

**AKRON-CANTON REGIONAL
AIRPORT AUTHORITY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2000 and 1999

**Laura J. MacDonald, CPA, Inc.
3613 Reserve Commons Dr.
Medina, Ohio 44256**



STATE OF OHIO
OFFICE OF THE AUDITOR

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To the Board of Trustees
Akron-Canton Regional Airport Authority
5400 Lauby Rd.
North Canton, OH 44720

We have reviewed the independent auditor's report of the Akron-Canton Regional Airport Authority, Summit County, prepared by Laura J. MacDonald, CPA, Inc., for the audit period January 1, 2000 through December 31, 2000. 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.

JIM PETRO
Auditor of State

August 15, 2001

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**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
Years Ended December 31, 2000 and 1999**

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying Balance Sheets of the Akron-Canton Regional Airport Authority as of December 31, 2000 and 1999 and the related Statements of Revenues and Expenses, Changes in Airport Equity and Cash Flows for the years then ended. These financial statements are the responsibility of the Akron-Canton Regional Airport Authority's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron-Canton Regional Airport Authority as of December 31, 2000 and 1999, and the results of its operations, changes in its airport equity and its 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, I have also issued a report dated June 18, 2001 on my consideration of the Akron-Canton Regional Airport Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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

Laura J. MacDonald, CPA, Inc.
June 18, 2001

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AKRON-CANTON REGIONAL AIRPORT AUTHORITY
BALANCE SHEETS
December 31, 2000 and 1999

ASSETS	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash	\$ 448	\$ 448
Investments	382,809	293,634
Accounts receivable	336,117	304,036
Prepaid expenses and other current assets	<u>43,099</u>	<u>29,808</u>
TOTAL CURRENT ASSETS	762,473	627,926
ASSETS RESTRICTED FOR AIRPORT IMPROVEMENT PROJECTS		
Cash equivalents	1,616,996	1,655,108
Investments	452,875	592,367
Passenger Facility Charges receivable	<u>148,572</u>	<u>175,662</u>
	2,218,443	2,423,137
AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS	1,728,448	2,431,092
PROPERTY AND EQUIPMENT		
Land and land improvements	20,387,593	19,331,373
Paving	21,162,781	19,804,453
Buildings	14,174,869	13,746,030
Vehicles and equipment	8,120,569	6,976,346
Utility systems	<u>443,148</u>	<u>281,551</u>
	64,288,960	60,139,753
Less accumulated depreciation	<u>(23,809,525)</u>	<u>(22,370,023)</u>
	<u>40,479,435</u>	<u>37,769,730</u>
	<u><u>\$ 45,188,799</u></u>	<u><u>\$ 43,251,885</u></u>

Please refer to accompanying notes.

LIABILITIES AND AIRPORT EQUITY	<u>2000</u>	<u>1999</u>
CURRENT LIABILITIES		
Trade accounts payable	\$ 70,190	\$ 211,576
Projects payable	129,198	56,284
Accrued payroll expenses	312,440	283,544
Accrued taxes	48,342	46,274
Other current liabilities	<u>-</u>	<u>822</u>
TOTAL CURRENT LIABILITIES	560,170	598,500
DEFERRED EMPLOYEE BENEFITS	54,913	64,032
AIRPORT EQUITY	<u>44,573,716</u>	<u>42,589,353</u>
	<u>\$ 45,188,799</u>	<u>\$ 43,251,885</u>

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
OPERATING REVENUES	\$ 4,900,536	\$ 4,450,098
OPERATING EXPENSES	<u>3,855,921</u>	<u>3,400,144</u>
INCOME FROM OPERATIONS BEFORE DEPRECIATION	1,044,615	1,049,954
DEPRECIATION:		
Assets acquired with airport equity	437,921	402,708
Assets acquired with contributed capital	<u>898,490</u>	<u>994,148</u>
	<u>1,336,411</u>	<u>1,396,856</u>
OPERATING LOSS	(291,796)	(346,902)
NON-OPERATING REVENUES (EXPENSES)		
Net revenue from Passenger Facility Charges	1,087,260	1,179,804
Depreciation on assets acquired with Passenger Facility Charge revenues	(243,744)	(182,009)
Interest income	117,284	73,034
Gain on sale of property and equipment	<u>35,000</u>	<u>66,472</u>
	<u>995,800</u>	<u>1,137,301</u>
NET REVENUES OVER EXPENSES	<u>\$ 704,004</u>	<u>\$ 790,399</u>

Please refer to accompanying notes.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 STATEMENTS OF CHANGES IN AIRPORT EQUITY
 Years Ended December 31, 2000 and 1999**

	<u>SUMMIT AND STARK COUNTIES</u>	<u>U.S. GOVERNMENT</u>
BALANCES AT DECEMBER 31, 1998	\$ 1,631,952	\$ 27,872,089
Capital grants	-	838,887
Operating loss	-	-
Depreciation of Airport property and equipment purchased with contributed capital	(8,664)	(985,484)
Non-operating revenues, net	<u>-</u>	<u>-</u>
BALANCES AT DECEMBER 31, 1999	\$ 1,623,288	\$ 27,725,492
Capital grants	-	1,280,359
Operating loss	-	-
Depreciation of Airport property and equipment purchased with contributed capital	(8,664)	(889,826)
Non-operating revenues, net	<u>-</u>	<u>-</u>
BALANCES AT DECEMBER 31, 2000	<u>\$ 1,614,624</u>	<u>\$ 28,116,025</u>

Please refer to accompanying notes.

OTHER CONTRIBUTED FUNDS	TOTAL CONTRIBUTED FUNDS	RETAINED NET REVENUES	TOTAL AIRPORT EQUITY
\$ 210,000	\$ 29,714,041	\$ 11,246,026	\$ 40,960,067
-	838,887	-	838,887
-	-	(346,902)	(346,902)
-	(994,148)	994,148	-
-	-	1,137,301	1,137,301
<hr/>	<hr/>	<hr/>	<hr/>
\$ 210,000	\$ 29,558,780	\$ 13,030,573	\$ 42,589,353
-	1,280,359	-	1,280,359
-	-	(291,796)	(291,796)
-	(898,490)	898,490	-
-	-	995,800	995,800
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<u>\$ 210,000</u>	<u>\$ 29,940,649</u>	<u>\$ 14,633,067</u>	<u>\$ 44,573,716</u>

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (291,796)	\$ (346,902)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,336,411	1,396,856
(Increase) decrease in assets:		
Accounts receivable	(32,081)	(15,620)
Prepaid expenses and other current assets	(13,291)	1,777
Increase (decrease) in liabilities:		
Trade accounts payable	(141,386)	106,697
Projects payable	72,914	56,284
Accrued payroll expenses	28,896	45,879
Accrued taxes	2,068	145
Deferred employee benefits	(9,119)	19,240
Other current liabilities	(822)	(141)
	<u>951,794</u>	<u>1,264,215</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from Passenger Facility Charges	1,114,350	1,139,496
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,587,216)	(2,310,536)
Capital grant proceeds	1,280,359	838,887
Net proceeds from (payments on) line of credit	-	(422,009)
Gain on sale of property and equipment	35,000	66,472
	<u>(2,271,857)</u>	<u>(1,827,186)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for (proceeds from) investments	88,429	(649,939)
Interest income	117,284	73,034
	<u>205,713</u>	<u>(576,905)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH		
	-	(380)
CASH AT BEGINNING OF YEAR		
	<u>448</u>	<u>828</u>
CASH AT END OF YEAR		
	<u>\$ 448</u>	<u>\$ 448</u>

Please refer to accompanying notes.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting Basis

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

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

The following information summarizes the accounting basis:

Property and Equipment

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

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

Capital Grants

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

Income Taxes

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFANT ACCOUNTING POLICIES
(Continued)**

Statements of Cash Flows

The Statements of Cash Flows are presented in accordance with Government Accounting Standards Board (GASB) Statement No. 9. The Airport Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In accordance with GASB Statement No. 9, the Authority has elected to treat restricted cash equivalents as investments for cash flow reporting purposes in 2000 and 1999. Cash equivalents consist of certificates of deposit as of December 31, 2000 and 1999. Cash paid for interest totaled \$-0- and \$1,709 for the years ended December 31, 2000 and 1999, respectively.

Use of Accounting Estimates

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

Reclassifications

Certain balances in the December 31, 1999 financial statements have been reclassified to conform with the 2000 presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

At December 31, 2000, the Airport Authority’s deposit balances (all with banks) were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Market Value</u>
Cash deposits	<u>\$1,617,444</u>	<u>\$1,617,444</u>	<u>\$1,617,444</u>

As of December 31, 2000, the bank cash balance consisted of \$1,381 in demand deposits, \$1,615,615 in certificates of deposit and \$448 in petty cash. Of these amounts, \$100,000 was collateralized by FDIC insurance and the remaining \$1,517,444 was secured by pooled collateral pledged by various banks.

At December 31, 2000, the Airport Authority’s investment balances (all with banks) were as follows:

	<u>Category</u>		<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>		
Repurchase Agreements	<u>\$200,000</u>	<u>\$635,684</u>	<u>\$835,684</u>	<u>\$835,684</u>

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999**

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

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

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

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

NOTE 3 - AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

Airport improvement projects-in-progress consist of expenditures for capitalizable improvements or additions to the Airport Authority’s facilities. The cost of completed projects is transferred to property and equipment accounts and depreciated over the estimated useful lives of the projects as of the date of completion. Airport improvement projects-in-progress consist of the following at December 31, 2000 and 1999:

Airport Improvement Projects-in-Progress at December 31, 2000:

<u>Description of Project</u>	<u>Source of Funding</u>		<u>Total Cost of Projects- In-Progress</u>
	<u>Federal Grants</u>	<u>Authority Dollars</u>	
AIP #21 - Environmental Assessment; Drainage Study; Snow Removal Equip.; etc.	\$163,771	\$18,197	\$181,968
AIP #24 - Snow Removal; Environmental Assessment; Security Equipment	190,838	21,204	212,042
AIP #25 - Acquire Land; Install Signs; Improve Drainage	380,241	42,249	422,490
AIP #27 - Acquire Emergency Generator; Acquire Snow Blower; Modify Terminal Building	419,654	46,628	466,282
Airport Improvement Projects Awaiting Federal Funding:			
-Roadway Design/Construction	-	148,250	148,250
-Baggage Claim Expansion	-	113,675	113,675
-Runway 1/19 Extension-Design	-	64,462	64,462
Various Other Projects		<u>119,279</u>	<u>119,279</u>
	<u>\$1,154,504</u>	<u>\$ 573,944</u>	<u>\$1,728,448</u>

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999

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

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

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

NOTE 4 - VACATION BENEFITS

Employees hired on or before January 1, 1996 earn two weeks of vacation annually during their first five years of service plus an additional week for every five years thereafter, up to a maximum of six weeks. Employees hired after January 1, 1996 can earn a maximum of five weeks of vacation. Vacation leave may, upon approval, be carried over for up to two years. As of December 31, 2000 and 1999, the accrual for vacation benefits totaled \$163,510 and \$145,279, respectively, and has been included in accrued payroll expenses in the accompanying Balance Sheets. The expense associated with vacation benefits totaled \$79,499 for the year ended December 31, 2000 and \$75,905 for the year ended December 31, 1999, and has been included in “salaries and labor” in the accompanying Supplementary Schedules of Operating Expenses.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999

NOTE 5 - DEFERRED EMPLOYEE BENEFITS

Deferred employee benefits consist exclusively of accrued sick leave. Full-time employees accumulate ten hours of sick leave for each completed month in active pay status. Part-time employees accrue sick leave on a proportionate basis. Upon retirement, Airport Authority employees are paid for accrued sick leave, up to a maximum of 960 hours. The Airport Authority accrues for sick leave through the vesting method, as established by Governmental Accounting Standards Board Statement No. 16. As of December 31, 2000 and 1999, the accrual for sick leave totaled \$54,913 and \$64,032, respectively. The expense for sick leave totaled \$56,057 for the year ended December 31, 2000 and \$50,957 for the year ended December 31, 1999. The expense for sick leave has been included in "salaries and labor" in the accompanying Supplementary Schedules of Operating Expenses.

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN

All employees of the Airport Authority participate in the Public Employees Retirement System of Ohio (PERS), which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides for retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Airport Authority is required to contribute 10.84 percent. The portion of this amount used to fund pension obligations for 2000 was 6.54 percent. The employer contribution rates for 2000 represent a temporary rate reduction from the 1999 rate of 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Airport Authority's contributions to PERS for the years ended December 31, 2000, 1999 and 1998 were \$184,579, \$171,926, and \$154,724, respectively. For each of these years, the Airport Authority's contribution amounts were equal to the total dollar amount billed to the Authority by PERS.

NOTE 7 - POSTEMPLOYMENT BENEFITS

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2000 and 1999**

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

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

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

At December 31, 2000, the total number of benefit recipients eligible for OPEB through the System was 401,339. As of December 31, 2000, the actuarial value of net assets available for future OPEB payments was \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability was \$12,473.6 million and \$1,668.1 million, respectively. The Airport Authority’s actual contribution for 2000 which was used to fund OPEB was \$73,222.

NOTE 8 - LINE OF CREDIT

As of December 31, 2000, the Airport Authority had a line of credit from a bank for \$1,500,000. Of this, \$1,500,000 was available at December 31, 2000. The line of credit is payable on demand and bears interest at a variable rate adjusted quarterly, based on a predetermined index. The line of credit is secured by balances in certain bank accounts.

NOTE 9 - NONCANCELLABLE LEASES

The Airport Authority leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. Future minimum rentals as of December 31, 2000 under such agreements were as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2001	\$ 1,112,785
2002	785,348
2003	550,312
2004	461,285
2005	319,741
Thereafter	\$18,197,979

NOTE 10 - INSURANCE COVERAGES

As of December 31, 2000, the Airport Authority had general liability insurance coverage of \$50,000,000 for each occurrence and in the aggregate; director and officer liability coverage of \$1,000,000 per loss and in the aggregate; vehicle liability coverage with a combined single limit of \$1,000,000; and public officials’ coverage of \$1,000,000 for each loss and in the aggregate.

SUPPLEMENTARY INFORMATION

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

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

My report on my audits of the basic financial statements of the Akron-Canton Regional Airport Authority, as of and for the years ended December 31, 2000 and 1999, appears on page 1 of this report. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Schedules of Operating Revenues and Operating Expenses is presented only for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Laura J. MacDonald, CPA, Inc.
June 18, 2001

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULES OF OPERATING REVENUES
Years Ended December 31, 2000 and 1999

	2000		1999	
	Amount	%	Amount	%
LANDING AREA				
Landing fees - scheduled	\$ 531,185	10.8%	\$ 487,234	10.9%
Landing fees - itinerant	51,259	1.6%	56,512	1.6%
	582,444	12.4%	543,746	12.5%
TERMINAL AREA				
Auto parking facility	1,971,944	39.7%	1,734,446	38.7%
Auto rental agencies	869,390	17.7%	807,670	18.1%
Airline leased areas	373,273	7.6%	357,314	8.0%
Freight and cargo operations	38,018	0.8%	47,920	1.1%
Food and beverage facility	88,955	1.8%	81,184	1.8%
U.S. government leased area	53,493	1.1%	53,493	1.2%
Other service facilities	117,387	2.4%	98,963	2.2%
	3,512,460	71.1%	3,180,990	71.1%
HANGAR AREA				
Corporate flight operations	247,490	5.1%	209,260	4.7%
Fixed base operations	161,322	3.3%	146,892	3.3%
Ohio National Guard	35,000	0.7%	35,000	0.8%
Private hangars	35,726	0.7%	30,447	0.7%
Aviation fuel facility	3,024	0.1%	3,024	0.1%
	482,562	9.9%	424,623	9.6%
OTHER	323,070	6.6%	300,739	6.8%
	<u>\$ 4,900,536</u>	<u>100.0%</u>	<u>\$ 4,450,098</u>	<u>100.0%</u>

Please refer to auditor's report on supplementary information.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULES OF OPERATING EXPENSES
Years Ended December 31, 2000 and 1999

	<u>2000</u>		<u>1999</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
LANDING AREA				
Materials and supplies	\$ 133,586	3.5%	\$ 142,712	4.2%
Salaries and labor	217,802	5.6%	199,022	5.3%
Employee benefits	84,560	2.2%	77,173	2.3%
Administrative expenses	98,386	2.6%	62,883	1.8%
Gasoline and oil	26,854	0.7%	18,540	0.5%
Utilities	1,158	0.0%	(16,860)	-0.6%
	<u>562,346</u>	<u>14.6%</u>	<u>483,470</u>	<u>13.5%</u>
TERMINAL AREA				
Salaries and labor	867,511	22.4%	719,606	21.0%
Utilities	323,781	8.4%	340,896	10.0%
Employee benefits	327,672	8.5%	279,753	8.2%
Material and supplies	241,006	6.3%	227,628	6.7%
Administrative expenses	459,133	11.9%	293,457	8.6%
Contracted services	477,180	12.4%	470,141	14.5%
Insurance	50,090	1.3%	51,794	1.8%
	<u>2,746,373</u>	<u>71.2%</u>	<u>2,383,275</u>	<u>70.8%</u>
HANGAR AREA				
Salaries and labor	302,802	7.8%	326,376	9.6%
Employee benefits	116,271	3.0%	125,407	3.7%
Administrative expenses	98,386	2.6%	62,883	1.8%
Material and supplies	7,407	0.2%	2,726	0.1%
Utilities	22,336	0.6%	16,007	0.5%
	<u>547,202</u>	<u>14.2%</u>	<u>533,399</u>	<u>15.7%</u>
	<u>\$ 3,855,921</u>	<u>100.0%</u>	<u>\$ 3,400,144</u>	<u>100.0%</u>

Please refer to auditor's report on supplementary information.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES*
Year Ended December 31, 2000

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Transportation/Direct:			
Airport Improvement Program - #24	20.106	3-39-0001-24-99	\$ 60,158
Airport Improvement Program - #25	20.106	3-39-0001-25-99	413,380
Airport Improvement Program - #26	20.106	3-39-0001-26-99	2,905
Airport Improvement Program - #27	20.106	3-39-0001-27-00	<u>803,916</u>
			<u>\$ 1,280,359</u>

Please refer to auditor's report on supplementary information.

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

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

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

I have audited the financial statements of the Akron-Canton Regional Airport Authority as of and for the year ended December 31, 2000, and have issued my report thereon dated June 18, 2001. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Akron-Canton Regional Airport Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

Laura J. MacDonald, CPA, Inc.
June 18, 2001

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

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

Compliance

I have audited the compliance of the Akron-Canton Regional Airport Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2000. The Akron-Canton Regional Airport Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Akron-Canton Regional Airport Authority. My responsibility is to express an opinion on the Akron-Canton Regional Airport Authority's compliance based on my audit.

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

In my opinion, the Akron-Canton Regional Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

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

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

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

Laura J. MacDonald, CPA, Inc.
June 18, 2001

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended December 31, 2000**

I. SUMMARY OF AUDITOR'S RESULTS

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

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

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

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AKRON-CANTON REGIONAL AIRPORT AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 23, 2001**