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, 2019

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

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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, 2019, and the related notes to the financial statements, 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 an opinion 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 from material misstatement.

An audit involves performing 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 opinions.

Opinions

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, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 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 October 24, 2019, on our consideration of the Syracuse Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Syracuse Regional Airport Authority'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 Syracuse Regional Airport Authority's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 24, 2019

Syracuse, New York

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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, 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, the financial statements of the business-type activities of the Syracuse Regional Airport Authority (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Syracuse Regional Airport Authority's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Syracuse Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Syracuse Regional Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Syracuse Regional Airport Authority'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 Syracuse Regional Airport Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2015-001 and 2019-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grant 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.*

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 Syracuse Regional Airport Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 24, 2019

Syracuse, New York

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Independent Accountant's Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law

Board Members
Syracuse Regional Airport Authority

We have examined Syracuse Regional Airport Authority's (the Authority) compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended June 30, 2019. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2019.

This report is intended solely for the information and use of management, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

D'Arcangelo + Co., LLP

October 24, 2019

Syracuse, New York

A. Material Weakness

None

B. Significant Deficiency

2019-001 Federal Uniform Guidance Policies and Procedures

Condition: The Authority currently has effective procedural controls in place over the management of Federal awards as concluded through the testing of grant expenditures. However, key changes under the Uniform Guidance expanded the rules regarding the documentation of internal controls over Federal Awards to require that they be documented in writing in the Authority's policies and that management should evaluate and document the results of ongoing monitoring to identify internal control issues. The written internal controls should specifically address each of the applicable twelve (12) compliance requirements of the Federal award programs.

Criteria: On December 26, 2014 the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, more commonly referred to as the "Uniform Guidance," became effective for all Federal awards, whether the funds are provided directly from a Federal agency or passed-through another state or local agency.

Cause: Unknown.

Effect or Potential Effect: The Authority is more at risk of noncompliance with Federal Grant regulations related to Uniform Administrative Requirements by not having a fully effective procedural controls in place. On May 17, 2017, the Office of Management and Budget extended the implementation date for the procurement standards for nonfederal entities and is now effective for the grant year ended December 31, 2018.

Recommendation: The Authority should document policies and procedures in accordance with the new Uniform Guidance. This should include monitoring procedures to ensure that internal controls over compliance are working effectively.

Response: The Authority is in agreement with this recommendation and will implement new policies and procedures to comply with the new Uniform Guidance requirements.

A. Material Weakness

None

B. Significant Deficiency [2015-001]

Year End Closing Procedures

Condition: In the prior year we noted that various client journal entries were identified and recorded after our year-end audit procedures commenced. In the current year we noted that the final reconciliation of rates and charges and the reconciliation between the Authority and the City of Syracuse were completed after our audit of substantive fieldwork was performed.

Cause: The timing of the annual audit of the City of Syracuse and the reconciliation of rates and charges were such that it prevented the audit from being completed in a timely manner.

Criteria: An effective and efficient audit requires management to obtain information to reconcile the accounting records on a timely basis.

Effect: Information that is not obtained on a timely basis results in delays in information that may be critical in making management decisions. In addition, requirements to report compliance information is delayed.

Recommendation: We recommend that policies and procedures be implemented to address those factors that prevent the timeliness of information to adjust the final accounting records.

***Response*:** The Authority is in agreement with this recommendation.

Status: Although management has shown improvement with the timeliness of recording year end journal entries, the Authorities Budget Office requires annual audited financial statements to be submitted no later than 90 days after the Authority's fiscal year end.

The following is a discussion and analysis of the Syracuse Regional Airport Authority (the Authority)'s financial performance for the years ended June 30, 2019 and 2018. 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 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 (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 (GAAP) 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 Authority meets the criteria set forth in GAAP as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Syracuse, New York (City)'s basic financial statements based on the City's responsibility for the appointment of the Authority members. As such, the Authority is included in the City's basic financial statements.

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

The Statements of Revenues, Expenses and Change in Net Position report operating revenues and expenses, non-operating revenues and expenses and the change in net position for the years ended June 30, 2019 and 2018. The change in Net Position combined with the previous year's net asset total, reconciles to the net position 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

Key financial highlights for fiscal years 2019 and 2018 are as follows:

- The Authority's Net Position decreased by $40,327,906 for the year ended June 30, 2019 and increased by $30,156,549 for the year ended June 30, 2018. This decrease is mainly due to the construction in progress transferred to the City of Syracuse for substantially completed capital projects.

- The Authority had a net operating loss of $2,468,363 for the year ended June 30, 2019 and a net operating gain of $1,320,593 for the year ended June 30, 2018.

4. FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

The Authority's total Net Position decreased by $40,327,906 between fiscal year 2018 and 2019. A summary of the Authority's Statements of Net Position at June 30, 2019 and 2018 is as follows:

Table A-1 Condensed Statement of Net Position

	2019	2018	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 32,702,822	$ 34,677,688	$ (1,974,866)	(5.7%)
Non-Current Assets	23,904,370	37,679,169	(13,774,799)	(36.6%)
Capital Assets, Net of Accumulated Depreciation	11,947,166	40,502,474	(28,555,308)	(70.5%)
Total Assets	68,554,358	112,859,331	(44,304,973)	(39.3%)
Deferred Outflows of Resources	2,719,115	439,132	2,279,983	519.2%
Total Assets and Deferred Outflows	$ 71,273,473	$ 113,298,463	$ (42,024,990)	(37.1%)
Current Liabilities and other	$ 8,869,664	$ 32,695,375	$ (23,825,711)	(72.9%)
Non-Current Liabilities	24,483,244	2,274,165	22,209,079	976.6%
Total Liabilities	33,352,908	34,969,540	(1,616,632)	(4.6%)
Deferred Inflows of Resources	318,077	398,529	(80,452)	(20.2%)
Total Liabilities and Deferred Inflows	33,670,985	35,368,069	(1,697,084)	(4.8%)
Net Position				
Net Investment in Capital Assets	(3,809,834)	28,752,474	(32,562,308)	(113.3%)
Restricted	23,904,370	37,679,169	(13,774,799)	(36.6%)
Unrestricted (Deficit)	17,507,952	11,498,751	6,009,201	52.3%
Total Net Position	37,602,488	77,930,394	(40,327,906)	(51.7%)
Total Liabilities, Deferred inflows and Net Position	$ 71,273,473	$ 113,298,463	$ (42,024,990)	(37.1%)

Current and other assets decreased by $1,974,866 or 5.7% from June 30, 2018 to June 30, 2019. This decrease was mainly attributable to a decrease in the accounts receivable balance related to amounts due from New York State for ongoing construction projects.

Non-Current assets decreased by $13,774,799 or 36.6%. This decrease was primarily the result of transferring restricted cash into non restricted cash, due to the Line of Credit being paid off the amounts needed to be restricted by the terms of the line of credit was eliminated.

Capital assets, net, decreased by $28,555,308 from June 30, 2018 to June 30, 2019. This decrease is mainly due to an excess amount of construction in progress transferred to the City of Syracuse for completed projects and depreciation compared to current year costs for construction in progress relating to various projects during the year ended June 30, 2019.

Deferred outflows of resources increased by $2,279,983 or 519.2% from June 30, 2018 to June 30, 2019. The increase is related to an estimate provided by the New York State Employees' Retirement System for post-retirement benefits as well as amounts for OPEB related to GASB 75.

Current and Other Liabilities decreased by $23,825,711 or 72.9% from June 30, 2018 to June 30, 2019. The majority of the decrease is due to the construction project payables existing at June 30, 2018 that exceeded the amount recorded at June 30, 2019. The Authority also obtained serial debt which paid off the existing line of credit decreasing the amount of current liabilities.

Non-current liabilities increased $22,209,079 or 976.6% from June 30, 2018 to June 30, 2019. This increase in attributed to an increase in the Other Post Employment Benefits liability amount of $6,177,105 and an increase in long term debt payable in the amount of $12,801,000.

Deferred inflows of resources decreased by $80,452 or 20.2% from June 30, 2018 to June 30, 2019. The decrease is related to an estimate provided by the New York State Employees' Retirement System for post-retirement benefits as well as the OPEB liability.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings, purchase vehicles, equipment and furniture to support the Authority's operations.

The restricted Net Position at June 30, 2019 and 2018 was $23,904,370 and $37,679,169, respectively, which represents the amount of the Authority's restricted cash balances.

The unrestricted Net Position (Deficit) at June 30, 2019 and 2018 was $1,750,952 and ($251,249), respectively.

Change in Net Position from Operating Activities

The results of this year's operations as a whole are reported in the Statements of Revenues, Expenses, and Change in Net Position in the accompanying financial statements. A summary of this statement for the year ended June 30, 2019 and 2018 is as follows.

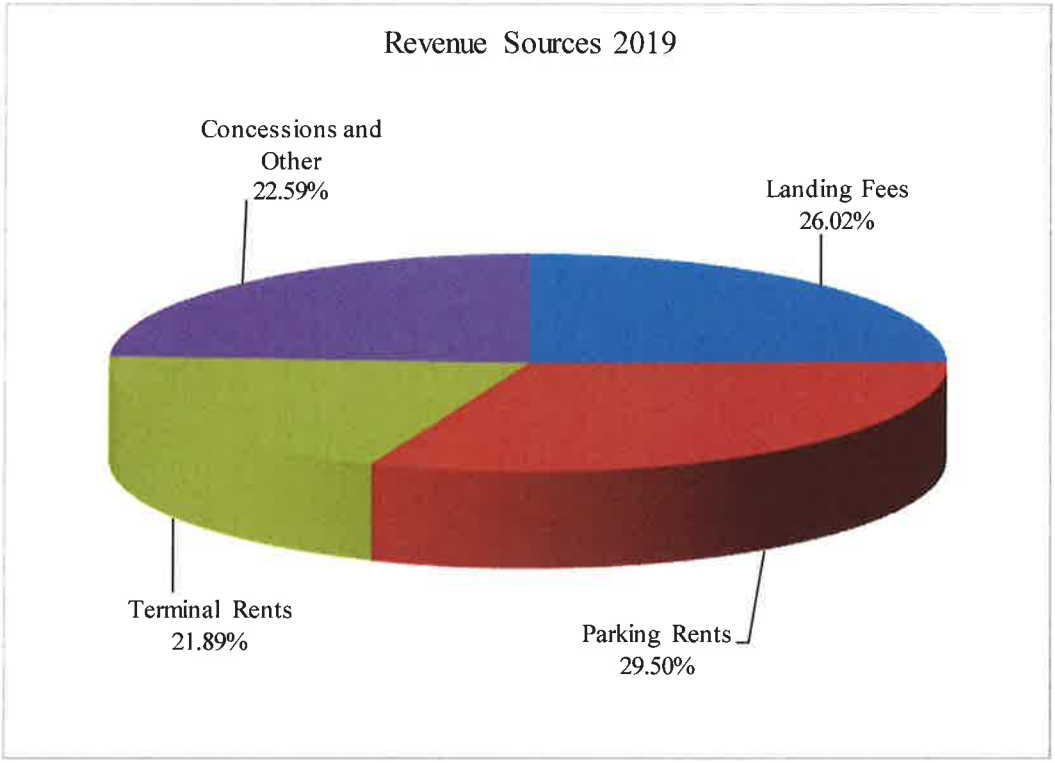
Table A-2 Condensed Changes in Net Position from Operating Results

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Operating Revenues				
Landing Fees	$ 8,058,979	$ 8,126,349	$ (67,370)	(0.8%)
Parking Rents	10,241,767	8,997,117	1,244,650	13.8%
Terminal Rents	6,463,734	6,666,181	(202,447)	(3.0%)
Concessions and Other	7,840,690	7,076,275	764,415	10.8%
Total Revenues	$ 32,605,170	$ 30,865,922	$ 1,739,248	5.6%
Expenditures				
Operating Expenditures				
Cost of Service	$ 6,867,664	$ 6,416,243	$ 451,421	7.0%
Administration	13,639,952	7,912,039	5,727,913	72.4%
Aviation Fund Lease	3,336,250	3,464,050	(127,800)	(3.7%)
Aviation Fund Contractual	10,045,818	11,040,226	(994,408)	(9.0%)
Depreciation	1,183,844	712,771	471,073	66.1%
Total Expenditures	$ 35,073,528	$ 29,545,329	$ 5,528,199	18.7%
Net Operating Gain (Loss)	$ (2,468,358)	$ 1,320,593	$ (3,788,951)	

The Authority's operating revenues increased by $1,739,248 or 5.6% between the years ended June 30, 2018 and June 30, 2019. This increase was the result of an increase in parking rents and concession sales.

The Authority's operating expenses increased by $5,528,199 or 18.7% between the years ended June 30, 2018 and June 30, 2019. This was primarily due to an increase of $5,727,913 in administration expense due to increased staffing and the recording of the change in OPEB accrual.

Table A-3 **Operating Revenue for the Years Ended June 30, 2019 and 2018**



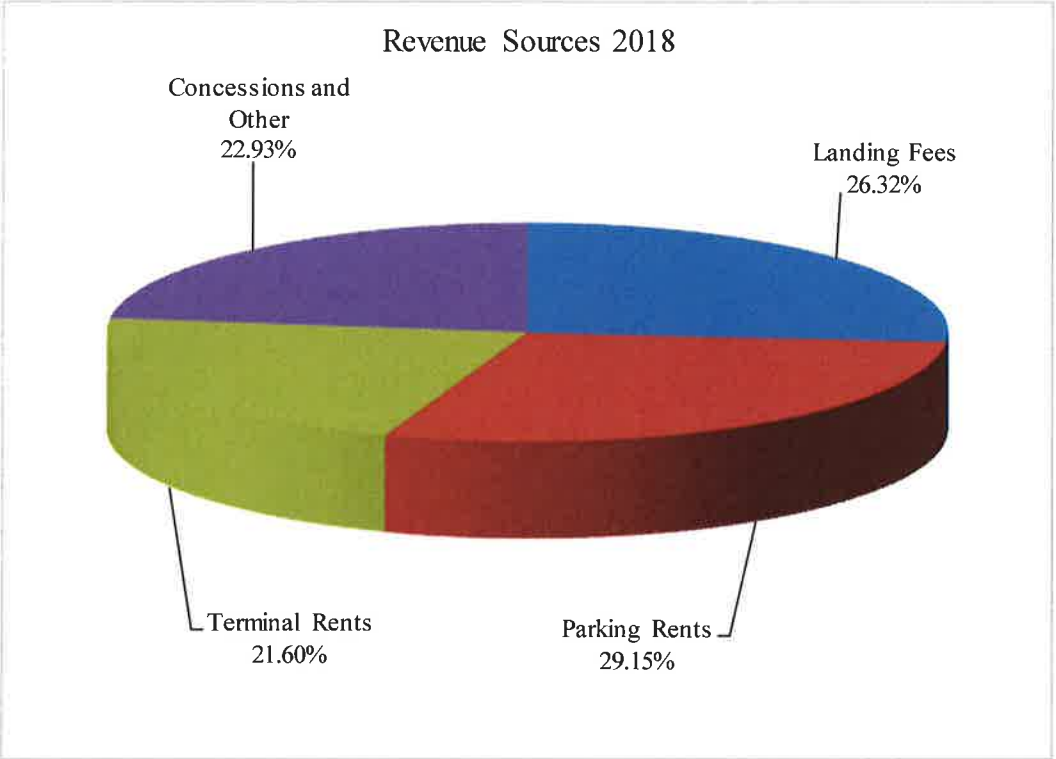
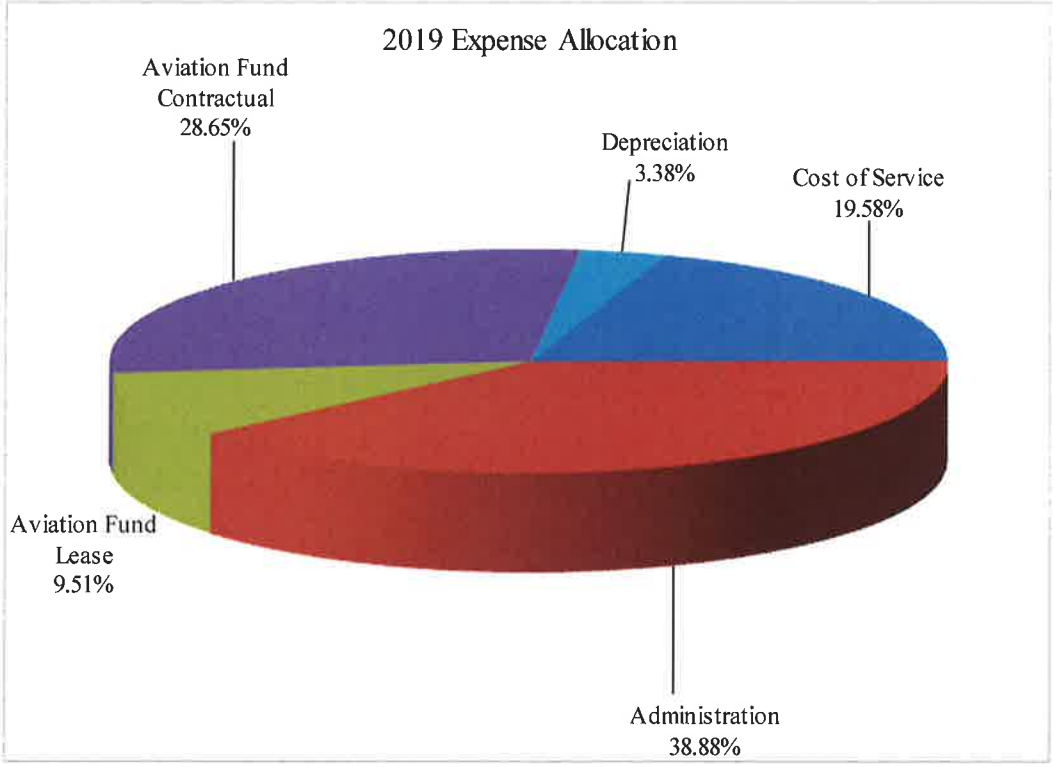
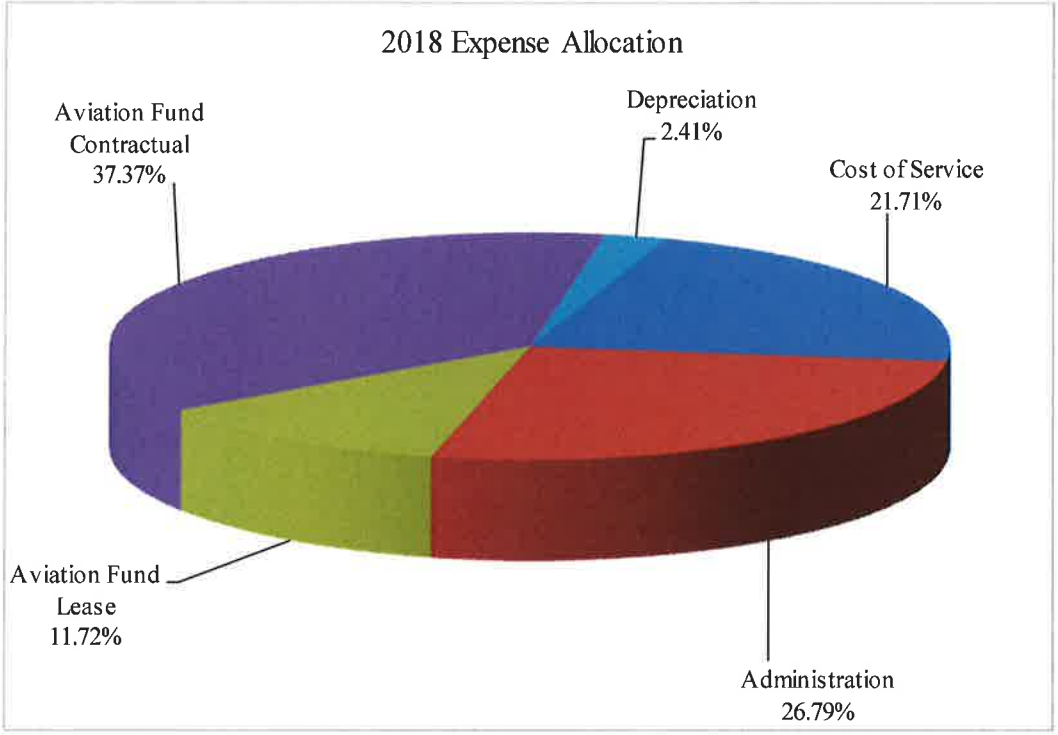


Table A-4 **Operating Expenditures for the Year Ended June 30, 2019 and 2018**





5. FACTORS BEARING ON THE AUTHORITY'S FUTURE

- General Economic Climate- Air travel can broadly be divided into business travel and leisure travel. Both of these depend, to varying degrees, on the strength of the economy. In a strong economy, travel tends to increase, which will result in an increase in revenue. In a weak economy, the reverse is true.

- Air Service Development- The Authority actively works to bring new airline service to Syracuse, both through adding new carriers and through existing airlines serving new destinations. To the extent it is successful, traffic through the Airport increases which increases revenue.

- Contract/Agreement Negotiations- The Authority will be negotiating several contracts and agreements over the next several years which will have an effect on the Airport's cost structure.

- Continued Transition from City to Authority- While the operating certificate for the airport has been transferred from the City of Syracuse to the Authority, it still remains the Authority's intent to transfer the bulk of the employees from the City to the Authority.

6. CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's citizens, customers, 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 Executive Director at 1000 Colonel Eileen Collins Blvd, Syracuse, NY 13212.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
STATEMENT OF NET POSITION
June 30, 2019

		2019
Assets		
Current Assets		
Cash	$	23,164,930
Accounts Receivable		9,262,470
Prepaid Expenses		275,422
Total Current Assets		32,702,822
Non-Current Assets		
Restricted Cash		23,904,370
Capital Assets, Net		11,947,166
Total Non-Current Assets		35,851,536
Deferred Outflows of Resources		
OPEB		2,363,112
Pensions		356,003
Total Deferred Outflows of Resources		2,719,115
Total Assets and Deferred Outflows of Resources	$	71,273,473
Liabilities		
Current Liabilities		
Accounts Payable	$	6,470,352
Accrued Liabilities		114,707
Retainage Payable		1,628,195
Due to City		558,598
Total Current Liabilities		8,771,852
Non-Current Liabilities		
Due Within a Year		
Grant Anticipation Note Payable		2,956,000
Due in More than a Year		
Grant Anticipation Note Payable		12,801,000
OPEB Liability		8,333,965
Compensated Absences		97,812
Net Pension Liability - Proportionate Share		392,279
Total Non-Current Liabilities		24,581,056
Deferred Inflows of Resources		
OPEB		144,974
Pensions		173,103
Total Deferred Inflows of Resources		318,077
Net Position		
Net Investment in Capital Assets		(3,809,834)
Restricted		23,904,370
Unrestricted		17,507,952
Total Net Position		37,602,488
Total Liabilities, Deferred Inflows of Resources and Net Position	$	71,273,473

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

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2019

	2019
Operating Revenues	
Landing Fees	$ 8,058,979
Parking Rents	10,241,767
Terminal Rents	6,463,734
Concession and Other	7,837,537
Miscellaneous (Losses)	3,153
Total Operating Revenue	32,605,170
Operating Expenses	
Cost of Service	6,867,669
Administration	13,639,952
City's Aviation Fund Lease	3,336,250
City's Aviation Fund Contractual Expenses	10,045,818
Total Operating Expense	33,889,689
Excess (Deficit) of Operating Revenues Over Expenses Before Depreciation	(1,284,519)
Depreciation	1,183,844
Gain (Loss) Before Non-Operating Income and Expenses	(2,468,363)
Non-Operating Income (Expense)	
Capital Grants	16,494,621
Capital Contribution Expense to City's Aviation Fund	(59,050,090)
Passenger Facility Charges	5,118,759
Interest Income	65,991
Interest Expense	(488,824)
Total Non-Operating Income (Expense)	(37,859,543)
Increase (Decrease) in Net Position	(40,327,906)
Net Position, Beginning of Year	77,930,394
Net Position, End of Year	$ 37,602,488

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

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

		2019
Cash Flows From (Used By) Operating Activities		
Cash Received From Providing Services	$	31,400,909
Cash Paid to Suppliers		(9,365,435)
Cash Paid to Employees		(3,153,069)
Net Cash Flows From (Used By) From Operating Activities		18,882,405
Cash Flows From Investing Activities		
Interest Received		65,991
Net Cash Flows From Investing Activities		65,991
Cash Flows From (Used By) Capital and Related Financing Activities		
Purchase of Capital Assets		(30,434,547)
Proceeds of Line of Credit		6,000,000
Payment of Line of Credit		(17,750,000)
Proceeds of Grant Anticipation Notes		15,757,000
Interest Paid		(488,824)
Capital Grants		3,596,284
Passenger Facility Charges		5,017,759
Net Cash Flows From (Used By) Capital and Related Financing Activities		(18,302,328)
Net Increase in Cash		646,068
Cash, Beginning of Year		46,423,232
Cash, End of Year	$	47,069,300
Reconciliation of Income Before Non-Operating to Net Cash Flows From (Used By) Operating Activities:		
Gain Before Non-Operating Income and Expenses	$	(2,468,363)
Adjustments to Reconcile Gain Before Non-Operating Income to Net Cash Flows From (Used By) Operating Activities:		
Depreciation		1,189,102
(Increase) Decrease in Assets:		
Accounts Receivable		16,416,131
Prepaid Expenses		(20,398)
Deferred Outflows - Pensions		66,265
Deferred Outflows - OPEB		(2,346,248)
Increase (Decrease) in Liabilities:		
Accounts Payable		(11,825,195)
Accrued Liabilities		86,742
Retainage Payable		(114,687)
Due To City		(212,280)
Line Of Credit		11,750,000
Compensated Absences		(10,291)
OPEB Liability		6,177,105
Pension Liability - Proportionate Share		274,974
Deferred Inflows - Pensions		(224,004)
Deferred Inflows - OPEB		143,552
Net Cash Flows From (Used By) Operating Activities	$	18,882,405

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

1. ORGANIZATION

The Syracuse Regional Airport Authority ("the Authority"), a public benefit corporation, was established to provide the necessary tools and support to Syracuse Hancock International Airport (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, 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.

The Authority meets the criteria set forth in Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Syracuse, New York "The City"'s basic financial statements based on the City's responsibility for the appointment of the Authority members. As such, the Authority is included in the City's basic financial statements. The accompanying financial statements present the financial position and the changes in Net Position and cash flows of the Authority only. The Authority is not involved in any joint ventures.

Transfer of Operations

On March 1, 2014, the City transferred responsibility for the operation of the Airport to the Authority, represented by agreements discussed below. The United States Department of Transportation Federal Aviation Administration approved this transfer effective March 1, 2014. The Authority, as operator of the Airport, shall have the sole right and responsibility to establish Airport policies and plans, adopt all Airport budgets, determine levels of operational service, and set fees, rates and charges.

The City signed a non-cancellable lease agreement (lease agreement) with the Authority which was effective March 1, 2014, for an initial period of forty (40) years, and renewals of the lease term are automatic for additional ten year terms. Per the lease agreement, the Authority will lease all premises that comprise the Airport, and will maintain, repair and operate the Airport, at its own cost and expense. All land acquired and improvements made by or on behalf of the Authority to the Airport during the term of the agreement shall be deemed property of the City, and title shall vest in the City upon acquisition or completion of the project in which improvements are made.

The Authority signed an assignment and assumption agreement with the City, effective March 1, 2014, transferring the City's responsibility of Airport operations to the Authority, including all outstanding grant agreements related to the Airport with the United States Department of Transportation, the Department of Homeland Security Transportation Security Administration and the Federal Aviation Administration Passenger Facility Charge Records of Decision. The City also transferred substantially all of the assets and liabilities of its Aviation Enterprise Fund to the Authority which included cash, receivables, equipment and personal property, and contractual liabilities payable by the City's Aviation Fund.

The Authority signed a services agreement with the City effective March 1, 2014, which allows the City to continue to perform services that have been rendered by employees of the City's Department of Aviation, most of whom are represented by a union for the purpose of collective bargaining, for an initial period of ten (10) fiscal years beginning June 30, 2014 and two (2) successive periods of five (5) fiscal years (July 1 to June 30). The services agreement also allows the City to continue to make certain expenditures that are necessary and appropriate for the operation of the Airport. The Authority recorded $10,045,818 and $11,040,226 for the years ending June 30, 2019 and 2018, respectively, in operating expenses as "City's Aviation Fund Contractual Expenses" related to this agreement.

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 (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.

Revenues from landing fees, parking rents, terminal rents, concessions and other similar revenue are reported as operating revenues. All expenses related to operating the Airport are reported as operating expenses. Passenger facility charges, federal and state grants and interest are reported as non-operating revenue. Interest expense is reported as non-operating expense, special and extraordinary items are reported separately after non-operating revenues and non-operating expenses.

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 the balance of Net Position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Authority.

Estimates

The preparation of financial statements in conformity with GAAP 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

The Authority's cash consists of demand deposits. 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.

Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends and current information regarding the credit worthiness of the tenants and others doing business with the Authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets consist of monies and other resources which are restricted legally as described below:

Capital Improvement Funds - These assets represent capital debt proceeds and grant funds that are restricted for designated capital projects and cannot be expended for any other item.

Passenger Facility Charges - These assets represent Passenger Facility Charges (PFC) collections based on an approved FAA application to "impose" such charges on enplaned passengers at the Airport. These funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects. The Authority recognizes and reports as non-operating income PFCs earned when all conditions have been met that entitles the Authority to retain the PFCs. PFCs received prior to this time are reported as Restricted Net Position.

Capital Assets

Capital assets include vehicles, equipment and all other tangible assets that are used in operations and have useful lives extending beyond a single reporting period. Capital Assets that were transferred to the Authority on March 1, 2014 from the City's Aviation Fund are carried at historical cost, net of accumulated depreciation. Acquisitions of assets costing $5,000 or more are recorded at cost.

Maintenance and repairs are expensed as incurred. When depreciable assets are disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to an expense. Capital assets are written off when fully depreciated unless clearly identified as still being in use. Capital assets are written-down due to impairment if circumstances indicate a significant or unexpected decline in an assets service utility has occurred. Impaired capital assets are written down using an approach that best matches the asset's decline in service utility. Disposed of assets and assets held for sale are reported at the lower of carrying value or fair value less disposal costs. Depreciation of capital assets is computed using the straight-line method at various rates considered adequate to allocate costs over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

Machinery and equipment	3-10 years
Vehicles	3-9 years

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. The first one represents the effect of the net change in the Authority's proportion of the collective net pension asset or liability and difference during the measurement period between the Authority's contributions and its proportionate share of total contributions not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Revenues, Expenses, and Change in Net Position. This represents the effect of the net change in the Authority's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Authority's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to other postemployment benefits (OPEB) reported on the Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Capital Contributions

Certain expenditures for airport capital assets are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the State and the Authority, or from various State allocations or grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and rehabilitation are reported in the statement of revenues, expenses and changes in net position, after non-operating income (expense), as capital contributions.

Revenue Recognition

Landing Fees - Landing fees are principally generated from scheduled airlines, cargo carriers and non-scheduled commercial aviation and are based on the maximum landed weight of the aircraft. The estimated landing fee structure is determined annually pursuant to an agreement between the Authority and the signatory airlines based on the adopted operating budget of the Authority and is adjusted at the fiscal year end for the actual landed weight of all aircraft and actual expenses. Landing fees are recognized as revenue based on number of landings and certain other criteria.

Fixed Based Operations (FBO), Rents, Concessions and Ground Transportation - FBO revenues are generated from commercial and general aviation users, rental cars, advertising and other commercial tenants. Leases are for various terms and generally require rentals based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective lease and concession revenue is recognized based on reported concessionaire revenue.

Other-All other types of revenues are recognized when earned.

Future Changes in Accounting Standards

- GASB Statement No. 84 – Fiduciary Activities — Effective for the year ended June 30, 2020
- GASB Statement No. 87 – Leases — Effective for the year ended June 30, 2021

The Authority will evaluate the impact these pronouncements may have on its financial statements and will implement them as applicable and when material.

3. RECEIVABLES

Accounts receivable is recorded net of allowances for probable uncollectable accounts. A summary of accounts receivable at June 30, 2019 and 2018 is as follows:

	June 30, 2019	June 30, 2018
Enterprise	$ 3,836,412	$ 3,406,916
Grants	4,522,820	21,472,452
Passenger Facility Charges	903,238	799,233
Total	$ 9,262,470	$ 25,678,601

4. CAPITAL ASSETS

Per the agreement between the Authority and the City of Syracuse, certain land, buildings, and improvements with a cost of approximately $434,000,000; with accumulated depreciation of approximately $248,000,000 are included in the City of Syracuse's Aviation Fund. The Authority's Airport Lease Agreement with the City of Syracuse provides that all land acquired and improvements made to the Syracuse Hancock International Airport, on behalf of the Authority, shall be deemed property of the City of Syracuse. As a result, the Authority's policy is to remove Construction in Progress by recording an operating expense as "Capital Contribution Expense to City's Aviation Fund," when the project is substantially complete. Capital asset balances and activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Construction in Progress	$ 33,203,975	$ 31,258,582	$ 59,202,283	$ 5,260,274
Capital Assets Being Depreciated				
Machinery and Equipment	14,591,000	416,673		15,007,673
Vehicles	10,378,714	155,564		10,534,278
Total	24,969,714	572,237		25,541,951
Accumulated Depreciation				
Machinery and Equipment	7,917,540	897,969		8,815,509
Vehicles	9,753,675	285,875		10,039,550
Total	17,671,215	1,183,844		18,855,059
Net Capital Assets	$ 40,502,474	$ 30,646,975	$ 59,202,283	$ 11,947,166

Depreciation expense for the year ended June 30, 2019 and 2018 was $1,183,844 and $712,771, respectively.

5. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The authority entered into a lease agreement with the City, commencing on March 1, 2014 which is effective for an initial term of forty (40) years. See Note 1 related to transfer of operations of the Airport.

The lease agreement gives the Authority the exclusive right to operate, maintain and improve the Airport subject to certain restrictions and conditions. The renewals of the lease term are automatic for additional ten year terms. The City retains physical ownership of the current and future land, buildings and improvements of the Airport made by or on behalf of the Authority.

The Authority is required to make rental payments to the City equal to the principal and interest due on Airport related debt issued by the City. These payments are funded by the passenger facility charges referred to in Note 1. These rental payments totaled $3,336,250 and $3,464,050 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments due to the City as of June 30, 2019 under this operating lease are as follows:

2020	$	3,327,850
2021		3,320,650
2022		3,314,919
2023		3,303,388
2024		3,047,588
2025-2029		15,234,195
2030-2034		15,243,951
2035-2037		9,146,375
Total	$	55,938,916

6. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2019, were paid.

6. PENSION PLANS (Continued)

The required contributions for the current year and two preceding years were:

	Amount
2017	$ 99,797
2018	$ 126,573
2019	$ 180,927

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

At June 30, 2019 and 2018, the Authority reported a liability of $392,279 and $117,305, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2019 and 2018 the Authority's proportion was and .0055365% and .0036346%, respectively.

For the year ended June 30, 2019 and 2018, the Authority recognized pension expense of $180,927 and $169,228, respectively. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 77,248	$ 26,333
Changes of Assumptions	98,603	
Net difference between projected and actual earnings on Pensions plan investments		100,680
Changes in proportion and differences between contributions and proportionate share of contributions	134,892	46,090
Contributions subsequent to the measurement date	45,260	
Total	$ 356,003	$ 173,103

At June 30, 2019, $45,260 was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	$ 122,611
2021	$ (60,089)
2022	$ 8,691
2023	$ 66,427

6. PENSION PLANS (Continued)

(d) Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2018 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	7.00%
Salary scale	4.20%
Cost of Living adjustment	1.30%
Inflation rate	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

6. PENSION PLANS (Continued)

(e) Discount Rate

The discount rate used to calculate the total pension asset/liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System'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 benefit payments to determine the total pension asset/liability.

(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension liability (assets)	$ 1,715,106	$ 392,279	$ (718,989)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary Net Position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The Authority recorded an amount due to ERS in amount of $45,260 and $31,643 at June 30, 2019 and 2018, respectively. These amounts represent the three months of the Authority's fiscal year that will be covered in the ERS 2019-2020 billing cycle and has been recorded on the Authority's Statement of Net Position.

7. OTHER POSTEMPLOYMENT BENEFITS

(a) Plan Description

The Authority administers its retiree group health benefits program as a single-employer defined benefit Other Post-Employment Benefit plan. The program provides for continuation of Retiree Group Health Benefits for certain retirees and their spouses.

(b) Funding Policy

The obligations of the Plan members, employers, and other entities are established by action of the Authority pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

(c) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	34
Total	34

(d) Total OPEB Liability

The Authority' total OPEB liability of $8,333,965 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

(e) Changes in the Total OPEB Liability

Changes in the Authority's total OPEB liability were as follows:

	Total OPEB Liability
Balances, June 30, 2018	$ 2,156,860
Changes recognized for the year:	
Service cost	425,727
Interest on Total OPEB Liability	176,888
Change of Benefit Terms	3,152,779
Differences between expected and actual experience	2,579,579
Change of Assumptions or other inputs	(157,868)
Net changes	6,177,105
Balances, June 30, 2019	$ 8,333,965

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current discount rate:

	1% Decrease (2.13%)	Current Assumption (3.13%)	1% Increase (4.13%)
Total OPEB liability	$ 10,240,661	$ 8,333,965	$ 6,855,014

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (5.75%)	Current Assumption (6.75%)	1% Increase (7.75%)
Total OPEB liability	$ 6,042,094	$ 8,333,965	$ 11,418,654

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

(h) OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the Authority recognized OPEB expense of $3,974,409. At June 30, 2019, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,347,811	$ 1,290
Changes of assumptions or other inputs	15,301	143,684
Total	$ 2,363,112	$ 144,974

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

Year ended June 30:	Amount
2020	219,015
2021	219,015
2022	219,015
2023	219,015
2024	219,015
Thereafter	1,123,063

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation rate	2.25%
Healthcare Cost Trend Rates	6.75% for 2019 decreasing to an ultimate rate of 3.784% by 2075
Discount Rate	3.13%

The selected discount rate of 3.13% down from 3.62% (in 2018) was based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of June 30, 2019.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables with no collar adjustment for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis in order to reflect the most recent experience available.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial study for the period of April 1, 2010-March 31, 2015.

8. CUSTODIAL CREDIT RISK

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.

As of June 30, 2019 and 2018, the Authority's bank balances of $47,042,254 and $46,077,733, respectively, were fully collateralized by federal depository insurance and securities held by an agent of the pledging financial institution in the Authority's name.

9. 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.

Self-Insured Health and Dental Insurance

The Authority participates in the health and dental insurance consortium managed by Onondaga County Employees Benefit Association (OCEBA). This is a self-insured plan whereby the insurance risk is retained by the Authority although such risk is spread among the participants in the Plan. The Authority has not recorded an estimate of incurred but not reported claims as of June 30, 2019 and 2018 as it is deemed immaterial to the financial statements.

10. NONCURRENT LIABILITIES

Noncurrent liability balance and activity for the year ended June 30, 2019, are as follows:

Description	Outstanding Beginning Balance	Issued	Paid	Outstanding Ending Balance	Due Within One Year
Grant Anticipation Note Payable	$	$ 15,757,000	$	$ 15,757,000	$ 2,956,000
Net Pension Liability	117,305	274,974		392,279	
OPEB Liability	2,156,860	6,334,973	157,868	8,333,965	
Total Non-Current Liabilities	$ 2,274,165	$ 22,366,947	$ 157,868	$ 24,483,244	$ 2,956,000

Details relating to general obligation serial bonds of the Authority outstanding at June 30, 2019 are summarized as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Series 2019 Note	06/19	$ 15,757,000	12/26	2.44%	$ 15,757,000

Principal and interest payments due on general obligation debt are as follows:

For the Year Ending June 30,	Bonds Principal	Bonds Interest	Bonds Total
2020	$ 2,956,000	$ 319,965	$ 3,275,965
2021		312,728	312,728
2022	4,221,000	261,169	4,482,169
2023	3,694,000	164,487	3,858,487
2024		119,365	119,365
2025-2027	4,886,000	182,394	5,068,394
Total	$ 15,757,000	$ 1,360,109	$ 17,117,109

11. LINE OF CREDIT

The authority was issued a line of credit during the prior year in order to finance ongoing operations as well as capital projects prior to grant funding. This line of credit was allowed up to a maximum of $20,000,000. At the beginning of the year the amount utilized was $11,750,000. During the year ended June 30, 2019, the Authority issued serial bonds to pay off this line of credit. At year end June 30, 2019, the line of credit held a zero balance.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the Statement of Net Position through the date of October 25, 2019 which is the date the financial statements were available to be issued.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
SCHEDULES OF AUTHORITY'S PENSION CONTRIBUTIONS
For the Five Year's Ended June 30, 2019

ERS Pension Plan

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 180,927	$ 126,573	$ 99,797	$ 92,914	$ 19,934
Contributions in Relation to the Contractually Required Contribution	180,927	126,573	99,797	92,914	19,934
Contribution Deficiency (Excess)	$	$	$	$	$
Authority's Covered-ERS Employee Payroll	$ 1,271,982	$ 922,538	$ 752,001	$ 599,249	$ 123,520
Contributions as a Percentage of Covered-Employee Payroll	14.22%	13.72%	13.27%	15.51%	16.14%

See Independent Auditor's Report.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
SCHEDULES OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Five Years Ending June 30, 2019

ERS Pension Plan

	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.0055365%	0.0036346%	0.0031085%	0.0024646%	0.0008180%
Authority's proportionate share of the net pension liability	$ 392,279	$ 117,305	$ 292,077	$ 395,629	$ 27,633
Authority's covered-employee payroll	$ 1,271,982	$ 922,538	$ 752,001	$ 599,249	$ 123,520
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.84%	12.72%	38.84%	66.02%	22.37%
Plan fiduciary net position as a percentage of total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

See Independent Auditor's Report.

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS
For the Year Ended June 30, 2019

	2019 *	2018 *
Measurement Date	6/30/2019	6/30/2018
Total OPEB Liability		
Service cost	$ 425,727	$ 250,479
Interest on Total OPEB Liability	176,888	73,565
Change in Benefit Terms	3,152,779	
Change in assumptions and other inputs	(157,868)	18,427
Differences betweeen Expected and Actual Experience	2,579,579	(1,554)
Net change in total OPEB Liability	6,177,105	340,917
Total OPEB Liability - Beginning	2,156,860	1,815,943
Total OPEB Liability - Ending	$ 8,333,965	$ 2,156,860
Covered payroll	$ 2,681,711	$ 1,098,757
Total OPEB Liability as a percentage of covered payroll	310.77%	196.30%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Required Supplementary Information:

Actuarial Assumptions
The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 7 to the financial statements.