

# **Susquehanna Area Regional Airport Authority**

Independent Auditor's Report and Financial Statements

December 31, 2022

# Susquehanna Area Regional Airport Authority

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## Independent Auditor's Report

Board of Directors  
Susquehanna Area Regional Airport Authority  
Middletown, Pennsylvania

### ***Opinion***

We have audited the financial statements of Susquehanna Area Regional Airport Authority (SARAA), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise SARAA's basic financial statements as listed in the table of contents.

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

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, in 2022, the Authority adopted new accounting guidance for accounting for leases. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SARAA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SARAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SARAA's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SARAA's basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and are 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 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**FORVIS, LLP**

Indianapolis, Indiana  
April 21, 2023

# **Susquehanna Area Regional Airport Authority**

## **Management's Discussion and Analysis**

### **December 31, 2022**

#### **(Unaudited)**

Management's Discussion & Analysis (MD&A) of the financial performance and activity of the Susquehanna Area Regional Airport Authority (SARAA) is to provide the reader with an introduction to SARAA's basic financial statements as of and for the year ended December 31, 2022. The information contained in the basic financial statements, including the notes, is essential to a full understanding of the financial statement data.

SARAA is a joint municipal authority created in 1997 under the Pennsylvania Municipality Authorities Act. SARAA is governed by representatives from the counties of Dauphin, Cumberland and York, the cities of Harrisburg and York and the townships of Lower Swatara (Dauphin County) and Fairview (York County). SARAA is an independent entity governed by a board of directors who are not compensated. Each of the municipalities appoints representatives to serve for 5-year terms on the board that consists of 15 directors. Each county appoints three board members; each city appoints two board members; each of the two townships appoints one board member. The board members cannot be recalled during their term. After their term expires, they continue to serve until their sponsoring county, city or township replaces them or until they resign.

SARAA owns and operates four airports: 1) Harrisburg International Airport (HIA), primarily located in Lower Swatara Township, Dauphin County, Pennsylvania (Harrisburg International Airport is known as the MDT airport code. The airport is adjacent to the Borough of Middletown, PA); 2) Capital City Airport (CXY), located in Fairview Township, York County, Pennsylvania; 3) the Franklin County Regional Airport (FCRA), located near Chambersburg, Pennsylvania; and 4) the Gettysburg Regional Airport (GRA), located near Gettysburg, Pennsylvania.

SARAA and the Harrisburg International Airport have no financial ties with the City of Harrisburg or any of the other appointing counties, cities or townships.

This MD&A is a section of the annual report required by Governmental Accounting Standards Board Statement (GASB) No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34).

#### **Industry Headlines and SARAA's Activities and Highlights**

After two years of suppressed passenger traffic related to the impacts of the COVID-19 pandemic, TSA screening levels have returned to pre-pandemic levels. The U.S. Transportation Security Administration (TSA) reported screening 755,943,780 airline passengers at U.S. airport security checkpoints during Calendar Year (CY) 2022. This was up 30.3% when compared to the 580,043,700 screened during PY 2021.

According to aviation data provider Cirium, during 2022, commercial airline flights in the Continental U.S. increased by 13.7% compared to 2021. These flight additions resulted in a seat capacity increase of 20.3%, a 28.5% increase in available seat miles for sale and a 88% increase in airline ticket revenue.

At Harrisburg International Airport, commercial passenger departing flights decreased 4.0%, seat capacity increased by 11.6% and airline ticket revenues were up by 50%. The airlines enplaned/deplaned a total of 1,256,348 passengers in 2022, up 23% from 2021. American (+17.3%), Allegiant (+26.7%), Delta (30.5%), United (29.7%) and Frontier (8.3%) all carried more passengers in 2022 when compared to 2021.

Total 2022 departing seat capacity at HIA increased 11.6% compared to 2021. American (42.1%) offered the most seats for sale followed by Delta (20.0%), Allegiant (19.2%), United (15.2%) and Frontier (3.5%). The airports average 2022 departing load factor increased from 2021 by 8.2 points to 88% for the year.

A total of 57,175 tons of cargo were flown into and out of Harrisburg International Airport in 2022 representing a 10.0% decrease compared to 2021. UPS tonnage decreased 13.3%, FedEx tonnage decreased 13.4% while commercial airline belly cargo increased by 14.5%. DHL returned to daily jet aircraft service beginning May of 2021 and their full year operations in 2022 resulted in an increased tonnage of 31.9%. The Federal Aviation Administration (FAA) reported there were 46,526 total 2022 airport operations at HIA, an increase of 28.2% compared to 2021.

The following table shows the 2022 percentage fluctuation from 2021 for change in seats, change in enplanement passengers and passenger market share (list ranked by 2022 passenger market share):

	<b>Change in Seats</b>	<b>Change in Enplaned Passengers</b>	<b>Market Share</b>
American Airlines	13.1%	17.3%	42.1%
Delta Air Lines	10.7%	29.2%	20.0%
Allegiant	4.7%	25.9%	19.2%
United Airlines	23.6%	31.1%	15.2%
Frontier	-4.1%	14.2%	3.5%
Total Passenger Airlines	11.6%	23.0%	100.0%

The following table shows a summary of various activities at HIA:

	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Enplanements	630,997	512,820	23.0%
Air carrier operations	46,526	36,295	28.2%
Landed weight (passenger airlines only)	696,115,385	608,831,303	14.3%
Cargo tons	57,175	63,549	-10.0%
Parking revenue	\$ 7,364,240	\$ 5,303,675	38.9%

## Financial Highlights

In 2022, SARAA saw a return to operating statistics and revenues comparable to pre-COVID annual figures (excluding the industry-wide record year of 2019). Headwinds due to airline capacity constraints attributed to pilot shortages and a slowing of e-commerce related cargo activity were offset by prudently applied relief funds. As 2020/21 financial activity was primarily focused on resource preservation, 2022 saw a priority shift to maximizing the impact of the remaining relief funds on long-standing operational maintenance.

- A balanced 2022 budget was passed in late 2021, it was developed to meet all cash flow and covenant requirements through the judicious use of the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan Act (ARPA) funds.

- All operating and maintenance spending was budgeted to maintain and operate safe and secure aviation facilities. No additional positions were considered in 2022, though vacancies left unfilled during the pandemic recovery were open to staffing. Total O&M expenses were increased by \$1.57 million from our 2021 budget.
- Capital Spending was limited to projects that were subsidized greatly by grants or were essential for the continued improvement of the Authority's airports. Other projects were suspended until supplemental funding sources were able to be secured.
- Approximately \$22 million of CARES, CRRSA and ARPA grant funding was awarded to the Authority in 2020/21 of which \$14.5 million remained available to be drawn in 2022 and beyond. \$2.7 million was drawn in 2022 to preserve liquidity, offset capital spending (CARES only) and maintain debt coverage requirements.
- No airline, tenant and concessionaire partners received any alteration to their business terms of operation outside the scope of their agreements. In lieu of changes to such terms, SARAA used a portion of its COVID-19 Concession Relief grants to provide credits that offset operating revenues. Such relief grant funds are not recognized as operating revenues and instead are considering nonoperating revenues in accordance with applicable accounting principles.
- Parking operations remained active in both the short-term (terminal adjacent) lot and long-term economy lot. Due to a shift in consumer behavior, SARAA management determined that a return to full rates, \$20 per day in the short-term lot & \$10 per day in the long-term lot, was needed to mitigate capacity constraints in the terminal adjacent lot.
- Cargo airline operations saw a decrease as consumer retail activity shifted back toward a return to pre-pandemic levels as such cargo landed weight decreased 11.5%.
- The required bond coverage ratio was met and maintained for 2022. More information is available in the Long-Term Debt section of the Management's Discussion and Analysis.
- All monthly debt service payments required by the bond trustee were made.

## Overview of Financial Statements

SARAA only engages in business-type activities. These are activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services. SARAA reports its business-type activities in a single enterprise fund, meaning that its activities are operated and reported like a private-sector business.

SARAA's financial report includes Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. Comparative financial statements with fiscal year 2021 are presented.

The net position of SARAA is comprised of these categories:

- *Net investment in capital assets* - reflects SARAA's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. SARAA uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.
- *Restricted* - represents resources that are subject to external restrictions on how they may be used.
- *Unrestricted* - represents resources that may be used to meet SARAA's ongoing obligations to the public and creditors.



SARAA implemented the GASB Statement No 87, *Leases*, effective January 1, 2022. The comparative information presented for 2021 within this MD&A has not been restated for this change in accounting principle.

### **2022 to 2021 Comparative Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position reflect the operating activity of SARAA for the years using the accrual basis of accounting, similar to private sector companies. The change in net position is an indicator of whether the overall fiscal condition of SARAA has improved or worsened during the year.

The change in net position for the years ended December 31, 2022 and 2021 was \$12.7 million and \$(1.5) million, respectively. The comparative analysis is a summary of the Statement of Revenues, Expenses and Changes in Net Position for 2022 and 2021.

	<b>2022</b>	<b>2021</b>	<b>Dollar Change</b>	<b>Percent Change</b>
<b>Operating Revenues</b>				
Facilities revenue	\$ 6,977,104	\$ 8,809,591	\$ (1,832,487)	-20.8%
Parking fees	7,364,240	5,303,675	2,060,565	38.9%
Vehicle rental fees and customer facility charges	4,836,530	4,198,118	638,412	15.2%
Landing fees	4,221,631	3,346,450	875,181	26.2%
Apron and gate use fees	1,214,725	1,803,038	(588,313)	-32.6%
Concession fees	118,304	458,458	(340,154)	-74.2%
Fuel flowage and other commissions	360,613	402,535	(41,922)	-10.4%
Other income	724,537	610,531	114,006	18.7%
Total operating revenues	<u>25,817,684</u>	<u>24,932,396</u>	<u>885,288</u>	<u>3.6%</u>
<b>Operating Expenses</b>				
Salaries, wages, payroll taxes and benefits	8,950,316	8,182,372	767,944	9.4%
Professional and consulting fees	457,280	482,798	(25,518)	-5.3%
Marketing	507,802	311,623	196,179	63.0%
Insurance	713,218	540,618	172,600	31.9%
Utilities	2,019,195	1,748,884	270,311	15.5%
Parking facility	1,332,609	766,857	565,752	73.8%
Repairs and maintenance	2,736,052	2,276,639	459,413	20.2%
Supplies, parts and other	3,105,449	2,619,513	485,936	18.6%
Depreciation	16,064,733	15,811,592	253,141	1.6%
Total operating expenses	<u>35,886,654</u>	<u>32,740,896</u>	<u>3,145,758</u>	<u>9.6%</u>
<b>Loss From Operations</b>	(10,068,970)	(7,808,500)	(2,260,470)	28.9%
<b>Nonoperating Expenses</b>				
Net of Revenues	(1,396,696)	(3,141,161)	1,744,465	-55.5%
<b>Capital Contributions, Grants and Contributions From Lessees</b>	<u>24,142,518</u>	<u>9,471,613</u>	<u>14,670,905</u>	<u>154.9%</u>
<b>Increase (Decrease) in Net Position</b>	12,676,852	(1,478,048)	14,154,900	-957.7%
<b>Net Position, Beginning of Year</b>	<u>136,101,087</u>	<u>137,579,135</u>	<u>(1,478,048)</u>	<u>-1.1%</u>
<b>Net Position, End of Year</b>	<u>\$ 148,777,939</u>	<u>\$ 136,101,087</u>	<u>\$ 12,676,852</u>	<u>9.3%</u>

**Loss From Operations:** Depreciation is a noncash expense, so the loss does not reflect the cash position. The Statements of Cash Flows present an accurate portrayal of cash activity. Also, the Schedule of Capital and Noncapital Revenues and Expenses, which is presented as supplementary information, is more reflective of SARAA's annual fiscal operations.

### **Significant Variances for 2022 to 2021**

- **Operating Revenues:** In 2022, the Total Operating Revenues increased 3.6%. Substantial upward pressure on pricing due to the historic inflationary factors led many sales categories to see significant increase in reported sales over their utilization increases; rental car revenues led this category with an increase of 15.2% revenue over 2021 revenue with an additional 3.3% revenue offset due to Concession Relief application. A restructured Airline Operating Agreement (AOA) billing matrix as well as SARAA management's efforts to keep airline operating costs down to maintain capacity resulted in an overall reduction in our annual airline revenues. Parking rates were increased throughout 2022 to manage volume in the garage and ended the year at full pricing of \$20 and the long-term lot was \$10. Cargo landed weight accounted for 46.4% of all landed weight, up from 46.2% in 2021. The Landing fee rate was at \$3.51 in 2022. Fuel flowage fees were included in the landing fees paid by the signatory passenger and cargo airlines. The airlines that maintained their rent payments were not subject to revenue sharing based on the new AOA resulting in SARAA's ability to retain a larger initial portion of excess funds for capital needs, and federal relief funds being drawn to maintain coverage requirements.
- **Operating Expenses (other than depreciation):** The operating expenses before depreciation increased 17.1% or \$2.9 million.
  - Personnel attrition and staff retirements offset a portion of annual increases to staff salaries. 2022 personnel costs were \$767,944 over 2021 amounts, due primarily to cost of living adjustments being awarded to all staff in addition to annual performance based increases. All positions were refilled when vacancies occurred.
  - Parking facility expenses saw a 73.8% increase as a return to normal operations of both lots and shuttles was realized for the duration of 2022.
  - Repair/Maintenance & Supplies saw a combined 38.8% increase in total expenditures as long standing financially constrained maintenance items were advanced due to the presence of available relief funds to offset their costs.
  - Utility expenditures increased 15.5% due to higher commodity/supplier pricing on electric.
- **Operating Expenses (depreciation):** Depreciation increased 1.6% or \$253,141.
- **Nonoperating Expenses Net of Revenue:**
  - Passenger Facility Charges (PFC) increased 39.6%, or \$796,962, as a byproduct of increased enplanements.
- **Capital Contributions and Grants:**
  - The amounts recorded vary year-to-year with the level of construction activity at SARAA's four airports. When there is more capital activity, there are more grant dollars reimbursing those costs. In 2022, capital dollar volume was more than 2021 (\$16.3 million vs. \$8.2 million). The initial construction phase of MDT's cargo apron expansion began in 2022 with a project cost of \$15.7 million.
  - \$14.5 million of CARES, CRRSA and ARPA Act grant funding was carried forward into 2022. \$2.7 million was drawn to preserve liquidity.

## Statements of Net Position Summary

A condensed summary of SARAA's statements of net position at year-end is shown below:

	2022	2021
<b>Assets</b>		
Current assets	\$ 19,875,511	\$ 22,485,445
Noncurrent restricted cash and investments	14,191,045	14,636,558
Noncurrent other assets	25,296,360	677,191
Capital assets, net	<u>242,824,562</u>	<u>235,225,258</u>
Total assets	<u>\$ 302,187,478</u>	<u>\$ 273,024,452</u>
<b>Liabilities</b>		
Current liabilities	\$ 8,909,994	\$ 12,786,075
Long-term liabilities	<u>117,030,727</u>	<u>124,137,290</u>
Total liabilities	<u>125,940,721</u>	<u>136,923,365</u>
Deferred inflows of resources	<u>27,468,818</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	132,414,146	117,204,372
Restricted	3,679,226	8,948,124
Unrestricted	<u>12,684,567</u>	<u>9,948,591</u>
Total net position	<u>148,777,939</u>	<u>136,101,087</u>
Total liabilities and net position	<u>\$ 302,187,478</u>	<u>\$ 273,024,452</u>

## Statements of Net Position Discussion - 2022 vs. 2021

**Current assets:** Overall, current assets decreased \$2.6 million. Unrestricted cash and cash equivalents decreased \$3.2 million from 2021 year-end. Grants receivable increased \$4.0 million from 2021. Investments increased \$814,000 as the capital improvement and coverage investment accounts increased. The Authority received \$758,000 from the Transportation Security Administration's fifth year of reimbursement of the Electronic Baggage Screening Program. Restricted cash and investments decreased as prescribed on the bond debt service schedule.

**Noncurrent cash and investments:** The Debt Service Reserve funds (DSRF) were maintained, decreasing by \$442,691, due primarily to the refunding of 2012A&B bonds yielding a lower threshold required. The Renewal and Replacement Reserve fund decreased \$160,768 and the Maintenance and Operation Reserve fund increased \$15,651. These funds are required to be maintained at certain prescribed levels to be in compliance with the bond indenture.

**Capital assets,** net of accumulated depreciation increased \$7.6 million:

- Construction in progress increased \$16.4 million. Substantial projects in the balance include the HIA's Cargo Apron and GRA's South Parking Apron.

**Current liabilities** decreased by \$3.9 million. Accounts payable (regular and construction) increased \$2.7 million. The current portion of bonds interest and principle decreased \$7.0 million due to the 2012 principle and remaining 2022 interest being paid at the time of the bond refunding in October.

**Noncurrent Liabilities:** The \$7.1 million decrease in noncurrent liabilities was caused by the annual routine reduction of bond principal (\$5.62 million) and the annual offsetting of bond premiums to interest expense (\$233,599). Additional reductions of outstanding bond payables were realized with the issuance of series 2022A&B bonds to replace the 2012A&B bonds.

Note 11, Bonds Payable, provides complete details.

**Net position** serves as a useful indicator of SARAA's financial position. SARAA's total assets exceeded total liabilities by \$148.8 million at December 31, 2022. This is a \$12.7 million increase from the prior year of \$136.1 million. Assets increased due to capital asset additions and liabilities decreased, primarily attributable to the scheduled payment of bond debt.

The largest component of SARAA's net position (89.0% as of December 31, 2022) is invested in capital assets (e.g., land, infrastructure, buildings, improvements and equipment), net of the related debt outstanding used to acquire those capital assets. Although SARAA's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided annually from operations since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

The components of restricted net position are limited to their use by external sources as described below:

- Bond resolution requires funds be put aside to ensure the continued operation of the airports.
- The FAA requires the use of passenger facility charges (PFC's) collected from passengers by the airlines only for approved capital projects including debt service thereon.

Unrestricted net position may be used for any lawful airport system purpose.

### Cash and Investment Management

	2022	2021
Cash and cash equivalents	\$ 164,625	\$ 3,399,926
Maintenance and operations reserve	3,281,813	3,266,162
Renewal and replacement reserve	15,530	176,298
Coverage account	1,289,389	1,270,113
Capital improvement account	5,878,298	5,084,007
Passenger facility charge	728	1,152
Accrued interest	182,741	60,446
	<u>\$ 10,813,124</u>	<u>\$ 13,258,104</u>

The above funds are invested according to the Commonwealth of Pennsylvania Municipal Authorities Act Section 5611 as described in Note 5, Deposits and Investments, of the financial statements. All funds are secure as they are insured by the FDIC or collateralized by the respective financial institution as permitted by Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors.

The Maintenance and Operations Reserve is set by the Master Trust Indenture for the 2008, 2012, 2017 and 2022 Bonds at one sixth of the current year's operating budget.

The Renewal and Replacement Reserve is set by the Master Trust Indenture at a \$500,000 maximum. The payback shall be made in the year following the use of the Renewal and Replacement Reserve. The reserve was used in 2022 to fund the purchase of a mower, lift truck, trash compactor, runway snow blower, a service truck, new carpeting in the administrative offices, wide format printer, SCADA PLC, and two replacement message boards.

The Coverage Account has a beneficial effect in calculating the bond covenant's debt service coverage. Using the CARES Act grants for debt service decreased the balance needed for the desired beneficial effect of 25% of net senior debt service. CARES Act grants were applied as an offset to debt service, reducing net senior debt service and thereby improving coverage.

Capital Improvement Account represents remaining revenues to be used by SARAA for any lawful aviation purpose. The Capital Improvement account increased as no funds were needed to be drawn in 2022 for capital activity. The Authority received \$758,000 from the Transportation Security Administration's fifth year of reimbursement of the Electronic Baggage Screening Program. Further details may be found in Note 6, Restricted and Unrestricted Cash and Investments, of the financial statements.

SARAA's restricted debt service funds at December 31 were as follows:

	<b>2022</b>	<b>2021</b>
Debt service funds	\$ 1,219,034	\$ 8,237,848
Debt service reserve funds	<u>10,710,961</u>	<u>11,133,652</u>
	<u><u>\$ 11,929,995</u></u>	<u><u>\$ 19,371,500</u></u>

The trustee, Manufacturers Traders and Trust Co., holds the above funds. They are invested under direction of SARAA according to Section 4.07(h) in the applicable Supplemental Trust Indenture with respect to SARAA's Senior Bonds and Section 4.04(g) in the Third Supplemental Subordinate Trust Indenture with respect to SARAA's Subordinate Bonds. Permitted investments are defined in the Senior Master Indenture and in the Fourth Supplemental Trust Indenture.

### **Capital Asset Activity**

The following are projects underway or were completed in 2022:

- The first construction phase of the cargo apron expansion at HIA commenced in 2022 to address the additional storm water capacity needed for the new apron. This phase was highly technical and comprised tunneling under the active runway once micro-grouting was completed during runway closures.
- Airport Drive, the main artery that runs the length of HIA, was rehabilitated and repaved in 2019 and the east and west ends were completed in 2020. The next phase of the removal buildings 26 & 96 (former air force HQ and barracks) began in 2021 and was completed 2022. The next phase beginning Q1 2023 will include reconfiguration of the 3<sup>rd</sup> street intersection into a round-a-bout.

- Design of a baggage handling system (BHS) upgrade was completed in 2022 and a Bipartisan Infrastructure Law Airport Terminals Program grant was awarded for this project; construction is planned to begin in 2023.
- HIA received a principal forgiveness loan from PennVest for upgrades to the water treatment plant. This project will filter 100% of water produced to non-detect levels of PFOS/PFOA.
- The creation of new airport master plan commenced in 2022 at FCRA.
- Work continues on a multi-year project to develop the South Parking Apron at GRA.
- Two obstruction removal projects at CXY and GRA continue in the construction stages.

Cash paid for capital projects was \$16.3 million. SARAA received \$14.8 million in capital grants toward the capital additions due to closeouts of grants with funds expended in previous fiscal. See Note 9, Capital Assets, to the financial statements for a summary of capital asset activity.

### **Long-Term Debt**

Capital acquisitions are funded using a variety of financing mechanisms, including federal and state grants, passenger facility charges (PFC), public debt issues, the renewal and replacement account, capital improvement account and airport operating revenue.

The use of PFC's is fully explained in Note 2, Passenger Facility Charges, of the financial statements. Currently, all PFC's are assigned as an offset to the debt service requirements of the 2017, 2008B, 2012A and 2012B, 2022A and 2022B bonds through 2022. SARAA's management fully intends to continue to use the PFCs to offset bond debt service requirements into the foreseeable future.

SARAA's annual debt service for their four bond issues is scheduled at approximately \$10.6 million annually through 2032. In 2033 through 2037, debt service decreases to \$9.3 million annually. Principal payments are focused on the 2012A bonds through 2022, then 2022A bonds through 2026 and then they switch to the 2022B bonds. New 2022A and 2022B bonds were issued in October 2022 refunding the callable 2012A&B bonds at 2.96% and 3.03% compared with 5% and 4%, respectively, resulted in a net savings to SARAA of approximately \$4.4 million over the term of the debt.

SARAA, through its Master Trust Indentures, has covenants to maintain a debt service coverage ratio of not less than 1.25 for senior lien debt and 1.10 for senior and subordinate debt. Debt service coverage is calculated based on a formula included in the bond indentures and the airline agreements. Historically, the Authority has maintained a coverage ratio higher than its requirement. Starting in 2017, only senior lien debt is outstanding.

The debt service coverage calculation is as follows.

	2022	2021
Total operating revenues	\$ 25,817,684	\$ 24,932,396
Additions:		
Revenue sharing to airlines	-	1,015,266
Investment income	590,018	36,892
COVID-19 Concessionaire relief funding	723,618	-
Total revenues	27,131,320	25,984,554
Less: Management and operating expenses	(19,821,921)	(16,929,304)
Airport System net revenues	7,309,399	9,055,250
Add: Coverage account balances <sup>1</sup>	1,289,389	1,270,113
Net revenues plus coverage account balances	8,598,788	10,325,363
Annual Senior Bonds debt service	11,606,317	11,119,700
Less: PFC Revenues	(2,581,450)	(1,992,000)
Less: CARES Act funds used for debt service	(2,724,000)	(2,129,885)
Net Senior Bonds debt service	6,300,867	6,997,815
Senior Bonds Debt Service Coverage <sup>2</sup>	1.36	1.48
Adjusted Senior Bonds Debt Service Coverage <sup>3</sup>	1.09	1.19

<sup>1</sup> Limited to 25% of net Senior Bond debt service.

<sup>2</sup> Coverage calculated as required by the Indenture, which incorporates the coverage account balance (which can total up to a maximum of 25% of Senior Debt Service) as part of the numerator and accounts for PFC revenue as an offset to debt service in the denominator. Minimum debt service coverage requirement for Bonds per the Indenture is 1.25.

<sup>3</sup> Calculated as Net Revenues plus PFC Revenues and Cares Act Funds divided by Senior Debt Service.

## Requests for Information

This financial report is designed to provide a general overview of SARAA's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Deputy Director, Finance & Administration, Harrisburg International Airport, One Terminal Drive, Suite 300, Middletown, PA 17057 or via SARAA's website [www.flyhia.com](http://www.flyhia.com).

# Susquehanna Area Regional Airport Authority

## Statement of Net Position December 31, 2022

	<u>2022</u>
<b>Assets</b>	
<b>Current Assets</b>	
<b>Unrestricted Assets</b>	
Cash and cash equivalents	\$ 164,625
Accounts receivable, net of allowance of \$70,000	1,186,004
Grants receivable	4,750,441
Tenant improvement allowance	42,611
Prepays and other assets	965,815
Inventory	1,204,403
Investments	7,167,687
Lease receivables	2,794,335
Total unrestricted current assets	<u>18,275,921</u>
<b>Restricted Assets</b>	
Cash and investments	1,219,762
Passenger facility charge receivables	379,828
Total restricted current assets	<u>1,599,590</u>
Total current assets	<u>19,875,511</u>
<b>Noncurrent Assets</b>	
Cash and investments, restricted	14,191,045
Tenant improvement allowance	633,737
Lease receivables	24,615,035
Right-of-use assets - leases	47,588
Capital assets	
Nondepreciable capital assets	43,246,273
Depreciable capital assets	199,578,289
Net capital assets	<u>242,824,562</u>
Total noncurrent assets	<u>282,311,967</u>
Total assets	<u>302,187,478</u>
Total assets	<u>\$ 302,187,478</u>



	<b>2022</b>
<b>Liabilities and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 1,337,173
Accounts payable - construction	4,379,053
Accrued interest payable	1,217,707
Accrued expenses	1,594,127
Unearned revenue	300,714
Current portion of notes payable	81,220
Current portion of bonds payable	-
Total current liabilities	<u>8,909,994</u>
<b>Noncurrent Liabilities</b>	
Estimated costs of remediation	920,000
Bond and other deposits	16,558
Leases payable	45,135
Notes payable, less current portion	614,538
Bonds payable, less current portion	115,434,496
Total noncurrent liabilities	<u>117,030,727</u>
Total liabilities	<u>125,940,721</u>
<b>Deferred Inflows of Resources</b>	
Gain on refunding of debt	598,747
Leases	26,870,071
Total deferred inflows of resources	<u>27,468,818</u>
<b>Net Position</b>	
Net investment in capital assets	132,414,146
Restricted	3,679,226
Unrestricted	12,684,567
Total net position	<u>148,777,939</u>
Total liabilities and net position	<u>\$ 302,187,478</u>

**Susquehanna Area Regional Airport Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2022**

	<b>2022</b>
<b>Operating Revenues</b>	
Facilities revenue	\$ 6,977,104
Parking fees	7,364,240
Vehicle rental fees and customer facility charges	4,836,530
Landing fees	4,221,631
Apron and gate use fees	1,214,725
Concession fees	118,304
Fuel flowage and other commissions	360,613
Other income	724,537
Total operating revenues	<u>25,817,684</u>
<b>Operating Expenses</b>	
Salaries, wages, payroll taxes and benefits	8,950,316
Professional and consulting fees	457,280
Marketing	507,802
Insurance	713,218
Utilities	2,019,195
Parking facility	1,332,609
Repairs and maintenance	2,736,052
Supplies, parts and other	3,105,449
Total operating expenses before depreciation	<u>19,821,921</u>
<b>Income From Operations Before Depreciation</b>	5,995,763
Depreciation expense	<u>16,064,733</u>
<b>Loss From Operations</b>	<u>(10,068,970)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Passenger facility charges	2,811,840
Investment income	590,018
Interest income - leases	1,157,203
Interest expense	(5,938,454)
Loss on disposal of capital assets and sale of easements	(17,303)
Total nonoperating expenses	<u>(1,396,696)</u>
<b>Decrease in Net Position Before Capital Contributions and Grants</b>	(11,465,666)
<b>Capital Contributions and Grants</b>	
Federal, state and local grants	18,742,518
Contributions from lessees	<u>5,400,000</u>
<b>Increase in Net Position</b>	12,676,852
<b>Net Position, Beginning of Year</b>	<u>136,101,087</u>
<b>Net Position, End of Year</b>	<u><u>\$ 148,777,939</u></u>

# Susquehanna Area Regional Airport Authority

## Statement of Cash Flows Year Ended December 31, 2022

	<b>2022</b>
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 25,693,745
Cash paid to employees for services	(8,422,861)
Cash paid to suppliers for goods and services	(12,466,737)
Net cash provided by operating activities	<u>4,804,147</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal paid on long-term debt	(5,355,000)
Bonds refunded	(78,550,000)
Proceeds from bond issuance	72,313,000
Interest paid	(7,830,747)
Principal payment on loans	(81,221)
Proceeds from notes payable	(8,402)
Tenant improvement allowance	42,611
Interest received on leases receivable	1,157,203
Passenger facility charges received	2,581,026
Acquisition and construction of capital assets	(14,280,410)
Capital grants received	14,731,290
Net cash used in capital and related financing activities	<u>(15,280,650)</u>
<b>Cash Flows From Investing Activities</b>	
Investment income	590,018
Purchase of investment securities	(25,695,081)
Proceeds from sales of investment securities	32,346,265
Net cash provided by investing activities	<u>7,241,202</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(3,235,301)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,399,926</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 164,625</u>

# Susquehanna Area Regional Airport Authority

## Statement of Cash Flows (Continued)

Year Ended December 31, 2022

	<u>2022</u>
<b>Reconciliation of Loss From Operations to Net Cash Provided by Operating Activities</b>	
Loss from operations	\$ (10,068,970)
Item not requiring cash	
Depreciation of capital assets	16,064,733
Change in assets and liabilities	
Accounts receivable	461,652
Inventory	(40,398)
Prepays and other assets	(215,072)
Lease receivables	5,216,160
Unearned revenue	(5,801,751)
Bond and other deposits	(152)
Accounts payable and accrued expenses	<u>(812,055)</u>
Net cash provided by operating activities	<u><u>\$ 4,804,147</u></u>
<b>Noncash Capital and Related Financing Activities</b>	
Capital assets included in accounts payable at end of year	\$ 4,379,053
Contributions from lessees	5,400,000

# **Susquehanna Area Regional Airport Authority**

## **Notes to Financial Statements**

**December 31, 2022**

### **Note 1: Reporting Entity**

On January 2, 1998, the Commonwealth of Pennsylvania (Commonwealth), acting through the Pennsylvania Department of Transportation (PennDOT), transferred operation and ownership of the Harrisburg International Airport (HIA), primarily located in Lower Swatara Township, Dauphin County, Pennsylvania and Capital City Airport (CXY), located in Fairview Township, York County, Pennsylvania (Airports), to the Susquehanna Area Regional Airport Authority (SARAA), a joint municipal authority duly created under the Pennsylvania Municipality Authorities Act. The assets and obligations of the Airports, as well as the assignment of all leases, agreements, permits and approvals, were transferred to SARAA in consideration of a one-dollar payment to the Commonwealth.

SARAA is organized under the Municipal Authorities Act (Act) as a joint authority by the Counties of Dauphin, Cumberland and York; the Cities of Harrisburg and York; and the Townships of Fairview and Lower Swatara. Under the Act, SARAA is an independent entity governed by a board of directors. Each of the municipalities appoints representatives to serve for 5-year terms on the board that consists of 15 directors. Each county appoints three board members, each city appoints two board members, while each of the two townships appoints one board member. An Executive Director of Aviation and a Deputy Executive Director of Aviation are employed to act on behalf of the board in connection with administration of the operational responsibilities retained by SARAA.

SARAA also owns and operates the Franklin County Regional Airport (FCRA), located near Chambersburg, Pennsylvania and the Gettysburg Regional Airport (GRA), located near Gettysburg, Pennsylvania.

### **Note 2: Summary of Significant Accounting Policies**

#### ***Basis of Accounting and Measurement Focus***

The financial statements of SARAA have been prepared using the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

SARAA follows the reporting requirements for special-purpose governments involved in business-type activities, which provide an entity-wide perspective in the financial statement presentation. These standards require presentation of management's discussion and analysis, as required supplementary information and financial statements consisting of the statements of net position, statements of revenues, expenses and changes in net position using a specified format that distinguishes between operating and nonoperating revenues and expenses and statements of cash flows using the direct method.

# **Susquehanna Area Regional Airport Authority**

## **Notes to Financial Statements**

**December 31, 2022**

Management of SARAA has made a number of estimates and assumptions relating to the reporting of assets and liabilities, recognition of revenue and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from the estimates.

### ***Revenue Recognition***

Revenue is recognized on an accrual basis with the establishment of corresponding accounts receivable. The allowance method for accounts receivable is used to measure bad debts. The allowance for doubtful accounts is determined based upon management's historical analysis and estimation of collectability of such accounts.

### ***Cash and Cash Equivalents***

SARAA considers all highly liquid investments (including restricted investments) with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist primarily of money market accounts.

### ***Investments***

Investments are stated at fair value based on estimates from external investment managers and quoted market prices.

### ***Inventories***

Inventories of supplies are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

### ***Restricted Assets***

Proceeds from debt and funds set aside for payment of debt are classified as restricted assets since their use is limited by applicable debt agreements. It is SARAA's policy to first apply restricted resources when a cost is incurred for which both restricted and unrestricted net position are available.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### Capital Assets

Capital assets, such as land, buildings, equipment and infrastructure assets are stated at cost (or estimated historical cost). Donated capital assets are measured at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date or the amount at which a liability could be liquidated with the counterparty at the acquisition date. SARAA capitalizes assets with an expected useful life of more than one year and a cost greater than \$10,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings, including parking facility	3 to 35
Land improvements	5 to 25
Runways, taxiways and aprons	3 to 30
Utilities and sewers	10 to 50
Roads and parking areas	4 to 20
Heavy equipment, furniture and fixtures	3 to 25
Vehicles	3 to 15
Facility planning, design and other studies	5 to 20

Expenditures for capital assets and for major renewals and betterments that extend the estimated useful life of the assets are capitalized, while routine maintenance and repairs are charged to expense as incurred. At the time capital assets are sold, retired, or disposed of, the costs of such assets and related accumulated depreciation are removed and any gain or loss on disposal is reflected as nonoperating activity. All costs relating to the construction of property and equipment are capitalized.

Donated capital assets are measured at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

### Lessee-Financed Improvements

Certain leases include provisions whereby lessee-financed improvements become the property of SARAA. Prior to the adoption of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, SARAA recorded lessee-financed improvements only upon leasehold reversion or lease termination, at which time the improvements were capitalized at acquisition value and recorded as a capital contribution. With the adoption of GASB Statement No. 33, SARAA now recognizes lessee-financed improvements upon completion of construction, or upon the asset being placed in service, whichever occurs first. However, lessee-financed improvements placed in service prior to the adoption of GASB Statement No. 33 continue to be recognized only upon leasehold reversion or lease termination.

# **Susquehanna Area Regional Airport Authority**

## **Notes to Financial Statements**

**December 31, 2022**

### ***Net Position***

Net position is categorized into three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position consists of net position that does not meet the definition of the two preceding categories.

### ***Rental Income***

SARAA has entered into an Airline Operating Agreement and Terminal Building Lease (Airline Agreement) with certain passenger, charter and cargo airlines serving the airport (collectively, the Signatory Airlines). Other airlines operate under an airport use permit that generally has a term of no more than two years. The Airline Agreement's hybrid residual rate-making features are designed to ensure that the Authority's debt service and related coverage obligations, including the rate covenant, will be met. The Airline Agreement authorizes SARAA to implement new fees and charges as necessary. In the event of an airline bankruptcy, SARAA may adjust the rates and charges for all Signatory Airlines in the current rate period to recover the rates and charges due from the bankrupt carrier. However, there can be no assurance that such other airlines will be financially able to absorb the additional costs. Rental rates under these agreements are determined annually.

A new Airline Agreement was signed by all prior signatory airlines in 2022 with a term date ending December 2024 with (3) one year extensions. The new agreement includes revised provisions which enable SARAA to retain the first \$1 million net revenues for capital projects prior to revenue sharing.

### ***Federal and State Grants***

Outlays for airport capital improvements and certain airport operating expenses, primarily those relating to airport security, are subject to reimbursement from federal grant programs. Funds are also received for airport development from the Commonwealth. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency. Capital funding is recorded as capital contributions and earned as allowable capital expenditures are incurred, whereas funding for the Noise Relocation Project is recorded as nonoperating revenues as related expenses are incurred.

### ***Operating Versus Nonoperating and Net Position Recognition***

The policy of SARAA is to report as operating revenues and expenses items that result from providing services in connection with the principal ongoing activities of the airport. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.



# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### ***Passenger Facility Charges***

Passenger facility charges (PFCs) are fees imposed on enplaned passengers by airports (and collected by airlines) for the purpose of generating revenue for airport projects that increase capacity, increase safety, or mitigate noise impacts. PFCs are restricted for use in the acquisition of real estate, construction of certain airport improvements (including payment of debt service) and other costs, as approved by the FAA.

SARAA has received approval from the Federal Aviation Administration (FAA) to impose and use a passenger facility charge of \$4.50 per eligible enplaned passenger up to approximately \$129 million. Among the projects to be financed by SARAA's PFCs are portions of the construction of the new terminal building, terminal loop road, terminal aprons, navigational aids and runway lighting and parallel taxiway and related work. PFCs are deposited on a pro-rata basis monthly to pay debt service on the 2008B, 2012A, 2012B, 2017 and 2022.

SARAA's PFCs are recognized as earned as nonoperating revenues and amounted to \$2,811,840 for 2022.

### ***Customer Facility Charges***

SARAA collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC is \$3.75 per rental car transaction per day. CFC's may be used in the following priority: (1) payment of annual debt service on the Airport System Revenue Bonds used to fund the design and construction of the multi-modal transportation center/ground transportation center; and (2) payment of operating and maintenance costs for the rental car portions of the multi-modal transportation center/ground transportation center. CFC revenue totaled \$1,823,265 for 2022, and is included in operating revenues on the statements of revenues, expenses and changes in net position.

### **Note 3: Change in Accounting Principle – GASB Statement No. 87, Leases**

During 2022, SARAA implemented GASB Statement No. 87, *Leases* (GASB Statement No. 87). This statement requires governments to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of GASB Statement No. 87 did not result in any change to SARAA's beginning net position. As of January 1, 2022, the implementation of GASB No. 87 did result in the increase of lease receivable and deferred inflows for leases of \$30.1 million. Leases have been recognized and measured using the facts and circumstances that existed at the beginning of the year. Refer to Note 7 for the additional disclosures on these balances. In addition, disclosures were added relating to regulated leases that are exempt from being included in the measurement of the above balances. Refer to Note 8 for the additional disclosures related to regulated lease activity.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

### Note 4: Major Customers

Major customers of SARAA represent the following percentages in SARAA operating revenues and passengers:

	2022	
	Revenues	Number of Passengers
American Airlines	12%	43%
Delta Airlines	8%	20%
United Airlines	6%	15%

### Note 5: Deposits and Investments

The fair values of deposits and investment securities by type of investment are:

	2022			
	Operating Cash and Cash Equivalents	Restricted Cash and Investments	Unrestricted Investments	Total
Cash and cash equivalents	\$ 164,625	\$ 1,894,714	\$ 4,364,523	\$ 6,423,862
Money market funds	-	954,823	-	954,823
U.S. Treasury Notes	-	6,347,000	-	6,347,000
U.S. Treasury Bills	-	124,425	-	124,425
Certificates of deposit	-	5,907,104	2,795,147	8,702,251
Local government investment trust	-	-	8,017	8,017
Accrued investment income	-	182,741	-	182,741
	<u>\$ 164,625</u>	<u>\$ 15,410,807</u>	<u>\$ 7,167,687</u>	<u>\$ 22,743,119</u>

### Deposits

Commonwealth of Pennsylvania law requires that SARAA's deposits be placed in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Insurance Fund. To the extent that such accounts are so insured, and for any amounts above the insured maximum, the approved collateral as provided by law shall be pledged by the depository.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

At December 31, 2022, the carrying value and the bank balances of SARAA's deposits were as follows:

	2022	
	Carrying Value	Bank Balance
Cash and cash equivalents	\$ 6,423,862	\$ 7,070,040
Certificates of deposit	8,702,251	8,702,251

Of the bank balances in 2022, \$1 million was insured by the Federal Deposit Insurance Corporation (FDIC) and the remaining balances were collateralized by financial institutions via single collateral pool arrangements as permitted by Act No. 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors.

### Investments

SARAA's practice is to follow Section 5611 of the Commonwealth of Pennsylvania Municipality Authorities Act. In accordance with their investment policy, SARAA is authorized to invest in (1) U.S. Treasury bills; (2) short-term obligations of the U.S. government or its agencies or instrumentalities; (3) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; and (4) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 if the only investments of that company are in the authorized investments for authority funds listed (1) through (3) above.

SARAA had the following investments and maturities as of December 31, 2022:

		2022		
	S&P / Moody's Rating	Carrying Value	Investment Maturity (in years)	
			Less than 1	1 to 5
Money market funds	Aaa-mf	\$ 954,823	\$ 954,823	\$ -
U.S. Treasury Notes	AAA	6,347,000	6,347,000	-
U.S. Treasury Bills	AAA	124,425	124,425	-
Certificates of deposit	Not Rated	8,702,251	6,364,920	2,337,331
Local government investment trust	AAAm	8,017	8,017	-
Accrued investment income	n/a	182,741	182,741	-
		<u>\$ 16,319,257</u>	<u>\$ 13,981,926</u>	<u>\$ 2,337,331</u>

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

**Interest Rate Risk:** The risk that changes in interest rates of debt securities will adversely affect the value of an investment. SARAA does not have an investment policy that manages exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of SARAA's various investment securities is presented in the previous table.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, SARAA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2022, SARAA's investments were not exposed to custodial credit risk. The U.S. Government-sponsored enterprise securities are not collateralized. The municipal obligations and U.S. Government-sponsored enterprise securities are held in SARAA's name by M&T Investment Group, the trustee. Certificates of deposit were insured by FDIC or collateralized.

**Concentration of Credit Risk:** SARAA's investment policy does not address the concentration of credit risk. As of December 31, 2022, SARAA had the following concentration in its investment portfolio:

	Percentage of Investment Portfolio
U.S. Treasury Notes	39%
Certificates of deposit	53%

**Foreign Currency Risk:** This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. SARAA's investment policy prohibits investments in foreign investments.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### Note 6: Restricted and Unrestricted Cash and Investments

#### ***Restricted Cash and Investments***

SARAA is required to restrict assets for various purposes in accordance with the terms of airline use agreements, bond ordinances and other contractual agreements. A summary of the restricted assets consists of the following:

	<b>2022</b>
Maintenance and operating reserve account	\$ 3,281,813
Renewal and replacement account	15,530
Passenger facility charges	728
Debt service fund	1,219,034
Debt service reserve	10,710,961
Total	<u>15,228,066</u>
Accrued income	182,741
Total restricted investments	<u>15,410,807</u>
Less current portion	<u>(1,219,762)</u>
Noncurrent portion	<u><u>\$ 14,191,045</u></u>

The maintenance and operation reserve fund must be maintained at a balance at least equal to one-sixth of SARAA's current operating and maintenance budget as a contingency reserve for payment of operation and maintenance expenses. Assets of the renewal and replacement fund must be maintained to pay for repairs or replacement of property not provided for by monies available in other funds including repairs and replacements done on an emergency basis. Passenger facility charges represent monies collected by SARAA not yet expended in accordance with the Federal Aviation Administration approval. The debt service fund is to pay principal and interest on the outstanding bonds. Amounts in the debt service reserve fund are available to pay debt service on the bonds if the amounts held in the debt service fund are insufficient to pay in full any principal and interest then due.

#### ***Unrestricted Investments***

The following are unrestricted investments that are held by SARAA at December 31, 2022. The capital improvement account represents all remaining revenues to be used by SARAA for any lawful aviation purposes. The coverage account can be used by SARAA to accumulate reserves of up to 25% of aggregate annual senior debt service.

	<b>2022</b>
Capital improvement account	\$ 5,878,298
Coverage account	<u>1,289,389</u>
	<u><u>\$ 7,167,687</u></u>

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

### Note 7: Leases Receivable

SARAA leases a portion of its property to various third parties who use the space to conduct their operations on the Authority grounds, the terms of which expire 2023 through 2068. Payments for most of the leases increase at period intervals by the Consumer Price Index (Index), with is based upon the Index at lease commencement. In addition, the Authority has some leases with rental car companies and concessionaires that have a portion of their rent based on the higher of a percentage of receipts for the year or a minimum annual guarantee. SARAA bases the payments for these leases on the required minimum annual guarantee. SARAA leases certain equipment and property to third parties that conduct operations at airport owned facilities where lease payments are based on usage. The usage-based payments are not included in the measurement of the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the year ended December 31, 2022, were \$3,832,347, which includes both lease revenue and interest. SARAA had no lease revenue for the year ended December 31, 2022, for variable payments not previously included in the measurement of the lease receivable.

The following schedule presents the minimum payments to be received under SARAA's leases that are included in the measurement of the lease receivables as of December 31, 2022:

Years Ending December 31	Principal	Interest	Total
2023	\$ 2,794,335	\$ 1,045,224	\$ 3,839,559
2024	2,915,065	928,311	3,843,376
2025	3,047,028	806,240	3,853,268
2026	3,178,397	678,752	3,857,149
2027	3,250,431	546,521	3,796,952
2028 - 2032	8,052,993	1,228,916	9,281,909
2033 - 2037	2,017,176	569,149	2,586,325
2038 - 2042	813,853	313,678	1,127,531
2043 - 2047	460,135	195,868	656,003
2048 - 2052	263,172	132,308	395,480
2053 - 2057	158,201	99,538	257,739
2058 - 2062	189,501	68,238	257,739
2063 - 2067	227,077	30,662	257,739
2068	42,006	949	42,955
	<u>\$ 27,409,370</u>	<u>\$ 6,644,354</u>	<u>\$ 34,053,724</u>

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### Note 8: Regulated Leases

SARAA leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB No. 87, and therefore, are only subject to the disclosure requirements. The terms of the regulated leases expire 2023 - 2053. Payments for most of the leases increase annually either by 3% or the Consumer Price Index (Index), with the latter based upon the Index at lease commencement. SARAA leases certain equipment and property to air carriers and other aeronautical users where lease payments are based on usage. The usage-based payments are not included in the future minimum payments below because they are not fixed in substance. Most of these leases allow the lessee the exclusive use of the premises, however, aircraft and vehicles may traverse the space and the Airport has the right to grant third party privileges at their discretion. The portion of the total rentable space that is preferential is 32% for the terminal and 67% for the apron as of December 31, 2022.

SARAA did not recognize any lease revenue for the year ended December 31, 2022, for variable payments not previously included in the future minimum payments.

The following is a schedule by year of expected future minimum payments to be received under SARAA's regulated leases as of December 31, 2022:

<b>Years Ending December 31</b>	<b>Total</b>
2023	\$ 6,952,461
2024	6,949,639
2025	6,956,443
2026	6,982,778
2027	6,897,408
2028 - 2032	5,151,287
2033 - 2037	4,534,203
2038 - 2042	3,446,754
2043 - 2047	1,952,094
2048 - 2052	511,679
2053	7,626
	<hr/>
	\$ 50,342,372

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

### Note 9: Capital Assets

Capital assets consist of the following:

	Balance December 31, 2021	Additions	Transfers	Disposals	Balance December 31, 2022
Capital assets not being depreciated:					
Land and improvements	\$ 22,292,547	\$ -	\$ -	\$ -	\$ 22,292,547
Construction in progress	4,591,091	18,098,019	(1,734,317)	(1,067)	20,953,726
Total capital assets not being depreciated	26,883,638	18,098,019	(1,734,317)	(1,067)	43,246,273
Capital assets being depreciated:					
Buildings, including parking facility	188,172,022	5,587,310	391,372	-	194,150,704
Land improvements	30,369,903	-	154,103	-	30,524,006
Runways, taxiways and aprons	154,140,444	-	101,976	-	154,242,420
Utilities and sewers	20,147,175	-	47,664	-	20,194,839
Roads and parking areas	27,128,552	-	-	-	27,128,552
Heavy equipment, furniture and fixtures	33,239,277	-	753,553	(55,112)	33,937,718
Vehicles	12,870,526	-	285,649	-	13,156,175
Facility planning, design and other studies	4,873,240	-	-	-	4,873,240
Tenant construction	28,354,355	-	-	-	28,354,355
Total capital assets being depreciated	499,295,494	5,587,310	1,734,317	(55,112)	506,562,009
Less accumulated depreciation for:					
Buildings, including parking facility	110,092,666	4,410,814	-	-	114,503,480
Land improvements	9,088,226	810,377	-	-	9,898,603
Runways, taxiways and aprons	94,101,342	7,536,918	-	-	101,638,260
Utilities and sewers	11,012,213	352,878	-	-	11,365,091
Roads and parking areas	22,070,841	676,781	-	-	22,747,622
Heavy equipment, furniture and fixtures	28,350,384	591,574	-	(34,887)	28,907,071
Vehicles	8,965,307	522,077	-	-	9,487,384
Facility planning, design and other studies	4,020,478	179,687	-	-	4,200,165
Tenant construction	3,252,417	983,627	-	-	4,236,044
Total accumulated depreciation	290,953,874	16,064,733	-	(34,887)	306,983,720
Total capital assets being depreciated, net	208,341,620	(10,477,423)	1,734,317	(20,225)	199,578,289
Capital assets, net	\$ 235,225,258	\$ 7,620,596	\$ -	\$ (21,292)	\$ 242,824,562



# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

### Note 10: Line of Credit

SARAA has a \$1 million bank line of credit. The line of credit does not have a maturity date and any outstanding borrowings are due on demand. At December 31, 2022, there were no borrowings against this line. The line of credit is secured by a pledge of net revenues and is junior and subordinate to SARAA's senior debt obligations. Interest varies with the bank's prime rate, which was 3.25%, and is payable monthly.

### Note 11: Bonds Payable

SARAA has issued the following debt instruments to provide funds for the construction of major capital facilities.

#### ***Senior and Subordinate Airport System Revenue Bonds***

Bonds outstanding at December 31, 2022 comprised the following:

	<b>2022</b>
Senior airport system revenue bonds:	
Series B of 2008. Consists of term bonds with an interest rate of 9.875% with final maturity in 2034	\$ 1,280,000
Series 2017. Consists of term bonds with an interest rate of 5.000% with final maturity in 2038	38,765,000
Unamortized bond premium	3,076,496
Total Series 2017	<u>41,841,496</u>
Series A of 2022. Consists of term bonds with an interest rate of 2.960% with a final maturity in 2027 (Direct placement)	23,025,000
Series B of 2022. Consists of term bonds with an interest rate of 3.030% with a final maturity in 2033 (Direct placement)	<u>49,288,000</u>
	<u><u>\$ 115,434,496</u></u>

The purpose of the Series 2008 Bonds was to provide funds to refinance certain variable rate bonds of SARAA, refinance an unsecured line of credit and to pay the costs of issuance of the bonds.

In December 2012, SARAA issued the 2012A, 2012B and 2012C Revenue Bonds (Series 2012 Bonds) in the amounts of \$53,375,000, \$49,520,000 and \$16,090,000, respectively. The Series 2012 Bonds were issued as a current refunding of all of SARAA's then outstanding 2003A, 2003B, and 2003D Revenue Bonds. As a result of the bond issue, all debt service reserve funds are cash funded. The Series 2012 Bonds were advance refunded with the issuance of the Series 2022 Bonds. The 2022 series bonds were issued via direct placement and differed to existing bond covenants.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

In November 2017, SARAA issued the 2017 Revenue Bonds (Series 2017 Bonds) in the amount of \$38,765,000, including an original issue premium of \$4,273,690. The Series 2017 Bonds were issued as a current refunding of all of SARAA's then outstanding Series 2008A Bonds. As a result of the bond issue, all debt service reserve funds are cash funded.

In October 2022, SARAA issued the Revenue Bonds Series 2022A (AMT) and Series 2022B (Non-AMT) in the amounts of \$23,025,000 and \$49,288,000, respectively. The proceeds from the Series 2022 Bonds, in conjunction with transfers from the SARAA's unrestricted cash reserves, debt service reserve accounts and interest funds, were used to refund the Series 2012 Bonds and pay for the cost of issuance. The net present value gain from this refunding was \$598,746, and the aggregate difference in the required debt service between the portion of the refunded 2012 Bonds and the 2022 Bonds was a savings of \$3,796,723. The 2022 series bonds were issued via direct placement.

### Annual Debt Service Requirements to Maturity

The annual requirements to pay principal and interest to maturity on the senior and subordinate airport revenue bonds outstanding at December 31, 2022 are summarized as follows:

Years Ending December 31	Senior Airport System Revenue Bonds		Total
	Principal	Interest	
2023	\$ -	\$ 4,268,167	\$ 4,268,167
2024	5,963,000	4,269,824	10,232,824
2025	6,140,000	4,096,419	10,236,419
2026	6,325,000	3,906,600	10,231,600
2027	6,940,000	3,716,780	10,656,780
2028 - 2032	38,515,000	15,242,693	53,757,693
2033 - 2037	39,650,000	8,153,736	47,803,736
2038	8,825,000	441,250	9,266,250
	<u>\$ 112,358,000</u>	<u>\$ 44,095,469</u>	<u>\$ 156,453,469</u>

### Covenants

#### Senior Bonds

Net revenues for each fiscal year shall be at least equal to the senior bonds debt service required to be funded by SARAA, plus required deposits to the debt service reserve funds and transfers to the maintenance and operations reserve fund and renewal and replacement fund. Net revenues together with the amount in the coverage account shall also equal 125% of senior bond's debt service. In addition, SARAA has irrevocably committed to use a portion of the PFC receipts through 2019 for senior bond debt service.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### *Subordinate Bonds*

Net revenues for each fiscal year shall be at least equal to the senior and subordinate bonds debt service required to be funded by SARAA, plus required deposits to the debt service reserve funds, maintenance and operations reserve fund and renewal and replacement fund. Net revenues together with the amount in the coverage account shall also equal 110% of senior and subordinate bonds debt service. At December 31, 2022, there were no subordinate bonds outstanding.

### *Changes in Long-Term Liabilities*

	Balance December 31, 2021	Additions	Deductions	Balance December 31, 2022	Current Portion
Long-term debt					
Senior revenue bonds	\$ 123,950,000	\$ 72,313,000	\$ 83,905,000	\$ 112,358,000	\$ -
Bond premium/(discount), net	3,908,841		832,345	3,076,496	-
Total long-term debt	<u>127,858,841</u>	<u>72,313,000</u>	<u>84,737,345</u>	<u>115,434,496</u>	<u>-</u>
Other long-term liabilities					
Notes payable	776,979	-	81,221	695,758	81,220
Estimated costs of remediation	920,000	-	-	920,000	-
Unearned revenue	347,007	300,714	347,007	300,714	300,714
Bond and other deposits	16,710	448	600	16,558	-
Total long-term liabilities	<u>\$ 129,919,537</u>	<u>\$ 72,614,162</u>	<u>\$ 85,166,173</u>	<u>\$ 117,367,526</u>	<u>\$ 381,934</u>

### **Note 12: Retirement Benefits**

SARAA has established a 457(b) defined-contribution plan for the benefit of all of its employees. This plan allows for employees to elect contributions either in a dollar amount or percentage not exceeding 15% of the employee's total salary or wages. SARAA does not make any employer contributions to this plan.

SARAA has also established a 401(a) retirement plan (Plan) for its employees, which is entirely funded through SARAA contributions. All full-time employees are eligible to participate. Effective January 1, 2018, full-time employees have up to 6% of employee salaries and wages contributed as a match of the employees' contributions to the 457(b) plan. SARAA's contributions to the Plan amounted to \$331,869 in 2022. There are no employee contributions to the Plan.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements

December 31, 2022

### Note 13: Risk Management

Risk management is the responsibility of SARAA. Operationally, SARAA is exposed to various risks of loss related to the theft of, damage to and destruction of assets, natural disasters as well as certain tort liabilities for which commercial insurance is carried. The commercial insurance policies carry deductibles ranging from \$500 to \$100,000. Insurance policies procured, including commercial general liability and commercial property damage, are inclusive of limited coverage for acts of terrorism. Coverage terms, limits and deductibles have each been benchmarked in comparison with those maintained at other comparable airports and found to be within the range of our peers. Although coverage limits are significant, no assurance can be given that such coverage will continue to be available at such amounts and/or at a reasonable cost.

There was no significant reduction of coverage in 2022, and there have been no settlements in excess of the described insurance coverage from 2019 - 2022.

### Note 14: Pollution Remediation Obligation

SARAA has implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. SARAA has identified pollution clean-up obligations relating to asbestos and PCB at its facilities and has recorded estimated costs of remediation of \$920,000 as of December 31, 2022. Clean-up costs are capitalized when they are incurred to prepare property for sale, prepare property for use when acquired with pollution obligations, or restore pollution-caused decline in service capacity; in all other cases, they are expensed. The accruals are not reduced by possible recoveries from federal and state grants. The measurement of environmental liabilities by SARAA is based on currently available facts, present laws and regulations and current technology. Such estimates take into consideration SARAA's prior experience in site investigation and remediation, the data concerning cleanup costs available from other companies and regulatory authorities and the professional judgment of SARAA's environmental experts in consultation with outside environmental specialists, when necessary.

On April 16, 1997, PennDOT, the Pennsylvania Department of Environmental Protection (DEP) and the U.S. Department of Environmental Protection entered into a Memo of Understanding (MOU) that required PennDOT to operate a water treatment facility and comply with other institutional controls. SARAA must operate the water plant and pump a minimum volume of ground water from several wells on airport property to control a plume of ground water contamination that exists on the property. Well water that is pumped is treated and subsequently sold to airport tenants as potable water.

# Susquehanna Area Regional Airport Authority

## Notes to Financial Statements December 31, 2022

### Note 15: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

#### Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds	\$ 954,823	\$ 954,823	\$ -	\$ -
U.S. Treasury Notes	6,347,000	6,347,000	-	-
U.S. Treasury Bills	124,425	124,425	-	-

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022.

#### Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

# **Susquehanna Area Regional Airport Authority**

## **Notes to Financial Statements**

**December 31, 2022**

SARAA's investment in the local government investment trust is measured at net asset value. The local government investment trust seeks to allow local units of government to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid and maximizes the return on the investment. There are no unfunded commitments or restrictions on redemptions. The local government investment trust in which SARAA is invested is not rated.

SARAA's investment in non-negotiable certificates of deposit is carried at amortized cost.

### **Note 16: Commitments and Contingencies**

#### ***Litigation***

SARAA is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net position and cash flows of SARAA. Events could occur that would change this estimate materially in the near term.

#### ***Investments***

SARAA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

## **Supplementary Information**

# Susquehanna Area Regional Airport Authority

## Schedule of Capital and Noncapital Revenues and Expenses

### Year Ended December 31, 2022

	<b>2022</b>
<b>Noncapital Related Revenues</b>	
Facilities revenue	\$ 6,977,104
Parking fees	7,364,240
Vehicle rental fees and customer facility charges	4,836,530
Landing fees	4,221,631
Apron and gate use fees	1,214,725
Concession fees	118,304
Fuel flowage and other commissions	360,613
Other income	724,537
Investment income	66,872
Interest income - leases	1,157,203
Total noncapital related revenues	<u>27,041,759</u>
<b>Noncapital Related Expenses, Net of Operating Grant Revenue</b>	
Salaries, wages, payroll taxes and benefits	8,950,316
Professional and consulting fees	457,280
Marketing	507,802
Insurance	713,218
Utilities	2,019,195
Parking facility	1,332,609
Repairs and maintenance	2,736,052
Supplies, parts and other	3,105,449
Total noncapital related expenses, net of operating grant revenue	<u>19,821,921</u>
<b>Excess of Noncapital Related Revenues Over Noncapital Related Expenses</b>	<u>7,219,838</u>
<b>Capital Related Revenues (Expenses)</b>	
Restricted investment income	523,146
Passenger facility charges	2,811,840
Federal, state and local grants	18,742,518
Contributions from lessees	5,400,000
Depreciation	(16,064,733)
Interest expense	(5,938,454)
Loss on disposal of capital assets and sale of easements	(17,303)
Capital related revenues over (under) capital related expenses	<u>5,457,014</u>
<b>Increase in Net Position</b>	12,676,852
<b>Net Position, Beginning of Year</b>	<u>136,101,087</u>
<b>Net Position, End of Year</b>	<u><u>\$ 148,777,939</u></u>



# Susquehanna Area Regional Airport Authority

## Schedule of Airline and Non-Airline Revenues Year Ended December 31, 2022

	<u>2022</u>
<b>Passenger Airline Revenues</b>	
Facilities revenue	\$ 3,820,524
Landing fees	2,399,092
Apron and gate use fees	<u>537,643</u>
Total passenger airline revenues	<u>6,757,259</u>
<b>Cargo Airline Revenues</b>	
Landing fees	1,635,575
Apron and gate use fees	<u>599,500</u>
Total cargo airline revenues	<u>2,235,075</u>
<b>Non-Airline Revenues</b>	
Parking fees	7,364,240
Vehicle rental fees and customer facility charges	4,836,530
Facilities rental	3,156,580
Landing and apron fees - general aviation	264,546
Fuel flowage and other commissions	360,613
Concessions fees	118,304
Other income	<u>724,537</u>
Total non-airline revenues	<u>16,825,350</u>
<b>Total Operating Revenues</b>	<u><u>\$ 25,817,684</u></u>