AKRON-CANTON REGIONAL AIRPORT AUTHORITY

STARK AND SUMMIT COUNTIES, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2022

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Trustees
Akron-Canton Regional Airport Authority
5400 Lauby Road NW, #9
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the Akron-Canton Regional Airport Authority, Summit County, prepared by Rea & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Alcohol Purchase Finding for Recovery #1 Repaid Under Audit

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in McClure, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." Id. at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

On October 18, 2022, Lisa Dalpiaz signed a receipt for El Segundo Sol for which there was alcohol included which was not purchased for resale at a public event as authorized by Auditor of State Bulletin 2014-003. The amount of the sales receipt for alcohol including allocated sales tax and tip equals $76.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Dalpiaz, in the amount of $76, and in favor of the Akron-Canton Regional Airport Authority, in the amount of $76.

On October 27, 2023, $76 was received by the Airport from a Visa credit card payment.

Alcohol Purchase Finding for Recovery #2 Repaid Under Audit

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose.

Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court Case of State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in McClure, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." Id. at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

On December 9, 2021, Renato Camacho signed a receipt for the Burntwood Tavern for which there was alcohol included which was not purchased for resale at a public event as authorized by Auditor of State Bulletin 2014-003. The amount of the sales receipt for alcohol including allocated sales tax and tip equals $78.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Renato Camacho in favor of the Akron-Canton Regional Airport Authority, in the amount of $78.

On October 30, 2023, $78 was received by the Airport from a Visa credit card payment.

Employee Overtime Overpayment Finding for Recovery #3

The Airport's Overtime policy (Personnel Policy and Procedure Manual Section 5.1) allows Airport employees to work overtime pay at one and one-half times the regular rate of pay for "time actually worked in excess of forty hours per week". The policy also states that for purposes of overtime "paid sick leave, paid vacation and lunch periods shall not be considered time worked."

Instead of calculating overtime pay in accordance with the Airport's policy, overtime pay totaling $15,689 was claimed and paid to the employees listed below from January 1, 2022 through July 20, 2023, without consideration of sick and/or vacation leave used during the same week.

Employee	Overpayment
Anderson, Evan M	$ 297
Beadle Jr, Herber	132
Caggiati, Anthony W	435
Cartwright, Harry E	43
Clause, William N	2,036
Collins, Joshua D	42
Corrin Jr, Darryl	1,107
Dardie, Margaret C	70
Dietry, Adam W	1,012
Freeland, Cody M	308
Gantzler, Zackary R	227
Gatsios, Nicholas M	61
Gentile, Anthony D	358
Gidley, Robert D	585
Hall, Ralph	115
Hall, Sebastian A	453
Haynam, Atlee	923
Hostler, Brenna A	231
Hunt, Matthew	956
Hyder, Dustin Z	65
Jacobs, Blaine P	518
Jacoby, Kyle W	87
James, Jesse L	183
Jarvis, Janet L	217
Jordan, Kalob E	394
Koshar, Timothy A	410
Lumpcik, Royce P	75
Masucci, Thomas	648
McElroy, Michelle L	254
McIntyre, David G	194
Neyman, Mark D	289
Perusky JR, Micha...	354
Puskar, Thomas E	282
Quinn, Sean P	96
Robson Jr, Robert W	462
Rosette, Jeffrey	1,071
Rouse, Dakoda D	110
Stragan, Michelle L	365
Streber, Salina R	196
Sygula, Charles J	28
Total FFR	$ 15,689

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the aforementioned Airport employees for their respective overpayments.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80- 074; Ohio Rev. Code § 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St.3d 228 (1985). As Vice President of Finance and Administration James Krum authorized the payments listed above and a finding for recovery in the amount of $15,689 is issued against him and his bonding company, SureTec Insurance Company, jointly and severally for $15,689 and in favor of the Akron-Canton Regional Airport Authority.

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.

Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES, OHIO
December 31, 2022
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Rea & associates a brighter way

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Akron-Canton Regional Airport Authority
Stark and Summit Counties, Ohio
5400 Lauby Rd. NW #9
North Canton, OH 44720

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Akron-Canton Regional Airport Authority (the Airport), Stark and Summit Counties, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Akron-Canton Regional Airport Authority, Stark and Summit Counties, Ohio as of December 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements, the Airport implemented the provisions of GASB Statement No. 87, *Leases*, for the year ended December 31, 2022. This statement requires recognition of lease receivables and deferred inflows for leases that meet certain criteria based on the provisions of the contract. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Expenditures Of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Airport's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
June 29, 2023

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The Airport

The Akron – Canton Regional Airport Authority, (the "Airport") was dedicated in 1946 and commercial air service began in 1948, when the Airport served 43,042 passengers. Today the Airport is the second entry portal to Northeast Ohio for air travelers. In 2022 the Airport continued to see a rebound in the amount of passengers served which had been significantly impacted by the COVID-19 Pandemic. The Airport served just over 535,000 passengers which was a 29% increase from 2021.

Pre-pandemic, the Airport offered 22 daily flights to 10 non-stop destinations and has one stop service to virtually anywhere in the world. The Airport offered an average of 11 daily flights during 2022. The Airport continually updates and improves its facilities to ensure our passengers have a great experience. The Airport just completed a passenger gate replacement project to modernize our facility by replacing five older gates.

Overview of Financial Statements

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

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

The statements are prepared on the accrual basis and present all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Airport, both financial and capital, and short and long – term. They also present revenues and expenses of the Airport during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Airport's financial condition as of December 31, 2022 and the results of its operations and cash flows for the years then ended. Accompanying the statements are notes and required supplementary information that are integral parts to understanding the Airport's net position.

Financial Highlights

As of December 31, 2022, Operating Revenues increased 24% from the prior year but remain significantly lower compared to PreCOVID-19 pandemic levels. The Airport had increased revenues in the areas of Charges for Services, Parking and Other Operating Revenues. Parking revenues, which is one of the airport's largest revenue sources nearly doubled from the prior year. Despite the continued reduction in revenue levels due to the COVID-19 pandemic, the Airport was able to meet all its debt service and financial obligations. Operating Expenses, apart from non-cash pension expenses, increased by 15% compared to the prior year in response to returning to more normalized operations. Overall expenses remain significantly less than PreCOVID-19 pandemic amounts.

Statement of Net Position

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Airport using the accrual basis of accounting, which is similar to the accounting used by most private – sector institutions. Condensed information from the Airport's statements of net position, including comparative data from 2021 as follows:

(Table 1)
Net Position

	2022	2021
Assets		
Current Assets	$ 1,366,803	$ 803,750
Restricted Assets	13,887,328	13,592,421
Noncurrent Assets	202,755,993	173,135,867
Total Assets	218,010,124	187,532,038
Deferred Outflows of Resources		
OPEB	490	159,183
Pension	672,397	390,557
Total Deferred Outflow of Resources	672,887	549,740
Liabilities		
Current Liabilities	5,139,116	1,979,390
Noncurrent Liabilities	34,782,325	36,944,957
Total Liabilities	39,921,441	38,924,347
Deferred Inflows of Resources		
Leases	31,514,760	-
OPEB	578,281	999,263
Pension	2,009,251	1,248,311
Total Deferred Inflows of Resources	34,102,292	2,247,574
Net Position		
Net Investment in Capital Assets	136,635,220	138,853,348
Restricted Net Position	13,887,328	13,592,421
Unrestricted Net Position	(5,863,270)	(5,535,912)
Total Net Position	$ 144,659,278	$ 146,909,857

An analysis of significant changes in assets, liabilities and net position for the year ended 2022 is as follows:

Assets

Total assets decreased $2,714,359 from 2021 due primarily to the following factors.

- Reduction in Airport Improvement Projects-In-Progress
- Increase in Accumulated Depreciation due to Capitalization of completed Projects
- 2021 Net Position was not restated for GASB 87.

Liabilities

Total liabilities increased $997,094 due primarily to the following factors

- Increase in Accounts Payable
- Increase in Projects Payable

Deferred Inflow of Resources and Deferred Outflows

The net pension liability (NPL) is reported by the Airport at December 31, 2022 and is reported pursuant to GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." In 2018, the Airport adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Airport's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and 75 require the net pension liability (asset) and the net OPEB liability to equal the Airport's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension and OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Airport is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Airport's statements prepared on an accrual basis of accounting include an annual pension expense and annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of Resources. These changes were incorporated in the Airport's financial statements; however, there was no effect on beginning net position. The Airport recognized $32,745,269 in lease receivable at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The Airport also recognized $15,276 in leases payable at January 1, 2022, due to the implementation of GASB 87, that were not reported as capital leases in prior years; however, this entire amount was offset by $15,276 in right to use assets. See Note 9 for further information.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Airport, as well as the non - operating revenues and expenses. Federal Grant, Car Rental Facility Charge, Passenger Facility Charge and Interest income are considered non – operating revenues. Condensed information from the Airport's Statement of Revenues, Expenses, and Changes in Net Position, including comparative data from 2021 is as follows:

(Table 2)
Change in Net Position

	2022	2021
Operating Revenues	$ 6,820,539	$ 5,514,001
Operating Expenes (Including Depreciation)	18,892,537	15,092,960
Operating Income (Loss)	(12,071,998)	(9,578,959)
Net Non-Operating Revenues (Expenses)	9,821,419	4,479,078
Change in Net Position	(2,250,579)	(5,099,881)
Net Position Beginning of the Year	146,909,857	152,009,738
Net Position End of Year	$ 144,659,278	$ 146,909,857

An analysis of significant changes in revenues and expenses for the year ended 2022 is as follows:

Operating Revenues

The Airport had an increase in annual passenger traffic of 29% compared to 2021 due to the resumption of air service that had been suspended due to the COVID -19 pandemic as well as new air service from both existing and new air carriers. As a result, the Airport experienced a significant recovery in concession revenue areas such as parking. Operating revenues still remain about 26% off pre-pandemic levels which is consistent with passenger levels pre and post-pandemic.

Operating Expenses

Operating expenses less depreciation, OPEB expense and pension expense adjustments decreased 49% from 2021. The airport has started to normalize its operations, which contributed to the increase in expenses year over year. The airport continues to make deliberate efforts to reduce expenses within all departments to maintain financial discipline to the extent possible. OPEB expense and pension expense adjustments were very significant during 2022 resulting in a reduction of just over $1,196,759 in operating expenses.

Non-Operating Revenues

In 2022, the Airport received more federal funding compared to the previous year. The increase was due to the type of new construction projects awarded and commencement of construction previously awarded. The Airport was awarded slightly more than $4 million in federal funds in 2022 from the Airport Improvement Program (AIP) for construction projects. The Airport was also awarded nearly $5 million through the American Rescue Plan Act (ARPA) in 2022. These federal funds are authorized by federal grants received by the Airport. Passenger Facility Charge (PFC) and Car Rental Facility Charge (CFC) funds increased compared to 2021 due to the increase in passenger levels. With the adoption of GASB 87, the airport reported over $815,000 in interest in 2022 pertaining to existing ground and space leases.

Budget Summary

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

Capital Asset and Long-Term Debt Activity

The Airport's capital asset acquisitions during the year were for equipment replacements and facility enhancements. The Airport completed projects associated with taxiway and roadway improvements as well as the construction of a new maintenance storage facility. The Airport's long-term debt was comprised of three revenue bond agreements, one with the Ohio Department of Transportation (ODOT) and two with S & T Bank at the end of the year. The Airport was issued $15,680,000 in debt via Airport Revenue Bonds with the Ohio Department of Transportation (ODOT) and issued $6,184,000 in debt via Airport Revenue Bonds with S&T Bank. These bonds were issued to fund a terminal concourse gate replacement project. Airport also refinanced long-term debt in the amount of $13,155,251 with S&T Bank originally held by the Huntington National Bank. As of December 31, 2022, the Airport had $34,127,028 in Airport Revenue Bonds outstanding. See notes 8 and 11 in the Notes to the Financial Statements for further information related to debt and capital assets, respectively.

The Airport has three equipment leases for equipment to maintain day-to-day operations. The Airport leases copiers, postage equipment and a vehicle. See note 9 in the Notes to the Financial Statements for further information related to these leases.

Current Issues

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Akron – Canton Regional Airport Authority. In addition, the impact on the Akron – Canton Regional Airport Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Contacting the Airport's Management

This financial report is designed to provide our users, 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 James Krum, Vice President of Finance and Administration, at the Akron Canton Regional Airport, 5400 Lauby Road NW, Box 9, North Canton, OH. 44720.

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AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

		2022
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	121,245
Accounts Receivable		426,349
Accounts Receivable - Short Term Lease		629,528
Interest Receivable - Leases		99,793
Prepaid Expenses		89,888
Total Current Assets		1,366,803
Assets Restricted for Airport Improvement Projects:		
Cash and Cash Equivalents		12,027,597
Federal Funds Receivable		1,728,502
Restricted Revenue Bond Project Funds		173
Passenger Facility Charges Receivable		131,056
Total Assets Restricted for Airport Improvement Projects		13,887,328
Noncurrent Assets:		
Net Lease Assets		6,981
Long Term Lease Receivable		31,431,732
Net OPEB Asset		555,205
Capital Assets:		
Airport Improvement Projects-In-Progress		6,505,412
Land and Land Improvements		52,821,716
Paving		134,882,357
Buildings		118,568,160
Vehicles and Equipment		25,900,036
Utility Systems		619,678
Less Accumulated Depreciation		(168,535,284)
Total Noncurrent Assets		202,755,993
TOTAL ASSETS	$	218,010,124
DEFERRED OUTFLOW OF RESOURCES:		
Total Deferred Outflows of Resources - OPEB	$	490
Total Deferred Outflows of Resources - Pension		672,397
Total Deferred Outflow of Resources		672,887
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**218,683,011**

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

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

STATEMENT OF NET POSITION (Continued)
AS OF DECEMBER 31, 2022

		2022
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	2,242,717
Projects Payable		1,097,567
Lease Obligations - Short Term		5,261
Accrued Payroll Expenses		736,215
Accrued Real Estate Taxes		63,215
Debt Due Within One Year		1,039,797
Total Current Liabilities		5,184,772
Long-Term Liabilities:		
Lease Obligations - Long Term		10,630
Long-term Bonds Payable		33,087,231
Net Pension Liability		1,638,808
Total Long-Term Liabilities		34,736,669
TOTAL LIABILITIES	$	39,921,441
DEFERRED INFLOWS OF RESOURCES:		
Total Deferred Inflow of Resources - Leases		31,514,760
Total Deferred Inflows of Resources - OPEB		578,281
Total Deferred Inflows of Resources - Pension		2,009,251
Total Deferred Inflows of Resources		34,102,292
Net Position:		
Net Investment in Capital Assets		136,635,220
Restricted for Airport Improvement Projects		13,887,328
Unrestricted Net Position		(5,863,270)
TOTAL NET POSITION		144,659,278
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$**	**218,683,011**

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

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022
Operating Revenues:	
Charges for Services	$ 2,567,612
Rent	1,043,535
Parking	2,043,243
Other Operating Revenues	1,166,149
Total Operating Revenues	6,820,539
Operating Expenses:	
Salaries	2,004,794
Payroll Fringe Benefits	928,337
Contract Services	1,498,874
Materials and Supplies	758,272
Utilities	802,560
Fuel	92,615
Insurance	120,092
Administrative	1,292,648
Depreciation and Amortization	11,402,640
Total Operating Expenses	18,900,832
Operating (Loss)	(12,080,293)
Nonoperating Revenues (Expenses):	
Federal Funds	9,087,372
Car Rental Facility Charge Revenue	309,963
Passenger Facility Charge Revenue	1,203,146
Interest - Leases	646,293
Interest	51,767
Interest Expense - Leases	(615)
Interest Expense	(1,468,212)
Total Non-operating Revenues (Expenses)	9,829,714
Change in Net Position	(2,250,579)
Net Position - January 1	146,909,857
Net Postion - December 31	**$ 144,659,278**

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

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 6,820,726
Cash Payments to Suppliers for Goods and Services	(1,407,363)
Cash Payments to Employees for Services	(4,153,475)
Net Cash Provided by Operations	**1,259,888**
Cash Flows from Capital and Related Financing Activities:	
Receipts from Passenger Facility Charge	1,186,804
Receipts from Car Rental Facility Charge	309,963
Grants	4,990,731
Grants - CARES, CRRSA, ARPA	2,368,139
Non Operating Revenue	-
Acquisition of Construction of Capital Assets	(9,341,309)
Debt Principal Paid	(951,214)
Gain of Sale of Equipment	-
Interest Paid	(1,513,868)
Insurance Proceeds	-
Net Cash (Used in) Capital and Related Financing Activities	(2,950,754)
Cash Flows from Investing Activities:	
Interest Received	51,767
Net Cash Provided by Investing Activities	51,767
Net Increase (Decrease) in Cash and Cash Equivalents	(1,639,099)
Cash and Cash Equivalents - January 1	13,788,114
Cash and Cash Equivalents - December 31	**12,149,015**
Statement of Net Position Classification	
Cash and Cash Investments	$ 12,148,842
Restricted Cash	173
Total Cash and Cash Equivalents	**$ 12,149,015**
Reconcilation of Net Operating Loss to Net Cash From Operating Activities	
Cash Flows from Operating Activities:	
Operating (Loss)	(12,080,293)
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:	
Depreciation and Amortization	11,402,640
(Increase) Decrease in Accounts Receivable	187
(Increase) Decrease in Prepaid Assets	(23,081)
(Increase) Decrease in Net OPEB Asset	(234,449)
(Increase) Decrease in Deferred Outflows Related to Pension	(281,840)
(Increase) Decrease in Deferred Outflows Related to OPEB	158,693
Increase (Decrease) in Accounts Payable	2,083,212
Increase (Decrease) in Project Payable	1,097,567
Increase (Decrease) in Payroll related Liabilities	(23,585)
Increase (Decrease) in Net Pension Liability	(1,179,121)
Increase (Decrease) in OPEB Liability	-
Increase (Decrease) in Deferred Inflows Related to Pension	760,940
Increase (Decrease) in Deferred Inflows Related to OPEB	(420,982)
Total Adjustments	13,340,181
Net Cash Provided by Operating Activities	**$ 1,259,888**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

The Airport's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statements. The financial statements include all departments and operations for which the Airport is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefit to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Airport itself are included in the financial reporting entity.

B. BASIS OF ACCOUNTING

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

A fund is defined as a fiscal and accounting entity with a self - balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

Enterprise Fund - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The accounting and financial reporting treatment applied to the Airport's fund is determined by their measurement focus. The Airport's enterprise fund, uses a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The Airport uses the accrual basis of accounting, which records revenue when earned and measurable and expenses when the liability is incurred. Revenues subject to accrual are charges for services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

Property and Equipment

Property and Equipment – The Airport's capitalization threshold is $3,000. Substantially all of the Airport's grounds and runways were contributed by the U.S. Government at the time the Airport was founded. These assets were recorded at their estimated fair value as of the date the contributions were made. Property and equipment acquired subsequent to the Airport's inception is carried at cost.

Renewals and betterments are capitalized. The cost of maintenance and repairs are charged to expense accounts as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The Airport is reporting intangible right to use assets related to leased equipment and vehicles. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

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

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

Assets Restricted for Airport Improvement Projects – Cash and cash equivalents, and investments funded by federal grant monies, along with passenger facility charges receivable, are restricted for use in various Airport Improvement Projects. Such deposits, along with passenger facility charges receivable, are not available for use in the general operations of the Airport. When both restricted and unrestricted are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents –The Airport considers all highly liquid investments with a maturity of three months or less to be cash equivalents. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Airport measures their investment in STAR Ohio at

the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2020 and 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals for $25 million or more. Star Ohio reserves the right to limit the transactions to $100 million per day, requiring the excess amount be transacted the following business day(s), but only to the $100 million limit. All account participants will be combined for these purposes.

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Accounting and Reporting for Nonexchange Transactions – The Airport accounts for nonexchange transactions in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Nonexchange transactions occur when the Airport receives (or gives) something of value without giving (or receiving) equal value in return. As such, and in conformity with GASB Statement No. 33, the Airport has recognized grant funds expended for capitalizable property and equipment as revenues and the related depreciation thereon, as expenses in the accompanying financial statements.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Airport, there were no deferred outflows of resources to report other than OPEB and pension deferred outflows. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Airport, there were no deferred inflows of resources to report other than OPEB, pension and lease deferred inflows.

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, lease rents, parking and other operating revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Airport. Revenues and expenses which do not meet these definitions are reported as non-operating.

Net Position – Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other Airport Improvement Projects include resources from federal and state grants restricted for specified purposes.

Use of Accounting Estimates – Management uses estimates and assumptions in preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP). These estimates and assumptions affect the reported amounts in the financial statements and accompanying notes. Actual results could vary from the estimates that were used.

Implementation of New Accounting Principles

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of Resources. These changes were incorporated in the Airport's financial statements; however, there was no effect on beginning net position. The Airport recognized $32,621,517 in lease receivable at January 1, 2022, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The Airport also recognized $15,276 in leases payable at January 1, 2022, due to the implementation of GASB 87, that were not reported as capital leases in prior years; however, this entire amount was offset by $15,276 in right to use assets. See Note 9 for further information.

2. CASH AND CASH EQUIVALENTS

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

Deposits with Financial Institutions

At December 31, 2022, the carrying amount of the Airport's deposits was $12,067,035, excluding petty cash deposits of $154. The bank balance was $12,005,503 at December 31, 2022. Additionally, in 2018, the Airport received restricted Revenue Bond proceeds for the Airport Improvement project. The carrying amount of the Airport's proceeds, at December 31, 2022, was $173. Deposits with financial institutions were covered by federal depository insurance and/or were

2. CASH AND CASH EQUIVALENTS (Continued)

collateralized by a pool of securities maintained by the Airport's financial institutions but not in the Airport's name.

Custodial credit risk is the risk that, in the event of bank failure, the Airport will not be able to recover deposits or collateral securities that are in the possession of an outside party. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the Airport and deposited with a qualified trustee by the financial institution as security for repayment, whose market value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. The Airport has no deposit policy for custodial credit risk beyond the requirements of the State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Airport to a successful claim by the FDIC.

The securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities, subject to a repurchase agreement, must exceed the value of the principal by 2% and be marked to market daily.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Airport's investment policy does not specifically address credit risk beyond requiring the Airport to only invest in securities authorized by State statue.

Concentration of Credit Risk: The Airport's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific class of securities. The following table includes the percentages of each investment held by the Airport at December 31, 2022 and 2021 respectively:

Measurement / Investment Type	Measurement Amount	% of Total
December 31, 2022		
Net Asset Value (NAV) STAR Ohio	$81,653	100%

3. INSURANCE COVERAGES

As of December 31, 2022, the Airport had general liability insurance coverage of $50,000,000 for each occurrence and in the aggregate; director and officer liability coverage of $5,000,000 per loss and in the aggregate; vehicle liability coverage with a combined single limit of $1,000,000; public officials' coverage of $5,000,000 per loss and in the aggregate; environmental impairment coverage of $1,000,000 per loss and in the aggregate and cyber liability insurance coverage of $1,000,000 for each occurrence and in aggregate. The risks of loss exposed to the Airport include theft, fire, errors and omissions, and general liability. There has been no reduction in insurance coverage during the year ending December 31, 2022. Settlement costs did not exceeded coverage in the past three years.

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 three years. As of December 31, 2022, the accrual for vacation benefits totaled $338,573 and is included in the Accrued Payroll Expense in the accompanying Statement of Net Position.

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Airport's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Airport's obligation for this liability to annually required payments. The Airport cannot control benefit terms or the manner in which pensions are financed; however, the Airport does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued personnel costs on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Airport employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined

5. DEFINED BENEFIT PENSION PLAN (Continued)

benefit pension plan with defined contribution features. While members (e.g. Airport employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

5. DEFINED BENEFIT PENSION PLAN (Continued)

	2022 State and Local
Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Airport's contractually required contribution for the period ended December 31, 2022 were $382,716. 100% has been contributed for 2022. Of this amount, $0 is reported as accrued salaries payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was based on the Airport's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2022
Proportionate Share of the Net Pension Liability	$1,638,808
Proportion of the Net Pension Liability	0.018836%
Pension Expense	($700,021)
Change in Proportion from Prior Year	-0.000194%

5. DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS 2022
Deferred outflow of resources	
Net difference between projected and actual earnings on pension plan investments	$ -
Differences between expected and actual experience	83,544
Changes in proportion and differences between Airport contributions and proportionate share of contributions	1,206
Changes in assumptions	204,931
Airport's contributions subsequent to the measurement date	382,716
Total	**$ 672,397**
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	$ 1,949,303
Differences between expected and actual experience	35,943
Changes in proportion and differences between Airport contributions and proportionate share of contributions	24,005
Changes in assumptions	-
Airport's contribution subsequent to the measurement date	-
Total	**$ 2,009,251**

$382,716 reported as deferred outflows of resources related to pension resulting from Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2023	($273,734)
2024	(677,387)
2025	(458,361)
2026	(310,088)
Total	($1,719,570)

Actuarial Assumptions - OPERS

OPERS' total pension asset a liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disability, retirements, employment termination). Actuarially

5. DEFINED BENEFIT PENSION PLAN (Continued)

determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employees, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2021, are presented below:

	2021
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3.00 percent, simple through 2022 then 2.05 percent
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021 OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annualized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of

5. DEFINED BENEFIT PENSION PLAN (Continued)

return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3% for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

	2021	
Asset Class	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent, post experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Airport's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Airport's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

5. DEFINED BENEFIT PENSION PLAN (Continued)

		1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
2022	Airport's proportionate share of the net pension liability	$4,320,790	$1,638,808	$592,957

6. DEFINED BENEFIT OPEB PLAN

Pensions/Other Postemployment Benefit (OPEB)

For the purposes of measuring net pension/OPEB liability/(asset), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net pension have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The pension/OPEB plans report investments at fair value.

Net OPEB Liability/(Asset)

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability/(asset) represents Akron - Canton Regional Airport Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits The Akron – Canton Regional Airport Authority's obligation for this liability/(asset) to annually required payments. The Airport cannot control benefit terms or the manner in which OPEB are financed; however, The Airport does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB

6. DEFINED BENEFIT OPEB PLAN (Continued)

liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description

The Akron – Canton Regional Airport Authority's employees participate in the Ohio Public Employee Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for the eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through June 301, 2016. The 401(h) Trust and VEBA Trust were closed as of June 30, 2016 and the net position transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under the Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy - The Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretion over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the year ended December 31, 2021, in the Traditional Plan OPERS allocated 0% of employer contributions to post-employment health care.

Net OPEB Liability/ (Asset)

The net OPEB liability/(asset) was measured as of December 31, 2021, and the total OPEB l liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The Akron – Canton Regional Airport Authority's proportion of the net OPEB liability/(asset) was based on the Akron – Canton Regional Airport Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	2022
Proportionate Share of the Net OPEB Liability (Asset)	$ (555,205)
Proportion of the Net OPEB Liability (Asset)	0.017726%
Increase in % from prior proportion measured	-0.000278%
OPEB Expense Decrease	$ (496,738)

6. DEFINED BENEFIT OPEB PLAN (Continued)

At December 31, 2022, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 264,683
Differences between expected and actual experience	-	84,216
Changes in proportion and differences between Airport contributions and proportionate share of contributions	490	4,677
Changes in assumptions	-	224,705
Airport's contributions subsequent to measurement date	-	-
Total	$ 490	$ 578,281

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2023	($357,333)
2024	(124,640)
2025	(57,833)
2026	(37,985)
Total	($577,791)

6. DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions - OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2020
Rolled-forward measurement date	December 31, 2021
Experience Study	5 year period ended December 31, 2020
Actuarial Cost Method	Individual Entry age
Actuarial Assumptions	-
Single Discount Rate current measurement	6.00%
Investment Rate of Return	6.00%
Single Discount Rate prior measurement period	6.00%
Municipal Bond Rate	1.84%
Wage Inflation	2.75%
Projected Salary Increase	5.5% initial, 3.50% ultimate in 2034

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables for males and females for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

A single discount rate of 6.00% as used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single

6. DEFINED BENEFIT OPEB PLAN (Continued)

discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The following table presents the OPEB liability/(asset) calculated using the single discount rate of 6.00%, and the expected net OPEB liability/(asset) if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

		1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
2022	Airport's proportionate share of the net OPEB liability/(asset)	($326,513)	($555,205)	($745,024)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 4.50 % decreasing to 2.50 %	Current Discount 5.50% decreasing to 3.50%	1% Increase 6.5% decreasing to 4.50%
Airport's proportionate share of the net OPEB liability/(asset)	($561,205)	($555,205)	($548,088)

6. DEFINED BENEFIT OPEB PLAN (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return.

2021 Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	91.00 %
Domestic Equities	25.00	3.78
Real Estate	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is (14.3%) for 2021.

7. DEFERRED EMPLOYEE BENEFITS

Deferred employee benefits consist exclusively of accrued sick leave. Full-time employees accumulate ten hours of sick leave for each completed month in active pay status. Part-time employees accrue sick leave on a proportionate basis. Upon retirement, employees are paid for accrued sick leave, up to a maximum of 960 hours. Employees qualify for this payment upon retirement by having at least five years of service with the Airport and being eligible to receive OPERS retirement benefits.

8. LONG-TERM LIABILITIES

The changes in the Airport's long-term obligations during 2022 were as follows:

Name	Principal Outstanding 12/31/2021	Additions	Deductions	Principal Outstanding 12/31/2022	Due in One Year
S&T Bank Series A 2018	12,940,205	-	366,344	12,573,861	382,526
S&T Bank Series B 2018	5,937,090	-	149,870	5,787,220	156,615
SIB Series A 2018	15,265,000	-	435,000	14,830,000	455,000
SIB Series A 2018 Premium	981,603	-	45,656	935,947	45,656
Lease Obligations	15,276	-	4,646	10,630	5,261
Net OPEB Liability	-	-	-	-	-
Net Pension Liability	2,817,929	-	1,179,121	1,638,808	-
Totals	**$ 37,957,103**	**$ -**	**$ 2,180,637**	**$ 35,776,466**	**$ 1,045,058**

Airport Bonds - During 2010, the Airport along with Huntington Bank reissued the 2007 Airport Revenue Bonds. The Bonds bear interest at a variable rate and mature on January 1, 2031. In 2018 the Airport refinanced these bonds with S & T Bank as part of larger financing deal. These bonds are now S & T Bank Series A 2018. The total amount of Airport Bonds refunded was $13,155,251.

S & T Bank Series A – These bonds were issued in 2018 to refinance the existing Revenue Bonds held by Huntington Bank. The amount of the new bonds issued was $14,027,150. This included the $13,155,251 in Airport Bonds that were refunded. The remainder of the issuance went towards fees associated with the transaction and breakage of an interest rate swap agreement associated with the Airport Bonds. Payments on these bonds are due monthly. Principal payments are due as follows. Interest payments are per current schedule.

8. LONG-TERM LIABILITIES (Continued)

Year Ending December 31,	Principal Payment	Interest Payment
2023	$ 382,526	$ 536,916
2024	399,422	520,020
2025	417,064	502,377
2026	435,486	483,956
2027	454,721	464,721
2028-2032	2,593,221	2,003,988
2033-2037	3,218,807	1,378,400
2038-2042	4,080,065	601,898
2043	592,549	12,553
Total	**$ 12,573,861**	**$ 6,504,829**

S &T Bank Series B 2018 – These bonds were issued in 2018 on behalf of the Airport to help fund the passenger gate replacement project that commenced in late 2018. The total amount of bonds issued was $6,184,000. Payments on these bonds will be due monthly starting in April 2020. The Airport will make monthly interest payments based on the amount of funds drawdown at the end of each month.

Year Ending December 31,	Principal Payment	Interest Payment
2023	$ 156,614	$ 252,076
2024	163,663	245,028
2025	171,028	237,663
2026	178,724	229,966
2027	186,767	221,923
2028-2032	1,067,737	975,716
2033-2037	1,330,610	712,844
2038-2042	1,658,199	385,252
2043-2045	873,878	45,675
Total	**$ 5,787,220**	**$ 3,306,143**

State of Ohio Infrastructure Bank Series A 2018 - These bonds were issued in 2018 on behalf of the Airport to help fund the passenger gate replacement project that commenced in late 2018. Payments on these bonds will be due semi - annually starting in May 2021. The Airport will make interest only payments on a semi – annual basis until May 2021 per schedule. The $16,798,571 balance associated with these bonds is comprised of two parts. The principal amount of these Revenue Bonds is $15,680,000. The remaining $1,118,571 is for the Bond Premium Payable associated with this borrowing. The Bond Premium Payable will be amortized over the life of the borrowing.

8. LONG-TERM LIABILITIES (Continued)

Year Ending December 31,	Principal Payment	Interest Payment
2023	$ 455,000	$ 653,600
2024	485,000	630,475
2025	505,000	605,975
2026	530,000	580,475
2027	555,000	553,600
2028-2032	3,170,000	2,388,663
2033-2037	3,840,000	1,714,250
2038-2043	5,290,000	818,625
Total	**$ 14,830,000**	**$ 7,945,663**

Year Ending December 31,	Reduction of Bond Premium Payable
2023	$ 45,656
2024	45,656
2025	45,656
2026	45,656
2027	45,656
2028-2032	228,280
2033-2037	228,280
2038-2042	228,280
2043	22,827
Total	**$ 935,947**

Debt Service Covenants – Both the S&T Bank and the State Infrastructure Bank bonds have covenants that are required to be maintained during the life of the bonds. The Airport is required to have not less than $100,000,000 in Tangible Net Assets and maintain a Debt Coverage Ratio of no less than 1.25:1.00. The Airport submits compliance reports on a quarterly basis.

9. LEASES

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of this statement is effective January 1, 2022.

As Lessor – The Airport leases land as well as retail and office space at its facility to others. The leases have variable terms with payments required monthly or quarterly. The Airport also receives

9. LEASES (Continued)

variable payments for concession revenue, landing fees and utility reimbursements with spaces that are not included in the measurement of the lease receivable.

The total amount of inflows of resources for the period ending December 31, 2022 is as follows:

Inflows:

Interest revenue leases	$ 646,293
Lease revenue	1,020,685
	$ 1,666,978

Lease Balance Summary:

Lease receivable	$ 31,431,732
Accrued interest receivable	99,793
Deferred inflow leases	31,514,760
	$ 63,046,285

Below is a schedule of future payments that are included in the measurement of the leases receivable:

As of December 1, 2022	Principal	Interest	Total
2023	629,528	585,245	1,214,773
2024	581,515	573,265	1,154,780
2025	500,581	562,229	1,062,810
2026	475,830	573,510	1,049,340
2027	476,451	566,619	1,043,070
2028-2037	4,469,086	5,227,261	9,696,347
2038-2047	4,172,000	4,642,181	8,814,181
2048-2057	3,156,322	4,284,479	7,440,801
2058-2067	4,152,077	3,403,207	7,555,284
Thereafter	13,447,870	4,343,601	17,791,471
	32,061,260	24,761,597	56,822,857

9. LEASES (Continued)

Regulated Leases – The Airport leases certain assets to various third parties as regulated leases, as defined by GASB Statement No. 87. The leased assets, include jet bridges, ticket counters, passenger hold rooms, operations space, baggage service areas and land and are regulated under the FAA Rates and Charges Policy and Grant Assurance 22. Certain assets are subject to preferential or exclusive use by the counterparties to these agreements.

During the year ended December 31, 2022, the Airport recognized the following from regulated leases: Regulated Lease Revenue $1,030,577.

As Lessee – The Airport leases office equipment and a vehicle from others. These leases have variable terms and require monthly or quarterly payments.

As of December 31, 2022 the total amount of Right to Use lease assets by major class, and the related accumulated amortization, is as follows:

	January 1, 2022 Beginning Balance	Additions	Deductions	December 31, 2022 Ending Balance
Leased-Equipment	$ 9,229	$ -	$ -	$ 9,229
Leased-Vehicles	6,047	-	-	6,047
Total Right to Use Assets	15,276	-	-	15,276
Less accumlated amortization				
Leased-Equipment	-	(3,760)	-	(3,760)
Leased-Vehicles	-	(4,535)	-	(4,535)
Total accumulated amortization	-	(8,295)	-	(8,295)
Total RTU assets, net of amortization	$ 15,276	$ (8,295)	$ -	$ 6,981

9. LEASES (Continued)

The total amount of cash lease payments for the period ending December 31, 2022 is as follows:

Cash lease payments

Leased-Equipment	$	3,760
Leased-Vehicle		4,535
	$	8,295

Lease balance summary

Lease payable	$	15,276
Accrued interest payable		8,849
	$	24,125

Below is a schedule of future payments that are included in the measurement of leases payable:

As of December 1, 2022	Principal	Interest	Total
2023	5,336	261	5,597
2024	1,813	34	1,847
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2038	-	-	-
Thereafter	-	-	-
	7,149	295	7,444

10. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

Airport Improvement Projects-in-Progress consists of expenses for capitalized improvements or additions to the 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, 2022:

10. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS (Continued)

	Source of Funding		Total Cost of Projects-In-Progress
Description of Project	Federal Grants	State/Local	
AIP #6921	$ 4,274,296	$ -	$ 4,274,296
AIP #7622	53,569	30,459	84,028
AIP #6518	-	-	-
AIP #6720	639,764	132,601	772,365
AIP #6921	-	-	-
AIP FY23	4,050	450	4,500
Gate Mod. Project	-	-	-
Various Projects	-	1,370,223	1,370,223
Total	$ 4,971,679	$ 1,533,733	$ 6,505,412

11. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022:

	12/31/2021 Balance	Additions	Deletions	12/31/2022 Balance
Capital assets non-depreciable:				
Airport Improvement Projects in Progress	$ 41,210,552	$ 7,586,068	$ (42,291,208)	$ 6,505,412
Land	12,542,983	-	-	12,542,983
Land Improvements	40,278,733	-	-	40,278,733
Total non-depreciable capital assets	94,032,268	7,586,068	(42,291,208)	59,327,128
Capital assets being depreciated:				
Buildings	93,571,978	24,996,182	-	118,568,160
Paving	116,017,131	18,865,226	-	134,882,357
Vehicles and Equipment	25,769,380	130,656	-	25,900,036
Utility Systems	565,294	54,384	-	619,678
Total capital assets being depreciated	235,923,783	44,046,448	-	279,970,231
Less accumulated depreciation				
Buildings	(65,365,058)	(5,226,866)	-	(70,591,924)
Paving	(70,380,112)	(5,355,936)	-	(75,736,048)
Vehicles and Equipment	(20,863,430)	(790,541)	-	(21,653,971)
Utility Systems	(532,340)	(21,001)	-	(553,341)
Total accumulated depreciation	(157,140,940)	(11,394,344)	-	(168,535,284)
Capital assets, net of depreciation	$ 172,815,111	$ 40,238,172	$ (42,291,208)	$ 170,762,075

12. CONTINGENT LIABILITIES

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

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

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Akron – Canton Regional Airport Authority. In addition, the impact on the Akron – Canton Regional Airport Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

14. SERVICE CONCESSION ARRANGEMENT

The Airport has a concession agreement with SP Plus Corporation to manage the day-to-day operations of the Airport's short and long-term parking lots. The current agreement went into effect April 2012 and runs through May 2027. The Airport owns the parking lots, the parking structures, and equipment. SP Plus Corporation remits a tiered percentage of gross proceeds to the Airport on a monthly basis. The remaining percentage of gross proceeds goes to SP Plus Corporation to fund their operation. The current agreement has a minimum annual guarantee (MAG) of $3.6 million, which has been waived through June 30, 2023.

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AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Required Supplementary Information on GASB 68 Pension Liabilities
For the Year Ended December 31, 2022

Schedule of the Airport's Proportionate Share of OPERS Net Pension Liability:

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
Airport's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.018836%	0.019030%	0.019004%	0.019686%	0.019403%	0.203700%	0.021326%	0.021587%	0.021587%
Airport's proportionate share of the net pension liability (asset) - Traditional Plan	$ 1,638,808	$ 2,817,929	$ 3,756,270	$ 5,391,596	$ 3,043,955	$ 4,625,681	$ 3,693,932	$ 2,603,633	$ 2,544,826
Airport's covered payroll	$ 2,764,114	$ 2,728,044	$ 2,673,790	$ 2,795,754	$ 2,607,208	$ 2,675,890	$ 2,669,464	$ 2,660,511	$ 2,774,597
Airport's pension liability (asset) as a percentage of its covered payroll	59.29%	103.29%	140.48%	192.85%	116.75%	172.87%	138.38%	97.86%	91.72%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Information prior to 2013 is not available

Schedule of the Airport's Contributions to OPERS Pension:

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 382,716	$ 386,976	$ 381,926	$ 374,331	$ 391,406	$ 338,937	$ 321,107	$ 318,659	$ 317,590
Contributions in relation to contractually required contribution	(382,716)	(386,976)	(381,926)	(374,331)	(391,406)	(338,937)	(321,107)	(318,659)	(317,590)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Airport's covered payroll	$ 2,733,687	$ 2,764,114	$ 2,728,044	$ 2,673,790	$ 2,795,754	$ 2,607,208	$ 2,675,890	$ 2,669,464	$ 2,660,511
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	11.94%	11.94%

Information prior to 2014 is not available.

* Amounts presented for each year were determined as of the Airport's measurement date, which is the prior year end.
See accompanying nores to the required supplementary information.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Required Supplementary Information on GASB 75 OPEB Liabilities / Assets
For the Year Ended December 31, 2022

Schedule of the Airport's Proportionate Share of OPERS Net OPEB Liability / Assets:

	2022*	2021*	2020*	2019*	2018*	2017*
Airport's proportion of the net OPEB liability (asset) (percentage) - Traditional Plan	0.017726%	0.018004%	0.017989%	0.018612%	0.018400%	0.019363%
Airport's proportionate share of the net OPEB liability (asset)	$ (555,205)	$ (320,756)	$ 2,484,748	$ 2,426,565	$ 1,988,104	$ 1,955,731
Airport's covered payroll	$ 2,764,114	$ 2,728,044	$ 2,717,741	$ 2,795,754	$ 2,607,208	$ 2,675,890
Airport's pension liability (asset) as a percentage of its covered payroll	-20.09%	-11.76%	91.43%	86.79%	76.25%	73.09%
Plan fiduciary net position as a percentage of the total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

Information prior to 2017 is not available.

Schedule of the Airport's Contributions to OPERS OPEB:

	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ 1,758	$ -	$ 26,759
Contributions in relation to contractually required contribution	-	-	-	(1,758)	-	(26,759)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -
Airport's covered payroll	$ 2,733,687	$ 2,764,114	$ 2,728,044	$ 2,717,741	$ 2,795,754	$ 2,607,208
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.06%	0.00%	1.03%

Information prior to 2017 is not available.

* Amounts presented for each year were determined as of the Airport's measurement date, which is the prior year end.
See accompanying nores to the required supplementary information.

Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2016	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	8.00%
Wage Inflation	3.25%	3.75%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	4.25% to 10.05% (Includes wage inflation of 3.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2.

There were no signification changes for the measurement period 2019 versus the measurement period 2018.

There were no signification changes for the measurement period 2020 versus the measurement period 2019.

There were no signification changes for the measurement period 2021 versus the measurement period 2020.

There were no signification changes from the measurement period 2022 versus the measurement period 2021.

Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

Note 2 - Changes in Assumptions – OPERS OPEB (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and an decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

Note 2 - Changes in Assumptions – OPERS OPEB (Continued)

Amounts reported for fiscal year 2021 (Measurement Period 2020) incorporate changes in assumptions use by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2020 (Measurement Period 2019) are presented below.

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2019	December 31, 2018
Rolled-forward measurment date	December 31, 2020	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal	Individual entry age normal
Actuarial Assumptions:		
Single Discount Rate	6.00%	3.16%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.00%	2.75%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.5% initial, 3.5% ultimate in 2035	10.5% initial, 3.5% ultimate in 2030

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included an increase of the discount rate from 3.16% to 6.00%, and a decrease in bond rate from 3.25% to 2.00%.

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2020	December 31, 2019
Rolled-forward measurment date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal	Individual entry age normal
Actuarial Assumptions:		
Single Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	1.84%	2.00%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Akron-Canton Regional Airport Authority
Stark and Summit Counties, Ohio
5400 Lauby Rd. NW #9
North Canton, OH 44720

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of Akron-Canton Regional Airport Authority, Stark and Summit Counties, Ohio (the Airport) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Airport's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Airport's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Airport's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
June 29, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies

To the Board of Trustees
Akron-Canton Regional Airport Authority
Stark and Summit Counties, Ohio
5400 Lauby Rd. NW #9
North Canton, OH 44720

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We have audited Akron-Canton Regional Airport Authority's, Stark and Summit Counties, Ohio (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal programs for the year ended December 31, 2022. The Airport's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 for the year ended December 31, 2022. The passenger facility charge program is identified in the schedule of expenditures of passenger facility charges.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and the passenger facility charge program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide"). Our responsibilities under those standards, the Uniform Guidance, and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and the passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Airport's federal programs and the passenger facility charge program.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Guide, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
June 29, 2023

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Schedule of Receipts and Expenditures of Federal Awards
FOR THE YEAR ENDED DECEMBER 31, 2022

	Federal Grantor/ Program Title	Grant Number	Federal Assistance Listing Number	Receipts	Expenditures	Total Amount Provided to Sub Recipients
U.S. DEPARTMENT OF TRANSPORTATION						
Direct Funding:						
	Airport Improvement Program:					
	Airport Improvement Project No. 62	3-39-0001-6216	20.106	$ 335,913	$ -	$ -
	Airport Improvement Project No. 64	3-39-0001-6418	20.106	73,305	-	-
	Airport Improvement Project No. 65	3-39-0001-6518	20.106	(44,833)	-	-
	Airport Improvement Project No. 66	3-39-0001-6619	20.106	40,262	-	-
	Airport Improvement Project No. 67	3-39-0001-6720	20.106	10,953	11,188	-
COVID -19	Airport Improvement Project No. 68	3-39-0001-6820	20.106	762,278	762,278	-
	Airport Improvement Project No. 69	3-39-0001-6921	20.106	3,978,097	4,015,324	-
COVID -19	Airport Improvement Project No. 71	3-39-0001-7121	20.106	1,605,861	1,605,861	-
	Airport Improvement Project No. 76	3-39-0001-7622	20.106	2,325,536	2,806,122	-
	Total -- U.S. Department of Transportation			9,087,372	9,200,773	-
Total Federal Financial Assistance				$ 9,087,372	$ 9,200,773	$ -

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

Akron - Canton Regional Airport Authority
Schedule of Expenditures of Passenger Facility Charges
For Year ended December 31, 2022

		Approved for Collection	Approved for Use	Cumulative Total December 31, 2021	1st Qtr. 2022	2nd Qtr. 2022	3rd Qtr. 2022	4th Qtr. 2022	Year ended December 31, 2022	Cumulative Total December 31, 2022
Collections:										
Passenger Facility Charge Collections				$ 61,094,285	$ 286,650	$ 320,498	$ 269,977	$ 290,509	$ 1,167,634	$ 62,261,919
Interest Earned, Net of Fees				309,187	1,518	1,272	5,993	10,389	19,172	328,359
Total Passenger Facility Charge Collections Received				**$ 61,403,472**	**$ 288,168**	**$ 321,770**	**$ 275,970**	**$ 300,898**	**$ 1,186,806**	**$ 62,590,278**
Expenditures:										
92-01	X	$ 1,959,155	$ 1,959,155	$ (1,959,155)					$ -	$ (1,959,155)
96-02	X	1,681,807	1,681,807	(1,681,807)					-	(1,681,807)
98-03	X	1,748,697	1,748,697	(1,748,697)					-	(1,748,697)
99-04	X	3,522,990	1,749,589	(1,749,589)					-	(1,749,589)
02-05	X	9,665,854	11,439,255	(11,439,255)					-	(11,439,255)
05-06		27,737,085	27,737,085	(23,409,974)	(151,708)	(151,708)	(151,708)	(151,708)	(606,832)	(24,016,806)
10-07		7,221,614	7,221,614	(7,002,552)	-	-	-	-	-	(7,002,552)
17-08		5,271,842	5,271,842	(5,114,646)	-	-	-	-	-	(5,114,646)
18-09		30,065,661	30,065,661	(4,192,505)	(485,592)	(461,552)	(70,540)	(461,021)	(1,478,705)	(5,671,210)
Total Passenger Facility Charge Collections Expended		**$ 88,874,705**	**$ 88,874,705**	**$ (58,298,180)**	**$ (637,300)**	**$ (613,260)**	**$ (222,248)**	**$ (612,729)**	**$ (2,085,537)**	**$ (60,383,717)**
Cumulative Collections Received Less Collections Expended				**$ 3,105,292**						**$ 2,206,561**

X Closed Applications

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards include the federal award activity of the Akron – Canton Regional Airport Authority (the Airport) under programs of the federal government for the year ended December 31, 2022. The information on the Schedule of Expenditures and Receipts of Federal Awards is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards* (Uniform Guidance). The information on the Schedule of Expenditures of Passenger Facility Charges is prepared in accordance with the requirements of the *Audit Requirements for Federal Awards*, and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"). Because the Schedules present only a selected portion of the operations of the Airport, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Airport.

The Airport is currently authorized to collect PFCs in the amount of $4.50 per enplaned passenger.

The Akron – Canton Regional Airport Authority has nine approved applications. The most recent application was approved during the 2018 calendar year and resulted in slightly more than $30 million of collection authority from the Federal Aviation Administration (FAA). As of December 31, 2022, the Airport has received over $62 million in PFC revenue and $328 thousand dollars in interest, net of fees. The Airport has expended over $60 million on approved projects. As of December 31, 2022, the Airport has a collection authority of approximately $29 million.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Receipts and Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Schedule of Expenditures of Passenger Facility Charges has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

NOTE C – INDIRECT COST RATE

The Airport has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

Certain federal programs require that the Airport contribute non-federal funds (matching funds) to support the federally-funded programs. The Airport has met its matching requirements. The expenditures of non-federal funds are not included on these schedules.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
December 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any significant deficiencies conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): COVID-19 – Airport Improvement Program	AL #20.106
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: $750,000 Type B: all others
(d) (1) (ix)	Low Risk Auditee under 2 CFR 200.520?	No

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

Finding Number: 2022-001
Material Weakness – SEFA Reporting

Criteria: A non-Federal entity that expends $750,000 or more during its fiscal year in federal awards must prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements, which must include the total federal awards expended as determined in accordance with 2 CFR §200.502. (2 CFR §200.510)

Condition: The SEFA prepared by the Airport included its matching, non-federal portion of $748,934 as expenditures of federal awards. The Airport subsequently corrected the SEFA to exclude these amounts.

Context: When testing the matching portion of federal grants for Airport Improvement Project #76, we identified the Airport's required matching funds (non-federal) in the amount of $748,934 were included on the SEFA.

Cause and Effect: The Airport did not have procedures in place to ensure that only federal funds were reported on the SEFA.

Recommendation: We recommend the Airport implement processes and procedures to review funding sources and annual expenditures to determine which expenditures should be included on the SEFA.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number: 2022-002
Significant Deficiency – Accounting for Leases

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition: Adjustments were required to amounts presented in the 2022 financial statements in order for them to conform to accounting principles generally accepted in the United States (U.S. GAAP). These adjustments were made after the Airport filed its financial statements in the Auditor of State's Hinkle System. The adjustments related to the implementation of GASB Statement No. 87, *Leases*.

Context: When reviewing the originally recorded lease receivable and deferred inflow of resources, the auditors identified the lease receivable was overstated by $8,123,879, interest receivable and interest revenue was overstated by $18,131, and deferred inflows of resources were overstated by $8,123,879. The Airport had originally included leases that met the criteria for regulated leases in these amounts. The Airport adjusted its financial statements as of December 31, 2022 to reflect these adjustments.

Cause and Effect: As a result of improperly accounting for regulated leases, the financial statements filed in the Hinkle System required a significant adjustment to be in accordance with U.S. GAAP.

Recommendation: We recommend the Airport implement accounting processes and procedures when adopting new accounting standards to ensure that the financial statements accurately reflect the effects of the standards.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
December 31, 2022

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

AKRON-CANTON
AIRPORT

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Akron – Canton Regional Airport Authority
Stark and Summit Counties, Ohio
CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
For the Fiscal Year Ended December 31, 2022

Finding Number: **2022-001**

Planned Corrective Action:

The Akron – Canton Regional Airport Authority presented all SEFA Reporting records consistent with previously approved audited financials.

One of the projects included in Airport Improvement Project #76 was the third phase of terminal apron / ramp work associated with a terminal gate expansion project. The contract for this project spanned two other Airport Improvement Projects. Due to the duration of the contract, material and supply expenses increased drastically and additional scope items were added. A significant portion of this work under Airport Improvement Project #76 was not eligible for federal funding and was excluded. During the reconciling process of this project a portion of the eligible local share or Airport portion of the overall expense was inadvertently included in the total expenditure section of the SEFA Report.

As a result of this finding the Akron – Canton Regional Airport Authority has amended and revised the Expenditure section on its 2022 SEFA Report to conform with the issues stated in this finding. This resulted in a reduction of $748,934 from the SEFA Report that was originally submitted to the Hinkle System.

Anticipated Completion Date: Completed

Responsible Contact Person: James Krum, Vice President of Finance & Administration

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Akron – Canton Regional Airport Authority
Stark and Summit Counties, Ohio
CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
For the Fiscal Year Ended December 31, 2022

Finding Number: **2022-002**

Planned Corrective Action:

The Akron – Canton Regional Airport Authority implemented GASB Statement No. 87, Leases during 2022 as required. The Airport included all lease agreements in the calculations and values presented in its financial reports as well as footnotes submitted to the Hinkle Submission.

During the audit process, it was determined that certain leases met the definition of "Regulated Leases" and therefore should be excluded from the GASB Statement. No. 87 calculations and subsequent footnotes. These leases included air carrier space agreements, fixed base operator (FBO) leases and other qualifying leases.

The Airport adjusted and revised its GASB Statement No. 87 calculations for the removal of the Regulated Leases. This resulted in a significant change to the Long-Term Lease Receivable figure previously reported. Most of this difference was due to the removal of one agreement, which was a long-term consolidated fixed base operator lease. Now that the Airport has established GASB Statement No. 87 reporting procedure, we do not anticipate any future large adjustment going forward.

Anticipated Completion Date: Completed
Responsible Contact Person: James Krum, Vice President of Finance & Administration

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Summary Schedule of Prior Audit Findings
December 31, 2022

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2021-001	Material weakness – Financial Reporting	Partially Corrected	Audit adjustments were still required to properly record leases in accordance with GASB Statement No. 87, *Leases*.

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OHIO AUDITOR OF STATE
KEITH FABER

AKRON CANTON REGIONAL AIRPORT AUTHORITY

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/26/2023

88 East Broad Street, Columbus, Ohio 43215
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