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**PERRY**  
&  
**Associates**

*Certified Public Accountants, A.C.*

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

**Single Audit**

**For the Years Ended December 31, 2014 and 2013**

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Akron-Canton Regional Airport Authority, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron-Canton Regional Airport Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 9, 2015

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

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## INDEPENDENT AUDITOR'S REPORT

April 21, 2015

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

To the Board of Trustees:

### Report on the Financial Statements

We have audited the accompanying financial statements of the **Akron-Canton Regional Airport Authority** (the Airport), Stark and Summit Counties, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Airport's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron-Canton Regional Airport Authority, Stark and Summit Counties, as of December 31, 2014 and 2013, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the Airport's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges provide additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, and are not a required part of the basic financial statements.

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The Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2015, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 the Airport's internal control over financial reporting and compliance.



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

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

**Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

**The Airport**

The Akron – Canton Regional Airport, (the "Airport") was dedicated in 1946 and commercial air service began in 1948, when the Airport served 43,042 passengers. Today the Airport has grown into the second entry portal to Northeast Ohio for air travelers. In 2014 the Airport had its fourth busiest all-time year serving over 1,566,000 passengers.

The Airport offers 32 daily flights to 12 non-stop destinations and has one stop service to virtually anywhere in the world. The Airport continues to update and improve its facilities with air side improvements to airfield pavement, and expanding its de-icing pad as well as land side improvements within the terminal to improve our passengers' experience.

**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 presented all assets and liabilities of the Airport, both financial and capital, and short and long – term. They also present revenues and expenses of the Airport during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Airport's financial condition as of December 31, 2014 and 2013 and the results of its operations and cash flows for the years then ended.

**Financial Highlights**

As of December 31, 2014, Operating Revenues decreased only 2.7% from 2013 despite passenger traffic being down 9.1%. With the exception of the depreciation expense, Operating Expenses in total decreased from 2013. The depreciation expense increased due to the first full year of depreciation associated with the capitalization of a large runway project in 2013.

**Statement of Net Position**

The Statement of Net Position includes all assets and liabilities of the Airport using the accrual basis of accounting, which is similar to the accounting used by most private – sector institutions. Condensed information from the Airport's statements of net position, including comparative data from 2013 and 2012 is as follows:

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

**Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

(Table 1)  
**Net Position**

	2014	2013	2012
<b>Assets</b>			
Current Assets	\$ 1,542,300	\$ 1,455,467	\$ 2,032,290
Restricted Assets	17,437,159	14,161,186	13,883,783
Noncurrent Assets	172,706,759	178,030,402	174,925,928
<b>Total Assets</b>	<u>191,686,218</u>	<u>193,647,055</u>	<u>190,842,001</u>
<b>Liabilities</b>			
Current Liabilities	2,740,053	2,660,232	3,539,303
Noncurrent Liabilities	18,490,119	20,294,576	21,307,947
<b>Total Liabilities</b>	<u>21,230,172</u>	<u>22,954,808</u>	<u>24,847,250</u>
<b>Net Position</b>			
Net Investment in Capital Assets	152,406,985	156,173,831	152,299,671
Restricted Net Position	17,437,159	14,161,186	13,883,783
Unrestricted Net Position	611,902	357,230	(188,703)
<b>Total Net Position</b>	<u>170,456,046</u>	<u>170,692,247</u>	<u>165,994,751</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 191,686,218</u>	<u>\$ 193,647,055</u>	<u>\$ 190,842,001</u>

An analysis of significant changes in assets, liabilities and net position is as follows:

**Assets**

In 2014, total assets decreased \$1,960,837 from 2013 due to the following factors.

- Reduction in amount of Airport Improvement Projects-In-Progress
- Increase in Accumulated Depreciation due to acquisition of new capital assets

For 2013, total assets increased \$2,805,054 from 2012 due to the following factors.

- Facility Enhancements in parking and airfield pavement rehab
- New facility construction for Airport maintenance/operations and fire fighting
- Replacement of outdated equipment with new equipment

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

**Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

**Liabilities**

For 2014, total liabilities decreased \$1,724,636 from 2013 due to the following factors:

- Retirement of debt service

In 2013, total liabilities decreased \$1,892,442 from the prior year due to:

- Retirement of debt service
- Reduction in projects payable

**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 and PFC 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 2013 and 2012 is as follows:

(Table 2)  
**Change in Net Position**

	2014	2013	2012
Operating Revenues	\$ 11,906,127	\$ 12,230,891	\$ 12,230,786
Operating Expenses (Including Depreciation)	18,038,269	16,552,330	14,358,226
<b>Operating Income (Loss)</b>	(6,132,142)	(4,321,439)	(2,127,440)
Net Non-Operating Revenues (Expenses)	5,895,941	9,018,935	13,397,417
<b>Change in Net Position</b>	(236,201)	4,697,496	11,269,977
Net Position Beginning of the Year	170,692,247	165,994,751	154,724,774
<b>Net Position End of Year</b>	<u>\$ 170,456,046</u>	<u>\$ 170,692,247</u>	<u>\$ 165,994,751</u>

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

**Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

An analysis of significant changes in revenues and expenditures is as follows:

**Operating Revenues**

The Airport had its fourth best all - time year for annual passenger traffic in 2014 which kept operating revenues consistent with previous years. Airport concession revenues which include parking lot, rental car and restaurant concession were down only 2.6% from 2013 despite passenger traffic being down 9.1% from 2013. The Airport experienced increases of 17% in itinerant landing fee revenues and 13.8% in fixed base fuel flowage revenue during the year. All other sources of revenue were comparable with the previous year.

For 2013, the Airport had its second best all - time year for annual passenger traffic which kept operating revenues nearly even year over year. Airport concession revenues which include parking lot, rental car and restaurant concession were down only 1.4% from 2012 despite passenger traffic being down 6.2% from 2012. The Airport also had an increase in landing fee revenue due to airlines utilizing larger aircraft to accommodate passenger growth. All other sources of revenue were comparable with the previous year.

**Operating Expenses**

For 2014, with the exception of the depreciation expense, operating expenses in total decreased from 2013. The Airport reduced expenses in salaries, contract services, and administrative areas due to less overtime and actively obtaining more competitive terms on new agreements. The depreciation expense increased due to the capitalization of one of the largest projects completed by the Airport. All other operating expenses had slight increases of not more than 5.5% from 2013.

In 2013, overall Operating Expenses were higher than in 2012. During 2013 the Airport added additional facilities which resulted in increases to utility and material and supply expenses. The winter in 2013 was considerably harsher than the winter in 2012. This also led to an increase in utility, material and supply, fuel and payroll expenses. The Airport lowered contract service expenses during the year by entering into new agreements.

**Non-Operating Revenues**

In 2014, the Airport received less federal funds compared to 2013. The decrease was due to the reduction in the number of eligible ongoing and new construction that took place during the year. These federal funds are authorized by federal grants received by the Airport. The Airport did not receive any additional federal funding in 2014 due to the start of the applicable projects being delayed. The Airport will receive the federal funds allocated in 2014 in addition to the 2015 federal funds in 2015. These funds will go towards parking and entrance road reconstruction, ticketing wing reconstruction and taxiway rehabilitation projects. PFC (Passenger Facility Charge) funding decreased compared to year-end 2013 due to the decrease in passenger enplanement levels.

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

**Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

**Non-Operating Revenues (continued)**

In 2013, the Airport received less federal funds compared to 2012. The decrease was due to the reduction in the number of eligible ongoing and new construction that took place during the year. These federal funds are authorized by federal grants received by the Airport. The Airport received federal funding in 2013 for de-icing pad pavement rehabilitation, Airport entrance road rehabilitation design, and funding for a sustainability study. PFC (Passenger Facility Charge) funding decreased compared to year-end 2012 due to the decrease in passenger enplanement levels.

**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 long term debt is comprised of two loan agreements with the Ohio Department of Transportation (ODOT) and revenue bonds through Huntington National Bank. The first ODOT loan was issued to assist with the financing of the Airport's Gate Concourse Rehabilitation Project. A total of \$6,895,000 was issued to the Airport. As of December 31, 2014 \$1,640,000 was outstanding. The Airport received \$3,108,000 in financing from ODOT to assist in the financing of a New Parking Lot. As of December 31, 2014 \$2,934,682 was outstanding. The Airport was issued \$18,000,000 in debt via Airport Revenue Bonds with Huntington National Bank. These bonds were issued to fund a terminal concourse rehabilitation, additional parking lots, and screening checkpoint expansion projects. As of December 31, 2014 the Airport had \$15,725,092 in Airport Revenue Bonds outstanding. See notes 9 and 12 in the footnotes to the Financial Statements for further information related to debt and capital assets, respectively.

**Contacting the Airport's Management**

This financial report is designed to provide our users, investors and creditors with a general overview of the Airport's finances and to show the Airport Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact James Krum, Contracts and Finance Manager at the Akron Canton Regional Airport, 5400 Lauby Road NW, Box 9, North Canton, OH. 44720.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY**  
**STARK AND SUMMIT COUNTIES**  
**STATEMENTS OF NET POSITION**  
**AS OF DECEMBER 31, 2014 AND 2013**

<b>ASSETS:</b>	<u><b>2014</b></u>	<u><b>2013</b></u>
Current Assets:		
Cash and Cash Equivalents	\$ 532,796	\$ 412,747
Accounts Receivable	992,854	1,022,243
Prepaid Expenses	16,650	20,477
Total Current Assets	<u>1,542,300</u>	<u>1,455,467</u>
Assets Restricted for Airport Improvement Projects:		
Cash and Cash Equivalents	17,190,073	13,893,656
Passenger Facility Charges Receivable	247,086	267,530
Total Assets Restricted for Airport Improvement Projects	<u>17,437,159</u>	<u>14,161,186</u>
Noncurrent Assets:		
Capital Assets:		
Airport Improvement Projects-In-Progress	9,013,665	10,343,856
Land and Land Improvements	52,821,716	52,821,716
Paving	96,956,416	93,634,815
Buildings	83,529,240	81,902,410
Vehicles and Equipment	20,249,476	20,016,409
Utility Systems	632,407	627,709
Less Accumulated Depreciation	<u>(90,496,161)</u>	<u>(81,316,513)</u>
Total Noncurrent Assets	<u>172,706,759</u>	<u>178,030,402</u>
<b>TOTAL ASSETS</b>	<u><b>191,686,218</b></u>	<u><b>193,647,055</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 191,686,218</b></u>	<u><b>\$ 193,647,055</b></u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 151,353	\$ 107,624
Projects Payable	61,544	264,308
Accrued Payroll Expenses	666,104	674,908
Accrued Real Estate Taxes	51,397	51,397
Debt Due Within One Year	1,809,655	1,561,995
Total Current Liabilities	<u>2,740,053</u>	<u>2,660,232</u>
Long-Term Liabilities:		
Long-Term Notes and Bonds Payable	18,490,119	20,294,576
Total Long-Term Liabilities	<u>18,490,119</u>	<u>20,294,576</u>
<b>TOTAL LIABILITIES</b>	<u><b>21,230,172</b></u>	<u><b>22,954,808</b></u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	152,406,985	156,173,831
Restricted for Airport Improvement Projects	17,437,159	14,161,186
Unrestricted	<u>611,902</u>	<u>357,230</u>
<b>TOTAL NET POSITION</b>	<u><b>170,456,046</b></u>	<u><b>170,692,247</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u><b>\$ 191,686,218</b></u>	<u><b>\$ 193,647,055</b></u>

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY**  
**STARK AND SUMMIT COUNTIES**  
*STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*  
*FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013*

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues:</b>		
Charges for Services	\$ 4,792,989	\$ 4,776,444
Rent	958,878	963,249
Parking	5,647,796	5,990,096
Other Operating Revenues	<u>506,464</u>	<u>501,102</u>
Total Operating Revenues	<u>11,906,127</u>	<u>12,230,891</u>
<b>Operating Expenses:</b>		
Salaries	2,753,893	2,802,624
Contract Services	1,328,243	1,381,656
Materials and Supplies	658,643	651,401
Utilities	874,753	828,902
Fuel	122,167	119,180
Insurance	73,005	70,008
Administrative	3,029,561	3,116,363
Depreciation	<u>9,198,004</u>	<u>7,582,196</u>
Total Operating Expenses	<u>18,038,269</u>	<u>16,552,330</u>
Operating Income / (Loss)	<u>(6,132,142)</u>	<u>(4,321,439)</u>
<b>Non-operating Revenues:</b>		
Federal Funds	2,697,963	5,402,993
Passenger Facility Charge Revenue	3,179,347	3,605,157
Interest	12,331	10,785
Gain on Sale of Fixed Assets	<u>6,300</u>	<u>-</u>
Total Non-operating Revenues	<u>5,895,941</u>	<u>9,018,935</u>
Change in Net Position	(236,201)	4,697,496
Net Position - January 1	<u>170,692,247</u>	<u>165,994,751</u>
<b>Net Position - December 31</b>	<b><u>\$ 170,456,046</u></b>	<b><u>\$ 170,692,247</u></b>

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

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY**  
**STARK AND SUMMIT COUNTIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 11,935,517	\$ 12,309,336
Cash Payments to Suppliers for Goods and Services	(6,038,816)	(6,195,892)
Cash Payments to Employees for Services	(2,762,697)	(2,756,598)
Net Cash Provided by (Used by) Operations	<u>3,134,004</u>	<u>3,356,846</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Receipts from Passenger Facility Charge	3,199,791	3,623,221
Grants	2,697,963	6,079,539
State Infrastructure Bank Improvement Funds	-	548,623
Acquisition or Construction of Capital Assets	(3,453,648)	(11,075,464)
Debt Principal Paid	(1,556,797)	(1,318,310)
Proceeds from Sale of Equipment	6,300	-
Interest Paid	(623,478)	(724,772)
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>270,131</u>	<u>(2,867,163)</u>
<b>Cash Flows from Investing Activities:</b>		
Interest Received	12,331	10,785
Net Cash Provided by (Used by) Investing Activities	<u>12,331</u>	<u>10,785</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3,416,466	500,468
Cash and Cash Equivalents - January 1	<u>14,306,403</u>	<u>13,805,935</u>
<b>Cash and Cash Equivalents - December 31</b>	<b><u>\$ 17,722,869</u></b>	<b><u>\$ 14,306,403</u></b>
<b>Cash Flows from Operating Activities:</b>		
Operating Income / (Loss)	\$ (6,132,142)	\$ (4,321,439)
<b>Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:</b>		
Depreciation	9,198,004	7,582,196
(Increase) Decrease in Accounts Receivable	29,390	66,618
(Increase) Decrease in Note Receivable	-	36,281
(Increase) Decrease in Prepaid Assets	3,827	2,379
Increase (Decrease) in Accounts Payable	43,729	(55,488)
Increase (Decrease) in Accrued Real Estate Taxes	-	272
Increase (Decrease) in Payroll Related Liabilities	(8,804)	46,027
Total Adjustments	<u>9,266,146</u>	<u>7,678,285</u>
Net Cash Provided by (Used by) Operating Activities	<b><u>\$ 3,134,004</u></b>	<b><u>\$ 3,356,846</u></b>

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



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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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**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) Statement No. 14, "*The Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*." The financial statements include all departments and operations for which the 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 Authority's fund is determined by their measurement focus. The Airport's fund is an enterprise fund, which uses a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The 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.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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

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

**Property and Equipment**

Property and Equipment – The Airport’s capitalization threshold is \$500. 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

**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 Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

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

**Assets Restricted for Airport Improvement Projects** – Cash and cash equivalents, and investments funded by federal grant monies, along with passenger facility charges receivable, are restricted for use in various Airport Improvement Projects. Such deposits, along with passenger facility charges receivable, are not available for use in the general operations of the 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.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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

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

**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.

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.

**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, rentals, leases and miscellaneous reimbursements. 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 assets and liabilities. 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, 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 purposes 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). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

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

**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.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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**2. CASH AND CASH EQUIVALENTS (Continued)**

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, 2014 and 2013, the carrying amount of the Airport's deposits was \$17,722,725 and \$14,306,259, respectively, excluding petty cash deposits of \$144 for both years. The bank balance was \$18,183,346 and \$14,917,533 at December 31, 2014 and 2013, respectively. Deposits with financial institutions were covered by federal depository insurance and/or were collateralized by a pool of securities maintained by the Authority's financial institutions but not in the Airport's name.

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

**3. LOAN RECEIVABLE**

In February 2002, the Authority entered into a "Concession Agreement" with a Concessionaire of food, beverage and merchandise. As part of this agreement, the Airport has agreed to loan the Concessionaire up to \$300,000 for the purpose of completing concession area renovations. The term of this loan is ten years, with principal and interest at 6.5% per annum, payable monthly. The final payment was received during 2013.

**4. INSURANCE COVERAGES**

As of December 31, 2014 and 2013, the Airport had general liability insurance coverage of \$50,000,000 for each occurrence and in the aggregate; director and officer liability coverage of \$1,000,000 per loss and in the aggregate; vehicle liability coverage with a combined single limit of \$1,000,000; public officials' coverage of \$1,000,000 per loss and in the aggregate and environmental impairment coverage of \$1,000,000 per loss and in the aggregate. The risks of loss exposed to the Airport include theft, fire, errors and omissions, and general liability. There has been no reduction in insurance coverage during the year ending December 31, 2014. Settlement costs did not exceed coverage in the past three years.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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**5. VACATION BENEFITS**

Employees hired on or before January 1, 1996 earn two weeks of vacation annually during their first five years of service plus an additional week for every five years thereafter, up to a maximum of six weeks. Employees hired after January 1, 1996 can earn a maximum of five weeks of vacation. Vacation leave may, upon approval, be carried over for up to two years. As of December 31, 2014 and 2013, the accrual for vacation benefits totaled \$295,142 and \$276,682, respectively, and is included in the Accrued Payroll Expense in the accompanying Statement of Net Position.

**6. DEFINED BENEFIT PENSION PLAN**

***Ohio Public Employees Retirement System***

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

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 and 2013, member and employer contribution rates were consistent across all three plans.

The 2014 and 2013 member contribution rates were 10.0% of covered payroll. The 2014 and 2013 required employer contribution rates were 14.0% of covered payroll.

The Airport's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, 2012 and 2011 were \$376,234, \$387,354, \$358,440 and \$338,680, respectively; which equal the required contributions for those years.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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

***Ohio Public Employees Retirement System***

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014 and 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0% and 1.0% during calendar 2014 and 2013, respectively. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

The Airport's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, 2012 and 2011 were \$53,726, \$27,657, \$102,406 and \$96,761, respectively; 100% percent has been contributed for all years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**8. DEFERRED EMPLOYEE BENEFITS**

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

**9. LONG-TERM LIABILITIES**

The changes in the Airport's long-term obligations during 2014 were as follows:

Name	Principal Outstanding 12/31/13	Additions	Deductions	Principal Outstanding 12/31/14	Due in One Year
SIB III	\$ 2,400,000	\$ -	\$ 760,000	\$ 1,640,000	\$ 800,000
SIB IV	3,108,000	-	173,318	2,934,682	354,474
Airport Bonds	16,348,571	-	623,479	15,725,092	655,181
<b>TOTALS</b>	<b><u>\$21,856,571</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,556,797</u></b>	<b><u>\$20,299,774</u></b>	<b><u>\$1,809,655</u></b>

The changes in the Airport's long-term obligations during 2013 were as follows:

Name	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Due in One Year
SIB III	\$ 3,125,000	\$ -	\$ 725,000	\$ 2,400,000	\$ 760,000
SIB IV	2,559,377	548,623	-	3,108,000	178,517
Airport Bonds	16,941,880	-	593,309	16,348,571	623,478
<b>TOTALS</b>	<b><u>\$22,626,257</u></b>	<b><u>\$548,623</u></b>	<b><u>\$1,318,309</u></b>	<b><u>\$21,856,571</u></b>	<b><u>\$1,561,995</u></b>

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

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

**SIB III** - In 2006, the Airport entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Airport a total of \$6,845,000 for the purpose of assisting in the financing of the Gate Expansion Project. As of December 31, 2014 and 2013, \$2,934,682 and \$3,108,000, respectively, was outstanding under this loan agreement. The loan bears interest at a rate between 4.25% and 5.00% annually. Principal and interest payments for the SIB III loan are due semiannually, as follows:

Year Ending December 31,	Principal Payment	Interest Payment
2015	\$ 800,000	\$ 82,000
2016	840,000	42,000
Total	<u><u>\$ 1,640,000</u></u>	<u><u>\$ 124,000</u></u>

**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. Payments are due monthly. Principal payments are due as follows. Interest payments are estimated based on the current rate.

Year Ending December 31,	Principal Payment	Interest Payment
2015	\$ 354,474	\$ 87,964
2016	376,144	77,468
2017	387,513	65,559
2018	399,226	53,847
2019	411,292	41,780
2020-2022	1,006,033	49,239
Total	<u><u>\$ 2,934,682</u></u>	<u><u>\$ 375,857</u></u>

**SIB IV** - In 2012, the Airport entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Airport a total of \$3,108,000 for the purpose of assisting in the financing of a parking lot project. The loan bears interest at a rate between 3% and payments are due semi-annually. Principal payments began in 2014 and continue through 2022.

Year Ending December 31,	Principal Payment	Interest Payment
2015	\$ 655,181	\$ 766,746
2016	688,495	733,432
2017	723,504	698,423
2018	790,293	631,634
2019	798,952	622,975
2020-2024	4,562,047	2,547,588
2025-2029	6,039,935	1,069,700
2030-2031	1,466,685	73,247
Total	<u><u>\$ 15,725,092</u></u>	<u><u>\$ 7,143,745</u></u>



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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**10. NONCANCELLABLE LEASES**

The Airport leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. Future minimum rentals as of December 31, 2014 under such agreements are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 5,822,153
2016	5,324,780
Thereafter	27,071,832
Total Payments	<u>\$ 38,218,765</u>

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

Airport Improvement Projects-in-Progress consists of expenditures for capitalized improvements or additions to the Authority's facilities. The cost of completed projects is transferred to property and equipment accounts and depreciated over the estimated useful lives of the projects as of the date of completion. Airport Improvement Projects-in-Progress consist of the following at December 31, 2014:

<u>Description of Project</u>	<u>Source of Funding</u>		<u>Total Cost of Projects-In- Progress</u>
	<u>Federal Grants</u>	<u>State/Local</u>	
AIP #5611	\$ 1,517,265	\$ 79,856	\$ 1,597,121
AIP #5812	626,026	69,559	695,585
AIP #5913	3,878,929	433,318	4,312,247
AIP #6013	124,134	13,793	137,927
Various Projects	92,470	2,178,315	2,270,785
Total	<u>\$ 6,238,824</u>	<u>\$ 2,774,841</u>	<u>\$ 9,013,665</u>

Airport Improvement Projects-in-Progress consist of the following at December 31, 2013:

<u>Description of Project</u>	<u>Source of Funding</u>		<u>Total Cost of Projects-In- Progress</u>
	<u>Federal Grants</u>	<u>State/Local</u>	
AIP #56	\$ 1,167,734	\$ 61,460	\$ 1,229,194
AIP #57	2,666,042	296,327	2,962,369
AIP #58	286,074	31,787	317,861
AIP #59	3,096,953	389,081	3,486,034
AIP #60	28,093	3,122	31,215
Various Projects	-	2,317,183	2,317,183
Total	<u>\$ 7,244,896</u>	<u>\$ 3,098,960</u>	<u>\$ 10,343,856</u>

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**12. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014:

	12/31/2013	12/31/2014		
	Balance	Additions	Deletions	Balance
Capital assets non-depreciable:				
Airport Improvement Projects in Progress	\$ 10,343,856	\$ 1,953,334	\$ (3,283,525)	\$ 9,013,665
Land	12,542,983	-	-	12,542,983
Land Improvements	40,278,733	-	-	40,278,733
Total non-depreciable capital assets	63,165,572	1,953,334	(3,283,525)	61,835,381
Capital assets being depreciated:				
Buildings	81,902,410	1,626,830	-	83,529,240
Paving	93,634,815	3,321,601	-	96,956,416
Vehicles and Equipment	20,016,409	251,423	(18,356)	20,249,476
Utility Systems	627,709	4,698	-	632,407
Total capital assets being depreciated	196,181,343	5,204,552	(18,356)	201,367,539
Less accumulated depreciation:				
Buildings	(33,292,522)	(3,908,931)	-	(37,201,453)
Paving	(32,570,768)	(4,403,173)	-	(36,973,941)
Vehicles and Equipment	(14,956,200)	(859,337)	18,356	(15,797,181)
Utility Systems	(497,023)	(26,563)	-	(523,586)
Total accumulated depreciation	(81,316,513)	(9,198,004)	18,356	(90,496,161)
Capital assets, net of depreciation	<u>\$ 178,030,402</u>	<u>\$ (2,040,118)</u>	<u>\$ (3,283,525)</u>	<u>\$ 172,706,759</u>

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

**Notes to the Basic Financial Statements  
For the Years Ended December 31, 2014 and 2013**

**12. CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended December 31, 2013:

	12/31/2012	12/31/2013		Balance
	Balance	Additions	Deletions	
Capital assets non-depreciable:				
Airport Improvement Projects in Progress	\$ 51,826,941	\$ 3,973,195	\$ (45,456,280)	\$ 10,343,856
Land	12,542,983	-	-	12,542,983
Land Improvements	40,281,377	-	(2,644)	40,278,733
Total non-depreciable capital assets	104,651,301	3,973,195	(45,458,924)	63,165,572
Capital assets being depreciated:				
Buildings	71,882,330	10,020,080	-	81,902,410
Paving	52,131,954	41,502,861	-	93,634,815
Vehicles and Equipment	19,440,731	575,678	-	20,016,409
Utility Systems	553,929	73,780	-	627,709
Total capital assets being depreciated	144,008,944	52,172,399	-	196,181,343
Less accumulated depreciation:				
Buildings	(29,707,831)	(3,584,691)	-	(33,292,522)
Paving	(29,433,989)	(3,136,779)	-	(32,570,768)
Vehicles and Equipment	(14,116,604)	(839,596)	-	(14,956,200)
Utility Systems	(475,893)	(21,130)	-	(497,023)
Total accumulated depreciation	(73,734,317)	(7,582,196)	-	(81,316,513)
Capital assets, net of depreciation	<u>\$ 174,925,928</u>	<u>\$ 48,563,398</u>	<u>\$ (45,458,924)</u>	<u>\$ 178,030,402</u>

**13. CONTINGENT LIABILITIES**

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

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

**14. SUBSEQUENT EVENTS**

Management has considered all subsequent events through April 21, 2015, the date the financial statements were available to be issued. No events have occurred that would require adjustment or disclosure in the financial statement.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY  
STARK AND SUMMIT COUNTIES  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Direct Funding:</i>				
Airport Improvement Program:				
Airport Improvement Project No. 56	3-39-000-5611	20.106	\$ 333,260	\$ 367,927
Airport Improvement Project No. 57	3-39-000-5712	20.106	46,063	321,155
Airport Improvement Project No. 58	3-39-000-5812	20.106	354,334	377,724
Airport Improvement Project No. 59	3-39-000-5913	20.106	608,009	826,214
Airport Improvement Project No. 60	3-39-000-6013	20.106	<u>86,298</u>	<u>106,712</u>
<b>Total -- U.S. Department of Transportation</b>			<u>1,427,964</u>	<u>1,999,732</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,427,964</u>	<u>\$ 1,999,732</u>

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

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties  
Schedule of Expenditures of Passenger Facility Charges  
For the Year Ended December 31, 2014**

<u>Project Number</u>	<u>Project Name</u>	<u>Approved Project Budget</u>	<u>Cumulative Expenditures at 12/31/13</u>	<u>1st Qtr. 2014 Expenditures</u>	<u>2nd Qtr. 2014 Expenditures</u>	<u>3rd Qtr. 2014 Expenditures</u>	<u>4th Qtr. 2014 Expenditures</u>	<u>Total 2014 Expenditures</u>	<u>Cumulative Expenditures at 12/31/14</u>
PFC4-01	SRE: Spreader Truck(A)	\$ 25,838.00	\$ 25,838.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,838.10
PFC4-02	Ground Runup Noise Study	2,722.00	2,721.89	-	-	-	-	-	2,721.89
PFC4-03	Storm Water Drainage Improvements	21,380.00	21,380.05	-	-	-	-	-	21,380.05
PFC4-04	Passenger Loading Bridge	25,531.00	25,531.15	-	-	-	-	-	25,531.15
PFC4-05	Storm Water Pollution Prevention Plan	2,212.00	2,211.55	-	-	-	-	-	2,211.55
PFC4-06	SRE: Spreader Truck(B)	25,703.00	25,703.30	-	-	-	-	-	25,703.30
PFC4-07	E/A:R/W 1 Extension Phase II	83,036.00	83,035.80	-	-	-	-	-	83,035.80
PFC4-08	Benefit Cost Analysis R/W 1 Extension	9,385.00	9,384.65	-	-	-	-	-	9,384.65
PFC4-09	Part 107 Access control System Upgrade	8,799.00	8,798.56	-	-	-	-	-	8,798.56
PFC4-10	Terminal Master Plan	276,060.00	276,060.00	-	-	-	-	-	276,060.00
PFC4-11	Airport Entrance Road Signage Design	44,500.00	44,500.00	-	-	-	-	-	44,500.00
PFC4-12	Property Acquisition - Dailey	208,353.00	208,353.44	-	-	-	-	-	208,353.44
PFC4-14	Property Acquisition - Kuhar	961,201.00	961,201.20	-	-	-	-	-	961,201.20
PFC4-15	Airport Entrance Road Signage Build	39,095.00	39,094.57	-	-	-	-	-	39,094.57
PFC4-16	Storm Water Drainage Control	15,774.00	15,774.19	-	-	-	-	-	15,774.19
PFC5-01	Property Acquisition- Nickison	12,911.00	12,911.25	-	-	-	-	-	12,911.25
PFC5-02	Property Acquisition- Lockhart	456,000.00	456,000.00	-	-	-	-	-	456,000.00
PFC5-03	Property Acquisition- Tucker	346,000.00	346,000.00	-	-	-	-	-	346,000.00
PFC5-04	SRE - Snow Blower	33,477.00	33,476.60	-	-	-	-	-	33,476.60
PFC5-05	Passenger Loading Bridge - Commuter Aircraft	23,930.00	23,929.60	-	-	-	-	-	23,929.60
PFC5-06	Engine Generator - Backup Power	121,472.00	121,471.57	-	-	-	-	-	121,471.57
PFC5-07	Runway 5/23 Overlay	290,913.00	290,912.65	-	-	-	-	-	290,912.65
PFC5-08	Entrance Road Overlay	25,111.00	25,110.96	-	-	-	-	-	25,110.96
PFC5-09	SRE - High Speed Rotary Broom	32,059.00	32,059.40	-	-	-	-	-	32,059.40
PFC5-10	Terminal Baggage Claim Expansion	6,363,000.00	6,363,000.00	-	-	-	-	-	6,363,000.00
PFC5-14	Terminal Expansion - 1990 (AIP 9 & 12)	1,496,000.00	1,496,043.19	-	-	-	-	-	1,496,043.19
PFC5-15	Shift Extension Runway 1/19 Phase II- Fill 19 End	49,290.00	49,290.42	-	-	-	-	-	49,290.42
PFC5-16	Property Acquisition - Peters	98,172.00	98,171.90	-	-	-	-	-	98,171.90
PFC5-18	Passenger Loading Bridge II	317,519.00	317,519.00	-	-	-	-	-	317,519.00
PFC5-11	Relocate Mt Pleasant & Frank Rds	306,625.00	324,930.92	-	-	-	-	-	324,930.92
PFC5-12	Runway 1 Extension	1,060,000.00	682,348.90	-	-	-	-	-	682,348.90
PFC5-13	Runway 19 Threshold Relocation	400,000.00	342,651.10	-	-	-	-	-	342,651.10
PFC6-01	Property Acquisition- Ketron	128,169.00	128,169.00	-	-	-	-	-	128,169.00
PFC6-02	Property Acquisition- Goodyear	246,802.00	246,802.00	-	-	-	-	-	246,802.00
PFC6-03	Property Acquisition- Fouts	163,810.00	163,810.00	-	-	-	-	-	163,810.00
PFC6-04	Property Acquisition- Frayer	97,567.00	97,567.00	-	-	-	-	-	97,567.00
PFC6-05	Property Acquisition- Salmons	120,831.00	120,831.00	-	-	-	-	-	120,831.00
PFC6-08	Glycol Recovery Study	134,689.00	134,689.00	-	-	-	-	-	134,689.00
PFC6-09	Glycol Recovery Design	1,457,092.00	1,457,092.00	-	-	-	-	-	1,457,092.00
PFC6-10	SRE - High Speed Rotary Broom	335,681.00	335,681.00	-	-	-	-	-	335,681.00
PFC6-11	SRE - High Speed Rotary Broom	395,000.00	395,000.00	-	-	-	-	-	395,000.00
PFC6-12	SRE - Runway De-Icing Truck	201,172.00	201,172.00	-	-	-	-	-	201,172.00
PFC6-14	Terminal Rehabilitation	24,419,714.00	14,047,964.48	60,930.30	-	820,957.88	-	881,888.18	14,929,852.66
PFC6-15	RNWX 14/32 Closure Conversion to Taxiway K	36,558.00	36,558.00	-	-	-	-	-	36,558.00
PFC7-01	De-Icing North Pad Construction	92,431.00	92,431.00	-	-	-	-	-	92,431.00
PFC7-02	De-Icing South Pad Construction	262,807.00	262,807.00	-	-	-	-	-	262,807.00
PFC7-03	De-Icing Treatment Plant	897,792.00	897,792.00	-	-	-	-	-	897,792.00
PFC7-04	Domestic Water Service	568,116.00	568,116.00	-	-	-	-	-	568,116.00
PFC7-05	CTX Design and Installation	1,578,857.00	-	-	-	-	-	-	-
PFC7-06	Landside Planning Effort Study	94,856.00	94,856.00	-	-	-	-	-	94,856.00
PFC7-07	Runway 5 and 23 Environmental Assessment Study	41,474.00	41,474.00	-	-	-	-	-	41,474.00
PFC7-08	Runway 5 and 23 Runway Safety Area Fix	3,000,000.00	2,780,938.00	-	-	-	-	-	2,780,938.00
PFC7-09	Wildlife Habitat Removal	133,264.00	133,264.00	-	-	-	-	-	133,264.00
PFC7-10	ARFF, Snow Removal Equipment Storage Facility Design	30,391.00	30,391.00	-	-	-	-	-	30,391.00
PFC7-11	ARFF, Snow Removal Equipment Storage Facility Constr.	395,000.00	395,000.00	-	-	-	-	-	395,000.00
PFC7-12	Aircraft Rescue and Firefighting Vehicle A	34,659.00	34,659.00	-	-	-	-	-	34,659.00
PFC7-13	Aircraft Rescue and Firefighting Vehicle B	34,659.00	34,659.00	-	-	-	-	-	34,659.00
PFC7-14	Federal Inspection Facility Study	57,308.00	57,308.00	-	-	-	-	-	57,308.00
<b>Grand Totals</b>		<b>\$48,140,767.00</b>	<b>\$35,554,446.39</b>	<b>\$ 60,930.30</b>	<b>\$ -</b>	<b>\$820,957.88</b>	<b>\$ -</b>	<b>\$ 881,888.18</b>	<b>\$36,436,334.57</b>

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

**Akron-Canton Regional Airport Authority  
Stark and Summit Counties  
Notes to the Federal Awards Receipts and Expenditures Schedule and  
the Schedule of Expenditures of Passenger Facility Charges  
For the Year Ended December 31, 2014**

**Note A – Significant Accounting Policies**

The accompanying Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges present the activity of all federal assistance programs of the Authority. The Federal Awards Receipts and Expenditures Schedule has been prepared on the accrual basis of accounting. 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 B – Matching Requirements**

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



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121 E Main St  
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740.695.1569

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

April 21, 2015

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Akron-Canton Regional Airport Authority** (the Authority), Stark and Summit Counties, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report dated April 21, 2015.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

*...“bringing more to the table”*

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### **Compliance and Other Matters**

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

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

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

April 21, 2015

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

To the Board of Trustees:

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

We have audited the **Akron-Canton Regional Airport Authority's** (the Authority), Stark and Summit Counties, Ohio, compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that could directly and materially affect the Authority's major federal program and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2014. The Summary of Audit Results section of the accompanying Schedule of Audit Findings identifies the Authority's major federal program.

**Management's Responsibility**

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and PFC program.

**Auditor's Responsibility**

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program and the Passenger Facility Charge Program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide.

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### **Auditor's Responsibility (continued)**

These standards, OMB Circular A-133 and the Guide require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program or the Passenger Facility Charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major federal program and the Passenger Facility Charge Program. However, our audit does not provide a legal determination of the Authority's compliance.

### **Opinion on the Major Federal Program and the Passenger Facility Charge Program**

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program and the Passenger Facility Charge Program for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect the major federal program or the Passenger Facility Charge Program, to determine our auditing procedures appropriate for opining on the major federal program's and the Passenger Facility Charge Program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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**Report on Internal Control Over Compliance (continued)**

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 and the Guide's requirements. Accordingly, this report is not suitable for any other purpose.



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

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

**Schedule of Audit Findings  
OMB CIRCULAR A -133 § .505  
For the Years Ended December 31, 2014 and 2013**

**1. SUMMARY OF AUDIT RESULTS**

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

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

None

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

None



# Dave Yost • Auditor of State

**AKRON CANTON REGIONAL AIRPORT AUTHORITY**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 23, 2015**