OHIO AUDITOR OF STATE
KEITH FABER

ASHTABULA COUNTY AIRPORT AUTHORITY DBA
NORTHEAST OHIO REGIONAL AIRPORT
ASHTABULA COUNTY
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Ashtabula County Airport Authority DBA Northeast Ohio Regional Airport
Ashtabula County
P.O. Box 379
Jefferson, Ohio 44047

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ashtabula County Airport Authority DBA Northeast Ohio Regional Airport, Ashtabula County, Ohio (the Airport), a component unit of Ashtabula County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula County Airport Authority DBA Northeast Ohio Regional Airport, Ashtabula County, Ohio as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2023

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The discussion and analysis of the Ashtabula County Airport Authority dba Northeast Ohio Regional Airport's (the "Airport") financial performance provides an overall review of the Airport's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Airport's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Airport's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The Airport's net position decreased by $180,696, or 1 percent.

- During 2022, the Airport had an operating loss of $1,255,650 and total net position decreased by $180,696. Capital grants of $420,218 coupled with contributions and donations made to the Airport from the County and private donors of $350,000 and $737,036, respectively, totaling $1,087,036 helped to keep the Airport operating.

- The Airport did make its annual principal and interest payment on its outstanding revenue bond ("Bond Debt Service") this year. The Airport paid principal and interest of $165,414 and $263,545 respectively, during 2022.

- The Airport's total net pension liability decreased to $67,776 from $125,866 and the OPEB asset increased to $30,069, from $15,624, a combined increase to net position of $72,535. For more information on this liability and asset see Notes 6 and 7 to the basic financial statements.

This report consists of a series of financial statements. The *Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position* provide information about the activities of the Airport and present a longer-term view of the Airport's finances.

A question typically asked about the Airport's finances "How did we do financially during 2022?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Airport and its activities in a way that helps answer this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the *accrual basis of accounting* which is similar to the accounting used by most private-sector companies. The Airport charges a fee to customers to help it cover part of the services it provides. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Airport's *net position* and *changes in that net position*. This change in net position is important because it tells the reader that, for the Airport as a whole, the *financial position* of the Airport has improved or diminished. The reader will need to consider other non-financial factors (e.g. fuel prices, FAA regulations, weather, etc.) in order to assess the overall health of the Airport.

The Airport as a Whole

Recall that the Statement of Net Position provides the perspective of the Airport as a whole. Table 1 provides a summary of the Airport's net position for 2022, compared to 2021:

(Table 1) Net Position

	Business-Type Activities		
	2022	2021	Change
Assets			
Current and Other Assets	$377,844	$423,503	($45,659)
Capital Assets, Net of Depreciation	13,860,824	14,337,844	(477,020)
Total Assets	14,238,668	14,761,347	(522,679)
Deferred Outflows of Resources			
Pension - OPERS	36,144	33,756	(2,388)
OPEB - OPERS	511	15,611	(15,100)
Total	36,655	49,367	(17,488)
Liabilities			
Current and Other Liabilities	81,413	203,231	121,818
Long-Term Liabilities:			
Due Within One Year	48,600	81,000	32,400
Due in More than One Year:			
Net Pension Liability	67,776	125,866	58,090
Revenue Bonds	734,064	867,078	133,014
Total Liabilities	931,853	1,277,175	345,322
Deferred Inflows of Resources			
Land Rent	0	15,992	15,992
Pension - OPERS	91,794	65,902	(25,892)
OPEB - OPERS	32,438	51,711	(19,273)
Total	124,232	133,605	(29,173)
Net Position			
Net Investment in Capital Assets	13,078,160	13,389,766	(311,606)
Restricted for Debt Service	2,912	2,911	1
Unrestricted	138,166	7,257	130,909
Total Net Position	$13,219,238	$13,399,934	($180,696)

The net pension liability (NPL) is one of the largest liabilities reported by the Airport at December 31, 2022. 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 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 these liabilities. 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 these 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 plan *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 above, 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 an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total assets decreased $522,679 during 2022. This decrease was the result of a decrease in capital assets of $477,020 due to annual depreciation exceeding current year additions.

Total liabilities decreased by $345,322 during 2022, a decrease from the prior year. Long-term liabilities decreased due to decreases in net pension liability, contracts payable and the USDA loan of $58,090, $56,882 and $165,414, respectively. Deferred outflows and inflows of resources represent pension and OPEB related payments to OPERS and land rent payments.

In total, net position of the Airport decreased by $180,696 which can be attributed to the decrease in capital assets and cash on hand during the year.

Table 2 shows the revenues, expenses and the changes in net position for the year ended December 31, 2022, compared to the year ended December 31, 2021.

(Table 2)
Changes in Net Position

	Business-Type Activities		
	2022	2021	Change
Revenues			
Operating Revenues:			
Charges for Services	$357,843	$251,130	$106,713
Other Operating Revenues	10,864	8,413	2,451
Total Operating Revenues:	368,707	259,543	109,164
Expenses			
Operating Expenses:			
Personal Services	171,575	136,651	(34,924)
Fringe Benefits	22,627	(68,517)	(91,144)
Contractual Services	418,815	344,508	(74,307)
Materials and Supplies	379,807	198,140	(181,667)
Depreciation	504,639	503,653	(986)
Other Operating Expenses	126,894	83,732	(43,162)
Total Operating Expenses:	1,624,357	1,198,167	(426,190)
Operating Loss	(1,255,650)	(938,624)	(317,026)
Non-Operating Revenues (Expenses):			
Interest Income	233	191	42
Capital Grants	420,218	276,369	143,849
Contributions and Donations	737,036	487,718	249,318
Intergovernmental Revenue (County)	350,000	250,000	100,000
Other non-Operating Revenue	15,994	21,394	(5,400)
Engineering and Capital Related Expenses	(234,267)	(236,398)	2,131
Interest and Fiscal Charges	(214,260)	(5,589)	(208,671)
Total Non-Operating Revenues (Expenses):	1,074,954	793,685	281,269
Change in Net Position	(180,696)	(144,939)	(35,757)
Net Position Beginning of Year	13,399,934	13,544,873	(144,939)
Net Position End of Year	$13,219,238	$13,399,934	($180,696)

Operating revenues increased by $109,164, or 42 percent from the previous year due to an increase in charges for services related to hangar rentals. Operating expenses increased by $426,190 from the prior year due mostly to an increase in contractual services and materials and supplies operating expenses. The Airport's total net position decreased $180,696 from the prior year.

Capital Assets

The largest portion of the Airport's net position each year is its net investment in capital assets. The Airport uses these capital assets to provide services to the businesses and public using the Airport. Table 3 shows 2022 balances compared with 2021.

(Table 3)
Capital Assets at December 31 (Net of Depreciation)
Business-Type Activities

	2022	2021	Change
Land	$693,478	$693,478	$0
Buildings and Improvements	1,871,961	1,947,469	(75,508)
Improvements other than Buildings	10,838,528	11,201,955	(363,427)
Vehicles	200,127	203,763	(3,636)
Furniture and Equipment	256,730	291,179	(34,449)
Total	$13,860,824	$14,337,844	($477,020)

The $477,020 decrease in capital assets was due to current year capital additions of $27,619 not exceeding current year depreciation of $504,639 during 2022. Note 9 of the basic financial statements provides a more detailed look at the capital asset activity during 2022.

Long-Term Liabilities

In 2005, the Airport issued revenue bonds in the amount of $1,400,000 in order to finance new hangar construction. The revenue bonds will mature in thirty years and have an interest rate of 4.125 percent. The Airport's outstanding long-term obligations are included in the following table:

(Table 4)
Outstanding Long-Term Liabilities, at December 31

	2022	2021	Change
Revenue Bonds	$782,664	$948,078	$165,414
Net Pension Liability	67,776	125,866	58,090
Net OPEB Liability (Asset)	(30,069)	(15,624)	14,445
Total	$820,371	$1,058,320	$237,949

The Airport made its scheduled principal and interest payment during 2022. Additional information concerning the Airport's long-term obligations can be found in Note 5 to the basic financial statements.

Current Financial Issues

The Airport generates revenue from three activities. One, the sale of aviation fuels for jet aircraft (Jet A) and piston powered aircraft (100LL gasoline). Second, rental of hangar units or space in community hangars. Three, a land management agreement. Other revenue sources are minimal and include sales of lubrications oils, navigation charts, parking and handling fees.

It is the goal of the Airport to be self-sustaining.

The Airport created a plan to increase revenues and the utility of the Airport to the citizens of Ashtabula County. The plan included the following elements:

1. Enter into an agreement with a Helicopter Emergency Medical Service provider to establish a base at the Airport. The typical fuel consumption for a based Helicopter Air Ambulance (HAA) is approximately 60,000 gallons of Jet A fuel a year, in addition to hangar rent revenues. In 2021, a formal meeting was held with a service provider regarding a lease agreement which included a $100,000 charitable donation to equip a critical care helicopter. A gift letter was drafted to support the donation. Due to the failure to finalize the lease agreement, in late 2022, the donors withdrew the gift letter. Negotiations with the service provider continue in 2023.

   Of note is that Ashtabula County does not have a Level 1, 2 or 3 Trauma hospital facility. A HAA provider would be of benefit to the health and welfare of the citizens/taxpayers of Ashtabula County.

2. The Airport Aviation Educational Initiative (AEI) launched in 2019, then idled during the pandemic, continues to develop with the installation of a professional full motion flight simulator in 2021. In addition to pilot training, the flight simulator is viewed as an additional revenue stream to the Airport. The ultimate goal is to extend the demand for the flight simulator to a demand for a flight school including the associated aircraft maintenance activity.

   The Airport has approached other existing flight training operators to explore possible mutually beneficial agreements.

3. The Airport filed a motion requesting debt forgiveness attached to the Airport USDA Revenue Bond obligation. The Airport was notified in December of 2021 that the request was denied. During 2022, the Airport paid $428,959 toward the USDA Revenue Bond obligation, which was allocated as $165,414 toward principal and $263,545 toward accrued interest, all of which was paid utilizing donations and not from revenues generated by rentals, fees, charges and other revenues to be charged to and collected from users of the Airport. In addition to the foregoing, on September 14, 2022, a payment in the amount of $516 (allocated as $312 towards principal and $204 toward interest) was tendered to the USDA which was comprised of revenues generated by rentals, fees, charges and other revenues to be charged to and collected from users of the Airport pursuant to the terms of the Revenue Bond, however, the USDA did not accept that payment and returned same.

The Airport has attempted to meet with various public officials, including USDA representatives, in an attempt to resolve the outstanding USDA Revenue Bond obligation. On May 10, 2022, representatives of the Airport and representatives of the FAA met to discuss the bond obligation. Subsequently, on May 13, 2022, a teleconference was held between representatives of the Airport, representatives of the USDA and representatives of the FAA to discuss the bond obligation. With no resolution reached to date, on October 5, 2022, Airport representatives met with a representative from Senator Sherrod Brown's office to discuss the bond obligation in an attempt to coordinate and/or arrange an in-person meeting with USDA representatives in Washington D.C. to discuss a possible resolution to the USDA Revenue Bond obligation.

4. Starting in mid-2021, the Airport recognized that inflation would need to be budgeted for and that the pricing of goods and services sold would need to be adjusted on a contemporary basis in order to maintain profit margins.

   Specifically, the Airport appointed and empowered a Fuel Working Group to monitor the cost and adjust the selling price of fuels and other ramp services.

5. In recognition of new and evolving liability hazards, the Airport is planning for the removal and scrapping of the 100LL underground storage tank as well as the purchase of a new, above ground tank which is compliant to current safety standards. The Airport is aware of other environmental risks, such as PFAS/AFFF, which is being banned in favor of MILSPEC F material, and the movement to non-fossil, renewable energy all of which will require major investments in equipment.

6. As a result of the increase of based aircraft at the Airport, the classification of the Airport within the National Plan of Integrated Airport Systems moved up from Basic to Local. This change positively impacts the dollar amount of Bipartisan Infrastructure Law grants and other federal funding of the airport.

The Airport attracts significant charitable support. In 2022, the Airport received over $737,000 in support from eight organizations and individuals. This support allowed the Airport to configure the facility to be attractive to a HAA provider, experiment with the Aviation Education Initiative, find a legal solution to the USDA obligation in addition to maintaining and operating the airport to best practice standards.

Outlook:

Private and business aviation is growing within Ashtabula County. Our projection is that business travel will continue to grow and revenue generation from this business segment will continue to be a significant part of Airport financial performance. Personal aviation is not expected to quickly respond to efforts by various aviation related organizations to promote flying and grow the pilot population.

Policies and actions are in place to improve both Airport operating performance and financial performance in light of significant inflation and supply line challenges.

Contacting the Airport's Finance Department

This financial report is designed to provide our citizens, taxpayers, Airport users, and all interested parties with a general overview of the Airport's finances and to show the Airport's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dwight Bowden, President of Ashtabula County Airport Authority dba the Northeast Ohio Regional Airport, 2382 Airport Road, P.O. Box 379, Jefferson, Ohio 44047.

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Statement of Net Position
December 31, 2022

Assets	
Current Assets:	
Cash and Cash Equivalents	$70,627
Accounts Receivable	357
Prepaid Assets	25,468
Fuel Inventory	79,766
Due from Other Governments	152,356
Rent Receivable	15,994
Cash and Cash Equivalents:	
In Segregated Accounts	3,207
Total Current Assets	347,775
Non-Current Assets:	
Net OPEB Asset	30,069
Nondepreciable Capital Assets	693,478
Depreciable Capital Assets, Net	13,167,346
Total Non-Current Assets	13,890,893
Total Assets	$14,238,668
Deferred Outflows of Resources	
Pension	36,144
OPEB	511
Total Deferred Outflows of Resources	36,655
Liabilities	
Current Liabilities:	
Accounts Payable	$18,704
Accrued Wages	7,692
Intergovernmental Payable	3,504
Contracts Payable	33,118
Accrued Interest Payable	9,787
Unearned Revenue	8,608
Total Current Liabilities	81,413
Non-Current Liabilities:	
Due Within One Year	48,600
Due In More than One Year:	
Net Pension Liability	67,776
Other Amounts Due in More than One Year	734,064
Total Non-Current Liabilities	850,440
Total Liabilities	931,853
Deferred Inflows of Resources	
Pension	91,794
OPEB	32,438
Total Deferred Inflows of Resources	124,232
Net Position	
Net Investment in Capital Assets	13,078,160
Restricted for Debt Service	2,912
Unrestricted	138,166
Total Net Position	$13,219,238

See accompanying notes to the basic financial statements

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Statement of Revenues, Expenses and Changes in Net Position
For the year ended December 31, 2022

Operating Revenue	
Sales	$239,743
Rent	118,100
Other Operating Revenues	10,864
Total Operating Revenue	368,707
Operating Expenses	
Personal Services	171,575
Fringe Benefits	22,627
Contractual Services	418,815
Materials and Supplies	379,807
Depreciation	504,639
Other Operating Expenses	126,894
Total Operating Expenses	1,624,357
Operating Loss	(1,255,650)
Non-Operating Revenues (Expenses)	
Interest Income	233
Capital Grants	420,218
Contributions and Donations	737,036
Intergovernmental Revenue - County Appropriation	350,000
Engineering and Capital Related Expenses	(234,267)
Interest and Fiscal Charges	(214,260)
Other Non-Operating Revenue	15,994
Total Non-Operating Revenues (Expenses)	1,074,954
Change In Net Position	(180,696)
Net Position Beginning of Year	13,399,934
Net Position End of Year	$13,219,238

See accompanying notes to the basic financial statements

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Statement of Cash Flows
For the year ended December 31, 2022

Cash Flows From Operating Activities:	
Cash Received from Customers	$366,756
Other Operating Revenue	10,864
Cash Paid for Goods and Services	(790,988)
Cash Paid to Employees	(243,472)
Other Operating Expenses	(124,362)
Net Cash Used for Operating Activities	(781,202)
Cash Flows From Non-Capital Financing Activities:	
Land Rent/Management Proceeds	15,994
Cash Flows From Investing Activities:	
Interest on Investments	233
Cash Flows From Capital and Related Financing Activities:	
Contributions and Donations	1,087,036
Capital Grants	267,862
Payment for Capital Acquisitions	(28,159)
Payment for Engineering & Capital Related Services	(324,267)
Principal Payments on Debt	(165,414)
Interest Payments	(263,545)
Net Cash Provided by Capital and Related Financing Activities	573,513
Net Increase in Cash and Cash Equivalents	(191,462)
Cash and Cash Equivalents at Beginning of Year	265,296
Cash and Cash Equivalents at End of Year	$73,834
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($1,255,650)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	504,639
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	305
Prepaid Assets	8,957
Inventory	(4,256)
Deferred Outflows of Resources - Pension	(2,388)
Deferred Outflows of Resources - OPEB	15,100
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	(28,193)
Contracts Payable	33,118
Accrued Wages	2,141
Intergovernmental Payable	1,793
Unearned Revenue	8,608
Net Pension Liability	(58,090)
Net OPEB Liability	(14,445)
Deferred Inflows of Resources - Pension	25,892
Deferred Inflows of Resources - OPEB	(18,733)
Total Adjustments	474,448
Net Cash Used for Operating Activities	($781,202)

Footnote:
*Contracts payable overall decrease of $56,682 had two components: operating and non-operating. The cash flows reconciliation only provides a comparison for operating activities, therefore non-operating revenues and expenses are not considered in the reconciliation.

See accompanying notes to the basic financial statements

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Note 1 - Description of the Northeast Ohio Regional Airport and Reporting Entity

A. The Airport

The Ashtabula County Airport Authority dba Northeast Ohio Regional Airport, Ashtabula County, (the Airport) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Airport is directed by a nine member Board, appointed by the County commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. Since the Airport imposes a financial burden on the County, the Airport is reflected as a component unit of Ashtabula County. The Airport has a December 31 year end.

B. Reporting Entity

The Airport has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, and as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Airport are not misleading. The primary government consists of all departments, boards and agencies that are not legally separate from the Airport.

Component units are legally separate organizations for which a primary government is financially accountable. The Airport is financially accountable for an organization if the primary government appoints a voting majority of the organization's governing board and (1) the Airport is able to significantly influence the programs or services performed or provided by the organization; or (2) the Airport is legally entitled to or can otherwise access the organization's resources; or (3) the Airport is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (4) the Airport is obligated for the debt of the organization. Under the criteria specified in Statement No. 14, the Airport has no component units. Accordingly, the accompanying financial statements include only the accounts and transactions of the Airport. The Airport is, however, considered to be a component unit of Ashtabula County (“the County”) by virtue of the fact the Airport’s Board of Trustees is appointed by the County and the Airport imposes a financial burden on the County. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Airport is not financially accountable for any other organization.

Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources are generally applicable to the primary government. The more significant of the Airport’s accounting policies are described below.

A. Basis of Presentation

The Airport reports its operations as a single enterprise fund. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or 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.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by measurement focus. Proprietary accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Airport finances and meets the cash flow needs of its enterprise activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled service charges are recognized as revenue at year end.

Non-exchange transactions, in which the Airport receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Airport must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the airport on a reimbursement basis.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before eligibility requirements are met are also recorded as a deferred inflow of resources. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Airport, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 6 and 7.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Airport, deferred inflows of resources were reported for pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position (see Notes 6 and 7).

C. Cash and Cash Equivalents

The Airport maintains interest bearing depository accounts. All funds of the Airport are maintained in these accounts. These interest bearing depository accounts are presented in the statement of net position as "Cash and Cash Equivalents". The Airport has no investments.

The Airport has a segregated bank account for money held separate from the Airport's central bank accounts for donations related to the terminal building project. This account is presented as "Cash and Cash Equivalents: Segregated Accounts" since it is not required to be deposited into the Airport treasury.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general operating fund during 2022 amounted to $233.

D. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

E. Fuel Inventory

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when sold or used.

F. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Airport maintains a capitalization threshold of five thousand dollars.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation in the enterprise fund is computed using the straight-line basis over the following estimated useful lives:

Estimated Lives	Description
25 - 40 years	Buildings and Improvements
25 - 40 years	Improvements other than Buildings
5 - 10 years	Vehicles
3 - 20 years	Furniture and Equipment

G. Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for debt service represents monies set aside for the repayment of debt.

The Airport applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the Airport, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Airport. Revenues and expenses which do not meet these definitions are reported as non-operating.

I. 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, and pension 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 systems. 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 systems report investments at fair value.

J. Estimates

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

Note 3 – Change in Accounting Principles

For the year 2022, the Airport has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases”, GASB Implementation Guide 2020-1, “*Implementation Guide Update – 2020*”, GASB Statement No. 91 “Conduit Debt Obligations”, and GASB Statement No. 92, “Omnibus 2020”.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use an underlying asset. The changes were incorporated into the Airport’s financial statements and had no effect on the beginning net position of the Airport.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Airport.

GASB Statement No. 91 requires recognition of certain conduit debt obligations of the issuer if they extend additional commitments or voluntary commitments to support the debt service in the event that the third party is, or will be, unable to do so. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Airport.

GASB Statement No. 92 aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Airport.

Note 4 – Deposits and Investments

State statutes classify monies held by the Airport into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Interim monies held by the Airport can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All

federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in securities listed above;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;

7. The State Treasurer's investment pool (STAR Ohio);

8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Airport, and must be purchased with the exception that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At year-end, the Airport had $7,361 in un-deposited cash on hand which is included on the financial statements of the Airport as part of "Cash and Cash Equivalents."

Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all Airport deposits not including cash on hand was $73,834 and the bank balance of all Airport deposits was $162,851. All of the bank balance was covered by Federal Deposit Insurance Corporation (FDIC) and none was potentially exposed to custodial credit risk as discussed below.

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 possession of an outside party. The Airport has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be 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 rate set by the Treasurer of State. For 2022, the Airport's financial institutions participated in OPCS.

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Airport to successful claim by the FDIC.

Note 5 – Long-Term Obligations

During 2005, the Airport issued revenue bonds where the government income derived from the constructed assets will be used to retire the debt. The interest rate on the revenue bonds is 4.125 percent and they are scheduled to mature in 2035. Changes in the long-term obligations during 2022 were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amount Due In One Year
Business-Type Activities					
Revenue Bonds	$948,078	$0	$165,414	$782,664	$48,600
Net Pension Liability	125,866	0	58,090	67,776	0
Net OPEB Liability (Asset)	(15,624)	(14,445)	0	(30,069)	0
Total Business-Type Activities	$ 1,058,320	$ (14,445)	$ 223,504	$ 820,371	$ 48,600

The Airport pays obligations related to employee compensation from the enterprise fund.

**The annual scheduled payments to retire this debt are as follows:

	2005 Revenue Bonds		
Year	Principal	Interest	Total
2023	$48,600	$33,594	$82,194
2024	50,600	31,589	82,189
2025	52,700	29,502	82,202
2026	54,800	27,328	82,128
2027	57,100	25,068	82,168
2028-2032	323,000	87,982	410,982
2033-2036	195,864	44,470	240,334
Total	$782,664	$279,533	$1,062,197

** On May 12, 2022, the Airport was notified by email from the USDA Rural Development that a payment of $332,090 would be required to bring current the USDA Revenue Bond obligation. By conference call on May 13, 2022, the Airport was informed that without payment, the Airport would remain on the federal "Do Not Pay" list, which would preclude the funding of a FAA grant of $440,000 for the Rehabilitation of Taxiway A issued in 2021. The Airport Board of Trustees met on May 13, 2022. At that meeting, the Airport accepted a charitable equities donation from a donor to fund the payment of the obligation and authorized a payment to the USDA in the amount of $332,090. Airport management intends to remit payment to the USDA as required by the terms and conditions of the revenue bond documents.

Note 6 - Defined Benefit Pension Plan

Net Pension Liability

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

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

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

The Airport's share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

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. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – The Airport participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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. While members of the Airport may elect the member-directed plan and the combined plan, substantially all employees are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the member directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitation), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
2021 Actual Contribution Rates	
Employer:	
Pension **	14.0%
Post-Employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

*Member contributions within combined plan are not used to fund the defined benefit retirement allowance.

**These pension and employer health care rates are for the traditional & combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Airport's contractual required contribution was $24,213 for 2022.

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

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

	OPERS
Proportion of the Net Pension Liability Prior Measurement Date	0.00085000%
Proportion of the Net Pension Liability Current Measurement Date	0.00077900%
Change in Proportionate Share	-0.00007100%
Proportionate Share of the Net Pension Liability	$67,776
Pension Expense	($10,374)

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$3,455
Change of Assumptions	8,476
Airport contributions subsequent to the measurement date	24,213
Total Deferred Outflows of Resources	$36,144
Deferred Inflows of Resources	
Differences between expected and actual experience	$1,487
Net difference between projected and actual earnings on pension plan investments	80,619
Change in proportionate share and difference between Airport contributions and proportionate share of contributions	9,688
Total Deferred Inflows of Resources	$91,794

$24,213 reported as deferred outflows of resources related to pension resulting from Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2023	($18,694)
2024	(29,388)
2025	(18,956)
2026	(12,825)
Total	($79,863)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	2.75 Percent
Future Salary Increases, Including Inflation	2.75 Percent to 10.75 Percent
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3 Percent Simple; Post 1/7/2013 retirees: 3 Percent Simple through 2022, then 2.05 Percent Simple
Current Measurement Period - Investment Rate of Return	6.90 Percent
Actuarial Cost Method	Individual Entry Age

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

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Airport's Proportionate Share of the Net Pension Liability (Asset)	$178,695	$67,776	($24,523)

Note 7 – Defined Benefit Other Postemployment Benefits (OPEB) Plan

Net OPEB Liability (Asset)

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

The net OPEB liability (asset) reported on the statement of net position represents a liability (asset) 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 is 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 already have occurred.

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

The Airport's share of each plan's unfunded benefits is presented as a long-term *net other postemployment benefit liability (asset)* on the accrual basis of accounting.

Ohio Revised Code limits the Airport's obligation for liabilities to OPERS to annual required payments. The Airport cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plans are financed; however, the Airport does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability (asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits but does not require the cost-sharing, multiple-employer retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description—Ohio Public Employees Retirement System (OPERS)

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 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 OPEB as described in GASB Statement No. 75. See OPERS' ACFR referenced below for additional information.

The ORC 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 ORC.

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 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 Systems' 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 2022, local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by 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. The portion of Traditional Pension and Combined Plans' employer contributions allocated to health care was zero in 2022. 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 2022 was 4.0 percent.

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

The net OPEB liability (asset) for OPERS was measured as of December 31, 2021 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021 by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Airport's proportion of the net OPEB liability (asset) was based on the Airport's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.00087700%
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.00096000%
Change in Proportionate Share	0.00008300%
Proportionate Share of the Net OPEB Liability (Asset)	($30,069)
OPEB Expense	($18,623)

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

	OPERS
Deferred Outflows of Resources	
Change in proportionate share and difference between Airport contributions and proportionate share of contributions	$511
Total Deferred Outflows of Resources	$511
Deferred Inflows of Resources	
Differences between expected and actual experience	$4,561
Net difference between projected and actual earnings on pension plan investments	14,337
Change of Assumptions	12,171
Change in proportionate share and difference between Airport contributions and proportionate share of contributions	1,369
Total Deferred Inflows of Resources	$32,438

No amount was reported as deferred outflows of resources related to OPEB resulting from Airport contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2023	($20,248)
2024	(6,488)
2025	(3,134)
2026	(2,057)
Total	($31,927)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Key Methods and Assumptions used in Valuation of the Total OPEB Liability (asset):

Wage Inflation	2.75 Percent
Projected Salary Increases	2.75 - 10.75 Percent (includes wage inflation)
Single Discount Rate:	
Current Measurement Period	6.00 Percent
Prior Measurement Period	6.00 Percent
Investment Rate of Return	6.00 Percent
Municipal Bond Rate:	
Current Measurement Period	1.84 Percent
Prior Measurement Period	2.00 Percent
Health Care Cost Trend Rate:	
Current Measurement Period	5.50 Percent initial, 3.50 Percent ultimate in 2034
Prior Measurement Period	8.50 Percent initial, 3.50 Percent ultimate in 2035

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

A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The 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 benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
REIT's	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
Total	100.00 %	3.45 %

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

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 2.00 percent. 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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the project period through which projected health care payments are fully funded.

Sensitivity of the Airport's Proportionate Share of the Net OPEB Liability (asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability (asset) calculated using the single discount rate of 6.0 percent and the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0 percent lower (5.0 percent) or 1.0 percent higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Airport's Proportionate Share of the Net OPEB Liability (Asset)	($17,683)	($30,069)	($40,349)

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. 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 the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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

	1% Decrease	Current Health Care Trend Rate	1% Increase
Airport's Proportionate Share of the Net OPEB Liability (Asset)	($30,394)	($30,069)	($29,863)

Note 8 – Other Employee Benefits

A. Sick and Personal Absence Days

Full time employees are eligible for one paid personal absence day annually which can be used for personal business. Employees are also eligible for five paid sick days, which can be used for illness or sickness. Employment anniversary dates are used in establishing eligibility. The banked liability has no value for time off or for payment of unused days upon termination. Therefore, there was no liability for accrued but unused personal or sick days as of December 31, 2022.

B. Vacation

Full time employees are eligible for paid vacation time depending upon length of service. Vacation time may not be carried over to the following year unless, prior written approval from the Board is granted. Eligible employees will not be paid for any earned but unused vacation upon termination. Therefore, there was no liability for accrued but unused vacation days as of December 31, 2022.

Note 9 - Capital Assets

A summary of the Airport's capital assets at December 31, 2022 follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Capital Assets, not being depreciated:				
Land	$693,478	$0	$0	$693,478
Capital Assets, being depreciated:				
Buildings and Improvements	2,947,787	0	0	2,947,787
Improvements other than Buildings	13,701,184	0	0	13,701,184
Vehicles	764,207	22,800	0	787,007
Furniture and Equipment	522,353	4,819	0	527,172
Total Capital Assets, being depreciated:	17,935,531	27,619	0	17,963,150
Less Accumulated Depreciation:				
Buildings and Improvements	(1,000,318)	(75,508)	0	(1,075,826)
Improvements other than Buildings	(2,499,229)	(363,427)	0	(2,862,656)
Vehicles	(560,444)	(26,436)	0	(586,880)
Furniture and Equipment	(231,174)	(39,268)	0	(270,442)
Total Accumulated Depreciation	(4,291,165)	(504,639)	0	(4,795,804)
Total Capital Assets being depreciated, net	13,644,366	(477,020)	0	13,167,346
Total Capital Assets, Net	$14,337,844	($477,020)	$0	$13,860,824

Note 10 - Risk Management

Commercial Insurance

The Airport has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 11 – Contingent Liabilities

The Airport receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits may require refunding to grantor agencies. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements included herein or on the overall financial position of the Airport as of December 31, 2022.

GASB Statement No. 83 *"Certain Asset Retirement Obligations"* establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts. The Airport has one underground fuel storage tank. Due to the lack of specific legal requirements for retiring the storage tank, the Airport has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

Note 12 – Contributions and Donations

The Airport receives significant contributions and donations which help it to operate. During 2022, the Airport received $350,000 from the County and $737,036 from donations.

Note 13 – Covid-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Airport did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Airport. The impact on the Airport's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Required Supplementary Information
Schedule of Airport's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Nine Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Airport's Proportion of the Net Pension Liability	0.00077900%	0.00085000%	0.00098300%	0.00070600%	0.00114500%	0.00078000%	0.00087300%	0.00076300%	0.00076300%
Airport's Proportionate Share of the Net Pension Liability	$67,776	$125,866	$194,297	$193,359	$179,628	$177,125	$151,215	$92,026	$89,948
Airport's Covered Payroll	$149,942	$140,014	$129,757	$105,116	$151,358	$105,925	$105,460	$97,692	$77,643
Airport's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	45.20%	89.90%	149.74%	183.95%	118.68%	167.22%	143.39%	94.20%	115.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the Airport's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Required Supplementary Information
Schedule of Airport's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)
Last Six Years (1)

	2022	2021	2020	2019	2018	2017
Airport's Proportion of the Net OPEB Liability (Asset)	0.00096000%	0.00087700%	0.00091500%	0.00065800%	0.00107000%	0.00073000%
Airport's Proportionate Share of the Net OPEB Liability (Asset)	($30,069)	($15,624)	$126,385	$85,788	$116,194	$73,732
Airport's Covered Payroll	$149,942	$140,014	$129,757	$105,116	$151,358	$105,925
Airport's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.05%	-11.16%	97.40%	81.61%	76.77%	69.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.

Amounts presented as of the Airport's measurement date which is the prior year end.

See accompanying notes to the required supplementary information.

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Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Required Supplementary Information
Schedule of Airport Pension Contributions
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Ten Years

	2022	2021	2020	2019
Contractually Required Pension Contribution	$24,213	$20,992	$19,602	$18,166
Pension Contributions in Relation to the Contractually Required Contribution	($24,213)	($20,992)	($19,602)	($18,166)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Airport Covered Payroll	$172,950	$149,942	$140,014	$129,757
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information and amounts presented in Note 6.

2018	2017	2016	2015	2014	2013
$14,542	$19,928	$12,105	$12,656	$11,723	$10,094
($14,542)	($19,928)	($12,105)	($12,656)	($11,723)	($10,094)
$0	$0	$0	$0	$0	$0
$105,116	$151,358	$105,925	$105,460	$97,692	$77,643
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

Ashtabula County Airport Authority dba Northeast Ohio Regional Airport
Ashtabula County, Ohio

Required Supplementary Information
Schedule of Airport OPEB Contributions
Ohio Public Employees Retirement System (OPERS)
Last Ten Years

	2022	2021	2020	2019
Contractually Required OPEB Contribution	$0	$0	$0	$0
OPEB Contributions in Relation to the Contractually Required Contribution	$0	$0	$0	$0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Airport Covered Payroll	$172,950	$149,942	$140,014	$129,757
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information and amounts presented in Note 7.

2018	2017	2016	2015	2014	2013
$0	$1,684	$2,017	$2,109	$1,954	$776
$0	($1,684)	($2,017)	($2,109)	($1,954)	($776)
$0	$0	$0	$0	$0	$0
$105,116	$151,358	$105,925	$105,460	$97,692	$77,643
0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

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Net Pension Liability

Changes in Actuarial Assumptions and Methods - OPERS

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 7.2% to 6.9%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.5% to 7.2%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2016-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in Benefit Terms - OPERS

2022-2014: There were no changes in the benefit terms for the period.

Net OPEB Liability (Asset)

Changes in Actuarial Assumptions and Methods – OPERS

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.5% to 5.5%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future from 7.5% to 10%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.5% to 8.5%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:
- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.0% to 10.5%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: 70
- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.5% to 6.0%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.5% to 10%.

2018: The single discount rate changed from 4.23% to 3.85%

Changes in Benefit Terms - OPERS

2022: Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

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

Ashtabula County Airport Authority DBA Northeast Ohio Regional Airport
Ashtabula County
P.O. Box 379
Jefferson, Ohio 44047

To the Board of Directors:

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 Ashtabula County Airport Authority DBA Northeast Ohio Regional Airport, Ashtabula County, (the Airport) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated August 29, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Airport's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2023

OHIO AUDITOR OF STATE
KEITH FABER

ASHTABULA COUNTY AIRPORT AUTHORITY DBA NORTHEAST OHIO REGIONAL AIRPORT

ASHTABULA 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 9/12/2023

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