



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Management's Discussion and Analysis .....	4
Statement of Net Assets – Proprietary Fund .....	9
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund .....	10
Statement of Cash Flows – Proprietary Fund .....	11
Notes to the Financial Statements.....	12
Schedule of Federal Awards Expenditures .....	21
Notes to Schedule of Federal Awards Expenditures.....	22
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	24
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	26
Schedule of Finding.....	28
Schedule of Prior Findings .....	30

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Portage Regional Airport Authority  
Portage County  
4039 Nanway Boulevard  
Ravenna, Ohio 44266-9705

To the Board of Trustees:

We have audited the accompanying financial statements of the Portage Regional Airport Authority, Ohio, (the Airport), a Component Unit of the County of Portage, as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the Airport management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Portage Regional Airport Authority, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Airport will continue as a going concern. As discussed in Note 11 to the financial statements, the Airport has suffered losses from operations and has projected those losses to continue in the future. These conditions raise substantial doubt about the Airport Authority's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 3, during the year ended December 31, 2001, the Airport adopted Governmental Accounting Standards Board Statements 33, 34, 36, 37 and 38.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2002 on our consideration of the Airport internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

We performed our audit to form an opinion on the accompanying financial statements of the Airport, taken as a whole. The schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

**Jim Petro**  
Auditor of State

June 19, 2002

This Page Intentionally Left Blank

**Portage Regional Airport Authority**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2001  
Unaudited

---

---

The discussion and analysis of the Portage Regional Airport Authority's ( Airport ) financial performance provides an overall review of the Airport's financial activities for the year ended December 31, 2001. The intent of this discussion and analysis is to look at the Airport's financial performance as a whole; readers are encouraged to consider information presented here as well as the financial statements to enhance their understanding of the Airport's financial performance.

**Financial Highlights**

- Total net assets decreased \$.3 million which represents a 9 percent decrease from 2000.
- Grant revenues fell by 54 percent from \$1.5 million to \$0.7 million due to less grant availability during 2001.
- Total expenses were \$1 million.
- Outstanding debt increased by \$.1 million.

**Using this Financial Report**

This annual report consists of two parts, the MD&A and the financial statements. The financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets and a statement of cash flows. Since the Airport only uses one fund for its operations, the entity wide and the fund presentations information is the same.

*Statement of Net Assets*

The Statement of Net Assets answers the question, "How did we do financially during 2001?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the Airport's net assets, however, in evaluating the overall position of the Airport's non-financial information such as changes in the condition of the Airport's capital assets will also need to be evaluated.



**Portage Regional Airport Authority**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2001  
Unaudited

Table 1 provides a summary of the Airport's net assets for 2001 compared to 2000.

Table 1  
Net Assets

	2001	2000
<b>Assets</b>		
Current and Other Assets	\$484,063	\$844,193
Capital Assets	2,913,479	2,994,778
<b>Total Assets</b>	<b>3,397,542</b>	<b>3,838,971</b>
<b>Liabilities</b>		
Long-Term Liabilities	279,000	300,000
Other Liabilities	144,523	294,199
<b>Total Liabilities</b>	<b>423,523</b>	<b>594,199</b>
<b>Net Assets</b>		
Invested in Capital Assets		
Net of Related Debt	2,895,479	2,994,778
Unrestricted	78,540	233,854
<b>Total Net Assets</b>	<b>\$2,974,019</b>	<b>\$3,228,632</b>

The Airport's total net assets were down marginally from a year ago. There was a decrease from \$3,228,632 to \$2,974,019 or a decrease of \$254,613. The decrease is due to increased depreciation for land improvements and major repair work to the buildings and equipment.

Current and Other Assets decreased by \$360,130. This decrease is due to expenses exceeding revenues during the current year, which decreased cash by \$120,144. In addition, the Airport had approximately \$240,000 less in grant receivables for 2001.

Capital assets were added in the gross amount of \$39,435. This increase is from a \$15,435 increase in land improvements and a \$24,000 increase in equipment. To arrive at the net decrease in capital assets of \$81,299, you must subtract this year's depreciation expense of \$120,734.

Table 2 shows the changes in net assets for the year ended December 31, 2001 as well as revenue and expense comparisons to 2000.

**Portage Regional Airport Authority**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2001  
Unaudited

Table 2  
Revenues and Expenses

	2001	2000
<b>Operating Revenues:</b>		
Charges for Services	\$14,687	\$14,852
Miscellaneous	3,453	44,440
<b>Non-Operating Revenues:</b>		
Interest	21,600	14,138
Operating Grants	711,038	1,539,929
Gain on Sale of Capital Assets	0	27,197
<b>Total Revenues</b>	<u>750,778</u>	<u>1,640,556</u>
<b>Operating Expenses:</b>		
Personal Services	4,998	6,527
Contractual Services	762,272	1,398,800
Materials and Supplies	112,091	2,173
Depreciation	120,734	24,766
Other	30	14,566
<b>Non-Operating Expenses:</b>		
Interest and Fiscal Charges	5,266	16,140
<b>Total Expenses</b>	<u>1,005,391</u>	<u>1,462,972</u>
<b>Increase (Decrease) in Net Assets</b>	<u>(\$254,613)</u>	<u>\$177,584</u>

**Analysis of Overall Financial Positions and Results of Operations**

The financial position of the Airport declined over the past year. The decrease in net assets needs, perhaps, to be explained more fully in order to better understand the financial picture for the year 2001. There were four major items that affected the budget adversely, none of which were the result of management. First, in what the board of trustees considered an emergency situation, the fuel farm upon inspection, required major repairs and alterations largely due to faulty workmanship and materials used by the original contractor. A lawsuit is pending to recapture the costs associated with the repairs of the fuel farm. Secondly, year 2001 was the first year in which the runway, taxiway and aircraft aprons were depreciated. The depreciation amounted to \$91,168. Thirdly, the Airport was forced to borrow \$70,000 in order to repair the fuel pumps and maintain fuel sales at the Airport. Finally, the Airport had an over \$800,000 decrease in operating grants due to not as much grant revenue being received during 2001. Combined, these four items accounted for the majority of the decrease in net assets for the year 2001.

**Portage Regional Airport Authority**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2001  
Unaudited

---

---

**Capital Assets**

The ending balance of capital assets shows a decrease of \$81,299 compared to the prior year. This decrease is due to depreciation exceeding additions to capital assets.

	<u>2000</u>	<u>2001</u>
Land	\$1,465,996	\$1,465,996
Land Improvements	1,367,524	1,291,791
Equipment	<u>161,258</u>	<u>155,692</u>
Totals	<u>\$2,994,778</u>	<u>\$2,913,479</u>

**Debt**

The Airport has no bonded indebtedness. The Airport's debt consists of a nine-year 5.38 percent due to primary government payable with a balance of \$370,000. The Airport is to pay \$30,000 in principal on this payable annually as well as an additional \$70,000 in principal during 2002. An additional debt amount is a two-year 10 percent loan payable with a balance of \$18,000. The Airport is to pay \$9,000 in principal on this payable annually.

**Current Issues**

In the Spring of 1997 a fire destroyed the administration offices and large storage hangar at the Airport. The fire left the airport void of any operational buildings, which could be utilized for airport business with such items as fuel sales, aircraft maintenance and aircraft storage and parking. The Airport was operated through the remainder of that year from a mobile office with only part-time help. The single remaining building on Airport property, which was scheduled to be razed, was leased to a commercial company that was scheduled to move out within ninety days. The Airport runway was in bad shape and in need of immediate repair and overlay. There was no parallel taxiway and the aircraft parking apron was virtually unusable. The two underground fuel tanks were required to be removed by Federal Law prior to December 31, 1998.

The Airport did not have the funds required to build a new hangar and administrative offices, build a new fuel farm, repair the runway and aprons and build a new full-length parallel taxiway desperately needed for safety reasons. There weren't any plots or areas that could be leased to commercial businesses for revenue purposes.

From that beginning, the Airport's board of trustees developed an operational plan that placed the Airport in the position of the landlord and then set about developing long term contracts with tenants who would supply the Airport with all the required aircraft services. Presently the Airport has one fixed based operator in a large hangar/office complex with a long term lease. There is a new fuel farm operating normally with fuel flowage fees directed to the Airport. There is a newly paved runway and a new full parallel taxiway in addition to newly paved aircraft parking aprons.

Over the last several years, grant funds were used to purchase properties and then clear those properties of all obstructions. These same properties can and will now be utilized to facilitate long-term leases for commercial enterprises with the revenues going towards offsetting the

**Portage Regional Airport Authority**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2001  
Unaudited

---

---

operational costs of the Airport. Airport "user fees" have been imposed on all aircraft owners at the Airport and the fees are expected to offset approximately sixty-five percent of the total operating costs of the Airport.

The Airport does not yet have the ability to generate all of the revenues required to operate the Airport safely and efficiently. In order to generate the additional revenues required to do so, the Airport must lease additional lands to commercial businesses, continue to collect user fees for a few more years and lengthen the runway over the next two to three years. The continued support of the County in terms of grant matching funds which enables the Airport to apply for and receive Federal grant funds will be required to reach these goals.

**Contacting the Portage Airport Authority's Financial Management**

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Airport's finances and to show the Airport's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Grant Consultant Gene Ripple, at the Portage Regional Airport Authority, 4039 Nanway Boulevard, Ravenna, Ohio 44266-9705.

**Portage Regional Airport Authority**  
Statement of Net Assets - Proprietary Fund  
December 31, 2001

<b>Assets</b>	
<i>Current Assets</i>	
Cash and Investments	\$466,803
Accounts Receivable	13,300
Intergovernmental Receivable	3,960
<i>Total Current Assets</i>	484,063
 <i>Noncurrent Assets</i>	
Capital Assets:	
Nondepreciable Capital Assets	1,465,996
Depreciable Capital Assets, Net	1,447,483
<i>Total Noncurrent Assets</i>	2,913,479
 <i>Total Assets</i>	 3,397,542
 <b>Liabilities</b>	
<i>Current Liabilities</i>	
Accounts Payable	1,120
Contracts Payable	12,728
Accrued Wages	68
Intergovernmental Payable	201
Accrued Interest Payable	21,406
Loans Payable-Current	9,000
Due to Primary Government-Current	100,000
<i>Total Current Liabilities</i>	144,523
 <i>Noncurrent Liabilities</i>	
Loans Payable-Long-Term	9,000
Due to Primary Government-Long Term	270,000
<i>Total Noncurrent Liabilities</i>	279,000
 <i>Total Liabilities</i>	 423,523
 <b>Net Assets</b>	
Invested in capital assets, net of related debt	2,895,479
Unrestricted	78,540
<i>Total Net Assets</i>	\$2,974,019

See accompanying notes to the basic financial statements

**Portage Regional Airport Authority**  
*Statement of Revenues,  
Expenses and Changes in Net Assets  
Proprietary Fund  
For the Year Ended December 31, 2001*

<hr/> <hr/>	
<b>Operating Revenues</b>	
Charges for Services	\$14,687
Miscellaneous	3,453
	<hr/>
<i>Total Operating Revenues</i>	<i>18,140</i>
	<hr/>
<b>Operating Expenses</b>	
Personal Services	4,998
Contractual Services	762,272
Materials and Supplies	112,091
Depreciation	120,734
Other	30
	<hr/>
<i>Total Operating Expenses</i>	<i>1,000,125</i>
	<hr/>
<i>Operating Loss</i>	<i>(981,985)</i>
	<hr/>
<b>Non-Operating Revenues (Expenses)</b>	
Interest and Fiscal Charges	(5,266)
Interest	21,600
Operating Grants	711,038
	<hr/>
<i>Total Non-Operating Revenues (Expenses)</i>	<i>727,372</i>
	<hr/>
<i>Change in Net Assets</i>	<i>(254,613)</i>
	<hr/>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<i>3,228,632</i>
	<hr/>
<i>Net Assets End of Year</i>	<i>\$2,974,019</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**Portage Regional Airport Authority**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Year Ended December 31, 2001*

---

---

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

*Cash Flows from Operating Activities:*

Cash Received from Customers	\$9,123
Cash Received from Other Operating Sources	3,453
Cash Payments to Employees for Services and Benefits	(5,193)
Cash Payments for Contractual Services	(1,042,233)
Cash Payments to Suppliers for Materials and Supplies	(112,017)
Cash Payments for Other Operating Expenses	(30)
<i>Net Cash Used for Operating Activities</i>	<u>(1,146,897)</u>

*Cash Flows from Noncapital Financing Activities*

Operating Grants Received	956,588
Proceeds from Loan	70,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,026,588</u>

*Cash Flows from Capital and Related Financing Activities*

Principal Payment - Loan	(6,000)
Purchase of Capital Assets	(15,435)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(21,435)</u>

*Cash Flows from Investing Activities*

Interest on Investments	21,600
Net Decrease in Cash and Cash Equivalents	(120,144)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>586,947</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$466,803</u></u>

**Reconciliation of Operating Loss to Net**

**Cash Used for Operating Activities**

<b><i>Operating Loss</i></b>	<u><b>(981,985)</b></u>
------------------------------	-------------------------

*Adjustments to Reconcile Operating*

*Loss to Net Cash Adjustments:*

Depreciation	120,734
<i>(Increase)/Decrease in Assets:</i>	
Accounts Receivable	(5,564)
<i>Increase/(Decrease) in Liabilities:</i>	
Accounts Payable	(292,615)
Contracts Payable	12,728
Accrued Wages	68
Intergovernmental Payable	(263)
<i>Total Adjustments</i>	<u>(164,912)</u>

<b><i>Net Cash Used for Operating Activities</i></b>	<u><b>(\$1,146,897)</b></u>
--	-----------------------------

See accompanying notes to the basic financial statements

**This page intentionally left blank.**



## **Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

### **Note 1 - Reporting Entity**

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

The reporting entity for the Airport is comprised of all departments, boards and agencies that are not legally separate from the Airport, any component units of the Airport and any other organizations that would need to be included to ensure that the financial statements of the Airport are not misleading.

Component units are legally separate organizations for which the Airport is financially accountable. The Airport is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the Airport has no component units.

### **Note 2 – Summary of Significant Accounting Policies**

The financial statements of the Airport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Airport also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Airport's accounting policies are described below.

#### ***A. Basis of Presentation***

The Airport's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The Airport uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

***B. Measurement Focus***

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Airport are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Airport finances and meets the cash flow needs of its enterprise activity.

***C. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Airport's financial statements are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred.

***D. Investments***

Investments are reported at fair value which is based on quoted market prices, except for nonparticipating investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

For purposes of the statement of cash flows and for presentation on the statement of net assets, all interest bearing instruments are recorded as investments.

***E. Capital Assets***

Capital assets utilized by the Airport are reported on the statement of net assets. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Airport maintains a capitalization threshold of one hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 years
Equipment, Furniture and Fixtures	5 -10 years

The Airport's policy is to capitalize net interest on the enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest

**Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2001, no material interest costs were incurred on construction projects for the Airport.

***F. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Airport or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Airport applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Airport did not have any restricted net assets for 2001.

***G. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from primary activities. For the Airport, these revenues are charges for services and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Airport.

***H. Contributions of Capital***

Contributions of capital arise from outside contributions of fixed assets or outside contributions of resources restricted to capital acquisition and construction. The Airport did not have any capital contributions during 2001.

***I. Estimates***

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

**Note 3 – Changes in Accounting Principle**

For 2001, the Airport has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues”, GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement No. 38, “Certain Financial Statement Note Disclosures.”

GASB Statements No. 33 and 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

**Portage Regional Airport Authority**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2001*

---

---

GASB 34 creates new basic financial statements for reporting on the Airport's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A and the classification of program revenues. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures. The implementation of these changes had no effect on the net assets as it was previously reported. The Airport did, however, have an understatement in accrued interest payable.

Net Assets, December 31, 2000	
as Previously Reported	\$3,244,772
Accrued Interest Payable	<u>(16,140)</u>
Restated Net Assets, December 31, 2001	<u><u>\$3,228,632</u></u>

#### **Note 4 – Deposits and Investments**

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Airport Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Airport has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Protection of the Airport's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

## Portage Regional Airport Authority

### *Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the Airport;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the Airport lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the Airport's total average portfolio;
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the Airport's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Airport, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The investment and deposit of the Airport's monies are governed by the Investment and Deposit Policy of the Portage County Regional Airport Authority as formally adopted by the Board of Trustees. In accordance with these provisions, investments purchased for the portfolio may be safekept only by financial institutions that have been authorized by the Airport's Board of Trustees through formal

**Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

resolution and recommendations received from the Finance Committee, which considers such criteria as the financial institution's insured status, size, financial condition, location and fee structure.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the market value of which is at least 105 percent of the total value of public monies on deposit at the institution.

**Deposits.** At year-end, the carrying amount of the Airport's deposits was \$466,803 and the bank balance was \$466,871. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$366,871 was uninsured and uncollateralized.

GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements", requires that local governments disclose the market value and carrying amounts of investments, classified by risk. The Airport's investments are categorized as either (1) insured or registered for which the securities are held by the Airport or its agent in the Airport's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the Airport's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the Airport's name. For the purpose of classification under GASB Statement No. 3, the Airport did not have any investments at year end.

**Note 5 - Accounts Receivable**

Accounts receivable represent monies due from various companies for their use of Airport facilities and services. No allowance for doubtful accounts has been recorded as all amounts are considered collectible.

**Note 6 – Risk Management**

During 2001, the Authority contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
Philadelphia Insurance Company	Professional Liability Insurance	\$1,000,000
Aviation Insurance Managers, Inc.	Bodily Injury and Property Damage	2,000,000
Aviation Insurance Managers, Inc.	Commercial Property 80%	591,350
Aviation Insurance Managers, Inc.	Inland Marine 100% Coinsured	47,100

Settled claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in commercial coverage in any of the past three years.

The Airport pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

**Note 7 – Capital Assets**

Capital asset activity for the fiscal year ended December 31, 2001 was as follows:

	Balance 1/1/2001	Additions	Deletions	Balance 12/31/2001
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$1,465,996	\$0	\$0	\$1,465,996
<b><i>Capital Assets, being depreciated</i></b>				
Land Improvements	1,367,524	15,435	0	1,382,959
Equipment	224,147	24,000	0	248,147
<b><i>Total Capital Assets being depreciated</i></b>	<b>1,591,671</b>	<b>39,435</b>	<b>0</b>	<b>1,631,106</b>
Less Accumulated Depreciation:				
Land Improvements	0	(91,168)	0	(91,168)
Equipment	(62,889)	(29,566)	0	(92,455)
Total Accumulated Depreciation	<u>(62,889)</u>	<u>(120,734)</u>	<u>0</u>	<u>(183,623)</u>
<b><i>Total Capital Assets being depreciated, net</i></b>	<b>1,528,782</b>	<b>(81,299)</b>	<b>0</b>	<b>1,447,483</b>
<b>Capital Assets, net</b>	<b><u>\$2,994,778</u></b>	<b><u>(\$81,299)</u></b>	<b><u>\$0</u></b>	<b><u>\$2,913,479</u></b>

**Note 8 - Long-Term Obligations**

The changes in the Airport's long-term obligations during the year consist of the following:

	Principal Outstanding 1/1/2001	Additions	Reductions	Principal Outstanding 12/31/2001	Amounts Due in One Year
5.38% 1998 \$24,000 Loans Payable	\$0	\$24,000	(\$6,000)	\$18,000	\$9,000
10% 2001 \$370,000 Due to Primary Government	<u>300,000</u>	<u>70,000</u>	<u>0</u>	<u>370,000</u>	<u>100,000</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$300,000</u>	<u>\$94,000</u>	<u>(\$6,000)</u>	<u>\$388,000</u>	<u>\$109,000</u>

The Airport has an obligation to the primary government of \$370,000 at December 31, 2001 for operating revenues of the Airport. The Airport also incurred a long-term obligation during 2001 for the purchase of a piece of equipment. Principal and interest payments due on these obligations as of December 31, 2001, are as follows:

**Portage Regional Airport Authority**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2001*

---

---

Year	Due to Primary Government		Loans Payable		Total
	Principal	Interest	Principal	Interest	
2002	\$100,000	\$16,678	\$9,000	\$1,800	\$127,478
2003	30,000	14,526	9,000	900	54,426
2004	30,000	12,912	0	0	42,912
2005	30,000	11,298	0	0	41,298
2006	30,000	9,684	0	0	39,684
2007-2010	150,000	27,438	0	0	177,438
Totals	\$370,000	\$92,536	\$18,000	\$2,700	\$483,236

---

---

**Note 9 - Defined Benefit Pension Plan**

***Public Employees Retirement System (PERS)***

All Airport full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the Airport was 9.25 percent of the covered payroll, increased from 6.54 percent in 2000. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Airport's required contributions to PERS for the years ended December 31, 2001, 2000 and 1999 were \$699, \$575 and \$1,342 respectively. The full amount has been contributed for 2000 and 1999, 88.41 percent has been contributed for 2001 with the remainder being reported as a fund liability.

**Note 10 - Postemployment Benefit**

***Public Employees Retirement System***

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service employees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.3 percent was the portion that was used to fund health care for the year 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.



**Portage Regional Airport Authority**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2001*

---

Benefits are advanced-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest review performed as of December 31, 2000, included a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 411,076. The Airport actual contributions for 2001 which were used to fund postemployment benefits were \$222. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**Note 11 – Going Concern**

The Airport has suffered recurring losses from operations and projects those recurring losses to continue in the future. The Airport has a limited (fixed) revenue base which is insufficient to cover operating expenses. Additionally, vendors have not been paid timely, which may be due, in part, to poor record keeping.

The Airport has delayed making any payment on the \$370,000 loan from the Commissioners five times. The Airport requested that the Commissioners forgive the loan, but the response was that the loan is still owed. The 1999, 2000 and 2001 loan payments have been extended.

The Airport is in the process of setting up a computerized record keeping system, which management believes will increase the efficiency and effectiveness of paying vendors timely. The Airport believes that with additional operating subsidies, matching monies, forgiveness of the loan and the computerized record system, it will be able to adequately finance future operations and return to a positive cash flow position.

**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>	97-1-3-39-0099-08-97	20.106	\$ 14,895
DIRECT	98-1-3-39-0099-09-98		\$ 500
AIRPORT IMPROVEMENT PROGRAM	99-1-3-39-0099-10-99		\$ 64,711
	99-1-3-39-0099-11-99		\$ 431,383
	00-1-3-39-0099-12-00		\$ 329,531
	01-1-3-39-0099-13-01		\$ 170,799
Total U.S. Department of Transportation			<b><u><u>\$ 1,011,819</u></u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY  
YEAR ENDED DECEMBER 31, 2001**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Airport Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B -- MATCHING REQUIREMENTS**

The Federal program requires that the Airport Authority contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Airport Authority has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

Portage Regional Airport Authority  
Portage County  
4039 Nanway Boulevard  
Ravenna, Ohio 44266-9705

To the Board of Trustees:

We have audited the accompanying financial statements of the Portage Regional Airport Authority, Ohio, (Airport), a Component Unit of the County of Portage, as of and for the year ended December 31, 2001, and have issued our report thereon dated June 19, 2002, in which we noted certain conditions which raise substantial doubt about the Airport ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Airport financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Airport internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Airport ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable condition is described in the accompanying schedule of finding as item 2001-61167-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, we consider item 2001-61167-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Airport in a separate letter dated June 19, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 19, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West  
Suite 302  
Youngstown, Ohio 44503  
Telephone 330-797-9900  
800-443-9271  
Facsimile 330-797-9949  
www.auditor.state.oh.us

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

Portage Regional Airport Authority  
Portage County  
4039 Nanway Boulevard  
Ravenna, Ohio 44266-9705

To the Board of Trustees:

**Compliance**

We have audited the compliance of the Portage Regional Airport Authority, Ohio, (Airport Authority), a Component Unit of the County of Portage, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. We noted certain conditions which raise substantial doubt about the Airport Authority's ability to continue as a going concern. The Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of finding. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on the Airport Authority's compliance based on our audit.

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

In our opinion, the Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read 'Jim Petro', with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 19, 2002



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

**PORTAGE COUNTY REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEAR END DECEMBER 31, 2001**

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

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

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

**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEAR END DECEMBER 31, 2001  
(Continued)**

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

<b>Finding Number 2001-61167-001</b>	
--------------------------------------	--

**FINANCIAL REPORTING – REPORTABLE CONDITION: ( Material Weakness)**

The Airport Authority (Authority) maintains their records by using the Quicken software package. This package is not designed for proper fund accounting in which governmental entities are required to follow. The Airport also does not prepare a financial report and a Federal Schedule.

We recommend the Authority should maintain a cash journal, receipt and appropriation ledgers and prepare an annual cash financial report for the year. Procedures should be implemented to insure all ledgers are completed on a timely basis. The cash journal should be reconciled to the receipt and appropriation ledgers each month with any differences resolved. Next the cash journal should be reconciled to the bank statements monthly and any differences resolved. After the cash journal has been reconciled to the bank statements, a monthly financial report should be prepared for the board each month. This report should be reviewed and approved by the board and recorded in their minutes. We also recommend the Authority complete a Federal Schedule at year end of all federal grants they receive. This Federal Schedule is used to complete the audit of federal grants required by the grant agreements.

By implementing these procedures the Authority would be given fund financial information necessary to make the appropriate decisions and complete the financial reports required to complete their financial audits.

**PORTAGE REGIONAL AIRPORT AUTHORITY  
PORTAGE COUNTY  
FOR THE YEAR END DECEMBER 31, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
<b>2000-61167-001</b>	ORC 308.12, Depository Agreements	Yes	
<b>2000-61167-002</b>	Documentation for Receipting, Depositing and Recording	Yes	
<b>2000-61167-003</b>	File Organization	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**PORTAGE REGIONAL AIRPORT AUTHORITY**

**PORTAGE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2002**