Erie Regional Airport Authority

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

McGill, Power, Bell & Associates, LLP
Certified Public Accountants • Business & Financial Advisors

ERIE REGIONAL AIRPORT AUTHORITY
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Certified Public Accountants • Business & Financial Advisors
90 Years and Still Counting

Independent Auditor's Report

Board of Directors
Erie Regional Airport Authority
Erie, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Erie Regional Airport Authority (Authority), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Authority's ability to continue as a going concern for twelve 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a

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guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the Authority'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 the Authority'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 and pension information as listed in the table of contents 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of passenger facility charge receipts and expenditures and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are 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 schedule of passenger facility charge receipts and expenditures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 17, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) of the Erie Regional Airport Authority (Authority or ERAA) provides an introduction to the major activities affecting the operations of the Erie International Airport, Tom Ridge Field and an introduction and overview to the financial performance and statements of the Authority for the years ended December 31, 2024 and 2023. The information contained in this MD&A should be considered in conjunction with a reading of the basic financial statements.

Following this MD&A are the basic financial statements of the Authority together with notes thereto, which are essential to a full understanding of the data contained in the financial statements.

Airport Activities and Highlights:

Airline Activity

As of December 31, 2024, the Airport was served by two major airline brands. American Airlines (operated by Piedmont) offered jet service to Charlotte. Breeze Airways offered jet service to Orlando. American Airlines offered a combined average of three daily departures and Breeze offered twice weekly departures. 2024 annual enplanements decreased 1.1% from the 2023 level.

Airline Enplanement Data

2024 – 47,016
2023 – 47,556
2022 – 62,355
2021 – 66,965
2020 – 43,354

Airline Market Share

American Airlines led both airlines in 2024 Erie market share with 96.4% of the local market, and Breeze Airways finishing second with 3.6%. Breeze Airways began offering service to Orlando in November 2024. United Airlines (operated by Air Wisconsin) pulled service in July 2023 that was being offered to Chicago O'Hare. Delta Airlines (operated by SkyWest) pulled service in July 2020 that was being offered to Detroit.

	American	Breeze	Delta	United
2024	96%	4%	0%	0%
2023	74%	0%	0%	26%
2022	53%	0%	0%	47%
2021	54%	0%	0%	46%
2020	53%	0%	20%	27%

Breeze Airways made an announcement to begin service from Erie to Orlando beginning November 2024, providing the Authority now with two air carriers. The market responded favorably, as indicated by early ticket sales, prompting the airline to add a second destination (Tampa) beginning in January 2025. Airport management is actively working to encourage air carriers to expand service to additional destinations and to attract other ultra low-cost carriers (ULCCs). ULCCs primarily target leisure travelers and offer point-to-point service, rather than the conventional hub-and-spoke system that regional carriers use. To support these efforts, management has been working aggressively with local business leaders in creating and promoting the Fly Erie Fund, which is designed to offset the operating costs of a ULCC at ERI. In addition, the Authority continues to restructure its "rates and charges" schedule to incentivize air carriers to not only be committed long-term but also to expand their destination offerings. The Authority expects the Fly Erie Fund, coupled with restructuring its rates and charges fee schedule, will position ERI as an attractive option for ULCCs.

Flight Operations

Total airport operations (takeoffs plus landings) in 2024 increased by 13.8% from 2023 levels. 2024 operations related to general aviation/civil and military were up from 2023, while air carrier and airline operations decreased.

	2024	2023	2022	2021	2020
Air Carrier (Mainline Jets)	49	54	252	1,071	445
General Aviation/Civil	25,167	21,078	18,803	20,699	10,564
Airline	4,979	5,384	5,158	4,359	3,804
Military	1,061	944	791	872	508
Total	31,256	27,460	25,004	27,001	15,321

Current and Future Capital Projects

Beginning in 2025, the Authority has the following projects planned:

- Continued reconstruction of Taxiway Alpha

Financial Highlights

The Authority's net position decreased $1,556,335 and increased $7,344,622 in 2024 and 2023, respectively. The decrease in 2024 was primarily due to a decrease in capital contributions recognized by the Authority.

Total capital contributions were $3,715,255 and $11,266,211 in 2024 and 2023, respectively. Some of the major capital projects undertaken during 2024 included the Taxiway Alpha realignment $4,174,437.

The Authority's loss from operations before depreciation equaled $1,353,623 and $368,572 in 2024 and 2023, respectively. Operating revenues decreased $910,050, amounting to $2,027,931 compared to $2,937,981 in 2023. Total operating expenses, excluding depreciation, increased $75,001, from $3,306,553 in 2023 to $3,381,554 in 2024.

Depreciation expense increased $73,358, from $4,776,595 in 2023 to $4,849,953 in 2024.

Overview of the Basic Financial Statements

The Authority's financial report consists of the enterprise fund, which represents the business-type activities of the Authority, and the pension trust fund, which represents the fiduciary activities of the Authority.

The enterprise fund consists of three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The reporting entity consists of the Authority and its blended component units, The Erie Airport Hospitality Services, LLC (The Landing Zone) and Erie International Airport Services, LLC (EIAS). Both blended component units are 100% owned by the Erie Regional Airport Authority, and the board members of the Authority are also the board members of the blended component units. There was no activity in the blended component units of the Authority during the years ended 2024, 2023, and 2022.

The pension trust fund consists of two financial statements: the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The reporting entity consists of the Authority's single employer, defined benefit pension plan. The Authority contributes to the pension plan, which is administered by the Authority's Board of Directors. The assets of the plan are held in trust for the exclusive benefit of the individual participants and beneficiaries.

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund and a single fiduciary fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and easements) are depreciated over their estimated useful lives. Restricted asset amounts are restricted for construction activities, when applicable. Additions to the pension are recognized in the period in which they are due. Deductions from the pension are recognized when due and are payable in accordance with the terms of the plan.

Statement of Net Position

This statement presents information on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or decreasing. Net position is shown in three components: net investment in capital assets; restricted; and unrestricted.

Statement of Revenues, Expenses and Changes in Net Position

This is the operating statement of the Authority. Revenues and expenses are categorized as either operating or non-operating, based upon GASB Statements 33 and 34.

Statement of Cash Flows

This statement is used to report the classification of cash receipts and payments according to whether they are from operating, non-capital financing, capital and related financing, and/or investing activities. The Authority reports cash flows from operating activities using the direct method, as required by GASB 34. Using the direct method, the Authority reports cash flows from operating activities directly by showing major classes of operating cash receipts and payments, such as receipts from customers, payments to suppliers, payments to employees, etc. A reconciliation of operating income to net cash flows from operating activities is also presented.

Statement of Fiduciary Net Position

This statement presents information on the pension trust fund's assets and liabilities, with the difference between them reported as net position restricted for pensions. The statement does not include the future pension benefit obligations of the Authority. Over time, increases or decreases in net position restricted for pensions may serve as a useful indicator of the Plan's ability to fulfill future benefit obligations as they become due under the provisions of the Plan.

Statement of Changes in Fiduciary Net Position

This statement presents the activity of the pension trust fund. Additions consist of contributions made to the plan and the net investment earnings of the investment portfolio. Deductions consist of benefit payments made to participants and beneficiaries and administrative expenses incurred for operating the plan.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Authority's pension liability and contributions.

Financial Position Summary

A condensed summary of the Authority's total net position at December 31, 2024, 2023 and 2022 is shown below.

	2024	2023	2022
Unrestricted Current Assets	$ 10,166,294	$ 11,503,482	$ 12,189,501
Restricted Use Assets	1,410,476	2,728,574	1,578,569
Capital Assets	97,832,164	98,134,256	90,550,736
Non-Current Assets	497,756	67,698	1,537,042
Deferred Outflows of Resources	275,453	410,218	18,980
Total Assets and Deferred Outflows of Resources	110,182,143	112,844,228	105,874,828
Current Liabilities	409,737	534,890	527,468
Current Liabilities for Restricted Assets	17,846	1,371,194	243,927
Non-Current Liabilities	84,041	152,310	-
Deferred Inflows of Resources	785,407	344,387	2,006,608
Total Liabilities and Deferred Inflows of Resources	1,297,031	2,402,781	2,778,003
Net Position:			
Net Investment in Capital Assets	97,832,164	98,134,256	90,550,736
Restricted - Capital and PFC Projects	1,392,630	1,357,380	1,334,642
Unrestricted	9,660,318	10,949,811	11,211,447
Total Net Position	$ 108,885,112	$ 110,441,447	$ 103,096,825

2024 Results

The largest portion of the Authority's 2024 assets and deferred outflows of resources represents its investment in capital assets (e.g. land, easements, buildings and improvements, and equipment). The restricted portion of the Authority's net position represents amounts restricted for capital, PFC, and CFC projects. Changes in receivables and cash balances were affected by project timing at year end. The capital grants receivable balance decreased by $524,198 from 2023, while operating grants receivable declined by $372,117. Unrestricted cash decreased by $1,566,775; however, the Authority strengthened its investment holdings, which increased by $657,906. Restricted cash decreased by $805,941, partly due to the decrease in capital grants payable discussed below. Non-current assets remained approximately the same year over year.

The largest portion of the Authority's 2024 liabilities and deferred inflows of resources was due to deferred inflows from resources relating to lease arrangements, which increased by $460,920. Based on the timing of projects at year end, the capital grants payable balance decreased $1,353,348 from 2023.

2023 Results

The largest portion of the Authority's 2023 assets and deferred outflows of resources represents its investment in capital assets (e.g. land, easements, buildings and improvements, and equipment). The restricted portion of the Authority's net position represents amounts restricted for capital, PFC, and CFC projects. Based on the timing of projects at year end, the capital grants receivable balance increased $964,816 from 2022. In addition, the operating grants receivable increased $288,031. Non-current assets decreased due to a reduction in the net pension assets of $637,298 combined with a decrease in lease receivables of $832,046 due to payments on existing lease arrangements and no significant new or modified leases.

The largest portion of the Authority's 2023 liabilities and deferred inflows of resources was due to accounts payable. Based on the timing of projects at year end, the capital grants payable balance increased $1,127,267 from 2022. Deferred inflows from resources relating to lease arrangements decreased $1,362,407 from 2022.

Summary of Changes in Net Position

Summary Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Revenues:			
Operating	$ 2,027,931	$ 2,937,981	$ 2,929,705
Capital Contributions	3,715,255	11,266,211	713,671
Nonoperating	931,986	1,223,578	2,241,136
Total Revenues	6,675,172	15,427,770	5,884,512
Expenses:			
Operating	3,381,554	3,306,553	3,036,675
Depreciation	4,849,953	4,776,595	4,708,145
Total Expenses	8,231,507	8,083,148	7,744,820
Increase (Decrease) in Net Position	$ (1,556,335)	$ 7,344,622	$ (1,860,308)

Discussion of 2024 Results

Loss from operations before depreciation was $1,353,623 in 2024 compared to $368,572 in 2023. Decrease in net position before capital contributions excluding depreciation was $421,637 in 2024 compared to an increase of $855,006 in 2023.

The operating revenues of the Authority in 2024 were $2,027,931 compared to $2,937,981 in 2023, a decrease of $910,050. Terminal rents from airlines and security reimbursements were down, attributed to the restructuring of the airline operating agreement. Security reimbursements also declined due to the loss of federal funding during the year, which had previously helped offset the cost of law enforcement officer staffing at security checkpoints. Landing fees, fuel flowage fees, rental car commissions, parking revenues, government agency rents, and hangar rents all remained consistent with 2023 levels.

The operating expenses of the Authority, excluding depreciation, were $3,381,554 in 2024, compared to $3,306,553 in 2023, an increase of $75,001. Advertising and air service development expenses increased.

Discussion of 2023 Results

Loss from operations before depreciation was $368,572 in 2023 compared to $106,970 in 2022. Increase in net position before capital contributions excluding depreciation was $855,006 in 2023 compared to $2,134,166 in 2022.

The operating revenues of the Authority in 2023 were $2,937,981 compared to $2,929,705 in 2022, an increase of $8,276. Terminal rents and government agency rents were up, attributed to annual increases in agreements. Landing fees, fuel flowage fees, rental car commissions, and security reimbursements decreased, while parking revenues and hangar rents all remained consistent with 2022 levels.

The operating expenses of the Authority, excluding depreciation, were $3,306,553 in 2023, compared to $3,036,675 in 2022, an increase of $269,878. Personnel costs, utilities, and professional services expenses all increased.

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for 2024, 2023 and 2022. Cash equivalents are defined as cash-on-hand, bank deposits and highly liquid investments with maturity of three months or less.

	2024	2023	2022
Cash Flows Provided by (Used in):			
Operating Activities	$ (1,318,397)	$ (93,523)	$ (339,823)
Non-Capital Financing Activity	372,117	96,069	3,649,730
Capital and Related Financing Activities	(1,230,235)	(466,810)	5,344,246
Investing Activities	(196,201)	(3,184,699)	(5,000,261)
Increase (Decrease) in Cash and Cash Equivalents	(2,372,716)	(3,648,963)	3,653,892
Cash, Beginning of Year	2,743,352	6,392,315	2,738,423
Cash, End of Year	$ 370,636	$ 2,743,352	$ 6,392,315

Capital Acquisitions and Construction Activities

Capital asset acquisitions with an initial cost of approximately $5,000 or more are capitalized at cost. Acquisitions are funded using a variety of sources including Federal Airport Improvement Grants with matching State Grants, State Capital Development Grants, Passenger Facility Charges, debt issuances, and airport general operating revenues.

During 2024, the Authority acquired property and equipment totaling $4,547,861. The major additions included the realignment of Taxiway Alpha and follow-up improvements to the general aviation apron rehab project, addressing additional work identified after the project's initial completion.

During 2023, the Authority acquired property and equipment totaling $12,360,115. The major additions included the realignment of Taxiway Alpha and completion of the general aviation apron rehab.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Office of the Chief Financial Officer, 4411 West 12th Street, Erie, Pennsylvania 16505.

BASIC FINANCIAL STATEMENTS

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted Assets		
Cash	$ 154,775	$ 1,721,550
Accounts Receivable - Trade	147,514	101,193
Operating Grants Receivable	-	372,117
Investments	9,247,468	8,589,562
Lease Receivables, Current	61,963	113,888
Partnership Lease Receivables, Current	254,722	169,199
Lease Interest Receivable	307	857
Partnership Lease Interest Receivable	4,462	1,438
Prepaid Expenses	295,083	433,678
Total Unrestricted Current Assets	10,166,294	11,503,482
Restricted Assets		
Cash	215,861	1,021,802
Capital Grants Receivable	1,162,557	1,686,755
Passenger Facility Charge Receivables	32,058	20,017
Total Restricted Current Assets	1,410,476	2,728,574
Total Current Assets	11,576,770	14,232,056
NONCURRENT ASSETS		
Nondepreciable Capital Assets	33,055,726	33,768,535
Depreciable Capital Assets, Net	64,776,438	64,365,721
Lease Receivables, Long-Term	5,736	67,698
Partnership Lease Receivables, Long-Term	492,020	-
Total Noncurrent Assets	98,329,920	98,201,954
Total Assets	109,906,690	112,434,010
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pension	275,453	410,218
Total Deferred Outflows of Resources	275,453	410,218
Total Assets and Deferred Outflows of Resources	$ 110,182,143	$ 112,844,228

	2024	2023
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts Payable	$ 123,138	$ 100,920
Accrued Liabilities	66,662	108,540
Customer Deposits	-	350
Deferred Revenue	219,937	325,080
Total Unrestricted Current Liabilities	409,737	534,890
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts Payable - Capital Related	17,846	1,371,194
Total Current Liabilities Payable from Restricted Assets	17,846	1,371,194
Total Current Liabilities	427,583	1,906,084
NONCURRENT LIABILITIES		
Net Pension Liability	84,041	152,310
Total Noncurrent Liabilities	84,041	152,310
Total Liabilities	511,624	2,058,394
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pension	10,547	30,447
Deferred Inflows of Resources - Leases	57,645	159,363
Deferred Inflows of Resources - Partnership Leases	717,215	154,577
Total Deferred Inflows of Resources	785,407	344,387
Total Liabilities and Deferred Inflows of Resources	$ 1,297,031	$ 2,402,781
NET POSITION		
Net Investment in Capital Assets	$ 97,832,164	$ 98,134,256
Restricted for Capital and Passenger Facility Charge Projects	1,392,630	1,357,380
Unrestricted	9,660,318	10,949,811
Total Net Position	$ 108,885,112	$ 110,441,447

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Terminal Rent	$ 246,258	$ 871,323
Landing Fees	299,834	339,190
Fuel Flowage Fees	81,568	86,496
Security Reimbursement	129,363	291,747
Other Aeronautical Revenue	124,261	119,991
Parking	284,980	331,065
Rental Car	387,626	387,318
Concessions	6,909	26,429
Government Agency Rent	411,678	409,748
Other Non-Aeronautical Revenue	55,454	74,674
Total Operating Revenues	2,027,931	2,937,981
OPERATING EXPENSES		
Salaries, Wages, and Benefits	1,755,613	1,749,732
Insurance	397,919	381,991
Utilities	285,341	279,347
Equipment and Supplies	158,638	142,992
Professional Services	254,920	342,470
Building Repairs	38,064	53,395
Equipment Repairs	42,378	58,726
General, Administrative, and Other	448,681	297,900
Total Operating Expenses Before Depreciation	3,381,554	3,306,553
Income (Loss) from Operations Before Depreciation	(1,353,623)	(368,572)
DEPRECIATION EXPENSE	4,849,953	4,776,595
Operating Income (Loss)	(6,203,576)	(5,145,167)
NONOPERATING REVENUES (EXPENSES)		
Passenger Facility Charges	210,584	188,552
Customer Facility Charges	195,768	204,498
Operating Grants Received	-	384,100
Net Investment Income	485,950	395,197
Other Interest Income	39,684	51,231
Total Nonoperating Revenues (Expenses)	931,986	1,223,578
Increase (Decrease) in Net Position Before Capital Contributions	(5,271,590)	(3,921,589)
CAPITAL CONTRIBUTIONS		
Federal and State Grants	3,715,255	11,266,211
Total Capital Contributions	3,715,255	11,266,211
Change in Net Position	(1,556,335)	7,344,622
NET POSITION, BEGINNING OF YEAR	110,441,447	103,096,825
NET POSITION, END OF YEAR	$ 108,885,112	$ 110,441,447

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	$ 1,873,381	$ 3,034,076
Cash Payments to Suppliers of Goods or Services	(1,232,978)	(1,312,802)
Cash Payments for Employee Compensation and Benefits	(1,958,800)	(1,814,797)
Net Cash Provided by (Used in) Operating Activities	(1,318,397)	(93,523)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Receipts from Operating Grants	372,117	96,069
Net Cash Provided by (Used in) Noncapital Financing Activities	372,117	96,069
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquistion and Construction of Capital Assets	(5,901,209)	(11,232,848)
Capital Grant Receipts	4,239,453	10,301,395
Other Interest Income	37,210	55,541
Passenger Facility Charges	198,543	204,604
Customer Facility Charges	195,768	204,498
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,230,235)	(466,810)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Cash Deposits	3,799	44,186
Purchase of Investments	(3,400,000)	(8,000,000)
Proceeds from Disposition of Investments	3,200,000	4,771,115
Net Cash Provied by (Used in) Investing Activities	(196,201)	(3,184,699)
INCREASE (DECREASE) IN CASH	(2,372,716)	(3,648,963)
CASH, BEGINNING OF YEAR	2,743,352	6,392,315
CASH, END OF YEAR	$ 370,636	$ 2,743,352
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION		
Cash	$ 154,775	$ 1,721,550
Restricted Cash	215,861	1,021,802
Total Cash	$ 370,636	$ 2,743,352

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (6,203,576)	$ (5,145,167)
Depreciation of Capital Assets	4,849,953	4,776,595
Investment Fees	24,245	18,004
Changes in Operating Assets and Liabilities		
Accounts Receivable - Trade	(46,321)	88,976
Prepaid Expenses	138,595	58,138
Lease Receivable	113,887	1,098,639
Partnership Lease Receivable	(577,543)	267,721
Net Pension Asset	-	637,298
Deferred Outflows of Resources - Pension	134,765	(391,238)
Accounts Payable	22,218	(1,727)
Accrued Liabilities	(41,878)	5,983
Customer Deposits	(350)	(8,696)
Deferred Revenue	(105,143)	11,862
Net Pension Liability	(68,269)	152,310
Deferred Inflows of Resources - Pension	(19,900)	(299,814)
Deferred Inflows of Resources - Leases	(101,718)	(1,097,419)
Deferred Inflows of Resources - Partnership Leases	562,638	(264,988)
Net Cash Provided by (Used in) Operating Activities	$ (1,318,397)	$ (93,523)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Asset Acquisitions Included in Accounts Payable	$ 17,846	$ 1,371,194

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2024 AND 2023

	2024 Pension Trust Fund	2023 Pension Trust Fund
ASSETS		
Investments, at Fair Value	$ 3,372,996	$ 3,159,801
Accrued Investment Income	1,232	2,026
Total Assets	3,374,228	3,161,827
LIABILITIES		
Accounts Payable	2,239	2,150
Total Liabilities	2,239	2,150
NET POSITION		
Net Position Restricted for Pensions	3,371,989	3,159,677
Total Net Position	$ 3,371,989	$ 3,159,677

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024 Pension Trust Fund	2023 Pension Trust Fund
ADDITIONS		
Contributions		
Plan Members	$ 19,659	$ 20,104
Total Contributions	19,659	20,104
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	255,069	259,047
Interest and Dividends	114,080	76,861
Net Investment Income	369,149	335,908
Total Additions	388,808	356,012
DEDUCTIONS		
Benefits Paid	149,845	183,429
Administrative Expenses	26,651	25,342
Total Deductions	176,496	208,771
Change in Net Position	212,312	147,241
NET POSITION, BEGINNING	3,159,677	3,012,436
NET POSITION, ENDING	$ 3,371,989	$ 3,159,677

See notes to financial statements.

NOTE A NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Erie Regional Airport Authority (Authority) operates and maintains the Erie International Airport, Tom Ridge Field (Airport). Principal operating revenues are derived from aircraft landing fees, space rentals, commissions, and concession fees. Grants are typically received from state and federal agencies for most capital additions and improvements.

Principles Determining Scope of Reporting Entity

In accordance with the standards of the Governmental Accounting Standards Board (GASB), the financial statements must present the Authority (the primary government) and its component units. The financial statements of the Authority comprise the activities of the Authority and its two blended component units, Erie Airport Hospitality Services, LLC (Landing Zone) and Erie International Airport Services, LLC (EIAS). There was no activity involving either the Landing Zone or EIAS during the years ended December 31, 2024 and 2023.

The Fiduciary activities represent the defined benefit pension plan administered by the Authority's Board of Directors. The Authority froze the eligibility to the pension plan for employees hired after December 31, 2019, and began to offer a 401(a) deferred compensation plan with employer matching contributions for employees hired on or after January 1, 2020.

The Authority is not included in any other Governmental "Reporting Entity" as defined by GASB, even though either the City of Erie, Pennsylvania and/or the County of Erie, Pennsylvania must approve the appointment of the Authority's Board members. The Board is responsible for all Authority operations and is primarily accountable for fiscal matters.

Basis of Accounting and Presentation

The accounts of the Authority are organized into an Enterprise Fund, which represent the business-type activities; and a pension trust fund, which represents the fiduciary activities. The Authority uses a separate set of self-balancing accounts for each fund including: assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, additions, and deductions.

The Authority 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, required supplementary information, and financial statements consisting of the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows using the direct method. These statements also include the fiduciary activities of the pension trust fund. The two generic fund types are categorized as follows:

The Authority reports the following enterprise fund:

> Enterprise Fund – The financial statements of the Enterprise Fund use the economic resource measurement focus and are presented on the accrual basis of accounting. 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. The Authority's operating revenues and expenses result from providing services in connection with the Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions. When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first, then unrestricted resources as they are needed.

The Authority reports the following fiduciary fund:

> Pension Trust Fund – The pension trust fund is used to account for the assets held by the Authority in a trustee capacity for active and retired employees. The financial statements of the Fiduciary Fund use the economic resource measurement focus and are presented on the accrual basis of accounting. These standards require presentation of financial statements consisting of the statement of fiduciary net position and statement of changes in fiduciary net position. Under the accrual basis of accounting, additions are recognized in the period in which they are due, and deductions are recognized when due and payable in accordance with the terms of the plan. The Fiduciary Fund's fiscal year end is December 31 of each year. The amounts presented in these financial statements are as of and for the years ended December 31, 2024 and 2023.

Use of Estimates

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

Cash

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents, except for money market funds held within investment accounts at Erie Bank that are reported within the investment balance. At December 31, 2024 and 2023, the Authority had no cash equivalents.

Accounts Receivable

Trade receivables are generally recorded when revenue is recognized. The allowance for doubtful accounts is determined based on several factors, such as historical collections, current economic conditions, and facts and circumstances related to individual customer balances. Customer balances are charged to the allowance when all efforts to collect have been exhausted. All accounts receivable balances at December 31, 2024 and 2023 are deemed collectible by management; therefore, no allowance for doubtful accounts has been recorded.

Investments and Investment Income

Investments in money market funds, mutual funds, and U.S. Treasury securities are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at fair value, and the unrealized gains and losses for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. The Authority capitalizes assets with an expected useful life of more than one year and a cost greater than $5,000. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Authority:

Buildings, Runways, and Improvements	1 - 40 years
Equipment, Fixtures, and Other	3 - 30 years
Master Plan	2 - 20 years

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.

Capital Asset Impairment

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss. No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Deferred Outflows of Resources

The Authority reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its statements of net position.

Compensated Absences

Authority policies permit full-time employees to receive paid compensation for vacations, holidays, and sick leave benefits. Vacation time that has been earned but not paid is accrued by the Authority. Union employees may either accumulate sick leave or receive a payout at year-end, subject to the limits defined in the applicable collective bargaining agreement. Any unused sick leave that is eligible for carryover accumulates. It is more-likely-than-not that accrued compensated absences will be used or paid. These liabilities are measured using employees' regular pay rates in effect at the statement of net position date, unless the arrangement calls for a different rate at the time of payment. Compensated absences also include certain salary-related costs, such as the Authority's share of Medicare and Social Security payroll taxes and matching contributions to a deferred compensation plan.

Compensated absences are reported as part of accrued liabilities on the statements of net position and are expected to be settled within one year of the statement of net position date. The following is a reconciliation of the beginning and ending balances of compensated absences recognized in the accompanying statements of net position:

	Compensated Absences
Balance, January 1, 2023	$ 74,718
Net Increase (Decrease)	(843)
Balance, December 31, 2023	73,875
Net Increase (Decrease)	(54,385)
Balance, December 31, 2024	$ 19,490

Defined Benefit Pension Plan

The Authority has a single-employer defined benefit pension plan, Erie Regional Airport Authority Employees' Pension Plan (the Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases with Authority as Lessor

With certain exceptions for regulated leases and short-term leases, the Authority, as a lessor, recognizes a receivable, which is initially recorded at the commencement of the lease term and measured at the present value of lease payments expected to be received during the lease term. A corresponding deferred inflow of resources is also recorded at the commencement of the lease term. The deferred inflow of resources is measured as the value of the lease receivable adjusted for any payments received at or before the commencement of the lease term that relate to future periods.

The lease receivable is reduced by the principal portion of lease payments received and amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. Any initial direct costs are reported as an outflow of resources for that period. Modifications to the lease arrangement, including but not limited to changes in the lease payments or lease terms result in remeasurement of the receivable and deferred inflows of resources. In the case of a partial or full lease termination, the Authority reduces the carrying value of the receivable and the related deferred inflow of resources and includes a gain or loss for the difference.

Key estimates and judgments include the discount rate, lease term, and lease receipts. For leases covered under GASB Statement No. 87, the Authority uses its estimated incremental borrowing rate at lease inception as the discount rate. For partnership leases covered under GASB Statement No. 94, the Authority uses the interest rate implicit in the agreement at lease inception as the discount rate. The lease term includes the noncancellable period of the lease and renewal or termination option periods only when the options are reasonably certain to be exercised at lease commencement. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. Some leases include variable payments adjusted for inflation that depend on an index and those lease receipts are initially measured using the index as of the commencement of the lease term.

For lease agreements that are short term, the Authority recognizes lease payments as inflows of resources (revenues) based on the payment provisions of the lease agreement. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Regulated Leases

The leases between the Authority and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, the Authority recognizes inflows of resources based on the payment provisions of the lease agreement, and the accounting policies under the *'Leases with Authority as Lessor'* do not apply to regulated leases. Additional disclosures regarding regulated leases are included in Note G.

Deferred Inflows of Resources

The Authority reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its statements of net position.

Net Position

The difference between the Authority's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is its net position. Net position consists of three components – net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt related to the acquisition, construction, or improvement of those assets. To the extent that debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Net position is reported as restricted when constraints placed on net asset use is either externally imposed by creditors, grantors, contributors, laws, regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority's restricted assets are expendable. The unrestricted net position consists of net assets that do not meet the definition of the two preceding categories.

Federal and State Grants

Outlays for airport capital improvements and certain airport operating expenses are subject to reimbursement from federal grant programs. Funds are also received for airport development from the Commonwealth of Pennsylvania. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement under these grant programs generally require compliance with terms and conditions specified in the grant contract agreements and are subject to audit or approval by certain grantor agencies. Capital funding is recorded as capital contributions and earned as allowable capital expenditures are incurred, whereas funding for operating grants is recorded as nonoperating revenues as related expenses are incurred.

Passenger Facility Charge Revenue

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.

The Authority received approval from the FAA to impose a PFC of $4.50 per enplaned passenger beginning November 1, 2006, for PFC application number 06-06-C-01-ERI. The Authority received approval for an amendment to this application from the FAA that increased the total application approved collection amount to $10,582,878. This application is set to expire the earlier of May 1, 2024, or when the Authority has collected the full application amount.

The Authority received approval from the FAA to impose and use a PFC of $4.50 per enplaned passenger for PFC application number 08-08-C-01-ERI. The PFC collections on this application are estimated to begin on May 1, 2024, and are expected to expire the earlier of February 1, 2025, or when the Authority has collected the full application amount of $589,960.

The Authority received approval from the FAA to impose and use a PFC of $4.50 per enplaned passenger for PFC application 23-09-C-00-ERA. The PFC collections on this application are estimated to begin on February 1, 2025, and are expected to expire the earlier of May 1, 2031, or when the Authority has collected the full application amount of $1,779,365.

The Authority's PFCs are recognized as earned nonoperating revenues and amounted to $210,584 and $188,552 for the years ended December 31, 2024 and 2023, respectively.

Customer Facility Charges

The Authority collects a customer facility charge (CFC) from all rental car concessionaires that operate facilities on the airport. The CFC was $4.50 per rental car transaction for the years ended December 31, 2024 and 2023. CFCs may be used in the following priority: (1) payment of annual debt service on debt obligations incurred in connection with the planning, design, and construction of a Rental Car Canopy; (2) repay the Authority for the annual amortization of any amounts of the Authority's funds expended on or invested in capital rental car facilities; (3) to pay the annual operations and maintenance expenses, as well as any major maintenance expenses, expended by the Authority for Rental Car Service Building, the Car Rental Canopy or any additional rental car facilities; (4) to fund a reserve against any future shortfalls in CFC revenues; (5) to defease or prepay the amounts of any indebtedness the Authority has incurred in connection with the above or other rental car improvements; and (6) to be held in reserve to pay the cost of future improvements to rental car facilities. CFC revenue totaled $195,768 and $204,498 for the years ended December 31, 2024 and 2023, respectively. These amounts are included in nonoperating revenues on the statements of revenues, expenses and changes in net position.

Revenue Recognition

Airfield Landing Fee Charges – Landing fees are principally generated from scheduled airlines, cargo carriers and non-scheduled commercial aviation and are based on the landed weight of the aircraft. The estimated landing fee structure is determined annually pursuant to an agreement between the Authority and the signatory airlines. Landing fees are recognized as revenue when the related facilities are utilized.

Terminal Rents, Concessions and Ground Transportation – Rental and concession fees are generated from airlines, parking lots, food and beverage, retail, rental cars, advertising, and other commercial tenants. Leases are for terms from one to thirty-two years and generally require payments based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective leases.

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

NOTE B DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania law requires that the Authority's deposits be placed in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation, or the National Credit Union Share 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.

Of the bank balance at December 31, 2024 and 2023, $250,000 was insured by the FDIC, and the remaining bank balances of $683,222 and $2,530,306, respectively, were uninsured and 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

Pennsylvania statutes restrict the investment of Authority funds into certain authorized investment types, including: 1) United States treasury bills, 2) short-term obligations of the United States Government or its agencies or instrumentalities, 3) deposits in saving accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above the insured maximum, if the approved collateral as provided by law shall be pledged by the depository, and

4) obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States, the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth. The defined benefit pension plan is not subject to the same restrictions as the Authority.

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

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.

Investments Held by the Authority

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements 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, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
December 31, 2024				
Money Market Funds	$ 9,247,468	$ 9,247,468	$ -	$ -
Total Investments by Fair Value Level	$ 9,247,468	$ 9,247,468	$ -	$ -
December 31, 2023				
U.S. Treasury Securities	$ 5,938,660	$ 5,938,660	$ -	$ -
Money Market Funds	2,650,902	2,650,902	-	-
Total Investments by Fair Value Level	$ 8,589,562	$ 8,589,562	$ -	$ -

Other Information on Investments Held by the Authority

Interest Rate Risk – The Authority does not have a policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority does not have a policy that limits the investment choices in accordance with Pennsylvania statutes and prudent business practices.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one economic sector or issuer. At December 31, 2023, the Authority's investments in U.S. Treasury Securities constituted 69 percent of its total investments. At December 31, 2024, the Authority's investments in money market funds of one issuer constituted 100 percent of its total investments.

Investments Held by the Pension Trust Fund

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements 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, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
December 31, 2024				
Mutual Funds	$ 3,312,585	$ 3,312,585	$ -	$ -
Money Market Funds	60,411	60,411	-	-
Total Investments by Fair Value Level	$ 3,372,996	$ 3,372,996	$ -	$ -
December 31, 2023				
Mutual Funds	$ 3,101,548	$ 3,101,548	$ -	$ -
Money Market Funds	58,253	58,253	-	-
Total Investments by Fair Value Level	$ 3,159,801	$ 3,159,801	$ -	$ -

Other Information on Investments Held by the Pension Trust Fund

Interest Rate Risk – The Plan does not have a formal investment policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy does not limit its holdings in obligations of any single entity or to securities with ratings at minimal levels. At December 31, 2024 and 2023, the Plan's investments in bond mutual funds were not rated.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan's investments at December 31, 2024 and 2023 are held by counterparties in other than the Authority's name.

Concentration of Credit Risk – The Plan places no limit on the amount that may be invested in any one economic sector or issuer. At December 31, 2024 and 2023, the Plan's investments in mutual funds constituted 98 percent of its total investments.

NOTE C CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024 consists of the following:

	Balance January 1, 2024	Additions	Transfers	Disposals	Balance December 31, 2024
NONDEPRECIABLE CAPITAL ASSETS					
Land	$ 29,831,239	$ -	$ -	$ -	$ 29,831,239
Construction in Progress	1,381,962	168,607	(881,416)	-	669,153
Aviation Easements	2,555,334	-	-	-	2,555,334
Total Nondepreciable Capital Assets	33,768,535	168,607	(881,416)	-	33,055,726
DEPRECIABLE CAPITAL ASSETS					
Buildings, Runways, and Improvements	110,067,408	4,172,280	881,416	-	115,121,104
Equipment, Fixtures, and Other	9,833,321	206,974	-	-	10,040,295
Master Plan	1,228,379	-	-	-	1,228,379
Total Depreciable Capital Assets	121,129,108	4,379,254	881,416	-	126,389,778
Less Accumulated Depreciation	(56,763,387)	(4,849,953)	-	-	(61,613,340)
Total Depreciable Capital Assets, Net	64,365,721	(470,699)	881,416	-	64,776,438
CAPITAL ASSETS, NET	$ 98,134,256	$ (302,092)	$ -	$ -	$ 97,832,164

Capital assets activity for the year ended December 31, 2023 consists of the following:

	Balance January 1, 2023	Additions	Transfers	Disposals	Balance December 31, 2023
NONDEPRECIABLE CAPITAL ASSETS					
Land	$ 29,831,239	$ -	$ -	$ -	$ 29,831,239
Construction in Progress	1,735,182	711,268	(1,064,488)	-	1,381,962
Aviation Easements	2,555,334	-	-	-	2,555,334
Total Nondepreciable Capital Assets	34,121,755	711,268	(1,064,488)	-	33,768,535
DEPRECIABLE CAPITAL ASSETS					
Buildings, Runways, and Improvements	97,412,223	11,590,697	1,064,488	-	110,067,408
Equipment, Fixtures, and Other	10,124,485	38,150	-	(329,314)	9,833,321
Master Plan	1,208,379	20,000	-	-	1,228,379
Total Depreciable Capital Assets	108,745,087	11,648,847	1,064,488	(329,314)	121,129,108
Less Accumulated Depreciation	(52,316,106)	(4,776,595)	-	329,314	(56,763,387)
Total Depreciable Capital Assets, Net	56,428,981	6,872,252	1,064,488	-	64,365,721
CAPITAL ASSETS, NET	$ 90,550,736	$ 7,583,520	$ -	$ -	$ 98,134,256

NOTE D LINE OF CREDIT

The Authority has entered into a discretionary demand line of credit note agreement with Erie Bank in the amount of $1,000,000. The advances on this line of credit are to be used for working capital and are provided at the sole discretion of Erie Bank. Interest is paid monthly on the outstanding balance at the bank's prime rate subject to a floor of 4 percent per annum (7.50 percent at December 31, 2024). There were no outstanding borrowings on this line of credit note at December 31, 2024 and 2023.

The Authority entered into a security agreement with Erie Bank and has pledged all net revenues to Erie Bank. The Bank acknowledged that under current FAA regulations governing passenger facility charge revenues (PFCs), its security interest will attach only to PFCs approved by the FAA with respect to the applicable project. The Authority also granted Erie Bank a security interest in all assets. However, excluded from the security interest are any assets that would cause the Borrower to not comply with, or expose the Authority to sanctions under, a statute or regulation, or would cause the Borrower to not comply with the terms of any grant, FAA approval for PFCs, or other subsidy. The agreement with Erie Bank is supported by a financial covenant, whereby the Authority's net operating revenues plus PFC revenues, is required to equal at least 125 percent of the required annual payments of principal and interest on long-term debt and interest expense on indebtedness for borrowed money with an original term of one year or less. During the year ended December 31, 2024, the Authority would not have been in compliance with this financial covenant as defined in the agreement. However, since there were no outstanding borrowings or interest incurred under the line of credit during the year, no formal waiver was required in the circumstances.

NOTE E PENSION PLAN

Plan Description

The Authority contributes to the Erie Regional Airport Authority Employees' Pension Plan (Plan), a single-employer defined benefit pension plan. The Plan is administered by the Authority's Board of Directors. Benefit provisions are contained in the Plan Document and were established and can be amended by action of the Authority's governing body. The Plan does not issue a separate report that includes financial statements and required supplementary information for the Plan. Effective January 1, 2010, the Authority's Board of Directors approved an amendment to limit the Plan to full-time employees, but grandfathered part-time employees already participating in the Plan. Prior to that date, substantially all Authority employees were covered by the Plan. Effective January 1, 2020, eligibility for the Plan was frozen to new participants, while existing Plan participants will continue to accrue service.

Benefits Provided

The Plan provides retirement and death benefits to Plan members and their beneficiaries. Retirement benefits for employees at normal retirement are calculated as 45 percent of the average monthly compensation reduced proportionately for years of service less than 25 at retirement. For purposes of the retirement benefit, average monthly compensation is defined as the average total compensation excluding bonuses and other extra and overtime pay and excluding employer contributions to a Section 125 Plan for the sixty (60) highest consecutive months of service out of the last one hundred twenty (120) months prior to termination. Death benefits are determined in the same manner as retirement benefits and are payable at the later of the early retirement date of the member or the first calendar month following the death of the member. The early retirement date is age 55 with 10 years of service, and the normal retirement date is the later of age 62 or 5 years of service.

The employees covered by the Plan at January 1, 2024 and 2023 are:

	2024	2023
Inactive Employees or Beneficiaries Currently Receiving Benefits	11	11
Inactive Employees Entitled to but not yet Receiving Benefits	8	8
Active Employees	15	15
	34	34

Contributions

The authority to establish and amend requirements of Plan members and the Authority is set forth in state law and is vested in the Plan's Board of Directors. Eligible employees are required to participate in the cost of the Plan by providing employee contributions to the Plan equal to 2 percent of their base pay plus any additional percentage necessary to equal (in the aggregate) 50 percent of the amount by which the Authority's Minimum Municipal Obligation exceeds $159,714. The Authority contributes the balance required to fund the Plan in accordance with Pennsylvania Act 205 of 1984, as amended by Act 44 of 2009. The actuarially determined contribution was determined using the entry age normal cost method. For the years ended December 31, 2024 and 2023, employees contributed $19,659 and $20,104, respectively, and the Authority contributed $0 to the Plan.

Net Pension Asset/Liability

The Authority's net pension liability was measured as of January 1, 2024 and 2023 for the years ended December 31, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the year ended December 31, 2024, update procedures were used to roll forward the total pension liability from January 1, 2023 to the measurement date of January 1, 2024.

The total pension asset/liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	2.5 percent
Investment Rate of Return	6.4 percent
Asset Valuation Method	Fair Market Value
Lump Sum Probability	33.33 percent
Assumed Retirement Age	25 percent at age 62; 25 percent at age 63; 25 percent at age 64; 100 percent at age 65
Turnover Table	Crocker Sarason T-9 Table

Mortality rates were based on the Society of Actuaries RP-2014 total dataset mortality adjusted to 2006 for base rates and projected to the valuation date using mortality improvement scale MP-2020 for the January 1, 2023 actuarial valuation.

The actuarial assumptions used in the January 1, 2023 valuation was primarily based on generally used assumptions for larger populations, as experience studies performed for this Plan would not be effective due to the limited number of participants.

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 pension plan investment expense and inflation) are developed and published by PNC Bank for each major asset class. These projections 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 of 2.25% and 2.50% for 2024 and 2023, respectively. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of the measurement date are summarized below:

2024

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50 - 70%	
U.S. Large Cap		7.50%
U.S. Mid Cap		9.00%
U.S. Small Cap		8.00%
EAFE Equity		9.50%
Emerging Markets Equity		9.50%
Fixed Income	30 - 50%	
U.S. Aggregate Bonds		4.60%
U.S. High Yield Bonds		6.75%
Alternative Investments	0 - 15%	
U.S. REIT's		8.75%

2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50 - 70%	
U.S. Large Cap		8.19%
U.S. Mid Cap		9.08%
U.S. Small Cap		9.07%
EAFE Equity		10.58%
Emerging Markets Equity		10.77%
Fixed Income	30 - 50%	
U.S. Aggregate Bonds		5.19%
U.S. High Yield Bonds		6.83%
Alternative Investments	0 - 15%	
U.S. REIT's		9.36%

Discount Rate

The discount rate used to measure the total pension liability was 6.4 percent for the January 1, 2023 valuation. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	2024		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a)-(b)**
Balance, Beginning of Year	$ 3,166,810	$ 3,014,500	$ 152,310
Changes for the Year			
Service Cost	60,753	-	60,753
Interest	200,256	-	200,256
Contributions – Employee	-	20,104	(20,104)
Net Investment Income	-	310,652	(310,652)
Benefit Payments	(181,951)	(181,951)	-
Administrative Expense	-	(1,478)	1,478
Net Changes	79,058	147,327	(68,269)
Balance, End of Year	$ 3,245,868	$ 3,161,827	$ 84,041

	2023		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a)-(b)**
Balance, Beginning of Year	$ 3,079,039	$ 3,716,337	$ (637,298)
Changes for the Year			
Service Cost	63,594	-	63,594
Interest	194,229	-	194,229
Differences Between Expected and Actual Experience	28,981	-	28,981
Contributions – Employee	-	21,788	(21,788)
Net Investment Income	-	(523,154)	523,154
Benefit Payments	(199,033)	(199,033)	-
Administrative Expense	-	(1,438)	1,438
Net Changes	87,771	(701,837)	789,608
Balance, End of Year	$ 3,166,810	$ 3,014,500	$ 152,310

The net pension liability (asset) of the Authority has been calculated using a discount rate of 6.4 percent. The following presents the net pension liability using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease (5.4%)	Current Discount Rate (6.4%)	1% Increase (7.4%)
Authority's Net Pension Liability	$ 477,393	$ 84,041	$ (434,888)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended December 31, 2024 and 2023, the Authority recognized pension expense of $46,596 and $98,556, respectively. At December 31, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 20,495	$ 10,547
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	254,958	-
Total	$ 275,453	$ 10,547

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 24,738	$ 30,447
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	385,480	-
Total	$ 410,218	$ 30,447

At December 31, 2024 and 2023, the Authority reported $0 as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of the net pension liability at December 31, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024, related to the pension will be recognized in pension expense as follows:

2025	$ 45,832
2026	105,490
2027	130,506
2028	(20,445)
2029	3,523
	$ 264,906

Pension Plan Fiduciary Net Position

As of January 1, 2024 and 2023, the Plan's fiduciary net position was comprised of the following:

	2024	2023
Plan Investments	$ 3,159,801	$ 3,012,258
Accrued Investment Income	2,026	2,242
Plan Fiduciary Net Position	$ 3,161,827	$ 3,014,500

The required disclosures on fair value and certain other investment information pertaining to the investments held by the Plan are included in Note B.

Investment Rate of Return – The annual money-weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was 10.59 percent and (14.42) percent for the measurement periods ended January 1, 2024 and 2023, respectively.

NOTE F DEFERRED COMPENSATION PLANS

The Authority offers its employees a deferred compensation plan adopted in accordance with Internal Revenue Code Section 457. This defined contribution plan is administered by a third-party provider. The plan permits employee contributions only. All full-time employees are eligible to participate, and contributions are always 100 percent vested. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Plan Sponsor, the Erie Regional Airport Authority. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen financial emergency. The assets of the plan are held in trust for the exclusive benefit of the individual participants and beneficiaries and, therefore, the assets and liabilities are not included in the Authority's financial statements.

The details on the deferred compensation plan are as follows:

Name of Plan	Erie Regional Airport Authority 457(b) Deferred Compensation Plan
Plan Administrator	Erie Regional Airport Authority
Employee Contributions	$36,403 and $33,510 for the years ended December 31, 2024 and 2023, respectively

The Authority also offers certain employees a defined contribution retirement plan adopted in accordance with Internal Revenue Code Section 401. This plan is administered by a third-party provider. Full-time employees hired on or after January 1, 2020 and employees not accruing benefits under the Erie Regional Airport Authority Employee's Retirement Plan are eligible to participate. The plan provides employer matching contributions of 50 percent of employees' salary deferral amount on the first 6 percent of employees' compensation. Vesting in the employer matching contributions plus earnings thereon is based on years of continuous service. A participant is fully vested after seven years of continuous service. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Plan Sponsor, the Erie Regional Airport Authority. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen financial emergency. The assets of the plan are held in trust for the exclusive benefit of the individual participants and beneficiaries and, therefore, the assets and liabilities are not included in the Authority's financial statements.

The details on the deferred compensation plan are as follows:

Name of Plan	Erie Regional Airport Authority 401(a) Matching Retirement Plan
Plan Administrator	Erie Regional Airport Authority
Employer Contributions	$5,473 and $4,407 for the years ended December 31, 2024 and 2023, respectively

NOTE G LEASING AGREEMENTS WITH AUTHORITY AS LESSOR

Leases Accounted for Under GASB 87

The Authority leases facilities (except for regulated leases as described below) to car rental companies, concessionaires, and other airport users. The Authority elected the practical expedient to account for multiple components in a lease contract as a single lease unit. The Authority's leases generally contain options to extend or terminate the lease. We evaluate historical experience and consider the economic and strategic incentives of exercising the renewal options at the lease commencement. Renewal option periods are included within the lease term and associated payments are included in the measurement of the lease receivable when the options to extend are reasonably certain at lease commencement. The leases often include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. These variable payments based on index are considered to be (fixed in substance) and are included in the calculation of the lease receivable. Variable payments not included in the measurement of the lease receivable are based on a percentage of the lessee's revenue above the minimum annual guarantee and are not included in the calculation of the lease receivable. As lessor, the asset underlying the lease is not derecognized. The lease agreements do not include any material residual value guarantees, and there were no termination penalties recognized for the years ended December 31, 2024 and 2023.

Lease arrangements with an initial term in excess of one year are accounted for as leases receivable and extend through August 31, 2027. Inflows of resources earned from leases with an initial term in excess of one year included lease revenue of $101,718 and $367,569 for the years ended December 31, 2024 and 2023, respectively, and interest income of $6,735 and $21,228 for the years ended December 31, 2024 and 2023, respectively. Lease revenue from variable payments not previously included in the measurement of the lease receivable was $289,489 and $122,378 for the years ended December 31, 2024 and 2023, respectively. Short-term leases with an initial term of 12 months (or less), including any options to extend, regardless of their probability of being exercised are not recognized in leases receivable on the statements of net position.

Due to the decline in passenger traffic resulting from United Airlines suspending flights during June 2023, the Authority temporarily authorized revised payment terms to suspend minimum annual guarantees (MAGs) beginning July 1, 2023, and require rental car agencies to pay rent only in the amount of the percentage of gross sales defined in each agreement. Lease revenue resulting from commissions from rental car agencies was recognized as variable payments not included in the measurement of the lease receivable from July 1, 2023 through December 31, 2024.

Minimum lease payments expected to be received in future years (except for regulated leases and public-private partnerships as described below) for leases with an initial or remaining term in excess of one year at December 31, 2024 are as follows:

Year Ending December 31,	Lease Revenue	Interest Revenue	Total
2025	$ 61,963	$ 1,196	$ 63,159
2026	3,394	103	3,497
2027	2,342	21	2,363
Future Minimum Lease Payments	$ 67,699	$ 1,320	$ 69,019

Substantially all the assets classified under capital assets are held by the Authority for the purpose of rental and related use.

Regulated Leases

The Authority leases facilities to commercial airlines, fixed base operators who service the airline industry, the Federal Aviation Administration, and other aeronautical users that are considered regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings. For example, the U.S. Department of Transportation (DOT) and the Federal Aviation Administration regulate aviation leases between airport and air carriers and other aeronautical users through various policies and guidance, including the FAA's Rates and Charges Policy and Federal Grant Assurances. In accordance with GASB Statement No. 87, the Authority does not recognize a lease receivable and a deferred inflow of resources for regulated leases.

Inflows of resources earned from regulated leases included lease revenue of $694,303 and $1,317,903 for the years ended December 31, 2024 and 2023, respectively. Lease revenue from variable payments not included in the schedule of future minimum payments was $82,054 and $92,395 for the years ended December 31, 2024 and 2023, respectively.

Future expected minimum payments related to the Authority's regulated leases as of December 31, 2024 are as follows:

2025	$ 689,559
2026	433,887
2027	436,416
2028	439,049
2029	441,717
2030 - 2034	1,388,336
2035 - 2039	468,472
2040 - 2044	468,472
2045 - 2049	381,928
2050 - 2054	24,429
Future Minimum Lease Payments	$ 5,172,265

Under the agreements with the airlines, they may have preferential or exclusive use of certain space and facilities of the terminal building and gates as of December 31, 2024 and 2023 as summarized below:

2024

Terminal	Total Terminal Area (sq. ft.)	Non-Exclusively Used Terminal Area (sq. ft.)	Exclusively Used Terminal Area (sq. ft.)	Airlines Using the Terminal Area Exclusively
T1	4,062	-	4,062	American Airlines
T1	1,488	-	1,488	Breeze Airways
T1	1,337	-	1,337	Currently not in use
T1	15,821	15,821	-	Common Use Air Carrier Space
Total	22,708	15,821	6,887	

	Total no. of Gates	Common Use Gates	Preferential Use Gates	Airlines Using the Gates Preferentially
T1	7	7	-	Various Airlines
Total	7	7	-	

2023

Terminal	Total Terminal Area (sq. ft.)	Non-Exclusively Used Terminal Area (sq. ft.)	Exclusively Used Terminal Area (sq. ft.)	Airlines Using the Terminal Area Exclusively
T1	4,062	-	4,062	American Airlines
T1	1,337	-	1,337	United Airlines
T1	1,488	-	1,488	Currently not in use
T1	15,821	15,821	-	Common Use Air Carrier Space
Total	22,708	15,821	6,887	

	Total no. of Gates	Common Use Gates	Preferential Use Gates	Airlines Using the Gates Preferentially
T1	7	7	-	Various Airlines
Total	7	7	-	

According to the lease agreements, the above airlines are entitled to use the gates on a preferential basis in accordance with the scheduling protocols. The Authority has the right to schedule aircraft operations of other airlines on the preferential-use gates if such scheduling will not interfere with the above airlines' operation.

Public-Private Partnerships

The Authority has entered into a public-private partnership arrangement that meets the definition of a service concession arrangement in which the operators will operate and maintain the airport Authority's asset for terms of which expire on September 30, 2027. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related public-private partnership (PPP) receivables is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator.

Republic Parking, Inc. has a lease agreement to operate and maintain the parking facilities at ERAA, which expires September 30, 2027. The discount rate recorded as of January 1, 2022 was the implicit rate in the agreement, which was 10.20%. Renewal options were exercised, and the lease was extended from July 1, 2024 through September 30, 2027. The discount rate recorded as of July 1, 2024 was the implicit rate in the agreement, which was 7.17%. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

The Authority reported partnership leases receivable with a carrying amount of $746,742 and $169,199 as of December 31, 2024 and 2023, respectively, and a deferred inflow of resources in the amount of $717,215 and $154,577 as of December 31, 2024 and 2023, respectively, related to these agreements. Inflows of resources earned from partnership leases included partnership lease revenue of $284,979 and $264,988 for the years ended December 31, 2024 and 2023, respectively, and interest income of $32,949 and $30,004 for the years ended December 31, 2024 and 2023, respectively. Lease revenue from variable payments not previously included in the measurement of the partnership lease receivable was $0 and $66,077 for the years ended December 31, 2024 and 2023, respectively.

The following is a schedule by year of minimum payments to be received under the Authority's Public-Private Partnerships that are included in the measurements of the partnership lease receivable as of December 31, 2024:

Year Ending December 31,	Partnership Revenue	Interest Revenue	Total
2025	$ 254,722	$ 45,278	$ 300,000
2026	273,597	26,403	300,000
2027	218,423	6,577	225,000
Future Minimum Partnership Lease Payments	$ 746,742	$ 78,258	$ 825,000

NOTE H RESTRICTED CASH

The Authority is required to restrict cash for various purposes in accordance with the terms of contractual and grant agreements. A summary of the restricted cash as of December 31, 2024 and 2023 is as follows:

	2024	2023
Customer Facility Charges	$ 172	$ 169
Passenger Facility Charges	215,689	1,021,633
Total	$ 215,861	$ 1,021,802

NOTE I RISK MANAGEMENT

Risk management is the responsibility of the Authority. Operationally, the Authority 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 with various different levels of deductibles. Settlement amounts have not exceeded insurance coverage for the years ended December 31, 2024 and 2023.

The Authority carries property insurance on all airport property and buildings. In addition, the Authority carries general airport owner and operator liability insurance of $50,000,000. Authority employees who handle money are covered by a Blanket Employees Bond. 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. For insured programs, there have been no significant reductions in insurance coverage during 2024 and 2023.

The Authority participates in a public entity risk pool with the Pennsylvania Municipal Authorities Association (PMAA) for unemployment compensation. In exchange for a quarterly premium, the PMAA indemnifies the Authority against unemployment compensation benefits payable to the extent of available PMAA assets. The Authority has no liability for unemployment compensation in excess of premium obligations, but rather is subjected to modified premiums in the future based upon their experience.

NOTE J MAJOR CUSTOMERS / FUNDING CONCENTRATION

For the year ended December 31, 2024, approximately 25 percent of the operating revenues was from one commercial airline, 15 percent was from the Federal Aviation Administration, 14 percent was from the parking concessionaire, 12% was from the fixed base operator, and 11% was from one rental car company. For the year ended December 31, 2023, approximately 43 percent of the operating revenues were from two commercial airlines, 12 percent was from the parking concessionaire, and 10 percent was from the Federal Aviation Administration.

The Authority also regularly relies on grants received through the Airport Improvement Program of the Federal Aviation Administration (FAA) and the Commonwealth of Pennsylvania to provide a significant portion of the funding for its capital improvement expenditures. The outbreak and rapid spread of a novel strain of coronavirus (COVID-19) had resulted in a prolonged period of travel, commercial and other similar restrictions, which reduced demand for air travel and negatively impacted the Authority's operations. For the year ended December 31, 2023, the FAA also provided funding to reimburse a significant portion of the Authority's operating expenditures as a result of the COVID-19 pandemic.

NOTE K COMMITMENTS AND CONTINGENCIES

The Authority is involved in various legal matters in the normal course of business. Considering available information, management does not believe that any matters will have a material impact on the financial statements. Events could occur that could change materially in the near term.

The Authority is a defendant in a claim asserting breach of contract and specific performance concerning a sales agreement entered into for real estate owned by the Authority. While a loss in this matter is possible, management does not believe it to be probable and the amount of any obligation is undetermined at this time. The Authority also carries insurance policy coverage that management understands would cover the potential obligation on this claim.

The Authority operates an airport. The Authority's operations are concentrated in the aeronautical industry. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies including, but not limited to, the Federal Aviation Administration (FAA) and the PennDOT Bureau of Aviation. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change which could impact the Authority materially in the near term.

NOTE L CHANGE IN ACCOUNTING PRINCIPLE

In 2024, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The implementation of this standard was not considered material to the financial statements and primarily resulted in additional disclosures that are included in Note A. While this new standard calls for retrospective adoption, the 2023 financial statement amounts were not restated because the impact was determined to not be material to the Authority.

NOTE M SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2025, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ERIE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 60,753	$ 63,594	$ 67,760	$ 81,721	$ 88,526	$ 76,583	$ 88,105	$ 83,424	$ 94,140	$ 91,398
Interest	200,256	194,229	189,144	199,132	204,323	185,726	182,092	190,535	180,151	170,322
Differences Between Expected and Actual Experience	-	28,981	-	(90,147)	-	143,436	-	(164,945)	-	(18,317)
Changes of Assumptions	-	-	-	-	-	-	-	(26,856)	-	-
Benefit Payments	(181,951)	(199,033)	(142,882)	(557,243)	(142,494)	(108,947)	(311,747)	(108,854)	(92,424)	(92,754)
Net Change in Total Pension Liability	79,058	87,771	114,022	(366,537)	150,355	296,798	(41,550)	(26,696)	181,867	150,649
Total Pension Liability – Beginning	3,166,810	3,079,039	2,965,017	3,331,554	3,181,199	2,884,401	2,925,951	2,952,647	2,770,780	2,620,131
Total Pension Liability – Ending (a)	3,245,868	3,166,810	3,079,039	2,965,017	3,331,554	3,181,199	2,884,401	2,925,951	2,952,647	2,770,780
Plan Fiduciary Net Position										
Contributions – Employer	-	-	42,000	758,764	162,000	153,000	138,000	132,000	126,000	126,000
Contributions – Employee	20,104	21,788	22,380	39,957	27,867	28,002	26,149	29,575	27,847	24,946
Net Investment Income	310,652	(523,154)	343,127	429,836	377,363	(131,118)	268,633	132,756	(46,925)	80,696
Benefit Payments	(181,951)	(199,033)	(142,882)	(557,243)	(142,494)	(108,947)	(311,747)	(108,854)	(92,424)	(92,754)
Administrative Expense	(1,478)	(1,438)	(1,302)	(985)	(964)	(908)	(887)	(866)	(845)	(817)
Net Change in Plan Fiduciary Net Position	147,327	(701,837)	263,323	670,329	423,772	(59,971)	120,148	184,611	13,653	138,071
Plan Fiduciary Net Position – Beginning	3,014,500	3,716,337	3,453,014	2,782,685	2,358,913	2,418,884	2,298,736	2,114,125	2,100,472	1,962,401
Plan Fiduciary Net Position – Ending (b)	3,161,827	3,014,500	3,716,337	3,453,014	2,782,685	2,358,913	2,418,884	2,298,736	2,114,125	2,100,472
Net Pension Liability – Ending (a)-(b)	$ 84,041	$ 152,310	$ (637,298)	$ (487,997)	$ 548,869	$ 822,286	$ 465,517	$ 627,215	$ 838,522	$ 670,308
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.41%	95.19%	120.70%	116.46%	83.53%	74.15%	83.86%	78.56%	71.60%	75.81%
Covered-Employee Payroll	$ 1,005,180	$ 1,086,846	$ 1,118,974	$ 1,291,843	$ 1,393,370	$ 1,400,121	$ 1,308,053	$ 1,375,801	$ 1,389,250	$ 1,667,540
Net Pension Liability as a Percentage of Covered-Employee Payroll	8.36%	14.01%	-56.95%	-37.78%	39.39%	58.73%	35.59%	45.59%	60.36%	40.20%

Note to Schedule:

Information presented in this schedule has been determined as of the measurement date (January 1) of the net pension liability in accordance with GASB Statement No. 68.

Actuarial Assumption Changes Included in the Schedule Above

2023 – For the year ended December 31, 2023, there were no changes in assumptions from the previous valuation.

2021 – For the year ended December 31, 2021, there was a change in assumption for the mortality improvement scale. The mortality improvement scale changed from the RP-2014 total dataset morality table adjusted to 2006 for base rates and projected to the valuation date using mortality improvements scale MP-2018 in 2020 to the RP-2014 total dataset morality table adjusted to 2006 for base rates and projected to the valuation date using mortality improvements scale MP-2020 in 2021.

2019 – For the year ended December 31, 2019, there was a change in assumption for the mortality improvement scale. The mortality improvement scale changed from the RP-2014 total dataset morality table adjusted to 2006 for base rates and projected to the valuation date using mortality improvements scale MP-2016 in 2018 to the RP-2014 total dataset morality table adjusted to 2006 for base rates and projected to the valuation date using mortality improvements scale MP-2018 in 2019.

2017 – For the year ended December 31, 2017, there were changes in assumptions for the mortality table and projected salary increase. The mortality table changed from the RP-2014 mortality table with MMP-2007 improvements in 2016 to the Society of Actuaries RP-2014 total dataset mortality adjusted to 2006 for base rates and projected to the valuation date using mortality improvement scale MP-2016 in 2017. The projected salary increase changed from 3 percent in 2016 to 2.5 percent in 2017.

ERIE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF AUTHORITY PENSION CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ -	$ -	$ -	$ 41,095	$ 167,855	$ 159,714	$ 152,409	$ 131,580	$ 128,703	$ 122,892
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	42,000	758,764	162,000	153,000	138,000	132,000	126,000
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ (905)	$ (590,909)	$ (2,286)	$ (591)	$ (6,420)	$ (3,297)	$ (3,108)
Covered-Employee Payroll	$ 982,962	$ 1,005,180	$ 1,086,846	$ 1,118,974	$ 1,291,843	$ 1,393,370	$ 1,400,121	$ 1,308,053	$ 1,375,801	$ 1,389,250
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	3.75%	58.74%	11.63%	10.93%	10.55%	9.59%	9.07%

Notes to Schedule of Authority Pension Contributions:

Valuation date: Actuarially determined contribution rates are calculated in a valuation report prepared by the actuary every two years as required by Pennsylvania Act 205. The most recent valuation date prior to the end of the fiscal year in which contributions are reported was January 1, 2023.

Methods and assumptions used to determine contribution rates in the most recent actuarial valuation:

Actuarial cost method: Individual entry age normal

Amortization method: Pennsylvania Act 205

Remaining amortization period: Not applicable because the Plan was fully funded for January 1, 2023 valuation

Asset valuation method: Smoothing technique described in Pennsylvania Act 44 of 2009

Inflation: 2.5 percent

Salary increases: 2.5 percent

Investment rate of return: 6.4 percent

Retirement age: 25 percent at age 62; 25 percent at age 63; 25 percent at age 64; 100 percent at age 65

Mortality: Society of Actuaries RP-2014 total dataset mortality adjusted to 2006 for base rates and projected to the valuation date using the mortality improvement scale MP-2020

Turnover table: Crocker Sarason T-9 Table

Lump sum election rate: 33.33 percent

Funding assumptions used are determined based on Pennsylvania Act 205 guidance and client circumstances. Some of these assumptions are different from the GASB No. 68 assumptions used to measure the net pension liability, which are disclosed in Note E to the financial statements.

SUPPLEMENTARY INFORMATION

ERIE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant or Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation:				
Airport Improvement Program	20.106	3-42-0030-079-2022	$ -	$ 99,458
Airport Improvement Program	20.106	3-42-0030-080-2022	-	133,901
Airport Improvement Program	20.106	3-42-0030-081-2023	-	5,227
Airport Improvement Program	20.106	3-42-0030-082-2023	-	2,019,872
Airport Improvement Program	20.106	3-42-0030-083-2024	-	1,103,691
Airport Improvement Program	20.106	3-42-0030-084-2024	-	156,848
Total Airport Improvement Program			$ -	$ 3,518,997

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Erie Regional Airport Authority under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Erie Regional Airport Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Erie Regional Airport Authority.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Erie Regional Airport Authority has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. The Erie Regional Airport Authority administered no federal loan programs during the year ended December 31, 2024.

ERIE REGIONAL AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE RECEIPTS AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2024

	Date Approved	Amount Approved for Use	Cumulative Total - December 31, 2023	Quarter Ended March 31, 2024	Quarter Ended June 30, 2024	Quarter Ended September 30, 2024	Quarter Ended December 31, 2024	Year Ended December 31, 2024	Cumulative Total - December 31, 2024
Revenues									
Total Passenger Facility Charge Revenue Received			$ 11,856,703	$ 34,928	$ 44,865	$ 68,263	$ 50,487	$ 198,543	$ 12,055,246
Interest Income Earned			141,208	44	14	23	32	113	141,321
Total Revenues			$ 11,997,911	$ 34,972	$ 44,879	$ 68,286	$ 50,519	$ 198,656	$ 12,196,567
Expenditures									
Previous Completed Applications	Various	$ 4,755,610	$ 4,755,610	$ -	$ -	$ -	$ -	$ -	$ 4,755,610
Application 06-06-C-01-ERI	August 22, 2006	363,441	311,106	-	4,600	-	-	4,600	315,706
Application 08-07-U-01-ERI	August 29, 2008	10,219,437	5,506,728	-	-	-	-	-	5,506,728
Application 08-08-C-01-ERI	August 29, 2008	589,960	402,834	-	-	-	-	-	402,834
Application 23-09-C-00-ERI	January 11, 2023	1,779,365	-	1,000,000	-	-	-	1,000,000	1,000,000
Total Expenditures		$ 17,707,813	$ 10,976,278	$ 1,000,000	$ 4,600	$ -	$ -	$ 1,004,600	$ 11,980,878
Excess (Deficit) of Revenue Over Expenditures									$ 215,689

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Erie Regional Airport Authority
Erie, Pennsylvania

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 and the aggregate remaining fund information of the Erie Regional Airport Authority (Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 17, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. 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*.

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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 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 17, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Erie Regional Airport Authority
Erie, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Erie Regional Airport Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 17, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Erie Regional Airport Authority
Erie, Pennsylvania

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Erie Regional Airport Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration, that could have a direct and material effect on its Passenger Facility Charge Program for the year ended December 31, 2024.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Passenger Facility Charge Program for the year ended December 31, 2024.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's Passenger Facility Charge Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the Passenger Facility Charge Program.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtaining an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 17, 2025

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?	☐ Yes	☒ None reported
Material weakness(es)?	☐ Yes	☒ No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. The Authority's major program was:

Cluster/Program	Assistance Listing Number
Airport Improvement Program (AIP)	20.106

8. The threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Authority qualified as a low-risk auditee? ☒ Yes ☐ No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Reference Number	Summary of Finding	Status
	No matters are reportable.	

ERIE REGIONAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGE AUDIT SUMMARY
YEAR ENDED DECEMBER 31, 2024

Summary of Auditor's Results

1.	Type of report issued on PFC financial statements.	☒ Unmodified	☐ Qualified	
2.	Type of report on PFC compliance.	☒ Unmodified	☐ Qualified	
3.	Quarterly revenue and disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.	☒ **Yes**	☐ **No**	
4.	PFC revenue and interest is accurately reported on FAA Form 5100-127.	☒ **Yes**	☐ **No**	
5.	The Public Agency maintains a separate financial accounting record for each application.	☒ **Yes**	☐ **No**	
6.	Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs of the project.	☒ **Yes**	☐ **No**	
7.	Monthly carrier receipts were reconciled with quarterly carrier reports.	☒ **Yes**	☐ **No**	
8.	PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	☒ **Yes**	☐ **No**	
9.	Serving carriers were notified of PFC program actions/changes approved by the FAA.	☒ **Yes**	☐ **No**	
10.	Quarterly reports were transmitted (or available via website) to remitting carriers.	☒ **Yes**	☐ **No**	
11.	The Public Agency is in compliance with Assurances 5, 6, 7 and 8.	☒ **Yes**	☐ **No**	
12.	Project design and implementation is carried out in accordance with Assurance 9.	☒ **Yes**	☐ **No**	
13.	Program administration is carried out in accordance with Assurance 10.	☒ **Yes**	☐ **No**	
14.	For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.	☐ **Yes**	☐ **No**	☒ **N/A**