

**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, 2018**

**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, 2018 and 2017, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 opinion.

### **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, 2018 and 2017, 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.

### **New Accounting Standard**

As discussed in Note 1 to the financial statements, the Authority changed accounting policies related to the financial statement presentation of other postemployment benefits (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. The new pronouncement provides government guidance for determining a fair value measurement for financial reporting purposes for certain postemployment benefits and disclosures related to all fair value measurements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 March 9, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Syracuse Regional Airport Authority's internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

March 9, 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, 2018, 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 March 9, 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*D'Arcangelo + Co., LLP*

March 9, 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, 2018. 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, 2018.

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

*D'Arcangelo + Co., LLP*

March 9, 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, 2018**

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**A. Material Weakness**

None

**B. Significant Deficiency**

See Status of Prior Year Findings and Recommendations.



**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, 2018**

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**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, 2018**

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The following is a discussion and analysis of the Syracuse Regional Airport Authority (the Authority)'s financial performance for the years ended June 30, 2018 and 2017. 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, 2018 and 2017. 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 2018 and 2017 are as follows:

- The Authority's Net Position increased by \$30,156,549 for the year ended June 30, 2018 and increased by \$4,739,565 for the year ended June 30, 2017.
- The Authority had a net operating gain of \$1,320,593 for the year ended June 30, 2018 and a net operating gain of \$628,800 for the year ended June 30, 2017.
- The Authority adopted Government Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions* in 2018. This resulted in the recording of an OPEB liability in the amount of \$2,156,860 for the year ending June 30, 2018. The implementation required a prior period adjustment in the amount of \$1,815,943 for the year ending June 30, 2017.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended June 30, 2018**

**4. FINANCIAL ANALYSIS OF THE AUTHORITY**

**Net Position**

The Authority's total Net Position increased by \$30,156,549 between fiscal year 2017 and 2018. A summary of the Authority's Statements of Net Position at June 30, 2018 and 2017 is as follows:

	2018	Restated 2017	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 34,677,688	\$ 26,828,512	\$ 7,849,176	29.3%
Non-Current Assets	37,679,169	22,163,965	15,515,204	70.0%
Capital Assets, Net of Accumulated Depreciation	40,502,474	4,093,647	36,408,827	889.4%
Total Assets	<u>112,859,331</u>	<u>53,086,124</u>	<u>59,773,207</u>	112.6%
Deferred Outflows of Resources	439,132	290,294	148,838	51.3%
Total Assets and Deferred Outflows	<u>\$ 113,298,463</u>	<u>\$ 53,376,418</u>	<u>\$ 59,922,045</u>	112.3%
Current Liabilities and other	\$ 32,695,375	\$ 3,402,507	\$ 29,292,868	860.9%
Non-Current Liabilities	2,274,165	2,108,020	166,145	7.9%
Total Liabilities	<u>34,969,540</u>	<u>5,510,527</u>	<u>29,459,013</u>	534.6%
Deferred Inflows of Resources	398,529	92,046	306,483	333.0%
Total Liabilities and Deferred Inflows	<u>35,368,069</u>	<u>5,602,573</u>	<u>29,765,496</u>	531.3%
Net Position				
Net Investment in Capital Assets	40,502,474	4,093,647	36,408,827	889.4%
Restricted	37,679,169	22,163,965	15,515,204	70.0%
Unrestricted (Deficit)	(251,249)	21,516,233	(21,767,482)	(101.2%)
Total Net Position	<u>77,930,394</u>	<u>47,773,845</u>	<u>30,156,549</u>	63.1%
Total Liabilities, Deferred inflows and Net Position	<u>\$ 113,298,463</u>	<u>\$ 53,376,418</u>	<u>\$ 59,922,045</u>	112.3%

Current and other assets increased by \$23,364,381 or 47.7% from June 30, 2017 to June 30, 2018. This increase was mainly attributable to an increase in the accounts receivable balance related to amounts due from New York State for ongoing construction projects.

Capital assets, net, increased by \$36,408,827 from June 30, 2017 to June 30, 2018. This increase is mainly due to an excess amount of costs for construction in progress relating to various projects compared to construction in progress transferred to the City of Syracuse for completed projects and depreciation during the year ended June 30, 2018.

Deferred outflows of resources increased by \$148,838 or 51.3% from June 30, 2017 to June 30, 2018. 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 increased by \$29,292,868 or 860.9% from June 30, 2017 to June 30, 2018. The majority of the increase is due to the construction project payables existing at June 30, 2018 that exceeded the amount recorded at June 30, 2017. The Authority also obtained a line of credit in the amount of \$20,000,000. As of the year ending June 30, 2018, \$11,750,000 was due on the line.

Deferred inflows of resources decreased by \$306,484 or 333.0% from June 30, 2017 to June 30, 2018. The increase is related to an estimate provided by the New York State Employees' Retirement System for post-retirement benefits.

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.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended June 30, 2018**

The restricted Net Position at June 30, 2018 and 2017 was \$37,679,169 and \$22,163,965, respectively, which represents the amount of the Authority's restricted cash balances.

The unrestricted Net Position (Deficit) at June 30, 2018 and 2017 was (\$251,249) and \$21,516,233.

**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, 2018 and 2017 is as follows.

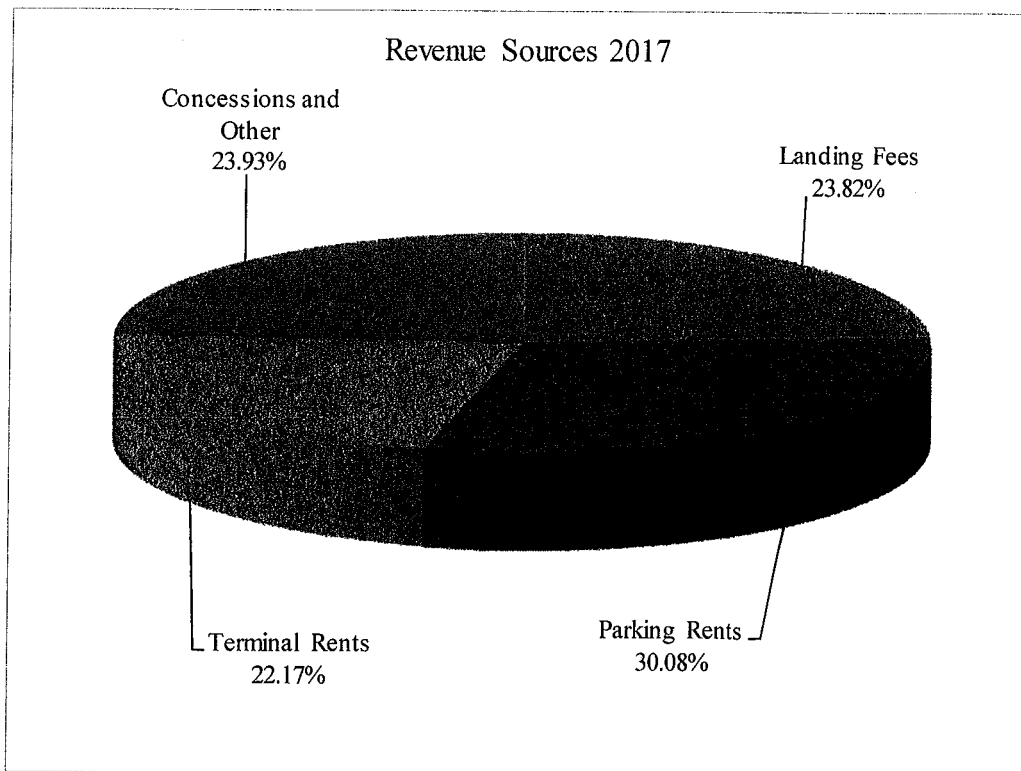
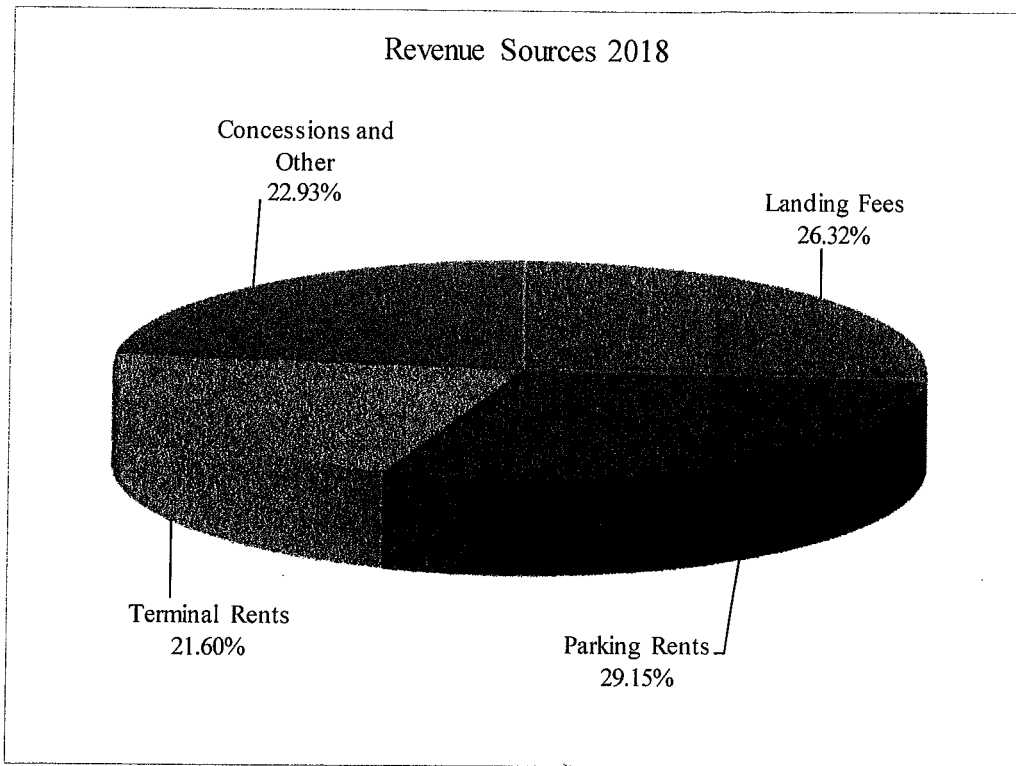
<b>Revenues</b>			<b>Increase</b>	<b>Percentage</b>
<b>Operating Revenues</b>	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Change</u>
Landing Fees	\$ 8,126,349	\$ 6,919,855	\$ 1,206,494	17.4%
Parking Rents	8,997,117	8,737,611	259,506	3.0%
Terminal Rents	6,666,181	6,440,936	225,245	3.5%
Concessions and Other	<u>7,076,275</u>	<u>6,950,021</u>	<u>126,254</u>	<u>1.8%</u>
Total Revenues	<u>\$ 30,865,922</u>	<u>\$ 29,048,423</u>	<u>\$ 1,817,499</u>	<u>6.3%</u>
<b>Expenditures</b>				
<b>Operating Expenditures</b>				
Cost of Service	\$ 6,416,243	\$ 5,151,671	\$ 1,264,572	24.5%
Administration	7,912,039	5,925,667	1,986,372	33.5%
Aviation Fund Lease	3,464,050	5,574,450	(2,110,400)	(37.9%)
Aviation Fund Contractual	11,040,226	11,206,681	(166,455)	(1.5%)
Depreciation	<u>712,771</u>	<u>561,154</u>	<u>151,617</u>	<u>27.0%</u>
Total Expenditures	<u>\$ 29,545,329</u>	<u>\$ 28,419,623</u>	<u>\$ 1,125,706</u>	<u>4.0%</u>
Net Operating Gain	<u>\$ 1,320,593</u>	<u>\$ 628,800</u>	<u>\$ 691,793</u>	

The Authority's operating revenues increased by \$1,817,499 or 6.3% between the years ended June 30, 2017 and June 30, 2018. This increase was the result of an increase in parking rents and Landing fees.

The Authority's operating expenses increased by \$1,125,706 or 4.0% between the years ended June 30, 2017 and June 30, 2018. This was primarily due to increases of \$3,250,944 in administration and cost of service expense due to increased staffing and employee benefits, offset by a decrease of \$2,110,400 in the Aviation Fund Lease expense which is tied to the decreasing lease expense paid to the City of Syracuse.

**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, 2018**

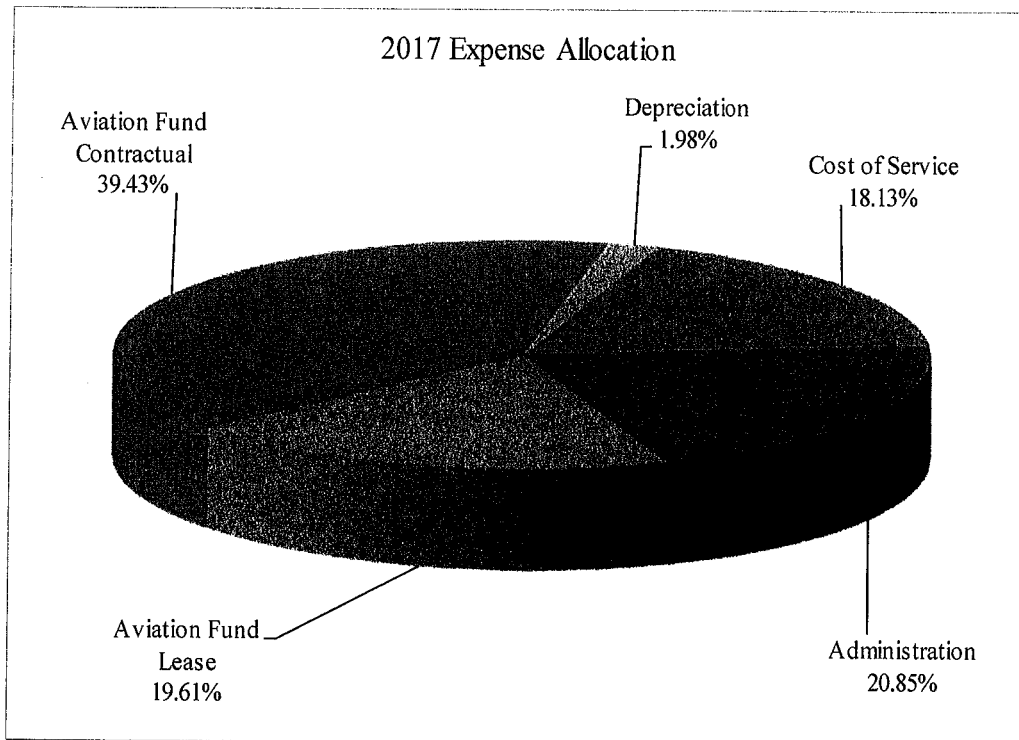
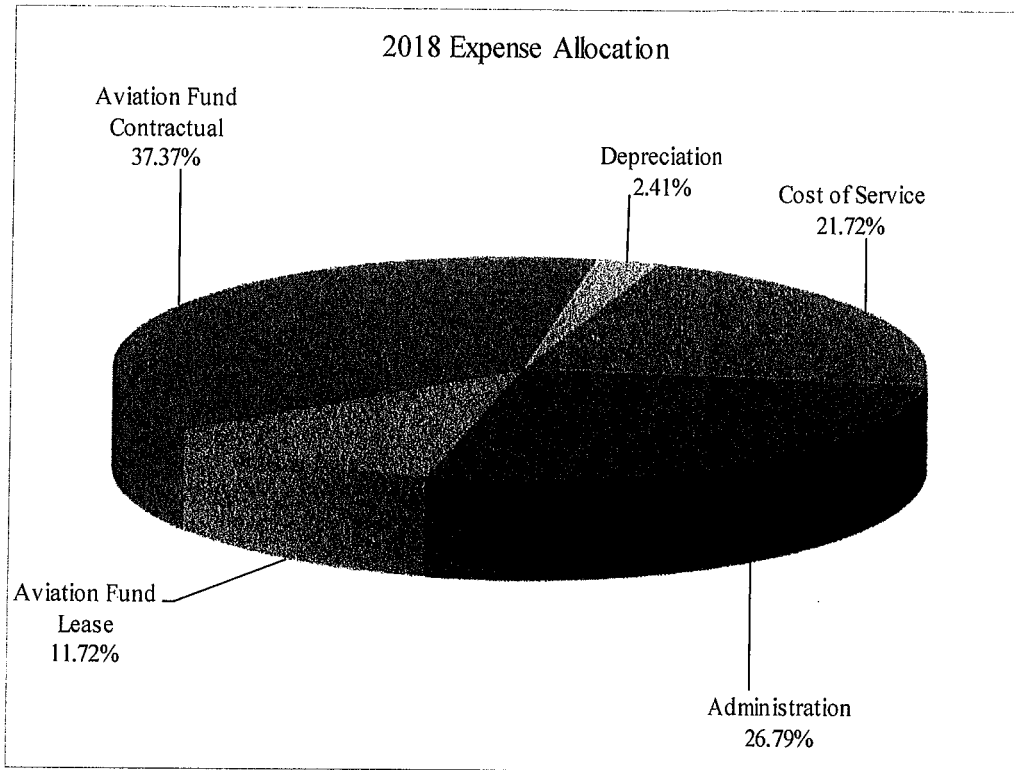
**Table A-3                      Operating Revenue for the Years Ended June 30, 2018 and 2017**



See Independent Auditor's Report

**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, 2018**

**Table A-4      Operating Expenditures for the Year Ended June 30, 2018 and 2017**



See Independent Auditor's Report

**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, 2018**

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**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)**  
**STATEMENTS OF NET POSITION**  
**June 30, 2018 and 2017**

	2018	Restated 2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 8,744,063	\$ 23,477,362
Accounts Receivable	25,678,601	3,076,665
Due From City	-	30,750
Prepaid Expenses	255,024	243,735
<b>Total Current Assets</b>	<u>34,677,688</u>	<u>26,828,512</u>
<b>Non-Current Assets</b>		
Restricted Cash	37,679,169	22,163,965
Capital Assets, Net	40,502,474	4,093,647
<b>Total Non-Current Assets</b>	<u>78,181,643</u>	<u>26,257,612</u>
<b>Deferred Outflows of Resources</b>		
OPEB	16,864	-
Pensions	422,268	290,294
<b>Total Deferred Outflows of Resources</b>	<u>439,132</u>	<u>290,294</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 113,298,463</u>	<u>\$ 53,376,418</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 20,038,429	\$ 2,629,588
Accrued Liabilities	136,068	170,164
Due to City	770,878	602,755
Note Payable	11,750,000	-
<b>Total Current Liabilities</b>	<u>32,695,375</u>	<u>3,402,507</u>
<b>Non-Current Liabilities</b>		
OPEB Liability	2,156,860	1,815,943
Net Pension Liability - Proportionate Share	117,305	292,077
<b>Total Non-Current Liabilities</b>	<u>2,274,165</u>	<u>2,108,020</u>
<b>Deferred Inflows of Resources</b>		
Unearned Revenue	-	30,750
OPEB	1,422	-
Pensions	397,107	61,296
<b>Total Deferred Inflows of Resources</b>	<u>398,529</u>	<u>92,046</u>
<b>Net Position</b>		
Net Investment in Capital Assets	40,502,474	4,093,647
Restricted	37,679,169	22,163,965
Unrestricted (Deficit)	(251,249)	21,516,233
<b>Total Net Position</b>	<u>77,930,394</u>	<u>47,773,845</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 113,298,463</u>	<u>\$ 53,376,418</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Revenues</b>		
Landing Fees	\$ 8,126,349	\$ 6,919,855
Parking Rents	8,997,117	8,737,611
Terminal Rents	6,666,181	6,440,936
Concession and Other	7,023,282	6,912,755
City Provided Revenue	72,265	-
Miscellaneous (Losses)	(19,272)	37,266
<b>Total Operating Revenue</b>	<u>30,865,922</u>	<u>29,048,423</u>
<b>Operating Expenses</b>		
Cost of Service	6,416,243	5,151,671
Administration	7,912,039	5,925,667
City's Aviation Fund Lease	3,464,050	5,574,450
City's Aviation Fund Contractual Expenses	11,040,226	11,206,681
<b>Total Operating Expense</b>	<u>28,832,558</u>	<u>27,858,469</u>
<b>Deficiency of Operating Revenues Over Expenses Before Depreciation</b>	<u>2,033,364</u>	<u>1,189,954</u>
<b>Depreciation</b>	<u>712,771</u>	<u>561,154</u>
<b>Gain Before Non-Operating Income and Expenses</b>	<u>1,320,593</u>	<u>628,800</u>
<b>Non-Operating Income (Expense)</b>		
Capital Grants	30,710,589	1,946,166
Capital Contribution Expense to City's Aviation Fund	(6,437,409)	(2,099,902)
Passenger Facility Charges	4,518,308	4,138,681
Other Income	-	32,130
Interest Income	51,031	93,690
Interest Expense	(6,563)	-
<b>Total Non-Operating Income</b>	<u>28,835,956</u>	<u>4,110,765</u>
<b>Increase in Net Position</b>	<u>30,156,549</u>	<u>4,739,565</u>
<b>Net Position, Beginning of Year (Restated)</b>	47,773,845	44,850,223
<b>Cumulative Effect of Change in Accounting Principle</b>	-	(1,815,943)
<b>Net Position, End of Year (Restated)</b>	<u>\$ 77,930,394</u>	<u>\$ 47,773,845</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 CASH FLOWS**  
**For the Years Ended June 30, 2018 and 2017**

	2018	2017
Cash Flows From (Used By) Operating Activities		
Cash Received From Providing Services	\$ 30,893,902	\$ 29,833,440
Cash Paid to Suppliers	(32,492,393)	(32,309,735)
Cash Paid to Employees	(1,083,962)	(970,004)
Net Cash Flows (Used By) From Operating Activities	(2,682,453)	(3,446,299)
Cash Flows From Investing Activities		
Interest Received	51,031	93,690
Net Cash Flows From Investing Activities	51,031	93,690
Cash Flows From (Used By) Capital and Related Financing Activities		
Purchase of Capital Assets	(22,041,892)	(3,168,395)
Proceeds of Line of Credit	11,750,000	-
Interest Paid	(6,563)	-
Capital Grants	9,666,184	2,077,030
Passenger Facility Charges	4,045,598	4,306,092
Net Cash Flows From Capital and Related Financing Activities	3,413,327	3,214,727
Net (Decrease) Increase in Cash	781,905	(137,882)
Cash, Beginning of Year	45,641,327	45,779,209
Cash, End of Year	\$ 46,423,232	\$ 45,641,327
Reconciliation of Income Before Non-Operating to Net Cash Flows From (Used By) Operating Activities:		
Gain Before Non-Operating Income and Expenses	\$ 1,320,593	\$ 628,800
Adjustments to Reconcile Gain Before Non-Operating Income to Net Cash Flows From (Used By) Operating Activities:		
Depreciation	712,771	561,154
Other		32,130
(Increase) Decrease in Assets:		
Accounts Receivable	(22,601,936)	752,887
Due From City	30,750	60,500
Prepaid Expenses	(11,289)	22,743
Deferred Outflows - Pensions	(131,974)	173,744
Deferred Outflows - OPEB	(16,864)	
Increase (Decrease) in Liabilities:		
Accounts Payable	17,408,841	(3,089,137)
Accrued Liabilities	(34,096)	(2,384,567)
Due To City	168,123	(54,491)
Unearned Revenue	(30,750)	(60,500)
OPEB Liability	340,917	
Pension Liability - Proportionate Share	(174,772)	(103,552)
Deferred Inflows - Pensions	335,811	13,990
Deferred Inflows - OPEB	1,422	
Net Cash Flows (Used By) From Operating Activities	\$ (2,682,453)	\$ (3,446,299)

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)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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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 (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 \$11,040,226 and \$11,206,681 for the years ending June 30, 2018 and 2017, respectively, in operating expenses as “City’s Aviation Fund Contractual Expenses” related to this agreement.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**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.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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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.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**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 three items that qualify for reporting in this category. The first item is unearned revenue which represents the principal portion of unrecognized lease payments. The second 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 third 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.

***Special Items and Extraordinary Items***

Special Items- Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. There were no special items recorded for the years ended June 30, 2018 and 2017.

Extraordinary Items- Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. There were no extraordinary items recorded for the years ended June 30, 2018 and 2017.

***New Accounting Standard***

The Authority changed accounting policies related to the financial statement presentation of other postemployment benefits (OPEB) with the adoption of Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new pronouncement provides governments guidance for determining a fair value measurement for financial reporting purposes for certain postemployment benefits and disclosures related to all fair value measurements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 it as applicable and when material.

**3. RECEIVABLES**

Accounts receivable is recorded net of allowances for probable uncollectable accounts.

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Enterprise	\$ 3,406,916	\$ 2,322,095
Grants	21,472,452	428,047
Passenger Facility Charges	<u>799,233</u>	<u>326,523</u>
Total	<u>\$ 25,678,601</u>	<u>\$ 3,076,665</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 \$389,000,000, with accumulated depreciation of approximately \$246,000,000 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, 2018 was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Capital Assets Not Being Depreciated</b>				
Construction in Progress	\$ 1,303,618	\$ 38,337,766	\$ 6,437,409	\$ 33,203,975
<b>Capital Assets Being Depreciated</b>				
Machinery and Equipment	10,094,355	4,496,645		14,591,000
Vehicles	<u>9,654,118</u>	<u>724,596</u>		<u>10,378,714</u>
Total	<u>19,748,473</u>	<u>5,221,241</u>		<u>24,969,714</u>
<b>Accumulated Depreciation</b>				
Machinery and Equipment	7,360,574	556,966		7,917,540
Vehicles	<u>9,597,870</u>	<u>155,805</u>		<u>9,753,675</u>
Total	<u>16,958,444</u>	<u>712,771</u>		<u>17,671,215</u>
<b>Net Capital Assets</b>	<u>\$ 4,093,647</u>	<u>\$ 42,846,236</u>	<u>\$ 6,437,409</u>	<u>\$ 40,502,474</u>

Depreciation expense for the year ended June 30, 2018 and 2017 was \$712,771 and \$561,154, respectively.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 \$3,464,050 and \$5,574,450 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments due to the City as of June 30, 2018 under this operating lease are as follows:

2019	\$	3,336,250
2020		3,327,850
2021		3,320,650
2022		3,314,919
2023-2027		15,491,675
2028-2032		15,240,069
2033-2037		<u>15,243,750</u>
Total	\$	<u>59,275,163</u>

**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](http://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, 2018, 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>
2016	\$ 92,914
2017	\$ 99,797
2018	\$ 126,573

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

At June 30, 2018 and 2017, the Authority reported a liability of \$117,305 and \$292,077, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2018 and 2017 the Authority's proportion was and .0036346% and .0031085%, respectively.

For the year ended June 30, 2018 and 2017, the Authority recognized pension expense of \$169,228 and \$192,280, respectively. At June 30, 2018, 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	\$ 41,839	\$ 34,574
Changes of Assumptions	77,783	
Net difference between projected and actual earnings on		
Pensions plan investments	170,376	336,304
Changes in proportion and differences between contributions		
and proportionate share of contributions	87,038	26,229
Contributions subsequent to the measurement date	45,232	
Total	<u>\$ 422,268</u>	<u>\$ 397,107</u>

At June 30, 2018, \$31,643 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2019	\$ 52,524
2020	\$ 46,347
2021	\$ (81,865)
2022	\$ (37,077)
2023	\$ 0
Thereafter	\$ 0

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**6. PENSION PLANS (Continued)**

*(d) Actuarial Assumptions*

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2017 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
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 MP-2014.

The actuarial assumptions used in the April 1, 2016 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, 2018 are summarized below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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**7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**(i) *Actuarial Methods and Assumptions***

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018, 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	7.25% for 2018 decreasing to an ultimate rate of 3.886% by 2075
Discount Rate	3.62%

The selected discount rate of 3.62% was based on the Fidelity General Obligation 20-year AA Municipal Bond Index as of June 30, 2018.

Mortality rates were based on the sex-distinct White Collar RPH-2014 Mortality Tables 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.

The actuarial assumptions used in the July 1, 2017 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, 2018 and 2017, the Authority's bank balances of \$46,077,733 and \$41,787,090, 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, 2018 and 2017 as it is deemed immaterial to the financial statements. In addition, as a participant in the Plan, the Authority had a positive balance of \$7,242 as of June 30, 2018 and a deficit balance of \$76,743 as of June 30, 2017. This represents the difference between premiums collected and claims paid.

**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, 2018**

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**10. PRIOR PERIOD ADJUSTMENT – CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE**

**Other Postemployment Benefits Other Than Pensions**

A prior period adjustment of \$1,815,943 has been reflected in the financial statements to increase beginning net OPEB liability to implement GASB 75 which more accurately reflects the liability at June 30, 2017.

**11. SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events occurring after the Statement of Net Position through the date of March 9, 2019 which is the date the financial statements were available to be issued.

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

<b>ERS Pension Plan</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 126,573	\$ 99,797	\$ 92,914	\$ 19,934
Contributions in Relation to the Contractually Required Contribution	126,573	99,797	92,914	19,934
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____
Authority's Covered-ERS Employee Payroll	\$ 922,538	\$ 752,001	\$ 599,249	\$ 123,520
Contributions as a Percentage of Covered-Employee Payroll	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,**

**ERS Pension Plan**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Authority's proportion of the net pension liability	0.0036346%	0.0031085%	0.0024646%	0.0008180%
Authority's proportionate share of the net pension liability	\$ 117,305	\$ 292,077	\$ 395,629	\$ 27,633
Authority's covered-employee payroll	\$ 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	12.72%	38.84%	66.02%	22.37%
Plan fiduciary net position as a percentage of total pension liability	98.2%	94.7%	90.7%	97.9%

See Independent Auditor's Report.

**SYRACUSE REGIONAL AIRPORT AUTHORITY**  
**SCHEDULE OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS**  
**For the Year Ended June 30, 2018**

	<b>2018 *</b>
Measurement Date	6/30/2018
Total OPEB Liability	
Service cost	\$ 250,479
Interest on Total OPEB Liability	73,565
Change in assumptions and other inputs	
Differences between expected and actual experience in the measurement of the total OPEB liability	18,427
Differences between Expected and Actual Experience	(1,554)
Benefit payments	-
Net change in total OPEB Liability	340,917
Total OPEB Liability - Beginning	1,815,943
Total OPEB Liability - Ending	\$ 2,156,860
Covered payroll	\$ 1,098,757
Total OPEB Liability as a percentage of covered payroll	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.