</u>    | <u>9,234,093</u>    |
| <b>Total Federal Financial Assistance</b>         |                                  |                           | <u>\$ 8,026,720</u> | <u>\$ 9,234,093</u> |

See accompanying notes to the schedule of federal awards receipts and expenditures and schedule of expenditures of passenger facility charges.

**Akron-Canton Regional Airport Authority**  
**Stark and Summit Counties**  
**Schedule of Expenditures of Passenger Facility Charges**  
**For the Year Ended December 31, 2011**

| <u>Project Number</u> | <u>Project Name</u>                               | <u>Approved Project Budget</u> | <u>Cumulative Expenditures at 12/31/10</u> | <u>1st Qtr. 2011 Expenditures</u> | <u>2nd Qtr. 2011 Expenditures</u> | <u>3rd Qtr. 2011 Expenditures</u> | <u>4th Qtr. 2011 Expenditures</u> | <u>Total 2011 Expenditures</u> | <u>Cumulative Expenditures at 12/31/11</u> |
|-----------------------|---|--------------------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--|
| PFC4-01               | SRE: Spreader Truck(A)                            | \$ 25,838                      | \$ 25,838                                  | \$ -                              | \$ -                              | \$ -                              | \$ -                              | \$ -                           | \$ 25,838                                  |
| PFC4-02               | Ground Runup Noise Study                          | 2,722                          | 2,722                                      | -                                 | -                                 | -                                 | -                                 | -                              | 2,722                                      |
| PFC4-03               | Storm Water Drainage Improvements                 | 21,380                         | 21,380                                     | -                                 | -                                 | -                                 | -                                 | -                              | 21,380                                     |
| PFC4-04               | Passenger Loading Bridge                          | 25,531                         | 25,531                                     | -                                 | -                                 | -                                 | -                                 | -                              | 25,531                                     |
| PFC4-05               | Storm Water Pollution Prevention Plan             | 2,212                          | 2,212                                      | -                                 | -                                 | -                                 | -                                 | -                              | 2,212                                      |
| PFC4-06               | SRE: Spreader Truck(B)                            | 25,703                         | 25,703                                     | -                                 | -                                 | -                                 | -                                 | -                              | 25,703                                     |
| PFC4-07               | E/A:R/W 1 Extension Phase II                      | 83,036                         | 83,036                                     | -                                 | -                                 | -                                 | -                                 | -                              | 83,036                                     |
| PFC4-08               | Benefit Cost Analysis R/W 1 Extension             | 9,385                          | 9,385                                      | -                                 | -                                 | -                                 | -                                 | -                              | 9,385                                      |
| PFC4-09               | Part 107 Access control System Upgrade            | 8,799                          | 8,799                                      | -                                 | -                                 | -                                 | -                                 | -                              | 8,799                                      |
| PFC4-10               | Terminal Master Plan                              | 276,060                        | 276,060                                    | -                                 | -                                 | -                                 | -                                 | -                              | 276,060                                    |
| PFC4-11               | Airport Entrance Road Signage Design              | 44,500                         | 44,500                                     | -                                 | -                                 | -                                 | -                                 | -                              | 44,500                                     |
| PFC4-12               | Property Acquisition - Dailey                     | 208,353                        | 208,353                                    | -                                 | -                                 | -                                 | -                                 | -                              | 208,353                                    |
| PFC4-14               | Property Acquisition - Kuhar                      | 961,201                        | 961,201                                    | -                                 | -                                 | -                                 | -                                 | -                              | 961,201                                    |
| PFC4-15               | Airport Entrance Road Signage Build               | 39,095                         | 39,095                                     | -                                 | -                                 | -                                 | -                                 | -                              | 39,095                                     |
| PFC4-16               | Storm Water Drainage Control                      | 15,774                         | 15,774                                     | -                                 | -                                 | -                                 | -                                 | -                              | 15,774                                     |
| PFC5-01               | Property Acquisition- Nickison                    | 12,911                         | 12,911                                     | -                                 | -                                 | -                                 | -                                 | -                              | 12,911                                     |
| PFC5-02               | Property Acquisition- Lockhart                    | 456,000                        | 456,000                                    | -                                 | -                                 | -                                 | -                                 | -                              | 456,000                                    |
| PFC5-03               | Property Acquisition- Tucker                      | 346,000                        | 346,000                                    | -                                 | -                                 | -                                 | -                                 | -                              | 346,000                                    |
| PFC5-04               | SRE - Snow Blower                                 | 33,477                         | 33,477                                     | -                                 | -                                 | -                                 | -                                 | -                              | 33,477                                     |
| PFC5-05               | Passenger Loading Bridge - Commuter Aircraft      | 23,930                         | 23,930                                     | -                                 | -                                 | -                                 | -                                 | -                              | 23,930                                     |
| PFC5-06               | Engine Generator - Backup Power                   | 121,472                        | 121,472                                    | -                                 | -                                 | -                                 | -                                 | -                              | 121,472                                    |
| PFC5-07               | Runway 5/23 Overlay                               | 290,913                        | 290,913                                    | -                                 | -                                 | -                                 | -                                 | -                              | 290,913                                    |
| PFC5-08               | Entrance Road Overlay                             | 25,111                         | 25,111                                     | -                                 | -                                 | -                                 | -                                 | -                              | 25,111                                     |
| PFC5-09               | SRE - High Speed Rotary Broom                     | 32,059                         | 32,059                                     | -                                 | -                                 | -                                 | -                                 | -                              | 32,059                                     |
| PFC5-10               | Terminal Baggage Claim Expansion                  | 6,363,000                      | 6,363,000                                  | -                                 | -                                 | -                                 | -                                 | -                              | 6,363,000                                  |
| PFC5-14               | Terminal Expansion - 1990 (AIP 9 & 12)            | 1,496,000                      | 1,496,043                                  | -                                 | -                                 | -                                 | -                                 | -                              | 1,496,043                                  |
| PFC5-15               | Shift Extension Runway 1/19 Phase II- Fill 19 End | 49,290                         | 49,290                                     | -                                 | -                                 | -                                 | -                                 | -                              | 49,290                                     |
| PFC5-16               | Property Acquisition - Peters                     | 98,172                         | 98,172                                     | -                                 | -                                 | -                                 | -                                 | -                              | 98,172                                     |
| PFC5-18               | Passenger Loading Bridge II                       | 317,519                        | 317,519                                    | -                                 | -                                 | -                                 | -                                 | -                              | 317,519                                    |
| PFC5-11               | Relocate Mt Pleasant & Frank Rds                  | 306,625                        | 324,931                                    | -                                 | -                                 | -                                 | -                                 | -                              | 324,931                                    |
| PFC5-12               | Runway 1 Extension                                | 1,060,000                      | 682,349                                    | -                                 | -                                 | -                                 | -                                 | -                              | 682,349                                    |
| PFC5-13               | Runway 19 Threshold Relocation                    | 400,000                        | 342,651                                    | -                                 | -                                 | -                                 | -                                 | -                              | 342,651                                    |
| PFC6-01               | Property Acquisition- Ketron                      | 128,169                        | 128,169                                    | -                                 | -                                 | -                                 | -                                 | -                              | 128,169                                    |
| PFC6-02               | Property Acquisition- Goodyear                    | 246,802                        | 246,802                                    | -                                 | -                                 | -                                 | -                                 | -                              | 246,802                                    |
| PFC6-03               | Property Acquisition- Fouts                       | 163,810                        | 163,810                                    | -                                 | -                                 | -                                 | -                                 | -                              | 163,810                                    |
| PFC6-04               | Property Acquisition- Frayer                      | 97,567                         | 97,567                                     | -                                 | -                                 | -                                 | -                                 | -                              | 97,567                                     |
| PFC6-05               | Property Acquisition- Salmons                     | 120,831                        | 120,831                                    | -                                 | -                                 | -                                 | -                                 | -                              | 120,831                                    |
| PFC6-08               | Glycol Recovery Study                             | 134,689                        | 134,689                                    | -                                 | -                                 | -                                 | -                                 | -                              | 134,689                                    |
| PFC6-09               | Glycol Recovery Design                            | 1,457,092                      | 1,125,705                                  | -                                 | -                                 | -                                 | 331,388                           | 331,388                        | 1,457,092                                  |
| PFC6-10               | SRE - High Speed Rotary Broom                     | 335,681                        | 335,681                                    | -                                 | -                                 | -                                 | -                                 | -                              | 335,681                                    |
| PFC6-11               | SRE - High Speed Rotary Broom                     | 395,000                        | 395,000                                    | -                                 | -                                 | -                                 | -                                 | -                              | 395,000                                    |
| PFC6-12               | SRE - Runway De-Icing Truck                       | 201,172                        | 201,172                                    | -                                 | -                                 | -                                 | -                                 | -                              | 201,172                                    |
| PFC6-14               | Terminal Rehabilitation                           | 24,419,714                     | 10,451,136                                 | 296,351                           | -                                 | 189,333                           | 773,818                           | 1,259,501                      | 11,710,637                                 |
| PFC6-15               | RNWW 14/32 Closure Conversion to Taxiway K        | 36,558                         | 36,558                                     | -                                 | -                                 | -                                 | -                                 | -                              | 36,558                                     |
| PFC7-01               | De-Icing North Pad Construction                   | 92,431                         | -  | -                                 | -                                 | -                                 | 92,431                            | 92,431                         | 92,431                                     |
| PFC7-02               | De-Icing South Pad Construction                   | 262,807                        | -  | -                                 | -                                 | -                                 | 262,807                           | 262,807                        | 262,807                                    |
| PFC7-03               | De-Icing Treatment Plant                          | 897,792                        | -  | -                                 | -                                 | -                                 | 897,792                           | 897,792                        | 897,792                                    |
| PFC7-04               | Domestic Water Service                            | 568,116                        | 568,116                                    | -                                 | -                                 | -                                 | -                                 | -                              | 568,116                                    |
| PFC7-05               | CTX Design and Installation                       | 1,578,857                      | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| PFC7-06               | Landside Planning Effort Study                    | 94,856                         | -  | -                                 | -                                 | -                                 | 94,856                            | 94,856                         | 94,856                                     |
| PFC7-07               | Runway 5 and 23 Environmental Assessment Study    | 41,474                         | -  | -                                 | -                                 | -                                 | 41,474                            | 41,474                         | 41,474                                     |
| PFC7-08               | Runway 5 and 23 Runway Safety Area Fix            | 3,000,000                      | 105,519                                    | -                                 | -                                 | -                                 | 336,240                           | 336,240                        | 441,759                                    |
| PFC7-09               | Wildlife Habitat Removal                          | 133,264                        | -  | -                                 | -                                 | -                                 | 133,264                           | 133,264                        | 133,264                                    |
| PFC7-10               | ARFF, Snow Removal Equipment Storage Facility D   | 30,391                         | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| PFC7-11               | ARFF, Snow Removal Equipment Storage Facility C   | 395,000                        | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| PFC7-12               | Aircraft Rescue and Firefighting Vehicle A        | 34,659                         | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| PFC7-13               | Aircraft Rescue and Firefighting Vehicle B        | 34,659                         | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| PFC7-14               | Federal Inspection Facility Study                 | 57,308                         | -  | -                                 | -                                 | -                                 | -                                 | -                              | -  |
| <b>Grand Totals</b>   |   | <b>\$ 48,140,767</b>           | <b>\$ 26,876,170</b>                       | <b>\$ 296,351</b>                 | <b>\$ -</b>                       | <b>\$ 189,333</b>                 | <b>\$ 2,964,069</b>               | <b>\$ 3,449,753</b>            | <b>\$ 30,325,922</b>                       |

See accompanying notes to the schedule of federal awards receipts and expenditures and schedule of expenditures of passenger facility charges.

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties  
Notes to the Schedule of Federal Awards Receipts and Expenditures and  
the Schedule of Expenditures of Passenger Facility Charges  
For the Year Ended December 31, 2011**

**Note A – Significant Accounting Policies**

The accompanying Schedule of Federal Awards Receipts and Expenditures and the Schedule of Expenditures of Passenger Facility Charges present the activity of all federal assistance programs of the Authority. The schedules have been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**Note B – Matching Requirements**

Certain federal programs require that the Authority contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on this schedule.

***Perry & Associates***  
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(740) 695-5775 Fax

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 30, 2012

Akron-Canton Regional Airport Authority  
5400 Lauby Road Box 23  
North Canton, Ohio 44720

To the Board of Trustees:

We have audited the financial statements of the business-type activities of the **Akron-Canton Regional Airport Authority** (the Authority), Stark and Summit Counties, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements and have issued our report dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Authority's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Trustees, federal awarding agencies and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.  
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND THE PASSENGER FACILITY  
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

March 30, 2012

Akron-Canton Regional Airport Authority  
5400 Lauby Road Box 23  
North Canton, Ohio 44720

To the Board of Trustees:

**Compliance**

We have audited the compliance of the **Akron-Canton Regional Airport Authority** (the Authority), Stark and Summit Counties, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Authority's major federal program and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and PFC program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. These standards and OMB Circular A-133 and the Guide require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program and the PFC program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program and its PFC program for the year ended December 31, 2011.

### **Internal Control over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the PFC program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program and the PFC program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program and PFC program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program and PFC program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, Board of Trustees, federal awarding agencies and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties**

**Schedule of Findings  
OMB CIRCULAR A -133 § .505  
December 31, 2011**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

|                     |   |  |
|---------------------|---|--|
| <i>(d)(I)(i)</i>    | <b>Type of Financial Statement Opinion</b>  | Unqualified                                  |
| <i>(d)(I)(ii)</i>   | <b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>                        | No   |
| <i>(d)(I)(ii)</i>   | <b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No   |
| <i>(d)(I)(iii)</i>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                              | No   |
| <i>(d)(I)(iv)</i>   | <b>Were there any material internal control weaknesses reported for major federal programs?</b>                             | No   |
| <i>(d)(I)(iv)</i>   | <b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>               | No   |
| <i>(d)(I)(v)</i>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified                                  |
| <i>(d)(I)(vi)</i>   | <b>Are there any reportable findings under § .510?</b>  | No   |
| <i>(d)(I)(vii)</i>  | <b>Major Programs (list):</b>   | Airport Improvement Programs<br>CFDA# 20.106 |
| <i>(d)(I)(viii)</i> | <b>Dollar Threshold: Type A\B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others   |
| <i>(d)(I)(ix)</i>   | <b>Low Risk Auditee?</b>  | Yes  |

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

None

|  |
|--|
| <b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b> |
|--|

None

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# Dave Yost • Auditor of State

**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  
JUNE 28, 2012**