Erie Regional Airport Authority

FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

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

ERIE REGIONAL AIRPORT AUTHORITY
TABLE OF CONTENTS

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90 Years and Still Counting

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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, 2023 and 2022, 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, 2023 and 2022, 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. 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note L to the financial statements, during 2023 the Authority adopted new accounting guidance GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective January 1, 2022. The financial statements have been retroactively restated in accordance with the requirements of the new accounting standard. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 guarantee that an audit conducted in accordance with generally accepted 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, 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
April 16, 2024

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, 2023 and 2022. 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, 2023, the Airport was served by one major airline brand. American Airlines (operated by Piedmont) offered jet service to Charlotte. United Airlines (operated by Air Wisconsin) offered jet service to Chicago O'Hare but pulled service in early June 2023. These two airlines offered a combined average of four daily departures, until United Airlines pulled service, after which, American Airlines offered two daily departures. 2023 annual enplanements decreased 23.7% from the 2022 level, attributed to United Airlines pulling service during 2023.

Airline Enplanement Data

2023 – 47,556
2022 – 62,355
2021 – 66,965
2020 – 43,354
2019 – 106,765

Airline Market Share

American Airlines led both airlines in 2023 Erie market share with 74.0% of the local market and United Airlines finishing second with 26.0%. United Airlines (operated by Air Wisconsin) pulled service in June 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	Delta	United
2023	74%	0%	26%
2022	53%	0%	47%
2021	54%	0%	46%
2020	53%	20%	27%
2019	34%	40%	26%

United Airlines made an announcement to pull service from ERI beginning June 2, 2023, leaving the Authority with one signatory airline (American Airlines). United's market share was 26% and 47% for years 2023 and 2022, respectively. The loss of service is likely to impact other non-aeronautical revenue sources, including a decrease in revenue from rental car operations, parking, and restaurant concessions. Despite strong load factors out of ERI, United cited "analysis of operations and market demand" as reasons for pulling service. Slower recovery from business travelers, retirement of small-fleet aircraft serving smaller airports, and pilot shortages all played key parts. Airport management is working aggressively to pursue an ultra low-cost carrier (ULCC) to fill United's void.

ULCC's primarily target leisure travelers and offer point-to-point service, rather than the conventional hub-and-spoke system that regional carriers use. In order to attract an ULCC to begin operations at ERI, 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 an ULCC at ERI. Management also developed a newly structured "rates and charges" schedule that will be more competitive amongst airports ERI's size with the hopes of encouraging aeronautical growth. The organization expects the Fly Erie Fund, coupled with a new rates and charges fee schedule, will entice an ULCC to commence operations at ERI.

Flight Operations

Total airport operations (takeoffs plus landings) in 2023 increased by 9.8% from 2022 levels. All 2023 operations categories were up from 2022, with the exception of Air Carrier operations.

	2023	2022	2021	2020	2019
Air Carrier (Mainline Jets)	54	252	1,071	445	18
General Aviation/Civil	21,078	18,803	20,699	10,564	20,375
Airline	5,384	5,158	4,359	3,804	6,577
Military	944	791	872	508	260
Total	27,460	25,004	27,001	15,321	27,230

Current and Future Capital Projects

Beginning in 2024, the Authority has the following projects planned:

- Continued reconstruction of Taxiway Alpha

Financial Highlights

The Authority's net position increased $7,344,622 and decreased $1,860,308 in 2023 and 2022, respectively. The increase in 2023 was primarily due to an increase in capital contributions recognized by the Authority.

Total capital contributions were $11,266,211 and $713,671 in 2023 and 2022, respectively. Some of the major capital projects undertaken during 2023 included: Taxiway Alpha realignment $8,740,212 and the general aviation apron rehab $3,569,917.

The Authority's loss from operations before depreciation equaled $368,572 and $106,970, in 2023 and 2022, respectively. Operating revenues increased $8,276, amounting to $2,937,981 compared to $2,929,705 in 2022. Total operating expenses, excluding depreciation, increased $269,878, from $3,036,675 in 2022 to $3,306,553 in 2023.

Depreciation expense increased $68,450, from $4,708,145 in 2022 to $4,776,595 in 2023.

The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for the 2023 fiscal year and implemented this new standard retrospectively for the 2022 fiscal year. In adopting this new standard, the Authority recognized partnership lease assets of $170,637 and $440,634 as of December 31, 2023 and 2022, respectively, deferred inflows of resources of $154,577 and $419,565 as of December 31, 2023 and 2022, respectively, and interest income from PPPs of $30,004 and $56,081 for the years ended December 31, 2023 and 2022, respectively. A restatement to record the effects of the new reporting guidance resulted in an increase in previously reported net position of $21,069. Any impact of this restatement is not reflected in the 2021 amounts included in this management's discussion and analysis.

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 2023, 2022, and 2021.

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, 2023, 2022 and 2021 is shown below.

	2023	2022	2021
Unrestricted Current Assets	$ 11,503,482	$ 12,189,501	$ 4,455,193
Restricted Use Assets	2,728,574	1,578,569	9,670,553
Capital Assets	98,134,256	90,550,736	93,521,728
Non-Current Assets	67,698	1,537,042	872,463
Deferred Outflows of Resources	410,218	18,980	92,094
Total Assets and Deferred Outflows of Resources	112,844,228	105,874,828	108,612,031
Current Liabilities	534,890	527,468	432,006
Current Liabilities for Restricted Assets	1,371,194	243,927	2,344,298
Non-Current Liabilities	152,310	-	-
Deferred Inflows of Resources	344,387	2,006,608	878,594
Total Liabilities and Deferred Inflows of Resources	2,402,781	2,778,003	3,654,898
Net Position:			
Net Investment in Capital Assets	98,134,256	90,550,736	93,521,728
Restricted - Capital and PFC Projects	1,357,380	1,334,642	7,326,255
Unrestricted	10,949,811	11,211,447	4,109,150
Total Net Position	$ 110,441,447	$ 103,096,825	$ 104,957,133

2023 Results

The largest portion of the Authority's 2023 assets 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 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.

2022 Results

The largest portion of the Authority's 2022 assets 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 decreased $7,891,475 from 2021. In addition, the operating grants receivable decreased $2,012,321 attributed to receipt of CARES Act funding received in 2021.

The largest portion of the Authority's 2022 liabilities was due to accounts payable. Based on the timing of projects at year end, the capital grants payable balance decreased $2,100,371 from 2021.

Summary of Changes in Net Position

Summary Statements of Revenues, Expenses and Changes in Net Position for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
Revenues:			
Operating	$ 2,937,981	$ 2,929,705	$ 2,987,687
Capital Contributions	11,266,211	713,671	12,355,527
Nonoperating	1,223,578	2,241,136	3,485,413
Total Revenues	15,427,770	5,884,512	18,828,627
Expenses:			
Operating	3,306,553	3,036,675	2,976,222
Depreciation	4,776,595	4,708,145	4,431,292
Loss on Disposition of Capital Assets	-	-	600,116
Sale Proceeds Returned to Funding Agency	-	-	27,600
Total Expenses	8,083,148	7,744,820	8,035,230
Increase (Decrease) in Net Position	$ 7,344,622	$ (1,860,308)	$ 10,793,397

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.

Discussion of 2022 Results

Loss from operations before depreciation was $106,970 in 2022, compared to income of $11,465 in 2021. Increase in net position before capital contributions excluding depreciation was $2,134,166 in 2022 compared to $2,869,162 in 2021.

The operating revenues of the Authority in 2022 were $2,929,705 compared to $2,987,687 in 2021, a decrease of $57,982. Terminal rents were down, attributed to reducing the airlines common-use rates by 50%, as well as accepting a federal grant that provided terminal rent relief to terminal tenants. Landing fees, fuel flowage fees, and parking revenues increased, while security reimbursements, government agency rents, and hangar rents all remained consistent with 2021 levels.

The operating expenses of the Authority, excluding depreciation, were $3,036,675 in 2022, compared to $2,976,222 in 2021, an increase of $60,453. Personnel costs decreased, while utilities, building repairs, and equipment and supplies 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 2023, 2022 and 2021. Cash equivalents are defined as cash-on-hand, bank deposits and highly liquid investments with maturity of three months or less.

	2023	2022	2021
Cash Flows Provided by (Used in):			
Operating Activities	$ (93,523)	$ (339,823)	$ 311,509
Non-Capital Financing Activity	96,069	3,649,730	2,354,477
Capital and Related Financing Activities	(466,810)	5,344,246	(6,871,617)
Investing Activities	(3,184,699)	(5,000,261)	3,133
Increase (Decrease) in Cash and Cash Equivalents	(3,648,963)	3,653,892	(4,202,498)
Cash, Beginning of Year	6,392,315	2,738,423	6,940,921
Cash, End of Year	$ 2,743,352	$ 6,392,315	$ 2,738,423

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 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.

During 2022, the Authority acquired property and equipment totaling $1,737,153. The major additions included the completion of a passenger boarding bridge, Customs and Border Protection renovation, completion of the deicing system renovation, and completion of the apron rehab and expansion.

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, 2023 AND 2022

	2023	2022 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted Assets		
Cash	$ 1,721,550	$ 5,571,754
Accounts Receivable - Trade	101,193	190,169
Operating Grants Receivable	372,117	84,086
Investments	8,589,562	5,027,670
Lease Receivable, Current	113,888	549,680
Partnership Lease Receivable, Current	169,199	267,721
Lease Interest Receivable	857	2,891
Partnership Lease Interest Receivable	1,438	3,714
Prepaid Expenses	433,678	491,816
Total Unrestricted Current Assets	11,503,482	12,189,501
Restricted Assets		
Cash	1,021,802	820,561
Capital Grants Receivable	1,686,755	721,939
Passenger Facility Charge Receivable	20,017	36,069
Total Restricted Current Assets	2,728,574	1,578,569
Total Current Assets	14,232,056	13,768,070
NONCURRENT ASSETS		
Nondepreciable Capital Assets	33,768,535	34,121,755
Depreciable Capital Assets, Net	64,365,721	56,428,981
Net Pension Asset	-	637,298
Lease Receivable, Long-Term	67,698	730,545
Partnership Lease Receivable, Long-Term	-	169,199
Total Noncurrent Assets	98,201,954	92,087,778
Total Assets	112,434,010	105,855,848
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pension	410,218	18,980
Total Deferred Outflows of Resources	410,218	18,980
Total Assets and Deferred Outflows of Resources	$ 112,844,228	$ 105,874,828

	2023	2022 (Restated)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts Payable	$ 100,920	$ 102,647
Accrued Liabilities	108,540	102,557
Customer Deposits	350	9,046
Deferred Revenue	325,080	313,218
Total Unrestricted Current Liabilities	534,890	527,468
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts Payable - Capital Related	1,371,194	243,927
Total Current Liabilities Payable from Restricted Assets	1,371,194	243,927
Total Current Liabilities	1,906,084	771,395
NONCURRENT LIABILITIES		
Net Pension Liability	152,310	-
Total Noncurrent Liabilities	152,310	-
Total Liabilities	2,058,394	771,395
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pension	30,447	330,261
Deferred Inflows of Resources - Leases	159,363	1,256,782
Deferred Inflows of Resources - Partnership Leases	154,577	419,565
Total Deferred Inflows of Resources	344,387	2,006,608
Total Liabilities and Deferred Inflows of Resources	$ 2,402,781	$ 2,778,003
NET POSITION		
Net Investment in Capital Assets	$ 98,134,256	$ 90,550,736
Restricted for Capital and Passenger Facility Charge Projects	1,357,380	1,334,642
Unrestricted	10,949,811	11,211,447
Total Net Position	$ 110,441,447	$ 103,096,825

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022 (Restated)
OPERATING REVENUES		
Terminal Rent	$ 871,323	$ 738,042
Landing Fees	339,190	376,846
Fuel Flowage Fees	86,496	97,755
Security Reimbursement	291,747	355,534
Other Aeronautical Revenue	119,991	111,904
Parking	331,065	323,468
Rental Car	387,318	452,535
Concessions	26,429	23,037
Government Agency Rent	409,748	378,568
Other Non-Aeronautical Revenue	74,674	72,016
Total Operating Revenues	2,937,981	2,929,705
OPERATING EXPENSES		
Salaries, Wages, and Benefits	1,749,732	1,575,802
Insurance	381,991	396,609
Utilities	279,347	235,788
Equipment and Supplies	142,992	202,710
Professional Services	342,470	242,914
Building Repairs	53,395	46,498
Equipment Repairs	58,726	43,189
General, Administrative, and Other	297,900	293,165
Total Operating Expenses Before Depreciation	3,306,553	3,036,675
Income (Loss) from Operations Before Depreciation	(368,572)	(106,970)
DEPRECIATION EXPENSE	4,776,595	4,708,145
Operating Income (Loss)	(5,145,167)	(4,815,115)
NONOPERATING REVENUES (EXPENSES)		
Passenger Facility Charges	188,552	257,361
Customer Facility Charges	204,498	220,986
Operating Grants Received	384,100	1,637,409
Net Investment Income	395,197	27,885
Other Interest Income	51,231	97,495
Total Nonoperating Revenues (Expenses)	1,223,578	2,241,136
Increase (Decrease) in Net Position Before Capital Contributions	(3,921,589)	(2,573,979)
CAPITAL CONTRIBUTIONS		
Federal and State Grants	11,266,211	713,671
Total Capital Contributions	11,266,211	713,671
Change in Net Position	7,344,622	(1,860,308)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	103,096,825	104,957,133
NET POSITION, END OF YEAR	$ 110,441,447	$ 103,096,825

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	$ 3,034,076	$ 3,303,254
Cash Payments to Suppliers of Goods or Services	(1,312,802)	(1,812,640)
Cash Payments for Employee Compensation and Benefits	(1,814,797)	(1,830,437)
Net Cash Provided by (Used in) Operating Activities	(93,523)	(339,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Receipts from Operating Grants	96,069	3,649,730
Net Cash Provided by (Used in) Noncapital Financing Activities	96,069	3,649,730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquistion and Construction of Capital Assets	(11,232,848)	(3,837,524)
Capital Grant Receipts	10,301,395	8,605,146
Other Interest Income	55,541	92,224
Passenger Facility Charges	204,604	263,414
Customer Facility Charges	204,498	220,986
Net Cash Provided by (Used in) Capital and Related Financing Activities	(466,810)	5,344,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Income	44,186	12,239
Purchase of Investments	(8,000,000)	(5,012,500)
Proceeds from Disposition of Investments	4,771,115	-
Net Cash Provied by (Used in) Investing Activities	(3,184,699)	(5,000,261)
INCREASE (DECREASE) IN CASH	(3,648,963)	3,653,892
CASH, BEGINNING OF YEAR	6,392,315	2,738,423
CASH, END OF YEAR	$ 2,743,352	$ 6,392,315
RECONCILIATION OF CASH TO THE STATEMENTS OF NET POSITION		
Cash	$ 1,721,550	$ 5,571,754
Restricted Cash	1,021,802	820,561
Total Cash	$ 2,743,352	$ 6,392,315

See notes to financial statements.

	2023	2022 (Restated)
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (5,145,167)	$ (4,815,115)
Depreciation of Capital Assets	4,776,595	4,708,145
Investment Fees	18,004	476
Changes in Operating Assets and Liabilities		
Accounts Receivable - Trade	88,976	118,622
Prepaid Expenses	58,138	(357,983)
Lease Receivable	1,098,639	(704,337)
Partnership Lease Receivable	267,721	(436,920)
Net Pension Asset	637,298	(149,301)
Deferred Outflows of Resources - Pension	(391,238)	73,114
Accounts Payable	(1,727)	(195,814)
Accrued Liabilities	5,983	4,950
Customer Deposits	(8,696)	(26,892)
Deferred Revenue	11,862	313,218
Net Pension Liability	152,310	-
Deferred Inflows of Resources - Pension	(299,814)	18,156
Deferred Inflows of Resources - Leases	(1,097,419)	690,293
Deferred Inflows of Resources - Partnership Leases	(264,988)	419,565
Net Cash Provided by (Used in) Operating Activities	$ (93,523)	$ (339,823)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Asset Acquisitions Included in Accounts Payable	$ 1,371,194	$ 243,927

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2023 AND 2022

	2023 Pension Trust Fund	2022 Pension Trust Fund
ASSETS		
Investments, at Fair Value	$ 3,159,801	$ 3,012,258
Accrued Investment Income	2,026	2,266
Total Assets	3,161,827	3,014,524
LIABILITIES		
Accounts Payable	2,150	2,088
Total Liabilities	2,150	2,088
NET POSITION		
Net Position Restricted for Pensions	3,159,677	3,012,436
Total Net Position	$ 3,159,677	$ 3,012,436

See notes to financial statements.

ERIE REGIONAL AIRPORT AUTHORITY
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023 Pension Trust Fund	2022 Pension Trust Fund
ADDITIONS		
Contributions		
Plan Members	$ 20,104	$ 21,788
Total Contributions	20,104	21,788
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	259,047	(584,705)
Interest and Dividends	76,861	87,815
Net Investment Income	335,908	(496,890)
Total Additions	356,012	(475,102)
DEDUCTIONS		
Benefits Paid	183,429	200,471
Administrative Expenses	25,342	25,946
Total Deductions	208,771	226,417
Change in Net Position	147,241	(701,519)
NET POSITION, BEGINNING	3,012,436	3,713,955
NET POSITION, ENDING	$ 3,159,677	$ 3,012,436

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, 2023 and 2022.

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, 2023 and 2022.

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. At December 31, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022.

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. Sick leave for union employees can be accumulated or is eligible to be paid out at the end of the year. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date.

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 *'Authority as Lessor'* do not apply to regulated leases. Additional disclosures regarding regulated leases are 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 $188,552 and $257,361 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022. 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 $204,498 and $220,986 for the years ended December 31, 2023 and 2022, 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 years and generally require rentals based on the volume of business, with specific minimum annual rental payments required. Rental revenue is recognized over the life of the respective leases.

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

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. The reclassifications had no effect on the changes in net position.

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, 2023 and 2022, $250,000 was insured by the FDIC, and the remaining bank balances of $2,530,306 and $6,287,844, 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, 2023 and 2022:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
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	$ -	$ -
December 31, 2022				
U.S. Treasury Securities	$ 4,882,038	$ 4,882,038	$ -	$ -
Money Market Funds	145,632	145,632	-	-
Total Investments by Fair Value Level	$ 5,027,670	$ 5,027,670	$ -	$ -

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 and 2022, the Authority's investments in U.S. Treasury Securities constituted 69 percent and 97 percent of its total investments, respectively.

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, 2023 and 2022:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
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	$ -	$ -
December 31, 2022				
Mutual Funds	$ 2,937,057	$ 2,937,057	$ -	$ -
Money Market Funds	75,201	75,201	-	-
Total Investments by Fair Value Level	$ 3,012,258	$ 3,012,258	$ -	$ -

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, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022, 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, 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

Capital assets activity for the year ended December 31, 2022 consists of the following:

	Balance January 1, 2022	Additions	Transfers	Disposals	Balance December 31, 2022
NONDEPRECIABLE CAPITAL ASSETS					
Land	$ 29,831,239	$ -	$ -	$ -	$ 29,831,239
Construction in Progress	4,307,197	1,031,796	(3,603,811)	-	1,735,182
Aviation Easements	2,555,334	-	-	-	2,555,334
Total Nondepreciable Capital Assets	36,693,770	1,031,796	(3,603,811)	-	34,121,755
DEPRECIABLE CAPITAL ASSETS					
Buildings, Runways, and Improvements	94,176,742	705,357	3,603,811	(1,073,687)	97,412,223
Equipment, Fixtures, and Other	10,173,877	-	-	(49,392)	10,124,485
Master Plan	1,208,379	-	-	-	1,208,379
Total Depreciable Capital Assets	105,558,998	705,357	3,603,811	(1,123,079)	108,745,087
Less Accumulated Depreciation	(48,731,040)	(4,708,145)	-	1,123,079	(52,316,106)
Total Depreciable Capital Assets, Net	56,827,958	(4,002,788)	3,603,811	-	56,428,981
CAPITAL ASSETS, NET	$ 93,521,728	$ (2,970,992)	$ -	$ -	$ 90,550,736

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 (8.50 percent at December 31, 2023). There were no outstanding borrowings on this line of credit note at December 31, 2023 and 2022.

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.

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, 2023 and 2022 are:

	2023	2022
Inactive Employees or Beneficiaries Currently Receiving Benefits	11	9
Inactive Employees Entitled to but not yet Receiving Benefits	8	9
Active Employees	15	20
	34	38

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, 2023 and 2022, employees contributed $20,104 and $21,788, 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, 2023 for the year ended December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Authority's net pension asset was measured as of January 1, 2022, for the year ended December 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 31, 2021. For the year ended December 31, 2022, updated procedures were used to roll forward the total pension liability from January 1, 2021 to the measurement date of January 1, 2022.

The total pension asset/liability in the January 1, 2023 and January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent for January 1, 2023; 2.31 percent for January 1, 2021
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	T-9

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 and January 1, 2021 actuarial valuations.

The actuarial assumptions used in the January 1, 2023 and January 1, 2021 valuations were 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 J.P. Morgan Asset Management 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 2.50% and 2.31% for 2023 and 2022, 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:

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%
	100%	

2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50 - 70%	
U.S. Large Cap		2.85%
U.S. Mid Cap		3.34%
U.S. Small Cap		3.86%
EAFE Equity		5.51%
Emerging Markets Equity		6.55%
Fixed Income	30 - 50%	
U.S. Aggregate Bonds		0.35%
U.S. High Yield Bonds		1.91%
Alternative Investments	0 - 15%	
U.S. REIT's		4.44%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.4 percent for the January 1, 2023 and January 1, 2021 valuations. 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:

	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

	2022		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, Beginning of Year	$ 2,965,017	$ 3,453,014	$ (487,997)
Changes for the Year			
Service Cost	67,760	-	67,760
Interest	189,144	-	189,144
Contributions – Employer	-	42,000	(42,000)
Contributions – Employee	-	22,380	(22,380)
Net Investment Income	-	343,127	(343,127)
Benefit Payments	(142,882)	(142,882)	-
Administrative Expense	-	(1,302)	1,302
Net Changes	114,022	263,323	(149,301)
Balance, End of Year	$ 3,079,039	$ 3,716,337	$ (637,298)

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	$ 536,081	$ 152,310	$ (353,980)

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

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of $98,556 and $(58,031), respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 18,980	$ 50,347
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	279,914
Total	$ 18,980	$ 330,261

At December 31, 2023 and 2022, 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, 2023 and an increase in the net pension asset at December 31, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023, related to the pension will be recognized in pension expense as follows:

2024	$ 16,133
2025	70,520
2026	130,178
2027	155,194
2028	4,243
Thereafter	3,523
	$ 379,791

Pension Plan Fiduciary Net Position

As of January 1, 2023 and 2022, the Plan's fiduciary net position was comprised of the following:

	2023	2022
Plan Investments	$ 3,012,258	$ 3,715,469
Accrued Investment Income	2,242	868
Plan Fiduciary Net Position	$ 3,014,500	$ 3,716,337

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 (14.42) percent and 10.05 percent for the measurement periods ended January 1, 2023 and 2022, 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	$33,510 and $30,165 for the years ended December 31, 2023 and 2022, 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 are 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	$4,407 and $2,689 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

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 $367,569 and $550,031 for the years ended December 31, 2023 and 2022, respectively, and interest income of $21,228 and $41,414 for the years ended December 31, 2023 and 2022, respectively. Lease revenue from variable payments not previously included in the measurement of the lease receivable was $122,378 and $18,537 for the years ended December 31, 2023 and 2022, 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, 2023.

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, 2023 are as follows:

Year Ending December 31,	Lease Revenue	Interest Revenue	Total
2024	$ 113,888	$ 7,285	$ 121,173
2025	61,962	1,197	63,159
2026	3,394	103	3,497
2027	2,342	22	2,364
Future Minimum Lease Payments	$ 181,586	$ 8,607	$ 190,193

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 $1,317,903 and $1,167,819 for the years ended December 31, 2023 and 2022, respectively. Lease revenue from variable payments not included in the schedule of future minimum payments was $92,395 and $114,702 for the years ended December 31, 2023 and 2022, respectively.

Future expected minimum payments related to the Authority's regulated leases as of December 31, 2023 are as follows:

2024	$ 693,292
2025	684,292
2026	429,152
2027	431,681
2028	434,314
2029 - 2033	1,716,321
2034 - 2038	453,287
2039 - 2043	453,287
2044 - 2048	453,287
2049 - 2053	27,604
Future Minimum Lease Payments	$ 5,776,517

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, 2023 and 2022 as summarized below:

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	-	

2022				
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 July 1, 2024. 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 July 1, 2024. The discount rate was recorded as of January 1, 2022 as the implicit rate in the agreement at 10.20%. 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 $169,199 and $436,920 as of December 31, 2023 and 2022, respectively, and a deferred inflow of resources in the amount of $154,577 and $419,565 as of December 31, 2023 and 2022, respectively, related to these agreements. Inflows of resources earned from partnership leases included partnership lease revenue of $264,988 for the years ended December 31, 2023 and 2022, and interest income of $30,004 and $56,081 for the years ended December 31, 2023 and 2022, respectively. Lease revenue from variable payments not previously included in the measurement of the partnership lease receivable was $66,077 and $58,480 for the years ended December 31, 2023 and 2022, 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 31,2023:

Year Ending December 31,	Partnership Revenue	Interest Revenue	Total
2024	$ 169,199	$ 5,801	$ 175,000
Future Minimum Partnership Lease Payments	$ 169,199	$ 5,801	$ 175,000

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, 2023 and 2022 is as follows:

	2023	2022
Customer Facility Charges	$ 169	$ 165
Passenger Facility Charges	1,021,633	820,396
Total	$ 1,021,802	$ 820,561

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, 2023 and 2022.

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 2023 and 2022.

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, 2023, approximately 43 percent of the operating revenues were from two commercial airlines, 12 percent of operating revenues was from the parking concessionaire, and 10 percent of operating revenues was from the Federal Aviation Administration. For the year ended December 31, 2022, approximately 43 percent of the operating revenues were from two commercial airlines, and 12 percent of operating revenues was from the parking concessionaire.

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 years ended December 31, 2023 and 2022, 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 2023, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*. The adoption of GASB 94 resulted in the recognition of partnership leases receivable and deferred inflows of resources - partnerships on the statements of net position. The provisions for this statement were applied retrospectively to all periods presented. Accordingly, the 2022 financial statements have been restated as summarized below:

	2022 As Previously Reported	Restatement Related to Adoption of GASB 94	2022 As Restated
Statement of Net Postion			
Partnership Lease Receivable, Current	$ -	$ 267,721	$ 267,721
Partnership Lease Interest Receivable	-	3,714	3,714
Partnership Lease Receivable, Long-Term	-	169,199	169,199
Deferred Inflows of Resources - Partnership Leases	-	419,565	419,565
Unrestricted Net Postion	11,190,378	21,069	11,211,447
Net Position	103,075,756	21,069	103,096,825
Statement of Revenues, Expenses and Changes in Net Position			
Parking	$ 358,480	$ (35,012)	$ 323,468
Operating Income (Loss)	(4,780,103)	(35,012)	(4,815,115)
Other Interest Income	41,414	56,081	97,495
Change in Net Position	(1,881,377)	21,069	(1,860,308)

NOTE M SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2024, 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	$ 63,594	$ 67,760	$ 81,721	$ 88,526	$ 76,583	$ 88,105	$ 83,424	$ 94,140	$ 91,398
Interest	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	(199,033)	(142,882)	(557,243)	(142,494)	(108,947)	(311,747)	(108,854)	(92,424)	(92,754)
Net Change in Total Pension Liability	87,771	114,022	(366,537)	150,355	296,798	(41,550)	(26,696)	181,867	150,649
Total Pension Liability – Beginning	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)	3,166,810	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	21,788	22,380	39,957	27,867	28,002	26,149	29,575	27,847	24,946
Net Investment Income	(523,154)	343,127	429,836	377,363	(131,118)	268,633	132,756	(46,925)	80,696
Benefit Payments	(199,033)	(142,882)	(557,243)	(142,494)	(108,947)	(311,747)	(108,854)	(92,424)	(92,754)
Administrative Expense	(1,438)	(1,302)	(985)	(964)	(908)	(887)	(866)	(845)	(817)
Net Change in Plan Fiduciary Net Position	(701,837)	263,323	670,329	423,772	(59,971)	120,148	184,611	13,653	138,071
Plan Fiduciary Net Position – Beginning	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)	3,014,500	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)	$ 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	95.19%	120.70%	116.46%	83.53%	74.15%	83.86%	78.56%	71.60%	75.81%
Covered-Employee Payroll	$ 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	14.01%	-56.95%	-37.78%	39.39%	58.73%	35.59%	45.59%	60.36%	40.20%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority has presented information for only those years for which information is available. 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 was a change in assumption for the projected inflation rate from 2.31 percent in 2022 to 2.50 percent in 2023.

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. The projected inflation rate changed from 2.0 percent in 2020 to 2.31 percent 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

	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	$ 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%	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 and 2021 valuations, 7 years for January 1, 2019 valuation, 8 years for January 1, 2017 valuation, 7 years for January 1, 2015 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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority has presented information for only those years for which information is available under the provisions of GASB Statement No. 68.

Funding assumptions used are determined based on Pennsylvania Act 205 guidance and client circumstances. Several 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.