SYRACUSE REGIONAL AIRPORT AUTHORITY

(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report

Board Members
Syracuse Regional Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities of the Syracuse Regional Airport Authority (the Authority), a public benefit corporation of the State of New York and a discretely presented component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2013, which collectively comprise the basic financial statements of the Syracuse Regional Airport Authority as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves preforming procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the Syracuse Regional Airport Authority, as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 to the financial statements, the Syracuse Regional Airport Authority changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, in 2012. The new pronouncements provide for the separate classification for deferred outflows of resources and deferred inflows of resources.

It also amends the net asset reporting provisions of GASB Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the residual measure and by renaming that measure as net position, rather than net assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that items such as management's discussion and analysis on pages 4 through 5 be presented to supplement the basic financial statements. Such information, 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 evidence sufficient 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 November 6, 2013, on our consideration of the Syracuse Regional Airport Authority internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

D'Arcangelo + Co., LLP

November 6, 2013

Syracuse, New York

D'Arcangelo & Co., LLP
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Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board Members
Syracuse Regional Airport Authority

We have audited the accompanying financial statements of the business type activities of the Syracuse Regional Airport Authority (a public benefit corporation of the State of New York and a discretely presented component unit of the City of Syracuse, New York), as of and for the year ended June 30, 2013, which collectively comprise the Syracuse Regional Airport Authority's basic financial statements and have issued our report thereon dated November 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Syracuse Regional Airport Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Syracuse Regional Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syracuse Regional Airport Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Syracuse Regional Airport Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

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. There were no identified deficiencies considered to be significant deficiencies

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Syracuse Regional Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and gra nt agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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.

This report is intended solely for the information and use of management, Board Members, and the New York State Oversight Agencies and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

November 6, 2013

Syracuse, New York

The following is a discussion and analysis of the Syracuse Regional Airport Authority (the Authority) financial performance for the year ended June 30, 2013. This section is a summary of the Authority's financial activities based on currently known facts, decisions and conditions. This section is only an introduction and should be read in conjunction with the Authority's financial statements, which immediately follow this section.

1. INTRODUCTION

The Syracuse Regional Airport Authority ("the Authority"), a public benefit corporation, is established to provide the necessary tools and support to Syracuse Hancock International Airport to maintain and operate the facilities in a safe, secure and efficient manner. The Authority is committed to promoting the growth and success of the Syracuse Hancock International Airport by overseeing fiscal responsibility, regional marketing, and job creation in the aviation industry, and those industries that support aviation. The Authority was organized under the Public Authorities Law of the State of New York on August 17, 2011.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which requires that transactions be recorded when they occur, not when its related cash receipt or disbursement occurs.

The Statement of Net Position depicts the Authority's financial position as June 30, the end of the Authority's fiscal year. The statements present all the financial assets and liabilities of the Authority. Net Position represents the Authority's assets after liabilities are deducted.

The Statements of Revenues, Expenses and Changes in Net Position report operating revenues and expenses, nonoperating revenues and expenses, capital contributions and the changes in net assets for the year ended June 30, 2013. The change in net position combined with the previous year's net asset total, reconciles to the net asset total for the reporting period.

The Statements of Cash Flows report cash activities for the year resulting from operating activities, investing activities, and capital and related financing activities. The net result of these activities, added to the beginning of the year cash balance, reconciles to the total balance at the end of the year.

3. SUMMARY OF FINANCIAL HIGHLIGHTS

The Statement of Net Position depicts the Authority's financial position as of a point in time-June 30-and includes all assets and liabilities of the Authority. Net position represents the residual interest in the Authority's assets after deducting liabilities. The Authority's assets exceeded liabilities by $93,598. Unrestricted net position of $93,598 may be used to meet the Authority's obligations.

4. FACTORS BEARING ON THE AUTHORITY'S FUTURE

The Syracuse Regional Airport Authority (Authority) is currently in the process of submitting a joint application to the Federal Aviation Administration (FAA), along with the City of Syracuse (City), to transfer the Federal Aviation Regulation Part 139 Operating Certificate from the City to the Authority. Attached to the application will be several exhibits, including a Lease Agreement, Services Agreement, Assignment and Assumption Agreement, and narratives regarding the Airport's bond amounts, obligation and indentures, and the enterprise fund. The FAA is aware of the pending application, has reviewed the three agreements, and provided written comments to the agreements, which have been incorporated. The three agreements were approved by the Authority on July 12, 2013, and now await approval by the Syracuse Common Council. Once the agreements are approved by the Common Council, the entire application will be submitted to the FAA for review with a request to issue the operating certificate and make the transfer on January 1, 2014.

During the interim period, the Authority will hire a management team (transferred from the City of Syracuse) and continue to work on a management plan, and establishment of policies, procedures, and the internal control system the Authority will need to have in place in order to assume control of the airport on the date the operating certificate is transferred.

5. CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commissioner of Aviation at 1000 Colonel Eileen Collins Blvd, Syracuse, NY 13212.

SYRACUSE REGIONAL AIRPORT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2013

ASSETS	
Cash and Cash Equivalents	$ 93,598
Total Assets	$ 93,598
LIABILITIES	0
NET POSITION	
Unrestricted	93,598
Total Net Position	93,598
TOTAL LIABILITIES AND NET POSITION	$ 93,598

The Accompanying Notes are an Integral Part of These Finanicial Statements

SYRACUSE REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2013

OPERATING REVENUES	
Appropriation from Airport Enterprise Fund	$ 2,997,500
Miscellaneous Revenue	31
	$ 2,997,531
OPERATING EXPENSES	
PILOT Payments	420,000
Professional Services	2,491,695
Miscellaneous	395
Total Operating Expenses	2,912,090
Change in Net Position	85,441
Net Position, Beginning of Year	8,157
Net Position, End of Year	$ 93,598

The Accompanyin Notes are Integral Part of These Financial Statements

SYRACUSE REGIONAL AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

CASH FLOW FROM OPERATING ACTIVITIES	
Cash Payments to Suppliers	$ (2,492,090)
Cash Payments for PILOT Agreements	(420,000)
Cash Payments from Airport Enterprise Fund	2,997,500
Cash Payments from Customers	31
Net Cash Flows from Operating Activities	85,441
CHANGE IN CASH AND CASH EQUIVALENTS	85,441
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,157
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 93,598

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	
Operating Income	$ 84,441
Net Cash Flows from Operating Activities	$ 84,441

The Accompanying Notes are an Integral Part of These Financial Statements.

1. ORGANIZATION

The Syracuse Regional Airport Authority ("the Authority"), a public benefit corporation, is established to provide the necessary tools and support to Syracuse Hancock International Airport to maintain and operate the facilities in a safe, secure and efficient manner. The Authority is committed to promoting the growth and success of the Syracuse Hancock International Airport by overseeing fiscal responsibility, regional marketing, and job creation in the aviation industry, and those industries that support aviation. The Authority was organized under the Public Authorities Law of the State of New York on August 17, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are prepared in accordance with GAAP as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 (b) where the governing body has 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.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State Public Authority Law governs the Authority's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

Net Position Classifications

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Authority.

The Authority only had Unrestricted Net Position for the year ended June 30, 2013.

New Accounting Standard

The Authority changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2012. The new pronouncements provide for the separate classification for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting provisions of GASB Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the residual measure and by renaming that measure as net position, rather than net assets.

Income Taxes

The Authority is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

3. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. While the Authority does not have a specific policy for custodial credit risk, New York State statutes govern the Authority's investment policies, as discussed previously in these notes. The Authority's aggregate bank balances (disclosed in the financial statements), were fully collateralized by depository insurance.

4. RISK MANAGEMENT

Potential Grantor Liability

The Authority is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties.

5. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the Statement of Net Assets through the date of November 6, 2013, which is the date the financial statements were available to be issued.

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Required Communication with Those Charged with Governance

To the Board Members
Syracuse Regional Airport Authority

We have audited the accompanying financial statements of the business type activities of the Syracuse Regional Airport Authority (the Authority), a public benefit corporation of the State of New York and a discretely presented component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 25, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Syracuse Regional Airport Authority are described in Note 2 to the financial statements.. As described in Note 2 to the financial statements, the Syracuse Regional Airport Authority changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the auditors of the Syracuse Regional Airport Authority. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of management, Board Members, and the New York State Oversight Agencies and is not intended to be and should not be used by anyone other than these specified parties

D'Arcangelo + Co., LLP

November 6, 2013

Syracuse, New York

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2013

Accounting System

Finding

During the audit it was noted that the Authority does not maintain an accounting system. An accounting system should be designed to provide management with accurate and timely financial information.

Recommendation

We recommend the Authority consider creating an accounting system that will facilitate the production of accurate financial information and related preparation of financial statements, provide for accountability of assets, and the maintenance of an accurate historical record of operations.