

**Syracuse Regional Airport Authority
Special Meeting Agenda
Friday, October 25, 2019
9:00 a.m. – 10:00 a.m.
Syracuse Hancock International Airport
Board Room**

1. Roll Call (2 Minutes)
2. Executive Session (15 Min)
3. New Business
 - **2018-2019 Audit review**
4. Adjournment

Bold = materials available

The mission of the Syracuse Regional Airport Authority is to provide safe, secure, efficient and low-cost air transportation service to the 12-county region that Syracuse Hancock International Airport currently serves. The Authority seeks to stimulate air service, economic development, trade and tourism by focusing on the shared goals of its stakeholders: more service to more destinations, lower operating costs and increased non-aeronautical revenue. The Authority recognizes that the Syracuse Hancock International Airport is a gateway to the central New York region and beyond and seeks to optimize customer service and exceed customer expectations with continuous improvements to the terminal building and public-use facilities.

DRAFT

Syracuse
Regional Airport
Authority

New York State
Department of
Transportation
Single Audit
Report

June 30, 2019

SYRACUSE REGIONAL AIRPORT AUTHORITY

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**Independent Auditor's Report on Compliance and on Internal Controls over State
Transportation Assistance Expended based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board Members
Syracuse Regional Airport Authority

Report on Compliance

We have audited the Syracuse Regional Airport Authority's compliance with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYSCRR) that could have a direct and material effect on the state transportation assistance programs tested for the year ended June 30, 2019. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The Syracuse Regional Airport Authority's management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to each program tested.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Syracuse Regional Airport Authority's state transportation assistance programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Draft Part 43 of NYSCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the Syracuse Regional Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state transportation assistance program. However, our audit does not provide a legal determination on the Syracuse Regional Airport Authority's compliance.

Opinion on Each Transportation Assistance Program

In our opinion, the Syracuse Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs tested for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Syracuse Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the Syracuse Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on state transportation assistance programs tested to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for state transportation assistance programs and to test and report on internal control over compliance in accordance with Preliminary Draft Part 43 of the NYSCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Syracuse Regional Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Draft Part 43 of the NYSCRR. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Transportation Assistance Expended Required by Draft Part 43

We have audited the financial statements of the business-type activities of the Syracuse Regional Airport Authority as of and for the year ended June 30, 2019 which comprise the Syracuse Regional Airport Authority's basic financial statements, and have issued our report thereon dated October 25, 2019 which contained an unmodified opinion on those financial statements that comprise the Syracuse Regional Airport Authority's basic financial statements. The Schedule of State Transportation Assistance Expended is presented for purposes of additional analysis as required by Draft Part 43 of NYSCRR, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements as a whole.

October 24, 2019

Syracuse, New York

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
For the Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>NYSDOT Reference Number</u>	<u>Expenditures</u>
Matching Grants for the FAA Airport Improvement Program (030):		
Master Agreement	Various	\$ 238,111
Terminal Improvement Project (3A10.90)	K007289	<u>25,430,054</u>
Total State Transportation Assistance Expended		\$ <u>25,668,165</u>

See Notes to Schedule of State Transportation Assistance Expended and Independent Auditor's Report.

SYRACUSE REGIONAL AIRPORT AUTHORITY
NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
For the Year Ended June 30, 2019

1. GENERAL

The accompanying Schedule of State Transportation Assistance Expended presents the activity of all financial assistance programs provided by the New York State Department of Transportation and administered by the Syracuse Regional Airport Authority for year ended June 30, 2019.

2. BASIS OF ACCOUNTING

The accompanying Schedule of State Transportation Assistance Expended is presented using the accrual basis of accounting. The amounts reported as expenditures of State Assistance were obtained from the accounting records utilized to record activity for the applicable programs and periods.

3. MATCHING COSTS

Matching costs (the Syracuse Regional Airport Authority's share of certain program costs) are not included in the reported expenditures.

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION ASSISTANCE
EXPENDED
For the Year Ended June 30, 2019

Summary of Audit Results:

Internal control over state transportation assistance expended:

Material weaknesses identified	None Reported
Reportable condition (s) identified that are not Considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs tested:	Unmodified

Identification of State Transportation Assistance Programs Tested:

- Matching Grants for the FAA Airport Improvement Program (030)
- Terminal Improvement Project (3A10.90)

Compliance Findings and Questioned Costs:

No matters were reported

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Syracuse
Regional Airport
Authority

Reports Required by The
Uniform Guidance and
Government Auditing
Standards

June 30, 2019

SYRACUSE REGIONAL AIRPORT AUTHORITY

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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, 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 the Syracuse Regional Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2015-001].

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

October 24, 2019

Syracuse, New York

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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by The Uniform Guidance**

Board Members

Syracuse Regional Airport Authority

Report on Compliance for Each Major Federal Program

We have audited the Syracuse Regional Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major Federal program for the year ended June 30, 2019. The Syracuse Regional Airport Authority's major Federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Syracuse Regional Airport Authority's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Syracuse Regional Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major Federal program. However, our audit does not provide a legal determination of the Syracuse Regional Airport Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Syracuse Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2019.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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. We issued our report thereon date October 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Internal Control Over Compliance

Management of the Syracuse Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Syracuse Regional Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Syracuse Regional Airport Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2019-001].

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

October 24, 2019

Syracuse, New York

**SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Numbers</u>	<u>Current Year Expenditures</u>
U.S. Department of Transportation-Direct			
Airport Improvement Program:			
Reconfigure Exit Taxiways	20.106	144-16	47,265
Install Passenger Boarding Bridge Phase I	20.106	145-16	82,231
SC Bathroom Rehab	20.106	146-17	22,744
Install Passenger Boarding Bridge Phase II	20.106	147-17	108,237
Terminal Canopy Demo	20.106	148-17	1,064
Rehab Deicing Lagoons	20.106	150-18	3,741,180
Reconfigure Runway 10/28	20.106	151-18	77,510
Terminal Canopy and Utility Relocation	20.106	152-19	201,883
Total U.S. Department of Transportation and CFDA			<u>4,282,114</u>
Total Federal Financial Assistance			\$ <u>4,282,114</u>

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

SYRACUSE REGIONAL AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Syracuse Regional Airport Authority. The Syracuse Regional Airport Authority's organization is defined in Note 1 to the basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

De Minimis Indirect Cost Rate

The Authority has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SYRACUSE REGIONAL AIRPORT AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
 COMPLIANCE REQUIREMENTS
 For the Year Ended June 30, 2019

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR Section 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Transportation</u> CFDA# 20.106 Airport Improvement Program
	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL
COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2019

DRAFT

(Continued)

Findings – Financial Statement Audit

See Status of Prior Year's Findings and Questioned Costs

Findings and Questioned Costs – Major Federal Award Program Audit

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

SYRACUSE REGIONAL AIRPORT AUTHORITY
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL
COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2019

Findings – Financial Statement Audit

Significant Deficiency [2015-001]

2015-001 Year End Closing Procedures

Condition: During our audit 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, requirement 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.

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.

Findings and Questioned Costs – Major Federal Award Program Audit

None in Prior Year Audit

Required Communication with Governance

Board Members
Syracuse Regional Airport Authority

We have audited the financial statements of the business-type activities of the Syracuse Regional Airport Authority (the Authority) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, 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 October 24, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements.

We noted no transactions entered into by the Authority 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 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. The most sensitive estimates affecting the financial statements were:

1. Authority, in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, requires significant actuarial estimates to calculate the Authority's postemployment benefits liability.
2. The Authority's estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the Authority's capital assets and the related depreciation.
4. The Authority, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pensions liabilities, deferred inflows and outflows of resources-pensions, and pension expense.
5. The Authority's calculation of the Airline annual reconciliation adjustment.

We evaluated the key factors and assumptions used by management in determining that the accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 October 4, 2019.

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 Authority'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 Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board Members and management of the Syracuse Regional Airport Authority, Federal and New York State regulatory agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

October 24, 2019

Syracuse, New York

DRAFT

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 years ended June 30, 2019 and 2018, 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.

October 24, 2019

Syracuse, New York

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.

October 24, 2019

Syracuse, New York

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.

October 24, 2019

Syracuse, New York

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2019

DRAFT

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.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2019

DRAFT

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.

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.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2019

DRAFT

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.
- 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:

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2019

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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	<u>68,554,358</u>	<u>112,859,331</u>	<u>(44,304,973)</u>	(39.3%)
Deferred Outflows of Resources	<u>2,719,115</u>	<u>439,132</u>	<u>2,279,983</u>	519.2%
Total Assets and Deferred Outflows	<u>\$ 71,273,473</u>	<u>\$ 113,298,463</u>	<u>\$ (42,024,990)</u>	(37.1%)
Current Liabilities and other	\$ 8,869,664	\$ 32,695,375	\$ (23,825,711)	(72.9%)
Non-Current Liabilities	<u>24,483,244</u>	<u>2,274,165</u>	<u>22,209,079</u>	976.6%
Total Liabilities	<u>33,352,908</u>	<u>34,969,540</u>	<u>(1,616,632)</u>	(4.6%)
Deferred Inflows of Resources	<u>318,077</u>	<u>398,529</u>	<u>(80,452)</u>	(20.2%)
Total Liabilities and Deferred Inflows	<u>33,670,985</u>	<u>35,368,069</u>	<u>(1,697,084)</u>	(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)	<u>17,507,952</u>	<u>11,498,751</u>	<u>6,009,201</u>	52.3%
Total Net Position	<u>37,602,488</u>	<u>77,930,394</u>	<u>(40,327,906)</u>	(51.7%)
Total Liabilities, Deferred inflows and Net Position	<u>\$ 71,273,473</u>	<u>\$ 113,298,463</u>	<u>\$ (42,024,990)</u>	(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 is 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.

SYRACUSE REGIONAL AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 2019

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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

Revenues			Increase	Percentage
Operating Revenues	2019	2018	(Decrease)	Change
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	<u>\$ 32,605,170</u>	<u>\$ 30,865,922</u>	<u>\$ 1,739,248</u>	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	<u>\$ 35,073,528</u>	<u>\$ 29,545,329</u>	<u>\$ 5,528,199</u>	18.7%
Net Operating Gain (Loss)	<u>\$ (2,468,358)</u>	<u>\$ 1,320,593</u>	<u>\$ (3,788,951)</u>	

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

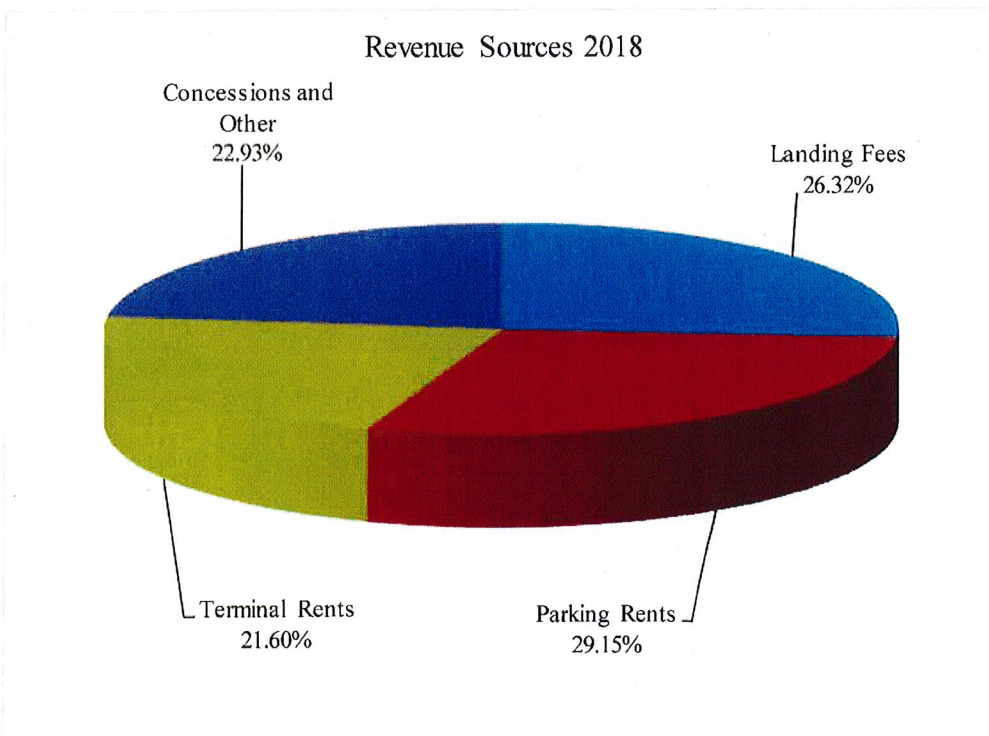
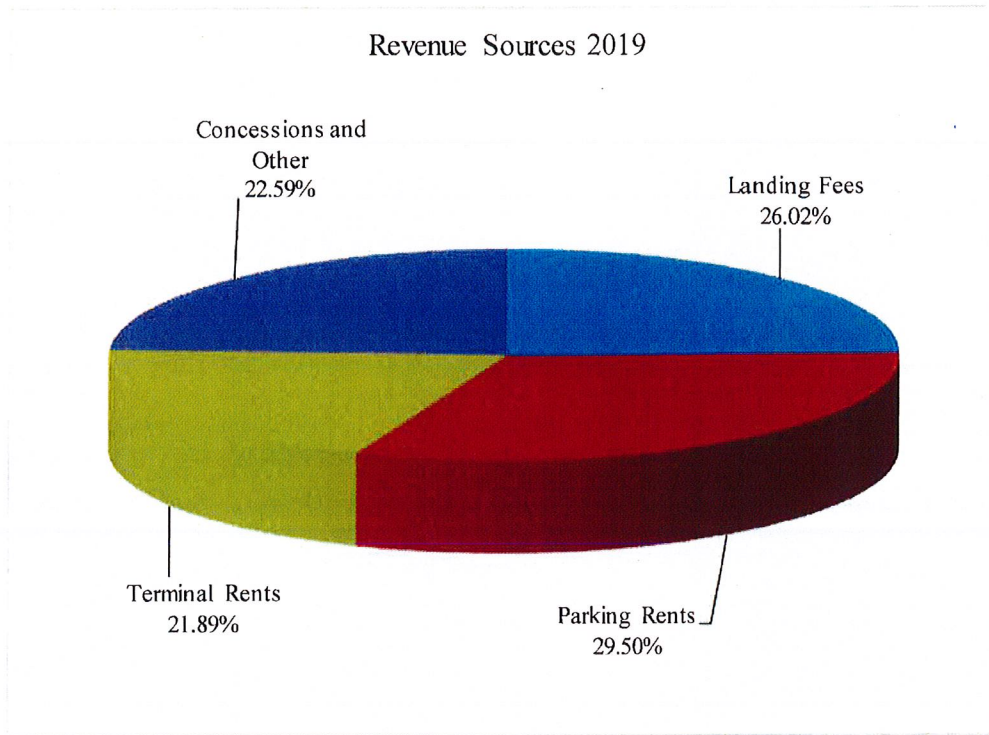
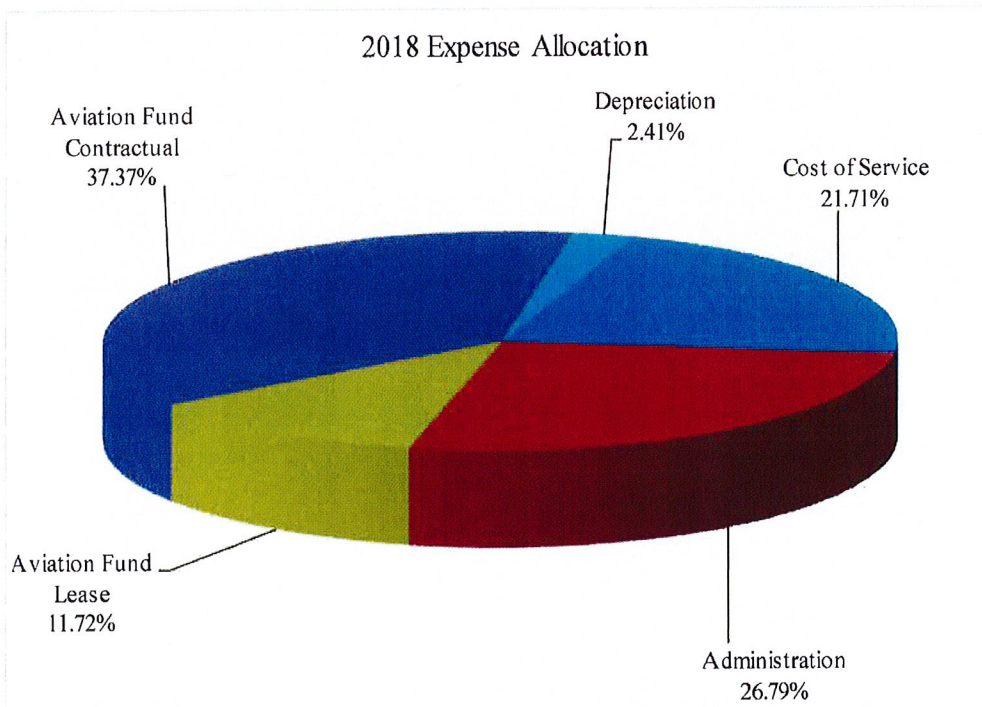
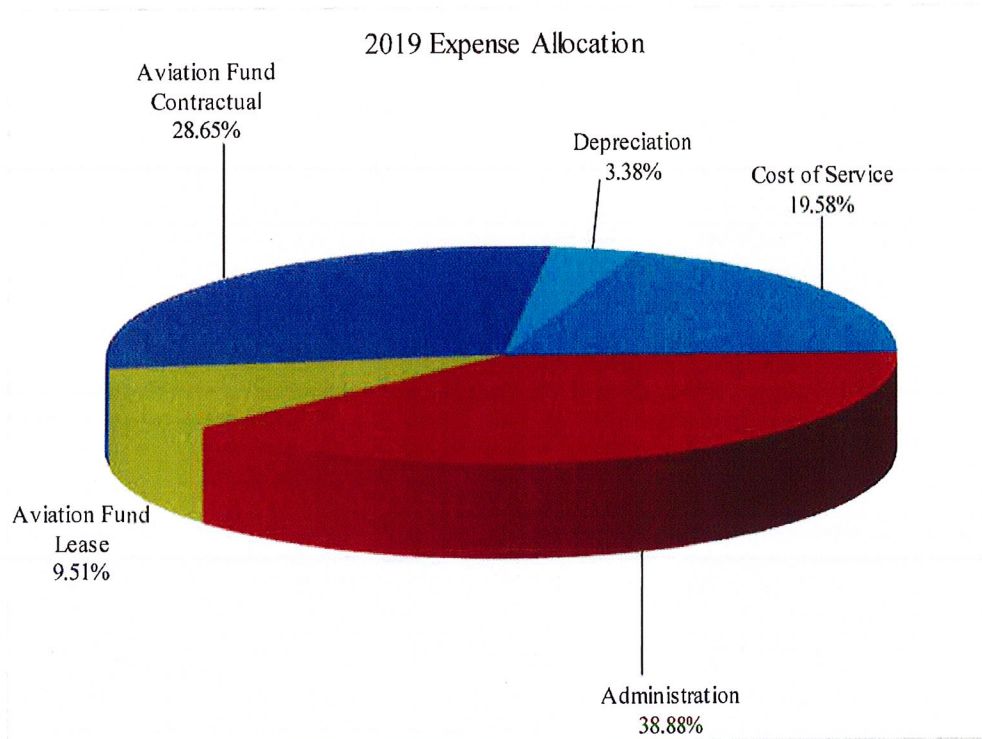


Table A-4 Operating Expenditures for the Year Ended June 30, 2019 and 2018



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)

DRAFT

STATEMENTS OF NET POSITION

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash	\$ 23,164,930	\$ 8,744,063
Accounts Receivable	9,262,470	25,678,601
Prepaid Expenses	275,422	255,024
Total Current Assets	<u>32,702,822</u>	<u>34,677,688</u>
Non-Current Assets		
Restricted Cash	23,904,370	37,679,169
Capital Assets, Net	11,947,166	40,502,474
Total Non-Current Assets	<u>35,851,536</u>	<u>78,181,643</u>
Deferred Outflows of Resources		
OPEB	2,363,112	16,864
Pensions	356,003	422,268
Total Deferred Outflows of Resources	<u>2,719,115</u>	<u>439,132</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 71,273,473</u>	<u>\$ 113,298,463</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 6,470,352	\$ 18,295,547
Accrued Liabilities	114,707	27,965
Retainage Payable	1,628,195	1,742,882
Due to City	558,598	770,878
Line of Credit		11,750,000
Total Current Liabilities	<u>8,771,852</u>	<u>32,587,272</u>
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	2,156,860
Compensated Absences	97,812	108,103
Net Pension Liability - Proportionate Share	392,279	117,305
Total Non-Current Liabilities	<u>24,581,056</u>	<u>2,382,268</u>
Deferred Inflows of Resources		
OPEB	144,974	1,422
Pensions	173,103	397,107
Total Deferred Inflows of Resources	<u>318,077</u>	<u>398,529</u>
Net Position		
Net Investment in Capital Assets	(3,809,834)	28,752,474
Restricted	23,904,370	37,679,169
Unrestricted (Deficit)	17,507,952	11,498,751
Total Net Position	<u>37,602,488</u>	<u>77,930,394</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 71,273,473</u>	<u>\$ 113,298,463</u>

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)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Years Ended June 30, 2019 and 2018

DRAFT

	2019	2018
Operating Revenues		
Landing Fees	\$ 8,058,979	\$ 8,126,349
Parking Rents	10,241,767	8,997,117
Terminal Rents	6,463,734	6,666,181
Concession and Other	7,837,537	7,023,282
City Provided Revenue		72,265
Miscellaneous (Losses)	3,153	(19,272)
Total Operating Revenue	32,605,170	30,865,922
Operating Expenses		
Cost of Service	6,867,669	6,416,243
Administration	13,639,952	7,912,039
City's Aviation Fund Lease	3,336,250	3,464,050
City's Aviation Fund Contractual Expenses	10,045,818	11,040,226
Total Operating Expense	33,889,689	28,832,558
Excess (Deficit) of Operating Revenues Over Expenses Before Depreciation	(1,284,519)	2,033,364
Depreciation	1,183,844	712,771
Gain (Loss) Before Non-Operating Income and Expenses	(2,468,363)	1,320,593
Non-Operating Income (Expense)		
Capital Grants	16,494,621	30,710,589
Capital Contribution Expense to City's Aviation Fund	(59,050,090)	(6,437,409)
Passenger Facility Charges	5,118,759	4,518,308
Interest Income	65,991	51,031
Interest Expense	(488,824)	(6,563)
Total Non-Operating Income (Expense)	(37,859,543)	28,835,956
Increase (Decrease) in Net Position	(40,327,906)	30,156,549
Net Position, Beginning of Year	77,930,394	47,773,845
Net Position, End of Year	\$ 37,602,488	\$ 77,930,394

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)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

DRAFT

	<u>2019</u>	<u>2018</u>
Cash Flows From (Used By) Operating Activities		
Cash Received From Providing Services	\$ 61,835,456	\$ 30,893,902
Cash Paid to Suppliers	(39,799,982)	(32,492,393)
Cash Paid to Employees	(3,153,069)	(1,083,962)
Net Cash Flows From (Used By) From Operating Activities	<u>18,882,405</u>	<u>(2,682,453)</u>
Cash Flows From Investing Activities		
Interest Received	65,991	51,031
Net Cash Flows From Investing Activities	<u>65,991</u>	<u>51,031</u>
Cash Flows From (Used By) Capital and Related Financing Activities		
Purchase of Capital Assets	(30,434,547)	(22,041,892)
Proceeds of Line of Credit	6,000,000	11,750,000
Payment of Line of Credit	(17,750,000)	
Proceeds of Grant Anticipation Notes	15,757,000	
Interest Paid	(488,824)	(6,563)
Capital Grants	3,596,284	9,666,184
Passenger Facility Charges	5,017,759	4,045,598
Net Cash Flows From (Used By) Capital and Related Financing Activities	<u>(18,302,328)</u>	<u>3,413,327</u>
Net Increase in Cash	646,068	781,905
Cash, Beginning of Year	<u>46,423,232</u>	<u>45,641,327</u>
Cash, End of Year	<u>\$ 47,069,300</u>	<u>\$ 46,423,232</u>
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)	\$ 1,320,593
Adjustments to Reconcile Gain Before Non-Operating Income to Net Cash Flows From (Used By) Operating Activities:		
Depreciation	1,189,102	712,771
Other		
(Increase) Decrease in Assets:		
Accounts Receivable	16,416,131	(22,601,936)
Due From City		30,750
Prepaid Expenses	(20,398)	(11,289)
Deferred Outflows - Pensions	66,265	(131,974)
Deferred Outflows - OPEB	(2,346,248)	(16,864)
Increase (Decrease) in Liabilities:		
Accounts Payable	(11,825,195)	17,408,841
Accrued Liabilities	86,742	(34,096)
Retainage Payable	(114,687)	
Due To City	(212,280)	168,123
Line Of Credit	11,750,000	
Compensated Absences	(10,291)	
Unearned Revenue		(30,750)
OPEB Liability	6,177,105	340,917
Pension Liability - Proportionate Share	274,974	(174,772)
Deferred Inflows - Pensions	(224,004)	335,811
Deferred Inflows - OPEB	<u>143,552</u>	<u>1,422</u>
Net Cash Flows From (Used By) Operating Activities	<u>\$ 18,882,405</u>	<u>\$ (2,682,453)</u>

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

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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.

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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.

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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:

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

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:

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

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

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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.

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6. PENSION PLANS (Continued)

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

	<u>Amount</u>
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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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:

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

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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%	

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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	Current Assumption	1% Increase
	<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
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.

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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's 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

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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:	<u>Amount</u>
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.

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

DRAFT

10. NONCURRENT LIABILITIES

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

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Ending Balance</u>	<u>Due Within One Year</u>
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	<u>\$ 2,274,165</u>	<u>\$ 22,366,947</u>	<u>\$ 157,868</u>	<u>\$ 24,483,244</u>	<u>\$ 2,956,000</u>

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

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
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:

<u>For the Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>\$ 15,757,000</u>	<u>\$ 1,360,109</u>	<u>\$ 17,117,109</u>

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)
SCHEDULE OF AUTHORITY'S PENSION CONTRIBUTIONS
For the Four 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	<u>180,927</u>	<u>126,573</u>	<u>99,797</u>	<u>92,914</u>	<u>19,934</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
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 Four 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%

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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 between 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.

Required Communication of Areas in Need of Improvement

Board Members
Syracuse Regional Airport Authority

In planning and performing our audit of 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, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. The significant deficiencies that were identified during our audit are described below.

This communication is intended solely for the information and use of management, Board Members, and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

October 24, 2019

Syracuse, New York

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2019

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

SYRACUSE REGIONAL AIRPORT AUTHORITY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2018

A. Material Weakness

None

B. Significant Deficiency

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.

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.

Syracuse
Regional Airport
Authority

Reports Required by the
Passenger Facilities Guide
for Public Agencies

June 30, 2019

SYRACUSE REGIONAL AIRPORT AUTHORITY

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Independent Auditor's Report on Compliance for the Passenger Facility Charge Program and on Internal Control Over Compliance and the Schedule of Expenditures of Passenger Facility Charges Required by the Passenger Facility Charge Audit Guide for Public Agencies

Board Members
Syracuse Regional Airport Authority

Report on Compliance for the Passenger Facility Charge Program

We have audited the Syracuse Regional Airport Authority (The Authority)'s compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (the Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's passenger facility charge program based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guide. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

Opinion on The Passenger Facility Charge Program

In our opinion, the Syracuse Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected and corrected on a timely basis.

Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the business-type activities of the Authority, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which comprise the Authority's basic financial statements. We issued our report thereon dated October 25, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of passenger facility charges is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

October 24, 2019

Syracuse, New York

SYRACUSE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended June 30, 2019

Projects	Application Number	Charge Effective Date	Approval Of Use Date	Year Ended June 30, 2019	Cumulative Ended June 30, 2019	Amount Approved For Impose and Use
Passenger Terminal Security Access and Improvements	09-08-4-00-SYR	3/1/07	7/1/09	\$ 13,804,758	\$ 73,634,919	\$ 96,700,685

See Notes to Schedule of Expenditures of Passenger Facility Charges and Independent Auditor's Report.

SYRACUSE REGIONAL AIRPORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended June 30, 2019

1. GENERAL

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects. In August 1993, the FAA approved a \$3.00 Passenger Facility Charge collection at the Syracuse Hancock International Airport beginning November 1, 1993. Effective September 1, 2002, the FAA increased the PFC level to \$4.50.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Passenger Facility Charges presents the activity of passenger facility charge projects administered by the Authority located at the Syracuse Hancock International Airport.

3. EXPENDITURES OF PASSENGER FACILITY CHARGES

The amounts reported as expenditures are those of passenger facility charge projects obtained from the PFC Quarterly Reports and the accounting records utilized to record activity for the applicable projects and period. The expenditures of passenger facility charges are recorded on the cash basis.

Resolution No.

2019

**RESOLUTION APPROVING THE FISCAL YEAR END 2019
DRAFT AUDIT OF THE SYRACUSE REGIONAL AIRPORT
AUTHORITY**

WHEREAS, the Syracuse Regional Airport Authority (the "Authority") is a public benefit corporation, formed and operating pursuant to Chapter 463 of the Laws of New York, 2011 and Article 8, Title 34 of the New York Public Authorities Law, as amended (collectively the "Enabling Act"); and

WHEREAS, Section 2799-vvv of the Enabling Act requires that the accounts of the Authority be subject to the supervision of the State Controller and that an annual audit be performed by an independent certified public accountant; and

WHEREAS, in compliance with said provision of the Enabling Act, the Authority engaged the independent certified public accounting firm of D'Arcangelo & Co. to audit the Authority's accounts and prepare a draft audit for the fiscal year ending June 30, 2019; and

WHEREAS, D'Arcangelo & Co. performed such audit and prepared a draft audit for Fiscal Year End 2019; and

WHEREAS, D'Arcangelo & Co. further presented the draft audit for Fiscal Year End 2019 to the Board at its October 25, 2019 Special meeting of the Board and responded to questions posed by Board members.

NOW, THEREFORE, after due deliberation having been had thereon,

IT IS HEREBY RESOLVED, that the Board of the Syracuse Regional Airport Authority hereby approves and adopts the draft audit for the Authority's Fiscal Year End 2019 prepared by D'Arcangelo & Co.; and

BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately.

Resolution Adopted Date: October 25, 2019

Vote: Ayes: ___ Nays: ___ Abstentions: ___.

Signed: _____.
Secretary