AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
DECEMBER 31, 2019 AND 2018

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OHIO AUDITOR OF STATE
KEITH FABER

101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Akron-Canton Regional Airport Authority
Stark and Summit Counties
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, Stark and Summit Counties, Ohio (the Airport), as of and for the years ended December 31, 2019 and 2018, 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.

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 such 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 opinions.

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, Ohio, as of December 31, 2019 and 2018, and the changes in financial position and it cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Airport corrected the 2018 classification of Net Position Net Investments in Capital Assets and the Net Position Unrestricted in order to correct the inclusion of unspent proceeds of the Restricted Revenue Bond Projects Funds within the amount of debt related to capital assets. In addition, as discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Airport. We did not modify our opinion regarding this matter.

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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 Schedule of Receipts and Expenditures of Federal Awards and the Schedule of Expenditures of Passenger Facility Charges presents additional analysis 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 Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration, respectively, and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, 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.

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2020

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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 2019 the Airport served over 834,000 passengers.

The Airport offers 22 daily flights to 10 non-stop destinations and has one stop service to virtually anywhere in the world. The Airport continually updates and improves its facilities to ensure our passengers' have a great experience. The Airport is currently in the midst of 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, 2019 and 2018 and the results of its operations and cash flows for the years then ended. Accompanying the statements are notes and required supplemental information that are integral parts to understanding the Airport's net position.

Financial Highlights

As of December 31, 2019, Operating Revenues decreased from the prior year due to continued changes in air service levels. Despite this reduction in revenue the Airport was able to meet all its financial obligations. Operating Expenses, increased $1,079,367 as compared to the prior year primarily due to large non-cash expense adjustments associated with depreciation and the Airport's proportionate share of the Ohio Public Employees Retirement System (OPERS). The total amount of these expense adjustments between depreciation and both the pension and other post employment benefits was $1,010,783 in 2019. Operating Expenses less these adjustments increased 0.89% from 2018.

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 2018 and 2017 is as follows:

(Table 1)
Net Position

	2019	2018	2017
Assets			
Current Assets	$ 1,623,286	$ 1,546,225	$ 1,507,285
Restricted Assets	27,301,992	37,269,590	13,078,995
Noncurrent Assets	171,199,517	163,822,482	169,717,821
Total Assets	200,124,795	202,638,297	184,304,101
Deferred Outflows of Resources			
OPEB	207,498	147,040	-
Pension	1,608,087	758,288	1,767,788
Total Deferred Outflow of Resources	1,815,585	905,328	1,767,788
Liabilities			
Current Liabilities	1,383,147	1,619,914	1,679,536
Noncurrent Liabilities	43,942,635	41,651,689	17,523,300
Total Liabilities	45,325,782	43,271,603	19,202,836
Deferred Inflows of Resources			
OPEB	40,927	214,650	-
Pension	123,626	858,596	119,905
Total Deferred Inflows of Resources	164,553	1,073,246	119,905
Net Position			
Net Investment in Capital Assets	146,003,351	149,515,395	156,059,909
Restricted Net Position	27,301,992	37,269,590	13,078,995
Unrestricted Net Position	(16,855,298)	(27,586,209)	(2,389,756)
Total Net Position	$ 156,450,045	$ 159,198,776	$ 166,749,148

An analysis of significant changes in assets, liabilities and net position for the year ended 2019 is as follows:

Assets

Total assets decreased $2,513,502 from 2018 due primarily to the following factors.

- Decrease in Assets Restricted for Airport Improvement

Liabilities

Total liabilities increased $2,054,179 due primarily to the following factors

- Increase in Net Pension Liability
- Increase in Net OPEB Liability

An analysis of significant changes in assets, liabilities and net position for the year ended 2018 is as follows:

Assets

Total assets increased $18,334,196 from 2017 due to the following factor.

- Increase in Assets Restricted for Airport Improvement Projects due to issuance of Restricted Revenue bonds.

Liabilities

Total liabilities Increased $24,068,767 due to the following factor:

- Refinancing of existing debt service.
- Addition of $23 million dollars in debt to fund Gate Concourse Replacement Project.

Deferred Inflow of Resources and Deferred Outflows

The net pension liability (NPL) is reported by the Airport at December 31, 2019 and 2018, 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.

As a result of implementing GASB 75, the Airport is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at January 1, 2018, from $166,749,148 to $164,820,176.

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 2018 and 2017 is as follows:

(Table 2)
Change in Net Position

	2019	2018	2017
Operating Revenues	$ 8,996,343	$ 9,660,664	$ 11,815,386
Operating Expenes (Including Depreciation)	19,641,329	18,561,962	18,738,155
Operating Income (Loss)	(10,644,986)	(8,901,298)	(6,922,769)
Net Non-Operating Revenues (Expenses)	7,896,255	3,279,898	5,325,939
Change in Net Position	(2,748,731)	(5,621,400)	(1,596,830)
Net Position Beginning of the Year (restated)	159,198,776	164,820,176	168,345,978
Net Position End of Year	$ 156,450,045	$ 159,198,776	$ 166,749,148

Prior to 2019 Payroll Fringe Benefits and Interest Expense were included in Operating Expenses within the Administrative Expense figure. In 2019 these expenses were classified separately.

An analysis of significant changes in revenues and expenses for the year ended 2019 is as follows:

Operating Revenues

The Airport had a decrease in annual passenger traffic of 9.7% compared to 2018 due to continued significant air service changes. Annual passenger traffic decreased over 27% the previous fiscal year. As a result the Airport experienced declines in Parking and Rent Revenue as well as Charges for Services including scheduled landing fees, rental car concession, terminal restaurant concessions, airline rental fees and passenger hold room rental fees. The Airport had budgeted for the significant decline in revenues that transpired during the year.

Operating Expenses

Operating expenses less depreciation, OPEB expense and pension expense adjustments increased 0.89% from 2018. Due to continued anticipated reduction in annual revenues all departments made conscious efforts to maintain financial discipline while adapting to new air service realities. The depreciation expense increased by 3% due to the capitalization of a few large completed projects.

Non-Operating Revenues

In 2019, the Airport received significantly more federal funding compared to the previous year. The increase was due to the commencement of a Gate Replacement Project. The Airport was awarded slightly more than $11 million in federal funds in 2018 towards this project. These federal funds are authorized by federal grants received by the Airport. The project was well underway at the end of 2019. The Airport made a significant drawdown of these grant funds throughout the year.

Passenger Facility Charge (PFC) and Car Rental Facility Charge (CFC) funds decreased compared to 2018 due to the decrease in passenger levels.

An analysis of significant changes in revenues and expenditures for the year ended 2018 is as follows:

Operating Revenues

The Airport had a decrease in annual passenger traffic of 27.0% compared to 2017 due to continued significant air service changes. As a result, the Airport experienced declines in scheduled landing fee revenue, Airport concession revenues consisting of parking, rental car and terminal restaurant concession. The Airport had budgeted for the significant decline in revenues that transpired during the year.

Operating Expenses

Operating expenses less depreciation decreased 6.0% from 2017. Due to the anticipated reduction in annual revenues all departments made conscious efforts to maintain financial discipline while adapting to new air service realities. The depreciation expense increased by 4% due to the capitalization of several large completed projects.

Non-Operating Revenues

In 2018, the Airport received less federal funding compared to the previous year. The decrease was due to the delay in the commencement of a Gate Replacement Project. The Airport was awarded slightly more than $11 million in federal funds during the year towards this project. These federal funds are authorized by federal grants received by the Airport. The project did not start until November and the Airport did not need to significantly drawdown these funds. Passenger Facility Charge (PFC) and Car Rental Facility Charge (CFC) funds decreased compared to 2017 due to the decrease in passenger levels.

Restatement Note

The Beginning Net Position for 2018 was adjusted ($1,928,972) for the cumulative effect of a change in accounting principle pertaining to the adoption of Net OPEB liability in 2018. The information was not available at the end of 2017 and therefore not practical to restate 2017 and earlier.

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. During 2018, 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. During 2018, the 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, 2019, the Airport had $35,491,059 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.

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, Contracts and Finance Manager, 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, 2019 and 2018

	2019	2018
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$ 963,859	$ 895,403
Accounts Receivable	595,626	591,904
Prepaid Expenses	63,801	58,918
Total Current Assets	1,623,286	1,546,225
Assets Restricted for Airport Improvement Projects:		
Cash and Cash Equivalents	15,712,314	14,427,322
Restricted Revenue Bond Project Funds	11,367,856	22,624,336
Passenger Facility Charges Receivable	221,822	217,932
Total Assets Restricted for Airport Improvement Projects	27,301,992	37,269,590
Noncurrent Assets:		
Capital Assets:		
Airport Improvement Projects-In-Progress	21,456,702	5,277,112
Land and Land Improvements	52,821,716	52,821,716
Paving	116,017,131	116,010,251
Buildings	96,097,382	95,308,327
Vehicles and Equipment	24,529,228	23,600,350
Utility Systems	677,294	658,361
Less Accumulated Depreciation	(140,399,936)	(129,853,635)
Total Noncurrent Assets	171,199,517	163,822,482
TOTAL ASSETS	$ 200,124,795	$ 202,638,297
DEFERRED OUTFLOW OF RESOURCES:		
Total Deferred Outflows of Resources - OPEB	$ 207,498	$ 147,040
Total Deferred Outflows of Resources - Pension	1,608,087	758,288
Total Deferred Outflow of Resources	1,815,585	$ 905,328
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 201,940,380**	**$ 203,543,625**

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, 2019 and 2018

	2019	2018
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$ 135,868	$ 235,190
Projects Payable	1,250	205,707
Accrued Payroll Expenses	743,314	794,009
Accrued Real Estate Taxes	63,215	63,215
Debt Due Within One Year	439,500	321,793
Total Current Liabilities	1,383,147	1,619,914
Long-Term Liabilities:		
Long-term Bonds Payable	36,124,474	36,609,630
Net OPEB Liability	2,426,565	1,998,104
Net Pension Liability	5,391,596	3,043,955
Total Long-Term Liabilities	43,942,635	41,651,689
TOTAL LIABILITIES	$ 45,325,782	$ 43,271,603
DEFERRED INFLOWS OF RESOURCES:		
Total Deferred Inflows of Resources - OPEB	40,927	214,650
Total Deferred Inflows of Resources - Pension	123,626	858,596
Total Deferred Inflows of Resources	164,553	1,073,246
Net Position:		
Net Investment in Capital Assets	146,003,351	149,515,395
Restricted for Airport Improvement Projects	27,301,992	37,269,590
Unrestricted Net Position	(16,855,298)	(27,586,209)
TOTAL NET POSITION	156,450,045	159,198,776
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 201,940,380**	**$ 203,543,625**

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

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

	2019	2018
Operating Revenues:		
Charges for Services	$ 3,787,114	$ 4,141,901
Rent	921,084	1,067,642
Parking	3,435,106	3,666,723
Other Operating Revenues	853,039	784,398
Total Operating Revenues	8,996,343	9,660,664
Operating Expenses:		
Salaries	2,905,240	2,795,751
Payroll Fringe Benefits	1,928,799	-
Contract Services	1,477,991	1,373,612
Materials and Supplies	620,050	644,374
Utilities	733,819	727,346
Fuel	58,893	60,973
Insurance	88,844	79,938
Administrative	1,263,392	2,688,619
Depreciation	10,564,301	10,191,349
Total Operating Expenses	19,641,329	18,561,962
Operating (Loss)	(10,644,986)	(8,901,298)
Nonoperating Revenues (Expenses):		
Federal Funds	5,162,088	768,818
Car Rental Facility Charge Revenue	514,072	571,171
Passenger Facility Charge Revenue	1,766,292	1,891,886
Interest	334,866	40,523
Gain on Sale of Capital Assets	5,530	7,500
Insurance Proceeds	327,780	-
Interest Expense	(214,373)	-
Total Non-operating Revenues (Expenses)	7,896,255	3,279,898
Change in Net Position	(2,748,731)	(5,621,400)
Net Position - January 1	159,198,776	164,820,176
Net Postion - December 31	**$ 156,450,045**	**$ 159,198,776**

The notes to the 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, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 8,992,621	$ 10,036,716
Cash Payments to Suppliers for Goods and Services	(4,551,733)	(5,312,024)
Cash Payments to Employees for Services	(3,927,583)	(2,386,161)
Net Cash Provided by Operations	**513,305**	**2,338,531**
Cash Flows from Capital and Related Financing Activities:		
Receipts from Passenger Facility Charge	1,762,402	1,931,100
Receipts from Car Rental Facility Charge	514,072	571,171
Grants	5,162,088	768,818
S & T Bank Series A & B Bonds	-	37,032,549
Acquisition of Construction of Capital Assets	(16,845,785)	(3,905,083)
Debt Principal Paid	(321,793)	(13,759,035)
Gain of Sale of Equipment	5,530	7,500
Interest Paid	(1,355,497)	(390,930)
Insurance Proceeds	327,780	-
Net Cash (Provided by) Capital and Related Financing Activities	(10,751,203)	22,256,090
Cash Flows from Investing Activities:		
Interest Received	334,866	40,523
Net Cash Provided by Investing Activities	334,866	40,523
Net Increase (Decrease) in Cash and Cash Equivalents	(9,903,032)	24,635,144
Cash and Cash Equivalents - January 1	37,947,061	13,311,917
Cash and Cash Equivalents - December 31	**28,044,029**	**37,947,061**
Statement of Net Position Classification		
Cash and Cash Investments	$ 16,676,173	$ 15,322,725
Restricted Cash	11,367,856	22,624,336
Total Cash and Cash Equivalents	**$ 28,044,029**	**$ 37,947,061**
Cash Flows from Operating Activities:		
Operating (Loss)	(10,644,986)	(8,901,299)
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation	10,564,301	10,191,348
(Increase) Decrease in Accounts Receivable	(3,722)	376,053
(Increase) Decrease in Prepaid Assets	(4,883)	(9,658)
(Increase) Decrease in Deferred Outflows Related to Pension	(849,799)	1,036,259
(Increase) Decrease in Deferred Outflows Related to OPEB	(60,458)	(147,040)
Increase (Decrease) in Accounts Payable	(99,404)	66,790
Increase (Decrease) in Project Payable	(204,457)	205,707
Increase (Decrease) in Payroll related Liabilities	(50,696)	106,383
Increase (Decrease) in Real Estate Tax Accrual	-	-
Increase (Decrease) in Net Pension Liability	2,347,641	(1,581,726)
Increase (Decrease) in OPEB Liability	428,461	42,373
Increase (Decrease) in Deferred Inflows Related to Pension	(734,970)	738,691
Increase (Decrease) in Deferred Inflows Related to OPEB	(173,723)	214,650
Total Adjustments	11,158,291	11,239,830
Net Cash Provided by Operating Activities	**$ 513,305**	**$ 2,338,531**

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 Authority (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 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 $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 Airport for years of service are included in the calculation of the Accrued Payroll Expenses liability 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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2019 and 2018, 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 of $25 million or more. STAR Ohio reserves the right to limit the transactions to $100 million per day, requiring the excess amount to 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, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, 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 plans. 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 market 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 net 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 net 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 and pension 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, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

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.

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, 2019 and 2018, the carrying amount of the Airport's deposits was $16,596,409 and $15,244,785, respectively, excluding petty cash deposits of $116 and $116. The bank balance was $18,447,608 and $15,559,584 at December 31, 2019 and 2018, respectively. 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, 2019 and 2018 was $11,367,856 and $22,624,336, respectively, while the bank balance was $11,367,856 and $22,772,478, respectively. Deposits with financial institutions were covered by federal depository insurance and/or were 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 Ohio Pooled Collateral System (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.

2. CASH AND CASH EQUIVALENTS (Continued)

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 statute.

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 percentage of each investment held by the Airport at December 31, 2019 and 2018, respectively:

Measurement / Investment Type	Measurement Amount	% of Total
December 31, 2019		
Net Asset Value (NAV) STAR Ohio	$79,648	100%
December 31, 2018		
Net Asset Value (NAV) STAR Ohio	$77,824	100%

3. INSURANCE COVERAGES

As of December 31, 2019 and 2018, 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 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, 2019. In 2019 the Airport added cyber liability insurance coverage of $1,000,000 for each occurrence and in aggregate. 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 two years. As of December 31, 2019, and 2018, the accrual for vacation benefits totaled $329,626 and $356,650, respectively, 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

5. DEFINED BENEFIT PENSION PLAN (Continued)

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 accounts payable.

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 benefit pension plan with defined contribution features.

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

5. DEFINED BENEFIT PENSION PLAN (Continued)

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:

	2019 State and Local	2018 State and Local
Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0%
Employee	10.0 %	10.0%
Actual Contribution Rates		
Employer:		
Pension	14.0 %	14.0%
Post-employment Health Care Benefits	0.0	0.0%
Total Employer	14.0 %	14.0%
Employee	10.0 %	10.0%

5. DEFINED BENEFIT PENSION PLAN (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Airport's contractually required contribution was $374,331 for 2019.

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, 2018, 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:

	Traditional Plan	
	2019	2018
Proportionate Share of the Net Pension Liability	$5,391,596	$3,043,955
Proportion of the Net Pension Liability	0.019686%	0.019403%
Pension Expense	$1,137,204	$558,670
Change in Proportion from Prior Year	0.000283%	-0.000967%

At December 31, 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	
	2019	2018
Deferred outflow of resources		
Net difference between projected and actual earnings on pension plan investments	$ 731,791	$ -
Differences between expected and actual experience	249	3,110
Changes in proportion and differences between Airport contributions and proportionate share of contributions	32,364	-
Changes in assumptions	469,352	363,773
Airport's contributions subsequent to the measurement date	374,331	391,405
Total	**$ 1,608,087**	**$ 758,288**
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	$ -	$ 653,500
Differences between expected and actual experience	70,795	59,987
Changes in proportion and differences between Airport contributions and proportionate share of contributions	52,832	145,109
Total	**$ 123,627**	**$ 858,596**

$374,331 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, 2020.

5. DEFINED BENEFIT PENSION PLAN (Continued)

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:	
2020	$450,585
2021	251,319
2022	67,889
2023	340,336
Total	$1,110,129

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability in the December 31, 2018 and December 31, 2017, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2018	2017
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3.00 percent, simple through 2018 then 2.15 percent	3.00 percent, simple through 2018, 2.15 percent, simple after 2018
Investment Rate of Return	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mortality – The tables used in evaluating age-and-service and survivor benefit allowances to be paid were updated as a result of the experience study and are now based on the RP-2014 Healthy Annuitant mortality tables. The Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to observation period base of 2006, and then established the base year as 2015 for males and 2010 for females. The mortality rates used in evaluating disability allowances were updated as a result of the experience study and are now based upon the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation period base year of 2006, and then established the base year as 2015 for males and 2010 for females. Mortality rates for particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to previously noted tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

5. DEFINED BENEFIT PENSION PLAN (Continued)

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.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized 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 return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is (2.94%) percent for 2018.

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 2018 and the long-term expected real rates of return:

	2018		2017	
Asset Class	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %	23.00 %	2.20 %
Domestic Equities	19.00	6.21	19.00	6.37
Real Estate	10.00	4.90	10.00	5.26
Private Equity	10.00	10.81	10.00	8.97
International Equities	20.00	7.83	20.00	7.88
Other investments	18.00	5.50	18.00	5.26
Total	100.00 %	5.95 %	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for measurement years 2018 and 2017 was 7.5 percent and 7.2 percent respectively. 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. 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 7.2 percent, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a

5. DEFINED BENEFIT PENSION PLAN (Continued)

discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

		1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
2019	Airport's proportionate share of the net pension liability	$7,964,956	$5,391,596	$3,253,112

		1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
2018	Airport's proportionate share of the net pension liability	$5,405,288	$3,043,955	$1,075,314

Defined Contribution Plan
OPERS also offers a defined contribution plan, the Member-Directed Plan. The Member-Directed Plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment option

Combined Plan
OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced benefit.

Employees electing the combined plan receive post-retirement health care benefits. OPERS provide retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

6. DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net OPEB liability 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 calculation is dependent on critical long-term variables, including estimated average life

6. DEFINED BENEFIT OPEB PLAN (Continued)

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 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 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 liability. Resulting adjustments to the net OPEB liability 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. The proportional share of the plan's unfunded benefit is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in the accounts payable.

Plan Description

Plan Description - The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical

Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 in GASB Statement 75. See OPERS' CAFR referenced below for additional information

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by

6. DEFINED BENEFIT OPEB PLAN (Continued)

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 postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019 and 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care for the Traditional and Combined plans beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 and 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Airport's proportion of the net OPEB liability was based on Airport's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense.

	2019	2018
Proportionate Share of the Net OPEB Liability	$ 2,426,565	$ 1,998,104
Proportion of the Net OPEB Liability	0.018612%	0.018400%
Increase / (decrease) in % from prior proportion measured	0.000212%	0.000963%
OPEB Expense	$ 196,038	$ 136,742

At December 31, 2019, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

6. DEFINED BENEFIT OPEB PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 111,244	$ -
Differences between expected and actual experience	821	6,584
Changes in proportion and differences between Airport contributions and proportionate share of contributions	15,440	34,343
Changes in assumptions	78,235	-
Airport's contributions subsequent to measurement date	1,758	-
Total	$ 207,498	$ 40,927

At December 31, 2018, the Airport reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 148,845
Differences between expected and actual experience	1,557	-
Changes in proportion and differences between Airport contributions and proportionate share of contributions	-	65,805
Changes in assumptions	145,483	-
Total	$ 147,040	$ 214,650

6. DEFINED BENEFIT OPEB PLAN (Continued)

$1,758 reported as deferred outflows of resources related to contributions subsequent the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020 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:	
2020	$63,116
2021	27,100
2022	18,556
2023	56,041
Total	$164,813

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

6. DEFINED BENEFIT OPEB PLAN (Continued)

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:

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 current measurement period	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Single Discount Rate prior measurement period	3.85%	4.23%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increase	10.0% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028
Health Care Trend Rate	3.25% - 10.75% (includes wage inflation)	3.25% - 10.75% (includes wage inflation)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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 tables below display the Board-approved asset allocation policy for 2018 and 2017 and the long-term expected real rates of return.

6. DEFINED BENEFIT OPEB PLAN (Continued)

2018 Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trusts	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

2017 Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

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 2018, 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 (5.6%) for 2018

6. DEFINED BENEFIT OPEB PLAN (Continued)

A single discount rate of 3.96% as used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 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 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

		1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
2019	Airport's proportionate share of the net OPEB liability	$3,104,482	$2,426,565	$1,887,443

		1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
2018	Airport's proportionate share of the net OPEB liability	$2,654,568	$1,998,104	$1,467,032

Sensitivity of the Airport's Proportionate Share of the Net OPEB Liability to Changes in Health Care Cost Trent Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 2019 is 10.00%. 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 3.25% in the most recent valuation.

6. DEFINED BENEFIT OPEB PLAN (Continued)

		1% Decrease 9.00 % decreasing to 2.25 %	Current Discount 10.00% decreasing to 3.25%	1% Increase 11.0% decreasing to 4.25%
2019	Aiport's proportionate share of the net OPEB liability	$2,332,456	$2,426,565	$2,534,954

		1% Decrease 6.50 % decreasing to 2.25 %	Current Discount 7.50% decreasing to 3.25%	1% Increase 8.5% decreasing to 4.25%
2018	Aiport's proportionate share of the net OPEB liability	$1,911,760	$1,998,104	$2,087,296

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 2019 were as follows:

Name	Principal Outstanding 12/31/2018	Additions	Deductions	Principal Outstanding 12/31/2019	Due in One Year
S&T Bank Series A 2018	13,948,852	-	321,793	13,627,059	336,006
S&T Bank Series B 2018	6,184,000	-	-	6,184,000	103,494
SIB Series A 2018	15,680,000	-	-	15,680,000	-
Premium on SIB Series A 2018	1,118,571	-	45,656	1,072,915	-
Net OPEB Liability	1,998,104	428,461	-	2,426,565	-
Net Pension Liability	3,043,955	2,347,641	-	5,391,596	-
Totals	$ 41,973,482	$ 2,776,102	$ 367,449	$ 44,382,135	$ 439,500

8. LONG-TERM LIABILITIES (Continued)

The changes in the Airport's long-term obligations during 2018 were as follows:

Name	Principal Outstanding 12/31/2017	Additions	Deductions	Principal Outstanding 12/31/2018	Due in One Year
Airport Bonds	$ 13,657,912	$ -	$ 13,657,912	$ -	$ -
S&T Bank Series A 2018	-	14,027,150	78,298	13,948,852	321,793
S&T Bank Series B 2018	-	6,184,000	-	6,184,000	-
SIB Series A 2018	-	15,680,000	-	15,680,000	-
Premium on SIB Series A 2018	-	1,141,399	22,828	1,118,571	
Net OPEB Liability		1,998,104	-	1,998,104	-
Net Pension Liability	4,625,681	-	1,581,726	3,043,955	-
Totals	**$ 18,283,593**	**$ 39,030,653**	**$ 15,340,764**	**$ 41,973,482**	**$ 321,793**

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.

Year Ending December 31,	Principal Payment	Interest Payment
2020	$ 336,006	$ 583,435
2021	350,848	568,594
2022	366,344	553,097
2023	382,526	536,916
2024	399,422	520,020
2025-2029	2,277,855	2,319,353
2030-2034	2,827,364	1,769,845
2035-2039	3,509,435	1,087,773
2040-2043	3,177,259	270,922
Total	**$ 13,627,059**	**$ 8,209,955**

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.

8. LONG-TERM LIABILITIES (Continued)

Year Ending December 31,	Principal Payment	Interest Payment
2020	$ 103,494	$ 271,274
2021	143,416	265,275
2022	149,870	258,821
2023	156,615	252,076
2024	163,663	245,028
2025-2029	935,647	1,107,805
2030-2034	1,166,000	877,452
2035-2039	1,453,065	590,387
2040-2044	1,810,804	232,648
2045	101,426	746
Total	**$ 6,184,000**	**$ 4,101,512**

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 $16,821,399 balance associated with these bonds is comprised of two parts. The principal amount of these Revenue Bonds is $15,680,000. The remaining $1,141,399 is for the Bond Premium Payable associated with this borrowing. The Bond Premium Payable will be amortized over the life of the borrowing.

Year Ending December 31,	Principal Payment	Interest Payment
2020	$ -	$ 701,925
2021	415,000	696,600
2022	435,000	675,600
2023	455,000	653,600
2024	485,000	630,475
2025-2029	2,790,000	2,764,044
2030-2034	3,415,000	2,140,869
2035-2039	4,160,000	1,395,425
2040-2043	3,525,000	361,250
Total	**$ 15,680,000**	**$ 10,019,788**

8. LONG-TERM LIABILITIES (Continued)

Year Ending December 31,	Reduction of Bond Premium Payable
2020	$ 45,656
2021	45,656
2022	45,656
2023	45,656
2024	45,656
2025-2029	228,280
2030-2034	228,280
2035-2039	228,280
2040-2043	159,795
Total	**$ 1,072,915**

9. NONCANCELLABLE LEASES

The Airport leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. All leases are for the ground or space occupied by the lease. All leases are triple-net leases. Future minimum rentals as of December 31, 2019 under such agreements are as follows:

Year Ending December 31,	Amount
2020	$ 6,199,494
2021	4,890,324
2022	4,748,247
2023	4,554,139
2024	4,495,096
Thereafter	25,117,816
Total Payments	$ 50,005,116

10. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

Airport Improvement Projects-in-Progress consists of expenses for capitalized improvements or additions to the Airport'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, 2019:

	Source of Funding		
Description of Project	Federal Grants	State/Local	Total Cost of Projects-In-Progress
AIP #6216	$ 1,959,095	$ 1,246,103	$ 3,205,198
AIP #6418	4,800,227	533,358	5,333,585
AIP #6518	316,173	35,130	351,303
Gate Mod. Project	-	12,230,764	12,230,764
Various Projects	-	335,852	335,852
Total	$ 7,075,495	$ 14,381,207	$ 21,456,702

Airport Improvement Projects-in-Progress consist of the following at December 31, 2018:

	Source of Funding		
Description of Project	Federal Grants	State/Local	Total Cost of Projects-In-Progress
AIP #6216	$ 1,959,095	$ 1,246,103	$ 3,205,198
AIP #6317	399,426	44,624	444,050
AIP #6418	352,988	39,221	392,209
AIP #6518	2,169	241	2,410
Various Projects	-	1,233,245	1,233,245
Total	$ 2,713,678	$ 2,563,434	$ 5,277,112

11. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019:

	12/31/2018 Balance	Additions	Deletions	12/31/2019 Balance
Capital assets non-depreciable:				
Airport Improvement Projects in Progress	$ 5,277,112	$ 16,631,292	$ (451,702)	$ 21,456,702
Land	12,542,983	-	-	12,542,983
Land Improvements	40,278,733	-	-	40,278,733
Total non-depreciable capital assets	58,098,828	16,631,292	(451,702)	74,278,418
Capital assets being depreciated:				
Buildings	95,308,327	789,055	-	96,097,382
Paving	116,010,251	6,880	-	116,017,131
Vehicles and Equipment	23,600,350	946,878	(18,000)	24,529,228
Utility Systems	658,361	18,933	-	677,294
Total capital assets being depreciated	235,577,289	1,761,746	(18,000)	237,321,035
Less accumulated depreciation				
Buildings	(54,139,003)	(4,772,524)	-	(58,911,527)
Paving	(55,780,969)	(5,006,820)	-	(60,787,789)
Vehicles and Equipment	(19,313,723)	(761,880)	18,000	(20,057,603)
Utility Systems	(619,940)	(23,077)	-	(643,017)
Total accumulated depreciation	(129,853,635)	(10,564,301)	18,000	(140,399,936)
Capital assets, net of depreciation	$ 163,822,482	$ 7,828,737	$ (451,702)	$ 171,199,517

The Airport capitalized $399,448 in interest expense associated with Phase I of the Terminal Gate Rehabilitation which is included in the Buildings Additions in the above table. There was no interest earned on the capitalized amount.

11. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2018:

	12/31/2017 Balance	Additions	Deletions	12/31/2018 Balance
Capital assets non-depreciable:				
Airport Improvement Projects in Progress	$ 18,523,057	$ 2,933,870	$ (16,179,815)	$ 5,277,112
Land	12,542,983	-	-	12,542,983
Land Improvements	40,278,733	-	-	40,278,733
Total non-depreciable capital assets	71,344,773	2,933,870	(16,179,815)	58,098,828
Capital assets being depreciated:				
Buildings	89,988,237	5,320,090	-	95,308,327
Paving	103,899,261	12,110,990	-	116,010,251
Vehicles and Equipment	23,514,978	110,875	(25,503)	23,600,350
Utility Systems	658,361	-	-	658,361
Total capital assets being depreciated	218,060,837	17,541,955	(25,503)	235,577,289
Less accumulated depreciation				
Buildings	(49,603,144)	(4,535,859)	-	(54,139,003)
Paving	(50,897,779)	(4,883,190)	-	(55,780,969)
Vehicles and Equipment	(18,590,574)	(748,652)	25,503	(19,313,723)
Utility Systems	(596,292)	(23,648)	-	(619,940)
Total accumulated depreciation	(119,687,789)	(10,191,349)	25,503	(129,853,635)
Capital assets, net of depreciation	$ 169,717,821	$ 10,284,476	$ (16,179,815)	$ 163,822,482

The Airport capitalized $928,797 in interest expense associated with Phase I of the Terminal Gate Rehabilitation which is included in the Buildings Additions in the above table. There was no interest earned on the capitalized amount.

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. SUBSEQUENT EVENTS

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. CORRECTION OF COMPARATIVE STATEMENTS

A misstatement of 2018 Net Position Net Investments in Capital Assets and the Net Position Unrestricted caused 2019 comparative statements to be restated due to incorrect inclusion of unspent proceeds of the Restricted Revenue Bond Project Funds within the amount of debt related to capital assets as noted below:

Net Position	Reported	Restated
Net Investments in Capital Assets	$104,265,723	$149,515,395
Unrestricted Net Position	(4,961,873)	(27,586,209)

15. RESTATEMENT FOR CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 2018, the Airport adopted Governmental Accounting Standards Board (GASS) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The Statement addresses accounting and financial reporting for other post-employment benefits (OPES) provided to employees who participate in the State OPES plan. The Statement also requires various note disclosures and required supplementary information. As a result, beginning net position has been restated as follows:

Net Position as previously reported at December 31, 2017	$166,749,148
Prior period adjustment	
Beginning new OPES Liability	(1,955,731)
Deferred outflows of resources - 2017 OPES contributions	26,759
Total prior period adjustment	(1,928,972)
Net position as restated, January 1, 2018	$164,820,176

The Net Position in 2018 was adjusted ($1,928,972) for the cumulative effect of a change in accounting principle pertaining to the net pension liability in 2017. The information was not available at the end of 2017 and therefore not practical to restate 2017 and earlier.

16. 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 term and long-term parking lots. The current agreement went into effect April 2012 and runs through March 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.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Required Supplementary Information on GASB 68 Pension Liabilities
For the Year Ended December 31, 2019

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

	2019*	2018*	2017*	2016*	2015*	2014*
Airport's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.019686%	0.019403%	0.020370%	0.021326%	0.021587%	0.021587%
Airport's proportionate share of the net pension liability (asset) - Traditional Plan	$ 5,391,596	$ 3,043,955	$ 4,625,681	$ 3,693,932	$ 2,603,633	$ 2,544,826
Airport's covered payroll	$ 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	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)	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Information prior to 2014 is not available

Schedule of the Airport's Contributions to OPERS Pension:

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 374,331	$ 391,406	$ 338,937	$ 321,107	$ 318,659	$ 317,590
Contributions in relation to contractually required contribution	(374,331)	(391,406)	(338,937)	(321,107)	(318,659)	(317,590)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -
Airport's covered payroll	$ 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%	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
For the Year Ended December 31, 2019

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

	2019*	2018*	2017*
Airport's proportion of the net OPEB liability (asset) (percentage)	0.018612%	0.018400%	0.019363%
Airport's proportionate share of the net OPEB liability (asset)	$ 2,426,565	$ 1,998,104	$ 1,955,731
Airport's covered payroll	$ 2,795,754	$ 2,607,208	$ 2,675,890
Airport's pension liability (asset) as a percentage of its covered payroll	86.79%	76.64%	73.09%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

Information prior to 2017 is not available.

Schedule of the Airport's Contributions to OPERS OPEB:

	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	$ 2,717,741	$ 2,795,754	$ 2,607,208
Contributions as a percentage of covered payroll	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.

Assumptions – OPERS Pension

Amounts reported beginning in 2018 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 2017 and prior are presented below:

	2018	2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA: Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent simple	3 percent, simple through 2018, then 2.15 percent simple	3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.5 percent	8.0 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OPERS OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent.
For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Schedule of Receipts and Expenditures of Federal Award
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Funding:				
Airport Improvement Program:				
Airport Improvement Project No. 63	3-39-000-6317	20.106	$ 38,492	$ -
Airport Improvement Project No. 64	3-39-000-6418	20.106	4,807,424	5,287,888
Airport Improvement Project No. 65	3-39-000-6518	20.106	316,172	348,893
Total -- U.S. Department of Transportation			5,162,088	5,636,781
Total Federal Financial Assistance			$ 5,162,088	$ 5,636,781

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 the Year ended December 31, 2019

Project Number	Project Name	Approved Project Budget	Cumulative Expenditures at 12/31/18	1st Qtr. 2019 Expenditures	2nd Qtr. 2019 Expenditures	3rd Qtr. 2019 Expenditures	4th Qtr. 2019 Expenditures	Total 2019 Expenditures	Cumulative Expenditures at 12/31/19
PFC6-01	Property Acquisition- Ketron	$128,169.00	$128,169.00	$0.00	$0.00	$0.00	$0.00	$0.00	$128,169.00
PFC6-02	Property Acquisition- Goodyear	$246,802.00	$246,802.00	$0.00	$0.00	$0.00	$0.00	$0.00	$246,802.00
PFC6-03	Property Acquisition- Fouts	$163,810.00	$163,810.00	$0.00	$0.00	$0.00	$0.00	$0.00	$163,810.00
PFC6-04	Property Acquisition- Frayer	$97,567.00	$97,567.00	$0.00	$0.00	$0.00	$0.00	$0.00	$97,567.00
PFC6-05	Property Acquisition- Salmons	$120,831.00	$120,831.00	$0.00	$0.00	$0.00	$0.00	$0.00	$120,831.00
PFC6-06	Property Acquisition- Mayniey	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC6-07	Security Enhancements (AIP 32)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC6-08	Glycol Recovery Study	$134,689.00	$134,689.00	$0.00	$0.00	$0.00	$0.00	$0.00	$134,689.00
PFC6-09	Glycol Recovery Design	$1,457,092.00	$1,457,092.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1,457,092.00
PFC6-10	SRE - High Speed Rotary Broom	$335,681.00	$335,681.00	$0.00	$0.00	$0.00	$0.00	$0.00	$335,681.00
PFC6-11	SRE - High Speed Rotary Broom	$395,000.00	$395,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$395,000.00
PFC6-12	SRE - Runway De-Icing Truck	$201,172.00	$201,172.00	$0.00	$0.00	$0.00	$0.00	$0.00	$201,172.00
PFC6-13	Aircraft Apron Rehabilitation	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC6-14	Terminal Rehabilitation	$24,419,714.00	$19,521,611.68	$0.00	$151,707.87	$151,707.88	$0.00	$303,415.75	$19,825,027.43
PFC6-15	RNWY 14/32 Closure Converstion to Taxiway K	$36,558.00	$36,558.00	$0.00	$0.00	$0.00	$0.00	$0.00	$36,558.00
PFC7-01	De-Icing North Pad Construction	$92,431.00	$92,431.00	$0.00	$0.00	$0.00	$0.00	$0.00	$92,431.00
PFC7-02	De-Icing South Pad Construction	$262,807.00	$262,807.00	$0.00	$0.00	$0.00	$0.00	$0.00	$262,807.00
PFC7-03	De-Icing Treatment Plant	$897,792.00	$897,792.00	$0.00	$0.00	$0.00	$0.00	$0.00	$897,792.00
PFC7-04	Domestic Water Service	$568,116.00	$568,116.00	$0.00	$0.00	$0.00	$0.00	$0.00	$568,116.00
PFC7-05	CTX Design and Installation	$1,578,857.00	$329,354.09	$151,707.87	$0.00	$0.00	$151,707.87	$303,415.74	$632,769.83
PFC7-06	Landside Planning Effort Study	$94,856.00	$94,856.00	$0.00	$0.00	$0.00	$0.00	$0.00	$94,856.00
PFC7-07	Runway 5 and 23 Environmental Assessment Study	$41,474.00	$41,474.00	$0.00	$0.00	$0.00	$0.00	$0.00	$41,474.00
PFC7-08	Runway 5 and 23 Runway Safety Area Fix	$3,000,000.00	$2,780,938.00	$0.00	$0.00	$0.00	$0.00	$0.00	$2,780,938.00
PFC7-09	Wildlife Habitat Removal	$133,264.00	$133,264.00	$0.00	$0.00	$0.00	$0.00	$0.00	$133,264.00
PFC7-10	ARFF, Snow Removal Equipment Storage Facility Design	$30,391.00	$30,391.00	$0.00	$0.00	$0.00	$0.00	$0.00	$30,391.00
PFC7-11	ARFF, Snow Removal Equipment Storage Facility Constr.	$395,000.00	$395,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$395,000.00
PFC7-12	Aircraft Rescue and Firefighting Vehicle A	$34,659.00	$34,659.00	$0.00	$0.00	$0.00	$0.00	$0.00	$34,659.00
PFC7-13	Aircraft Rescue and Firefighting Vehicle B	$34,659.00	$34,659.00	$0.00	$0.00	$0.00	$0.00	$0.00	$34,659.00
PFC7-14	Federal Inspection Facility Study	$57,308.00	$57,308.00	$0.00	$0.00	$0.00	$0.00	$0.00	$57,308.00
PFC8-01	Security Checkpoint Expansion	$82,456.00	$82,456.00	$0.00	$0.00	$0.00	$0.00	$0.00	$82,456.00
PFC8-02	SRE: HS Runway Brooms, Front End Loader, Tractor	$517,890.00	$67,890.00	$0.00	$0.00	$0.00	$0.00	$0.00	$67,890.00
PFC8-03	Taxiway D, E, K Reconstruction	$404,412.00	$404,412.00	$0.00	$0.00	$0.00	$0.00	$0.00	$404,412.00
PFC8-04	West General Aviation Ramp Reconstruction	$46,996.00	$46,996.00	$0.00	$0.00	$0.00	$0.00	$0.00	$46,996.00
PFC8-05	Airport Master Plan Study	$113,527.00	$110,799.00	$0.00	$0.00	$0.00	$0.00	$0.00	$110,799.00
PFC8-06	Part 150 Noise Study	$77,076.00	$77,076.00	$0.00	$0.00	$0.00	$0.00	$0.00	$77,076.00
PFC8-07	General Aviation Customs & Border Patrol Facility	$490,161.00	$490,161.00	$0.00	$0.00	$0.00	$0.00	$0.00	$490,161.00
PFC8-08	South De-Icing Pad Expansion	$540,607.00	$540,607.00	$0.00	$0.00	$0.00	$0.00	$0.00	$540,607.00
PFC8-09	Airport Entrance Road Reconfiguration	$522,228.00	$522,228.00	$0.00	$0.00	$0.00	$0.00	$0.00	$522,228.00
PFC8-10	Ticket Wing Reconstruction	$627,398.00	$627,398.00	$0.00	$0.00	$0.00	$0.00	$0.00	$627,398.00
PFC8-11	Sand/Chemical Storage Building	$108,835.00	$104,460.00	$0.00	$0.00	$0.00	$0.00	$0.00	$104,460.00
PFC8-12	Enclosed Baggage Make Up Area	$1,500,000.00	$1,413,529.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1,413,529.00
PFC8-13	Taxiway B Rehabilitation	$196,575.00	$132,953.00	$0.00	$0.00	$0.00	$0.00	$0.00	$132,953.00
PFC8-14	Preparation of PFC Application	$43,681.00	$43,681.00	$0.00	$0.00	$0.00	$0.00	$0.00	$43,681.00
PFC9-01	Terminal Modification - Gate Replacement	$24,145,535.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC9-02	Terminal Apron - Design and Construct	$928,544.00	$0.00	$69,714.83	$0.00	$0.00	$396,843.17	$466,558.00	$466,558.00
PFC9-03	Preparation of PFC Application	$75,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	Grand Totals	$65,379,620.00	$33,256,677.77	$221,422.70	$151,707.87	$151,707.88	$548,551.04	$1,073,389.49	$34,330,067.26

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards and the Schedule of Expenditures of the Passenger Facility Charges 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, 2019. The information on the Schedule of Receipts and Expenditures 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.

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.

OHIO AUDITOR OF STATE
KEITH FABER

101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

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

Akron-Canton Regional Airport Authority
Stark and Summit Counties
5400 Lauby Road Box 23
North Canton, Ohio 44720

To the Board of Trustees:

We have audited, in accordance with 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, Stark and Summit Counties, (the Airport) as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated September 23, 2020, wherein we noted the Airport referred to the correction of the comparative statements for the 2018 Net Position Net Investments in Capital Assets and the Net Position Unrestricted and wherein the Airport referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Airport'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 Airport'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 Airport'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.

Compliance and Other Matters

As part of reasonably assuring whether the Airport'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 Airport's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2020

OHIO AUDITOR OF STATE
KEITH FABER

101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

**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 REQUIRED BY THE UNIFORM GUIDANCE**

Akron-Canton Regional Airport Authority
Stark and Summit Counties
5400 Lauby Road Box 23
North Canton, Ohio 44720

To the Board of Trustees:

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

We have audited the Akron-Canton Regional Airport Authority's (the Airport) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Airport's major federal program and the *Passenger Facility Charge Audit Guide for Public Agencies (the Guide),* issued by the Federal Aviation Administration, for the Passenger Facility Charge Program, for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Airport's major federal program.

Management's Responsibility

The Airport's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program and Passenger Facility Charge program.

Auditor's Responsibility

Our responsibility is to opine on the Airport's compliance for the Airport'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*; 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). These standards and the Uniform Guidance 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 Airport'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 Airport's major program and the Passenger Facility Charge program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on the Major Federal Program

In our opinion, the Akron-Canton Regional Airport 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, 2019.

Report on Internal Control Over Compliance

The Airport'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 Airport's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program or the Passenger Facility Charge Program, to determine our auditing procedures appropriate for opining on each major federal program's and the Passenger Facility Charge Program compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Airport'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**.**

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 over compliance tests and the results of this testing based on Uniform Guidance and the Guide requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

September 23, 2020

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019 and 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(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):**	Airport Improvement Program (CFDA #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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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AKRON-CANTON
AIRPORT

www.akroncantonairport.com
info@akroncantonairport.com
O: 330.499.4059 F: 330.499.5176
5400 Lauby Road NW #9
North Canton, Ohio 44720-1598

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	The Airport's financial statements, the accompanying footnotes, required supplemental information and the management's discussion and analysis contained a variety of exceptions and errors which resulted in adjustments to reflect the proper reporting.	Partially Corrected	Refer to Management Letter Recommendation – Financial Reporting.
2018-002	While the Airport attempted to reconcile the cash balances to the accounting system records as of December 31, 2018 multiple times, the final reconciliation included various deficiencies.	Partially Corrected	Refer to Management Letter Recommendation – Cash Reconciliation Process Errors.

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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 10/20/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370