



ALBANY COUNTY AIRPORT AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2007

Prepared by the  
Finance Department

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A Component Unit of the County of Albany  
Town of Colonie, New York

[www.albanyairport.com](http://www.albanyairport.com)

CUSIP #012123XXX



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# INTRODUCTION



**An aerial view of the Airport's Runway-28 and the terminal from 2000 feet.**

# ALBANY INTERNATIONAL AIRPORT



Airport Website

[www.albanyairport.com](http://www.albanyairport.com)



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ALBANY INTERNATIONAL AIRPORT  
ADMINISTRATION BUILDING  
SUITE 200  
ALBANY, NEW YORK 12211-1057

TEL: 518.242.2222  
ADMIN FAX: 518.242.2641  
FINANCE FAX: 518.242.2640  
SITE: [www.albanyairport.com](http://www.albanyairport.com)

March 3, 2008

**Chairman's Message**

The calendar year 2007 proved to be yet another complex year for both airports and the airline industry. Airlines were faced with finding the means to overcome the high price of fuel and declining revenues. They responded by reducing flights and moving to smaller more efficient aircraft. As a result, airports such as Albany International, saw a decline in the number of available seats. However, the decision enabled the airlines to increase their load factors on each flight which resulted in fuel savings and improvement in revenue for the airlines.

Over all, Albany enplanements remained essentially flat for the year as the region began to feel the impact of higher gasoline and fuel oil prices. Despite the lack of growth, the Airport maintained its strong financial position and bond ratings while once again returning nearly one-half million dollars in revenue sharing to our tenant airlines.

During 2007 the Albany County Airport Authority became one of the first local public authorities to be audited by the state's new Authority Budget Office (ABO). The office was created under the New York State Public Authorities Accountability Act with the goal of reviewing and analyzing the operations, practices, reporting and compliance with all applicable laws. It is with great pride that I can report the final ABO report stated "We found that the Authority appears to be a well-functioning public authority with an informed and involved Board and management team." The audit speaks volumes of the outstanding performance and practices of the Authority's Board and our staff.

Our economic development initiative aimed at attracting new airport-related businesses has also proven fruitful. Eclipse Aviation's new northeast Aircraft Maintenance and Service Center neared completion and will result in the creation of over 30 new jobs. Colgan Air has expanded its presence at the Airport with expanded hangar facilities that will serve as a maintenance hub for its substantial fleet of turbo-prop aircraft.

The demand for additional hangar space for general aviation aircraft prompted the Airport to begin construction of two new T-hangar buildings to house 20 additional airplanes. This will go a long way to fulfill our goal of increasing the number of aircraft based in Albany.

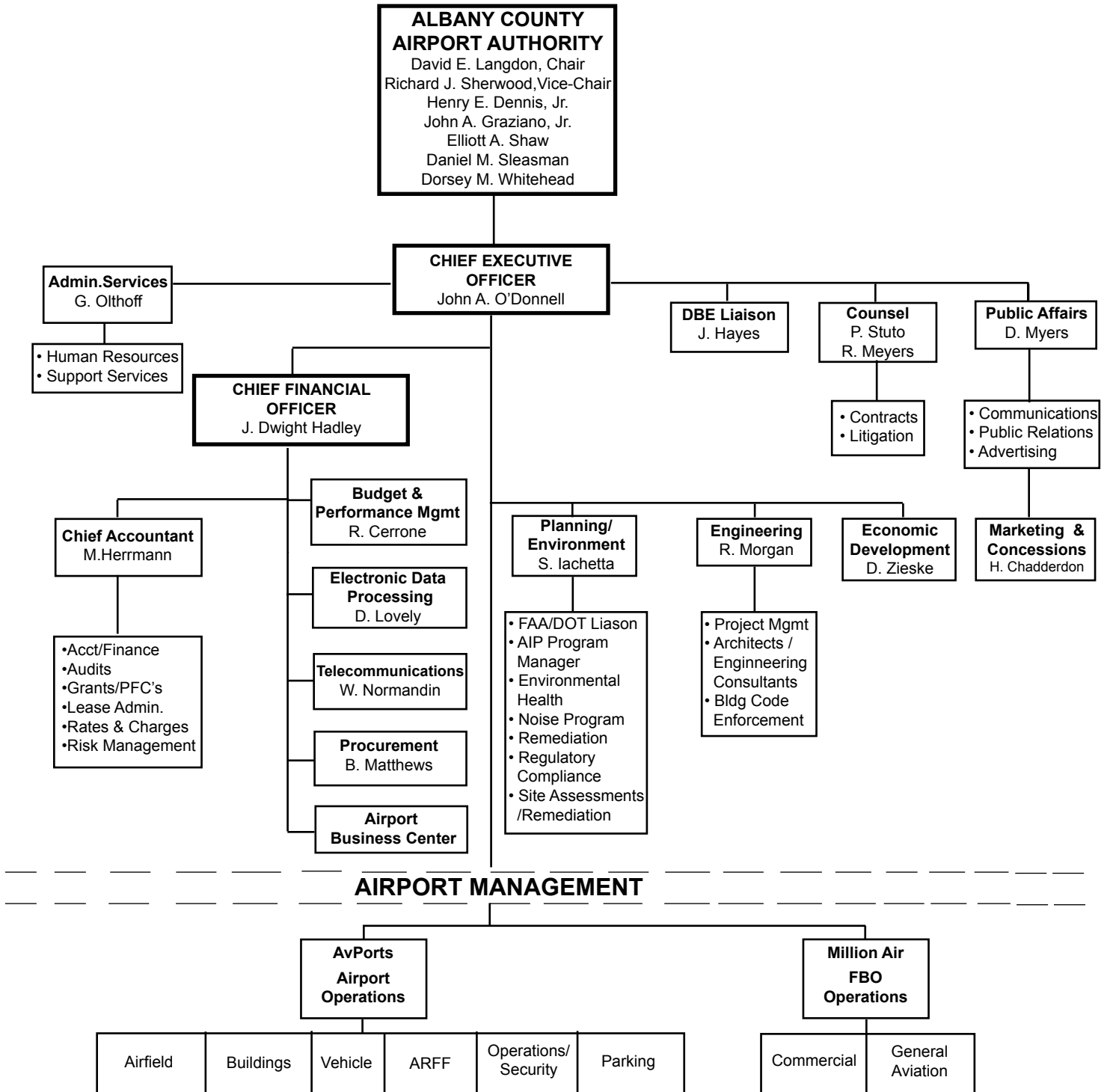
In furtherance of our position as a regional economic engine and our partnership with the Albany Regional Chamber of Commerce, the Airport Authority hosted the seventh annual Summit in Tech Valley. The event, in the expansive Million Air hangar, drew more than 250 CEOs, presidents and senior-level executives from the technology, business, government and academic communities while showcasing the Airport and the Capital Region as an exceptional place to conduct business.

Today, we look forward to 2008 as yet another opportunity to provide outstanding air transportation to our travelers and to further engage our Board and staff in pioneering economic development and environmental initiatives that will continue to place Albany International Airport as a leader among the nation's airports.

David E. Langdon  
Chairman

# ALBANY INTERNATIONAL AIRPORT ORGANIZATIONAL CHART

As of December 31, 2007







ALBANY COUNTY AIRPORT AUTHORITY  
ALBANY INTERNATIONAL AIRPORT  
ADMINISTRATION BUILDING  
SUITE 200  
ALBANY, NEW YORK 12211-1057

TEL: 518.242.2222  
ADMIN FAX: 518.242.2641  
FINANCE FAX: 518.242.2640  
SITE: [www.albanyairport.com](http://www.albanyairport.com)

**March 3, 2008**

**TO THE MEMBERS OF THE AUTHORITY:**

The Comprehensive Annual Financial Report of the Albany County Airport Authority (Authority) for the fiscal year ended December 31, 2007 is hereby submitted to the Authority Board and all others interested in the financial condition of Albany International Airport (Airport). This report is published in accordance with the requirements of the State of New York (State) enabling legislation creating the Authority, the State Public Authorities Accountability Act of 2005 and the master bond resolution covering the issuance of indebtedness by the Authority. Pursuant to those requirements, this comprehensive annual financial report of the Authority has been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report consists of four sections: Introductory, Financial, Statistical, and Compliance.

This report is management's representations concerning the financial position of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that has been designed to both protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the Authority's comprehensive framework of internal controls has been design to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this report is complete and reliable in all material respects.

This introductory letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A) which provides an introduction, overview and analysis of the 2007 financial statements. The MD&A is located immediately following the report of the independent auditor in the Financial Section.

**INDEPENDENT REVIEW**

*FINANCIAL AUDIT*

The goal of an independent audit is to provide reasonable assurance that the financial statements of the Authority for the year ended December 31, 2007 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concludes, based

## **Introduction**

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upon their audit, that there is a reasonable basis for rendering an unqualified (“clean”) opinion and that the Authority’s financial statements for the year ended December 31, 2007 are presented in conformity with U.S. GAAP. The independent auditor’s report is the first component of the Financial Section.

### *SINGLE AUDIT*

The independent audit of the financial statements is part of the broader mandated provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, relative to financial funds received from the U.S. Government, the New York State Department of Transportation Draft Part 43 of the Codification of Rules and Regulations, relative to State transportation funds received, and also, in conformity with the provisions of the November 1994 Passenger Facility Charge Reporting Guide for Public Agencies. The standards governing these provisions require the independent auditor to report on the fair presentation of the financial statements and on the Authority’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state grant awards. The independent auditor’s reports are included in the Compliance Section.

As a recipient of federal and state financial assistance, the Authority also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As part of the Authority’s single audit, tests were made to determine the adequacy of the internal control structure, including that portion related to federal assistance awards, as well as to determine that the Authority has complied with applicable laws and regulations. The results of the Authority’s single audit for the year ended December 31, 2007 provided no instances of material weaknesses in the internal control structure and no instances of noncompliance that are required to be reported under Government Auditing Standards.

### *GOVERNANCE REVIEW*

The New York State Authority Budget Office (ABO) is authorized under the Public Authorities Accountability Act of 2005 to review and analyze the operations, practices and reports of public authorities and to assess compliance with various provisions of Public Authority Law and other relevant state statutes. In a report dated September 24, 2007, the ABO stated: “We found that the Authority appears to be a well-functioning public authority with an informed and involved Board and management team. Overall, the Authority has done an effective job of complying with the requirements of State laws, and is continuing to make progress in complying with the Provisions of the Act by revising and adopting additional policies, as necessary.”

## **THE AUTHORITY**

The Albany County Airport Authority (Authority) is a body corporate and politic constituting a public benefit corporation established and existing pursuant to the Albany County Airport Authority Act, Title 32 of Article 8, as amended, of the State of New York Public Authorities Law (Act). The State created the Authority in 1993 in order to promote the strengthening and improvement of the Airport and to facilitate the financing and construction of the initial Terminal Improvement Project (TIP), other subsequent capital improvement plans and gave the Authority the power to operate, maintain and improve the Airport.

The County of Albany (County) and the Authority entered into a permanent Airport Lease Agreement dated December 5, 1995, which became effective May 16, 1996 following approval by the Federal

Aviation Administration (FAA) of the United States Department of Transportation for the transfer of the sponsorship of the Airport from the County to the Authority. Under the Lease Agreement, that expires forty (40) years after the effective date, the County leases to the Authority the Airport, including all lands, buildings, improvements, structures, easements, rights of access, and all other privileges and appurtenances pertaining to the Airport.

The Act creating the Authority set forth the following for its creation:

- GOAL – To provide adequate, safe, secure and efficient aviation and transportation facilities at a reasonable cost to the people.
- OBJECTIVES – (1) To promote safe, secure, efficient and economic air transportation by preserving and enhancing Airport capacity; (2) to acquire, construct, reconstruct, continue, develop, equip, expand, improve, maintain, finance and operate aviation and other related facilities and services; (3) to stimulate and promote economic development, trade and tourism; (4) to form an integral part of a safe and effective nationwide system of Airports to meet the present and future needs of civil aeronautics and national defense and to assume inclusion of the Authority's facilities in state, national and international programs for air transportation and for airway capital improvements; and (5) to ensure that aviation facilities shall provide for the protection and enhancement of the natural resources and the quality of the environment of the state and the capital district area.

### THE REPORTING ENTITY

The Authority is composed of seven members with four members appointed by the majority leader of the Albany County Legislature and three members by the Albany County Executive, all with approval of the Albany County Legislature. The Authority members are appointed for a term of four years or until a successor is appointed, except that any person appointed to fill a vacancy is appointed to serve only the unexpired term.

David E. Langdon became the new Chair of the Board in 2006. John A. O'Donnell, P.E., Chief Executive Officer, is responsible for planning and directing the management of all operations at the Airport including its capital improvement programs. J. Dwight Hadley, CPA, Chief Financial Officer, is responsible for financial planning, budgeting, operating and capital accounting procedures and controls, debt management, airline affairs, and all Authority financial policies and procedures.

The Authority has engaged the services of Macquarie Aviation North America 2, Inc. d/b/a AvPorts to manage the daily operations of the Airport and Go Albany, Inc. d/b/a Million Air to manage the daily operations of the Fixed Base Operations (FBO). An Organizational Chart is included in this Introductory Section.

Based on the County's responsibility for the appointment of Authority members and their approval of all Airport capital improvement programs and for the issuance of certain debt, the Authority is defined as a component unit of the County under the criteria established by the Governmental Accounting Standards Board (GASB). The Authority does not have any component units and is not involved in any joint ventures.

### PROFILE OF ALBANY INTERNATIONAL AIRPORT

Albany International Airport is the gateway to the New York State Greater Capital Region. The Airport, located on approximately a 1,100-acre site in the Town of Colonie, is the primary provider of commercial

## **Introduction**

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air transportation to the Albany area, including the northeast-central region of the State, southern Vermont and western Massachusetts. The Airport, located seven miles from downtown City of Albany, is accessible via U.S. Interstate 87, 88 and 90 highways. The Airport is strategically located at the center of New York's growing Capital Region and represents the heart of the burgeoning Hudson Valley Corridor known as "Tech Valley."

The Airport is defined by the FAA as a small air traffic hub, an Airport which handles between 0.05 percent and 0.249 percent of the enplaned passengers by U.S. air carriers nationwide. Based on the latest FAA data available, in 2006 the Airport ranked 77th in total enplanements. The Airport is ranked 103rd in total aircraft operations and 95th in total cargo per statistics compiled by Airports Council International – North America (ACI-NA). According to US DOT, Albany consistently ranks among the lowest priced average airfares in the country.

The Airport has two primary runways, 1-19 and 10-28. The Airport services commercial, cargo, general aviation and military operations with a 24-hour operating air traffic control tower, U.S. Customs and Border Protections support services, and general aviation FBO facilities. Additional Airport data information is included in the Statistical Section of this report.

## **AIRPORT ECONOMICS AND DEMOGRAPHICS**

The Airport's 13 county primary air-trade service area for drawing passengers, located in New York State, southern Vermont and western Massachusetts, is home within a 75-mile radius to 1.4 million people and many businesses. Albany's secondary air-trade service area extends in a 150-mile radius from the Airport deeper into New England and upstate New York and adds an additional population of approximately 1.8 million for a combined total population exceeding 3.1 million in the primary and secondary areas.

The Airport's primary air trade area is at the core of "Tech Valley," an ongoing high-technology development program. In 2002, International SEMATECH (a consortium of leading semiconductor manufacturers, including Advanced Micro Devices (AMD), Hewlett-Packard, Infineon, IBM, Intel Corporation, Philips Semiconductors, Taiwan Semiconductor Manufacturing Company, and Texas Instruments, among others) located a \$403 million computer chip research facility at the University at Albany (SUNY). IBM has invested \$100 million in SUNY's "Nano Tech Center." Under development is the Luther Forest Technology Campus (a 1,350-acre nanotechnology manufacturing campus), located 20 miles north of the Airport. One of the first major tenants of this Campus is expected to be a \$3.2 billion computer chip fabrication plant for AMD, which according to latest new releases, is scheduled to begin construction in July 2009, with operations to begin in 2014. By the latest count, Tech Valley now has over 1,000 technology companies, 50,000 employees, a \$2 billion annual payroll and a \$5 billion annual economic impact.

The Airport's air-trade service area is also the home to world-class summer and winter vacation and recreation attractions that draw individuals and families from across the nation and from around the globe. The Adirondack, Berkshire, Catskill and Green Mountains, Lake George, the Hudson River Valley, and the Mohawk River - Erie Canal corridor offers a cornucopia of excellent entertainment and recreation venues. Features such as the Baseball Hall of Fame in Cooperstown, the Olympic Village in Lake George, the 130-year-old Saratoga Thoroughbred Race Track, and the Tanglewood and Saratoga Performing Arts Centers highlight this region. This area is also home for numerous major colleges, universities and hospitals, the largest of which are set forth in the Statistical Section of this report.

A 2004 Regional Economic Impact Study prepared by the State reports that Albany International Airport annually supports 10,500 jobs with \$272.7 million in income resulting in an \$672.2 million economic impact contribution to the Albany region.

## **AIRLINE ECONOMICS**

The airlines have endured major financial impacts resulting from a series of events beginning in 2001 that has caused business and leisure passengers to reassess their use of commercial air travel or to elect to use other means of transportation. Airlines have been especially impacted by high jet fuel prices, over capacity which has made raising ticket prices difficult, and currently the prospect for a recession of some undetermined length. Airlines in the last few years have taken drastic measures to reduce their number of employees and their operating expenses, with some of the major carriers electing to use bankruptcy as a means to help restructure their financial resources. Despite all these changes, predictions for 2008 and beyond do not currently support a strong financial future for airlines.

Some of the potential factors cited recently by one rating agency (\*) that can impact the airlines and therefore the number of flights and enplanements at this Airport are: (1) a prolong recession combined with sustained increases in fuel cost could cause a spike in ticket prices or reduction in airline revenues; (2) passenger growth is expected to stagnate in 2008 and challenge Airport's ability to grow operating revenues; (3) airline seat capacity is likely to decline as high oil prices and low fares weaken airline profits and cause some airlines to reduce service; (4) airline financial weakness may result in failure or consolidation of airlines, reducing competition and exacerbating the decline in seat capacity; and (5) capacity constraints in the National Airspace System may restrict airline flights and reduce passenger growth.

## **AUTHORITY'S FINANCIAL RESOURCES**

The information presented in the Financial Section is best understood when it is considered from the broader perspective of the specific environment within which the Airport operates. The Authority's and Airport's profile, its goal and objectives, the Airport's economic and demographics and the Authority's financial resources are all components of the Airport's financial health and its ability to meet its financial obligations and service commitments.

### *FINANCIAL CONTROLS*

The Authority prepares an annual operating budget on the modified accrual basis of accounting. This basis differs from generally accepted accounting principles in that certain expenses are on a cash basis. These include an expenditure classification for the principal portion of long-term debt obligations, the local share for certain capital projects, and the lack of depreciation expense. All other major revenues and expenses are included in the budget on the accrual basis. The Authority adopts an annual operating budgetary basis of accounting to facilitate calculation of the rates and charges billed to the airlines. A separate capital improvement program budget is prepared for capital projects given their multi-year nature.

The Authority completed negotiations for a new Airline Use and Lease Agreement (Agreement) which became effective January 1, 2006, for a five year term with an option to extend for an additional five years to December 31, 2015. The Agreement includes a majority-in-interest provision that allows for

\* - "2008 U.S. Airport Sector Outlook" by Moody's Investors Service

## **Introduction**

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airline disapproval of certain capital projects. This provision applies to costs in excess of \$500,000 for the Airfield, if disapproved by more than 50% of the signatory airlines using the maximum gross landed weight of all signatory airlines during the most recent six months and for the Terminal, if disapproved by signatory airlines representing more than 50% of the total signatory terminal rentals for the most recent six months.

The new Airline Use and Lease Agreement with the signatory airlines continues the hybrid method for calculating airline rates and charges with a residual rate making methodology for the airfield and a compensatory methodology for the terminal. Under the new Agreement the signatory passenger airlines also receive 50% of the Airport's net revenues, as defined. The Authority also has the ability under the Agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions. No such adjustments were required during 2007 or in any prior year.

### *OPERATING FINANCIAL PLANNING*

As part of preparing its operating budget, each year the Authority prepares a multi-year projection of revenues and expenses for airline activities covering the next five years in accordance with the current Airline Use and Lease Agreement, and beyond assuming that the Agreement remains substantially unchanged. The projections include an annual compounded growth rate of one percent for enplanements. If the budget assumptions and activity projections prove to be reasonable, the projected airline cost per enplanement, net of revenue sharing, should stabilize in the \$7.00 range through 2010 and debt service coverage should remain in the 1.40 range. Using one percent growth is conservative given the FAA's and Industry's projections that range from three to seven percent annually. Certain assumptions are used in determining the projected growth rates and the related projected revenues and expenditures at this Airport and accordingly, subsequent actual results in any one year, or for the entire period, could differ substantially from those projected. Details for these projections are included in the Authority's adopted \$45.1 million 2008 operating budget, which is on the Authority's web site.

### *CAPITAL FINANCIAL PLANNING*

A five-year capital improvement program from the years 2005 through 2009 totaling \$264.9 million has been approved by the Authority and the County. The program consists of \$56.9 million for airfield projects, \$64 million for terminal improvements and expansion, \$134 million for landside development and \$10 million for major equipment and vehicles. Many of the projects therein are dependent on their eligibility for available Federal and State funding, or on the ability of the Authority to issue indebtedness. Therefore, the timing for starting any individual project is dependent upon the Airport's growth and availability to obtain adequate funding. For the 2005-2009 program, through 2007, the Authority expended \$36 million financed by \$13 million Federal and State grants, \$18 million of bond proceeds, and \$5 million capital interest earnings and operating funds. The remaining projects, if initiated, will require future Federal and State entitlement and discretionary funds, plus Authority resources, either from Airport operating funds or from the issuance of Authority indebtedness.

All the projects included in the five-year program are design to meet the objectives as set forth in the Airport's Master Plan and Safety Improvement Program. All prior year capital programs and the 2005-2009 program have been approved by the signatory airlines. All projects have or will be subject to a Federal Environmental Assessment (FEA) pursuant to the National Environmental Policy Act of 1969 (NEPA), as amended, and a New York State Environmental Impact Statement (EIS) under the New York

State Environmental Review Act (SEQR). Specific airfield related projects eligible for Federal or State funding support will also be subject to Federal Aviation Administration and New York State Department of Transportation review and approval.

The total effect any capital program will have on future operating budgets are evaluated at the time a specific project is authorized by the Authority to be started unless a project is mandated for safety or health purposes. All other projects are undertaken based on a cost-benefit analysis. All capital projects completion in 2007, or schedule for completion in 2008, have their projected additional operating costs and related revenues incorporated into the Authority's 2008 operating budget.

### *FISCAL CAPACITY*

The Authority has the ongoing ability and willingness, as needed, to raise revenues, incur debt, control expenses and meet its financial obligations as they become due. Given the current economic status of the airlines, in adopting its 2008 budget, the Authority has projected a one percent increase in enplanements and a zero increase in aircraft operations and landed weights. In addition, the Airport continues to face increased passenger screening and baggage security costs resulting from the continually evolving security laws and directives issued by the Transportation Security Administration. To meet these requirements, the Authority has set its rates and charges for 2008 under the Airline Use and Lease Agreement to meet all projected obligations. For 2008, signatory landing fees have been set at \$1.89 per 1,000 pounds, a decrease from \$1.94 in 2007; apron fees at \$1.12 per square foot, an increase from \$1.11 in 2007; and the terminal rental rate at \$78.84, a decrease from \$83.85 per square foot in 2007.

As of December 31, 2007, the Authority has \$5.3 million in an operating and maintenance reserve, equal to two months of operating expenditures, and \$500,000 in an equipment repair and replacement reserve. In addition, the Authority has \$14.5 million in debt service reserve funds, plus \$4.4 million in Passenger Facility Funds on-hand, that combined exceeds the total annual debt service principal and interest payments of \$14.5 million due in 2008. The Authority does not anticipate experiencing any cash flow deficiencies during 2008 requiring short-term cash flow financing or requiring increases during the year to the rates and charges billed to the Airlines.

### *DEBT CAPACITY*

The Albany County Airport Authority Act sets the Authority's debt limit at \$285 million. At December 31, 2007, there is \$149.5 million of debt outstanding issued directly by the Authority to be reduced by \$5.9 million of principal payments during 2008. In addition, the Authority is obligated under its lease Agreement with the County to reimburse the County for certain Airport related debt for Airport related projects that the County financed prior to transferring the Airport to the Authority. At December 31, 2007, the amount of future reimbursements to the County total \$5.5 million of which \$1.0 million will be paid during 2008. Debt service coverage is 1.28 at the end 2007 and projected to be 1.31 at the end of 2008 based on the adopted budget.

There were no new debt issues during 2007. The Authority did extend and activate its Swaption Agreement effective February 1, 2008. Details on the Swaption are set forth in the notes to the financial statements.

## **Introduction**

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### **AUTHORITY'S INITIATIVES**

While the Airport is performing in one of the most challenging operating and financial environments the aviation industry has ever experienced, this Airport has moved forward with various activities during 2007 to enhance the services provided to the airlines, the traveling public, and other uses of the Airport. These initiatives include:

- Villa Pizza of New York, Inc. d/b/a Villa Fresh Italian Kitchen, Green Leaf's and Bananas opened in January 2007.
- Albany-Colonie Regional Chamber of Commerce utilized the Airport's FBO facilities for their Tech Valley Summit.
- Delta Connection initiated RJ passenger service to JFK Airport.
- Construction of a new Northeast Factory Service and Maintenance Center for Eclipse Aviation to open in February 2008 will service their new and revolutionary Eclipse 500 very light jet (VLJ) which received FAA certification in 2006.
- The completion of 5,300 square feet of added floor area to the terminal second floor mezzanine area expands the security passenger screening checkpoint, expands the area for patrons awaiting arrival of deplaning passengers and provides additional space for food and beverage concessionaires.
- T-Hangar expansion was initiated with the building of two new hangars with ten parking spaces in each and with a 5,000 multi-use hangar attached to one.
- A new 200,000 gallon jet-fuel storage facility completed providing an additional 3 day supply of fuel storage.
- A CLEAR lane established at the security checkpoint to facilitate passenger throughput.

Some future projects to be undertaken are the result of funding received during 2007 are as follows:

- FAA Grants received included \$4.7 million from the FAR Part 150 Noise Compatibility Program for land acquisition; \$2.1 million for adding escalators in the terminal; and \$1.2 million for enhanced Runway 01 approach touchdown zone lighting.
- New York State Department of Transportation awarded \$140,000 for roof improvements over the concourse "A" hold-rooms and \$180,000 to repave a service roadway "Jetway Drive".

Strategic business and economic development activities during 2007 included leasing space in various Airport landside buildings to non-aviation tenants; launching a marketing campaign with Million Air to entice general aviation jet aircraft to be based in Albany; exploring with the Capital Region World Trade Center to identify how air transportation of produce could flow through this Airport; and exploring how this Airport might participate in a general purpose Foreign Trade Zone in the County of Albany.

### **AWARDS**

#### *FINANCIAL REPORTING*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the eleventh consecutive year that the Authority has achieved this prestigious award. In order to receive this award a government unit must publish an easily readable and efficiently organized CAFR. This report must



satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this 2007 CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for a certificate.

*DISTINGUISHED BUDGET PRESENTATION*

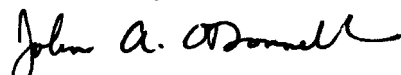
The Government Finance Officers Association of the United States and Canada (GFOA) also has presented an award of Distinguished Presentation to the Authority for its annual budget first received for the fiscal year beginning January 1, 1999. In order to qualify for this award, a governmental unit must publish a budget document judged proficient in several categories including as a policy document, as an operations guide, as a financial plan, and as a communications device. The 2008 budget has been submitted to the GFOA to determine its eligibility for an award.

**ACKNOWLEDGMENTS**


It is the strong continuing commitment of the Authority Board to the highest standards of financial reporting, disclosure and professionalism that the preparation of this report has been accomplished and for that we extend our sincere appreciation. We also give credit for the dedication, service and performance by all the employees of the Authority, AvPorts and Million Air in cooperation with all the employees of the airlines and other tenants located at the Airport for serving all the travelers, users and visitors to the Airport. It is the willingness to work together and to succeed that has made this Airport one of the best in the country.

The preparation of this report on a timely and efficient basis is achieved by the professionalism, efficiency and dedicated services contributed by the entire staff of the Finance Department under the guidance of Margaret Herrmann, Chief Accountant. We wish to express our appreciation for their continuing efforts for maintaining the highest standards of professionalism in managing the financial operations of the Authority in a progressive and responsible manner. It is recognized and a source of pride to the Authority. We also express our specific appreciation to all members of the Finance Department who contributed to assembling and formatting the data included in this report.

Respectfully submitted:



John A. O'Donnell  
Chief Executive Officer



J. Dwight Hadley  
Chief Financial Officer



Seventeen non-stop jet destinations are served from Albany with a total of 56 daily departures

SERVICE PROVIDED BY

American Eagle  
Continental Express  
Delta Airlines/ASA  
Delta Connection/Comair  
Delta Connection/Freedom  
Northwest Airlines  
Northwest Airlinck/Pinnacle  
Southwest Airlines

United Airlines  
United Express/Go Jet  
United Express/Transtates  
US Airways  
US Airways Express/Air Wisconsin  
US Airways Express/Mesa  
US Airways Express/Republic

Source: Official Airlines Guide Schedule Tapes, January 2008



**Albany has a regional network with nine daily departures to three non-stop destinations**

SERVICE PROVIDED BY

Air Canada  
US Airways Express/Colgan

US Airways Express/Piedmont

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Albany County Airport Authority, New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# FINANCIAL



**A horse handler carefully walks a horse down the ramp from a Boeing 727 converted to carry race horses and onto a waiting van. The thoroughbred, one of more than 100 to arrive annually at Albany International Airport, was on route to the Saratoga Race Track for the summer racing meet.**



**INDEPENDENT AUDITORS' REPORT**

To the Members Albany County Airport Authority

We have audited the accompanying statement of net assets of the Albany County Airport Authority (the Authority), a component unit of the County of Albany, New York, as of December 31, 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority as of and for the year ended December 31, 2006 were audited by other auditors whose report dated March 5, 2007 expressed an unqualified opinion on those statements.

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany County Airport Authority as of December 31, 2007, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2008 on our consideration of the Albany County Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Albany County Airport Authority taken as a whole. The accompanying Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance for the year ended December 31, 2007, which is the responsibility of the Authority's management, is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and by the New York State Department of Transportation *Draft Part 43 of the New York Codification of Rules and Regulations* and is not a required part of the basic financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended December 31, 2007, which is also the responsibility of the Authority's management, is also presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, the schedule of debt service requirements to maturity, the schedule of governmental payments and services, and the statistical section are the responsibility of the Authority's management and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, the schedules and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Albany County Airport Authority provides an introduction of the basic financial statements for the year ended December 31, 2007 with selected comparative information for the years ended December 31, 2006 and December 31, 2005. Management prepared this unaudited MD&A, which should be read in conjunction with the financial statements, and the notes thereto, which follow in this section.

### BASIC FINANCIAL STATEMENTS

The Authority's basic financial statements include three financial statements: the *Statements of Net Assets*, the *Statements of Revenues, Expenses and Changes in Net Assets* 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 *Statements of Net Assets* depict the Authority's financial position at December 31, the end of the Authority's fiscal year. The Statements show all the financial assets and liabilities of the Authority. Net assets represents the residual interest in the Authority's assets after liabilities are deducted. Net assets are displayed in three components: Invested in Capital Assets, net of Related Debt, Restricted, and Unrestricted.

The *Statements of Revenues, Expenses and Changes in Net Assets* report total revenues, expenses, other income and expenses, capital contributions and the changes in net assets during the fiscal year ending December 31st. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The *Statements of Cash Flows* present information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statements classify cash receipts and cash payments by Operating Activities, Investing Activities, and Capital and Related Financing Activities.

### AIRPORT ACTIVITIES HIGHLIGHTS

The County of Albany owns the Airport and entered into an Airport Lease Management Agreement, pursuant to which the County leased the Airport to the Authority for a 40 year term commencing May 16, 1996. The Authority employs two firms to manage the daily operations of the Airport:

- Macquaire Aviation North America 2 Inc., (d/b/a AvPorts), pursuant to a management services agreement, assumed responsibility as of October 11, 2005 to manage the daily operations of the airport including airfield, terminal, security, ARFF, landside, building and vehicle maintenance and public parking.
- Go-Albany, Inc., (d/b/a Million Air), pursuant to a management services agreement, assumed responsibility as of October 1, 2005 to manage the daily operations of the Fixed Based Operations (FBO) on airport including fuel farm management, commercial aviation into-plane fueling, and fueling, ground handling and hanging of general aviation aircraft.

The Authority's revenues are derived primarily from Airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rentals, apron fees and loading bridge charges received from airlines using the Airport; concession fees from vendors serving the passengers including food, retail and rental cars; public parking fees including surface and garage parking; and FBO activities from general aviation activities.

## Financial

### AIRPORT REVENUES

Three major factors impact airport revenues: commercial airline operations, enplanements and FBO operations.

#### COMMERCIAL OPERATIONS

Regular scheduled daily passenger flights departing from Albany decreased to 71 in December 2007 from 81 in December 2006 and 87 in December 2005. The decrease in operations is principally the result of CommutAir, operating as Continental Connection, an express carrier to Continental Express, decreasing their daily flights from 32 in January 2005 to ceasing all operations in Albany effective August 1, 2007. Independence Air, with 6 daily flights in 2005, ceased operations on January 6, 2006. These represent a decrease in total annual operations by Continental Connection (CommutAir) of 9,368, and Independence Air of 3,616 in 2005, to 2,244 in 2006 and to zero in 2007 by CommutAir.

	2007		2006		2005	
	Carriers	Flights	Carriers	Flights	Carriers	Flights
Jet Service:						
Major Carriers	4	22	4	22	5	25
Regional Carriers	11	34	11	39	14	40
Commuter Service:						
Regional Carriers	3	14	4	19	3	21
Foreign Carriers	1	1	1	1	1	1
Total	19	71	20	81	21	87

The changes in aircraft size by most of the airlines from full size jets to RJs and/or turboprops, has decreased the number of available seats. While the passenger load factor has increased, the ability to increase enplanements significantly is limited due to aircraft downsizing. This downsizing of aircraft, with the corresponding reduction in gross landing weights, negatively impacts landing fee revenues.

	2007	2006	2005
Total Available Seats	2,030,417	2,033,414	2,308,833
Passenger Load Factor	71%	72%	67%

The following shows major indicators of the total commercial activities during the past three years:

	2007	2006	2005
Enplanements	1,440,385	1,447,553	1,550,504
% increase/(decrease)	(0.5%)	(6.6%)	(0.4%)
Aircraft Landed Weights	1,753,689,173	1,755,804,771	2,022,847,644
% increase/(decrease)	(0.1%)	(13.2%)	(7.3%)
Operations (take-offs and landings):			
Commercial	67,546	69,296	77,191
General Aviation	37,820	41,539	34,770
Military	5,409	6,830	4,981
Total	110,775	117,665	116,942
% increase/(decrease)	(5.9%)	0.6%	(13.3%)



Three regularly scheduled express mails and various special cargo carriers serve the airport.

	2007	2006	2006
Mail and Express Cargo Tons	28,959	28,458	26,117
% increase/(decrease)	1.8%	9.0%	4.9%

The downsizing of aircraft combined with the corresponding reduction of weight has impacted gross landing weights which is the basis for generating landing fee revenues. This reduction in gross landed weight by airline for 2007 compared to 2006 and 2006 compared to 2005 is as follows:

	Notes	2007 vs. 2006		2006 vs. 2005	
		Change in Operations	Change in Landed Weight	Change in Operations	Change in Landed Weight
Air Canada		(52)	(381,805)	206	1,693,197
American Eagle		(304)	11,594,612	(218)	(5,594,609)
Continental		(1,020)	(8,892,367)	(7,146)	(57,545,741)
Delta	1	2,158	24,328,101	208	(125,943,472)
Independence Air	3	(28)	(526,860)	(3,616)	(85,107,140)
Northwest	1	(98)	(9,935,803)	(1,518)	(47,830,111)
Southwest	4	544	42,878,000	844	44,802,000
United	2	(1,078)	(21,953,261)	374	(13,086,151)
US Airways	2	(412)	(35,738,538)	721	18,301,372
Charters		--	(3,487,676)	--	3,267,783
TOTAL		(290)	(2,115,597)	(10,145)	(267,042,872)

Enplanements for 2007 compared to 2006 have decreased by 7,168 passengers, compared to a decrease of 102,849 in 2006 vs. 2005. The changes in enplanements by airline, including their express carriers is as follows:

	2007 Market Share	Total 2007 Enplanements	2007 vs. 2006	Total 2006 Enplanements	2006 vs. 2005
Air Canada	0.5%	7,760	(226)	7,986	1,327
American Eagle	3.0%	43,828	(3,319)	47,147	(6,421)
Continental	7.4%	106,277	(5,389)	111,666	(19,501)
Delta	11.0%	158,517	1,471	157,046	(78,342)
Independence Air	0.0%	--	(598)	598	(59,457)
Northwest	7.9%	113,062	(648)	113,710	(32,387)
Southwest	35.8%	516,216	27,570	488,646	73,572
United	13.1%	188,208	462	187,746	(6,983)
US Airways	21.3%	306,517	(26,491)	333,008	25,343
TOTAL	100.0%	1,440,385	(7,168)	1,447,553	(102,849)

Notes:

- 1 – Airlines that exited bankruptcy in 2007
- 2 – Airlines that exited bankruptcy in 2006
- 3 – Discontinued service in January 2006
- 4 – Added two flights to Chicago Midway and one to Tampa in 2006

Further airport and airline data for the past ten years is included in the Statistical Section of this annual report.

## Financial

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### FBO OPERATIONS

Go-Albany, Inc. (d/b/a Million Air) assumed responsibilities as of October 1, 2005 for managing the daily operations of the FBO. A summary of the operating revenues and expenses, the gallons of Jet A and Aviation Gasoline sold and the Jet A transferred to the commercial and cargo airlines is as follows for 2007, 2006 and partial 2005:

	2007	% inc/ (dec)	2006	3 months 2005
Revenues	\$ 8,817,614	20.7%	\$ 7,307,383	\$ 1,638,225
Expenses	\$ 8,158,871	16.9%	\$ 6,979,115	\$ 1,871,144
Retail Gallons Sold:				
Jet A	1,058,498	4.6%	1,011,950	194,669
AvGas	158,999	3.4%	153,825	30,068
Jet A Fuel Into-Plane Gallons	22,317,200	2.2%	21,839,454	6,135,644

### CONCESSIONS

Concession revenue highlights for 2007 compared to 2006 and 2005 are as follows:

	2007	% inc/ (dec)	2006	% inc/ (dec)	2005
Rental Car Revenues:					
Sales	\$40,918,209	9.5%	\$37,373,071	4.3%	\$35,838,423
Authority revenues	\$ 3,785,642	7.6%	\$ 3,517,739	3.0%	\$ 3,414,418
Food & Beverage:					
Sales	\$ 5,562,567	12.1%	\$ 4,960,037	3.4%	\$ 4,796,499
Authority revenues	\$ 514,479	8.6%	\$ 473,901	5.5%	\$ 449,081
Retail:					
Sales	\$ 3,365,900	5.9%	\$ 3,178,213	(1.0%)	\$ 3,211,679
Authority revenues	\$ 442,203	7.8%	\$ 410,296	(1.4%)	\$ 415,985
Total Authority concession revenues	\$ 5,686,723	7.9%	\$ 5,269,221	2.8%	\$ 5,124,925
Concession revenue per enplanement	\$ 3.94	8.8%	\$ 3.62	9.7%	\$ 3.30

### PARKING

The Airport directly manages all on-airport parking operations which at December 31, 2007 consists of 353 short term-garage/surface, 1,907 long term-garage, 1,117 long term-surface, and 2,783 remote shuttle served parking spaces. Revenue for 2007, compared to 2006 and 2005 are as follows:

	2007	% inc/ (dec)	2006	% inc/ (dec)	2005
Public Parking:					
Revenues	\$11,093,567	4.3%	\$10,639,526	(0.7%)	\$10,718,645
# of parked vehicles	836,220	(3.6%)	867,889	(1.2%)	878,789
Parking revenue per enplanement	\$ 7.70	4.8%	\$ 7.35	18.7%	\$ 6.19

**SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

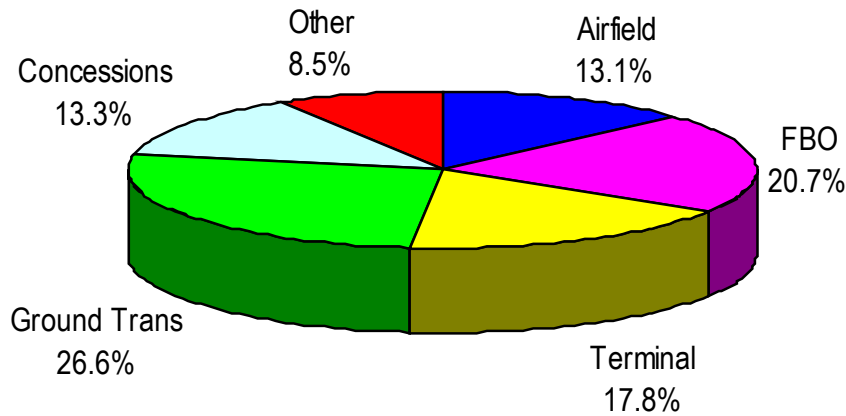
The changes in Net Assets serve over time as a useful indicator of the Authority's financial position. A summary of the Authority's change in net assets at December 31 is set forth below:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues	\$ 42,634,770	\$ 40,116,726	\$ 37,507,932
Expenses	<u>(31,974,922)</u>	<u>(29,877,731)</u>	<u>(27,148,236)</u>
Revenues in excess of expenses before depreciation	10,659,848	10,238,995	10,359,696
Depreciation	<u>(12,968,042)</u>	<u>(12,315,365)</u>	<u>(11,540,462)</u>
Loss before other income and expenses	(2,308,194)	(2,076,370)	(1,180,766)
Other income and (expenses), net	<u>(1,354,217)</u>	<u>(1,613,347)</u>	<u>(2,196,624)</u>
Loss before capital contributions	(3,662,411)	(3,689,717)	(3,377,390)
Capital contributions	<u>4,825,854</u>	<u>13,738,847</u>	<u>17,048,492</u>
<b>Net Assets</b>			
Increase in net assets	1,163,443	10,049,130	13,671,102
Total net assets, beginning of year	<u>182,671,313</u>	<u>172,622,183</u>	<u>158,951,081</u>
Total net assets, end of year	<u>\$183,834,756</u>	<u>\$182,671,313</u>	<u>\$172,622,183</u>

**REVENUES AND OTHER INCOME HIGHLIGHTS**

Total 2007 revenues increased \$3.2 million or 6.9% over 2006. The major contributors to these increases are the revenues for the Fixed Based Operations and an increase in interest income.

Allocation of Revenues by Category



	FY2007	FY2006	FY2005
<b>Revenues</b>			
Airfield	\$ 5,597,334	\$ 5,881,654	\$ 7,605,974
Fixed Based Operations (1)	8,817,614	7,307,383	1,637,840
Terminal	7,574,748	7,406,907	8,826,365
Ground Transportation	11,340,151	10,885,205	10,971,728
Concessions	5,686,723	5,269,221	5,124,925
Other	3,618,200	3,366,356	3,341,100
<b>Other Income</b>			
Passenger Facility Charges	4,081,962	4,165,815	4,314,667
Improvement Charges	276,300	276,300	276,300
Insurance Recovery (2)	2,929	184,000	--
Investments Received (3)	297,413	--	--
Interest Income	1,810,589	1,193,635	789,591
<b>Total</b>	<b>\$ 49,103,963</b>	<b>\$ 45,936,476</b>	<b>\$ 42,888,490</b>
Percentage of increase	6.9%	7.1%	9.6%

(1) - Three months revenue in 2005

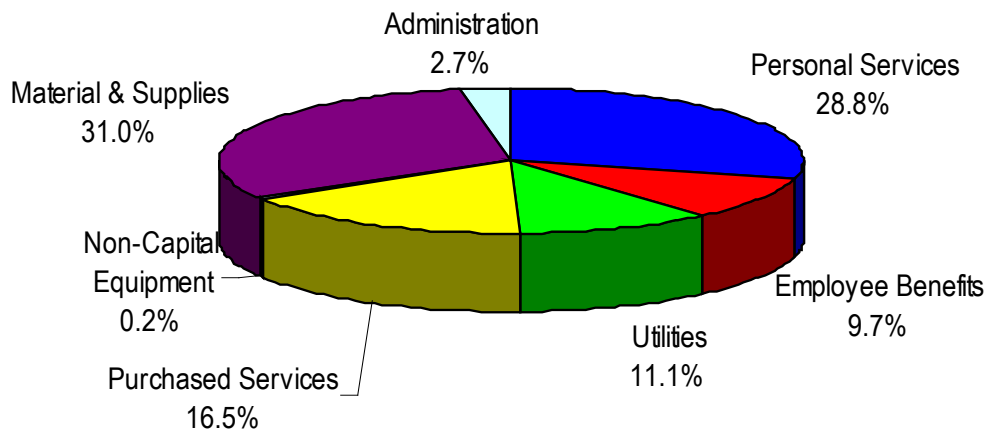
(2) - See Note 13 to financial statements

(3) - See Note 3 to financial statements

**EXPENSES AND OTHER EXPENSES HIGHLIGHTS**

Total 2007 expenses increased \$3.1 million or 6.3% over 2006. The major contributor to these increases are the expenses for the Fixed Based Operations.

Allocation of Expenses by Category



	FY2007	FY2006	FY2005
<b>Expenses</b>			
Personal services	\$ 9,195,389	\$ 8,646,222	\$ 8,403,285
Employee Benefits	3,107,449	3,653,280	3,448,206
Utilities & Communications	3,537,556	3,340,973	3,248,176
Purchased Services	5,287,637	6,181,508	4,502,210
Material & Supplies	9,914,404	7,587,814	4,898,545
Administration	858,717	2,315,484	2,477,235
Non-capital Equipment	73,770	152,450	170,579
<b>Depreciation</b>	<b>12,968,042</b>	<b>12,315,365</b>	<b>11,540,462</b>
<b>Other Expenses</b>			
Property Damage (1)	2,929	184,000	--
Loss on Investment (2)	126,600	--	--
Interest	7,616,204	7,188,094	7,443,523
Amortization Bond Issuance Cost	77,677	61,003	133,659
<b>Total</b>	<b>\$ 52,766,374</b>	<b>\$ 49,626,193</b>	<b>\$ 46,265,880</b>
Percentage of increase	6.3%	7.3%	11.2%

(1) - See Note 13 to financial statements

(2) - See Note 3 to financial statements

## Financial

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### FINANCIAL POSITION SUMMARY

The Statements of Net Assets depict the Authority's financial position as of one point in time – December 31 – and includes all assets and liabilities of the Authority. Net assets represent the residual interest in the Authority's assets after deducting liabilities. The Authority's assets exceeded liabilities by \$183.9 million at December 31, 2007, a \$1.2 million increase from December 31, 2006 due principally to increase in capital contributions received during 2007.

A condensed summary of the Authority's total net assets at December 31 is set forth below:

	2007	2006	2005
<b>ASSETS:</b>			
Capital Assets	\$ 304,240,595	\$ 302,408,701	\$ 294,164,089
Other assets	44,045,477	52,211,383	33,985,143
<b>Total assets</b>	<b>348,286,072</b>	<b>354,620,084</b>	<b>328,149,232</b>
<b>LIABILITIES:</b>			
Long-term debt outstanding	155,029,925	161,519,748	146,890,277
Other liabilities	9,421,391	10,429,023	8,636,772
<b>Total liabilities</b>	<b>164,451,316</b>	<b>171,948,771</b>	<b>155,527,049</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of debt	155,507,466	154,937,110	147,526,592
Restricted	19,100,901	19,259,403	17,972,351
Unrestricted	9,226,389	8,474,800	7,123,240
<b>TOTAL NET ASSETS</b>	<b>\$ 183,834,756</b>	<b>\$ 182,671,313</b>	<b>\$ 172,622,183</b>

Net assets are comprised of three components as follows:

*Investment in capital assets* (e.g., land, buildings, improvements, and equipment), less the related indebtedness outstanding used to acquire those capital assets, represents the largest portion of the Authority's net assets (85% at December 31, 2007). The Authority uses these capital assets to provide services to the airlines, passengers and to service providers and users located on Airport; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is net of related debt, the resources required to repay this debt annually are paid from operations, since it is unlikely that the capital assets will be liquidated to pay liabilities.

*Restricted net assets* (10% at December 31, 2007), principally representing bond reserves and PFC funds that are restricted as to use pursuant to bond resolutions and Federal regulations.

*Unrestricted net assets* totaling \$9.2 million (5% at December 31, 2007) are available to meet any of the Authority's ongoing obligations.

## AIRLINE SIGNATORY RATES AND CHARGES

The Authority and airlines entered into a new Use and Lease Agreement (“Agreement”) effective January 1, 2006 for five years, with an option for a five-year renewal, which establishes how the airlines that signed the Agreement will be assessed annual rates and charges for their use of the Airport. Also, in the new Agreement, signatory airlines have the option to designate some or all of their affiliate carriers as signatory airlines. This entitles the affiliates to signatory rates and charges for use of the Airport. As of December 31, 2007, Northwest Airlines has designated Pinnacle Airlines as a signatory airline and Delta has designated ASA and Comair Airlines. As of December 31, 2007, signatories in the Agreement include six commercial, three affiliate carriers and three cargo airlines. The basis for calculating rates and charges, and the net revenue sharing formula are substantially the same as under the previous Agreement. One change made in the new Agreement is that the amount of the revenue sharing is now a fifty/fifty split of net revenues, as defined in the Agreement, between the airlines and the Authority compared to sixty percent to the airlines and forty percent to the Authority in the previous ten-year Agreement.

The Agreement with the signatory airlines is based on a hybrid rates and charges methodology. A residual cost methodology is used for the airfield and a commercial rental rate methodology for the terminal. The apron charge is based on a 10% allocation of total airfield costs and loading bridge rental rates is based on total actual operating costs for all the loading bridges. Each year the Authority prepares and issues an actual airline rates and charges analysis report in accordance with the Agreement and financial statements prepared in accordance with GAAP as audited by independent public accountants as of December 31. The Authority has the ability under the Agreement to adjust airline rates and charges at any time throughout the year to ensure adherence to all financial covenants in its bond resolutions, namely “Extraordinary Coverage Protection”, if necessary. This provides for revenues less expenses, to be not less than one-hundred twenty-five percent (125%) of annual debt service. The Authority has never had to exercise this provision. The final rates and charges, after all year-end settlement adjustments and the revenue sharing allocations in accordance with the definitions and formulas contained in the Agreement with the signatory airlines are as follows:

	2007	2006	2005
Landing Fees (per 1,000 lbs. MGLW)	\$ 1.81	\$ 1.82	\$ 2.36
Landing Fee Surcharge (per 1,000 lbs. MGLW)	\$ 0.08	\$ 0.08	\$ 0.08
Terminal Rental Rate (per square foot)	\$ 83.42	\$ 82.58	\$ 81.98
Apron Fees (per square foot)	\$ 1.10	\$ 1.05	\$ 1.04
Loading Bridge (annual rate)	\$ 36,183	\$ 37,619	\$ 29,164
Commercial Airline Cost per Enplanement	\$ 7.67	\$ 7.78	\$ 9.16
Revenue Sharing (Charge) Credit to Airlines	\$ 400,453	\$ 553,934	\$ (276,785)

## CASH MANAGEMENT POLICIES AND CASH FLOW ACTIVITIES

All cash receipts are deposited daily into interest-bearing accounts. The Authority’s cash temporarily idle during 2007 was invested in short-term investments to attain the highest possible return consistent with the Authority’s liquidity needs and desired level of risk. The investment vehicles are (1) interest-bearing money market depository accounts, (2) certificates of deposits and (3) United States Treasury obligations. All investments are in compliance with the laws of the State and the Investment Policy adopted by the Authority governing the investment of public funds.

## Financial

Cash equivalents represent cash-on-hand, bank deposits and liquid investments with a maturity of three months or less. The following shows a summary of the major sources and uses of cash and cash equivalents for 2007, 2006 and 2005:

	2007	2006	2005
Cash flows from (used):			
Operating Activities	\$ 11,047,111	\$ 13,031,560	\$ 10,214,401
Investing Activities	2,091,649	1,386,585	930,352
Capital and Related Financing Activities	<u>(20,112,661)</u>	<u>5,366,189</u>	<u>(12,334,580)</u>
Net increases / (decreases) in			
Cash and Cash Equivalents	(6,973,901)	19,784,334	(1,189,827)
Cash and Cash Equivalents:			
Beginning of period	<u>46,295,607</u>	<u>26,511,273</u>	<u>27,701,100</u>
End of period	<u>\$ 39,321,706</u>	<u>\$ 46,295,607</u>	<u>\$ 26,511,273</u>

The Authority's available cash and cash equivalents decreased in 2007 by \$7.0 due to the positive flow of funds provided by operating and investing activities less activity from capital construction and debt service net of capital funds and PFCs received. Cash and cash equivalents are composed of:

	2007	2006	2005
➤ Funds available for unrestricted operations	\$ 12,505,683	\$ 11,543,279	\$ 7,404,536
➤ Restricted funds for:			
➤ Capital Projects	7,169,345	15,054,279	914,541
➤ PFCs available for debt service payments	4,167,236	4,238,183	4,407,394
➤ Revenue bond reserves	14,560,640	14,575,719	13,032,704
➤ Other restrictions	918,802	884,147	752,098
➤ Total	<u>\$ 39,321,706</u>	<u>\$ 46,295,607</u>	<u>\$ 26,511,273</u>

## CAPITAL ACTIVITIES

The enabling legislation creating the Authority set forth that every five years the Authority must submit to the County legislature for approval a capital plan for the subsequent five year period. The current plan for 2005 – 2009 was approved by the County in August 2004. The plan contained projected totaling \$264.9 million. The plan does not represent a firm commitment of the Authority. The Authority has included every known possible project that could conceivably occur during the five year period for disclosure purposes. To date, the Authority has not submitted any proposed amendments to the plan. In December 2007, the Authority reviewed the 2005 – 2009 plan and concluded that it could potentially spend \$29.9 million on capital projects in 2008 and 2009 funded from bond proceeds on hand and Federal and State grant. As of this date, the Authority has no plans to issue additional debt and there is no assurance that future Federal or State grant funds will be awarded to the Authority. At December 31, 2007, the Authority has \$7.9 million outstanding capital commitments.

The following is a summary of the approved 2005 – 2009 capital plan and the activity during the first three years of the five-year plan:



	Total 2005 - 2009 Plan	Total 2005 - 2007 Activity
Approved Projects		
Airfield	\$ 56,900,000	\$ 8,088,000
Terminal	64,000,000	4,205,000
Landside	134,000,000	20,711,000
Major Equipment	10,000,000	2,958,000
Total	\$ 264,900,000	\$ 35,962,000
Projected funding sources		
Federal Funds	\$ 74,710,000	\$ 9,956,000
State Funds	2,340,000	2,080,000
Debt Issuances	178,280,000	18,684,000
Authority Funds	9,570,000	5,232,000
Total	\$ 264,900,000	\$ 35,962,000

### LONG-TERM DEBT ADMINISTRATION

The Authority issues Airport Revenue Bonds to provide funds for the acquisition and construction of major capital facilities. Airport Revenue Bonds are direct obligations and are pledges by the full faith and credit of the Authority. Certain outstanding bonds may be redeemed prior to their normal maturity dates in accordance with the terms of the related bond indentures. The Authority has never defaulted on any principal or interest payments.

The Authority's limit for Debt Obligations was increased from \$175 million to \$285 million during 2004 by State legislation enacted (Chapter 500), amending the Albany County Airport Authority Act, Title 32 of Article 8, of the New York State Public Authorities Law. The total Authority principal debt outstanding at December 31, 2007 for General Airport Revenue Bonds (GARB) (excluding amortization of cost of issuance) is \$147,482,000 compared to \$153,007,316 at December 31, 2006, not including the County of Albany General Obligation (GO) Bonds which the Authority is obligated to reimburse for various airport projects financed by the County before the Authority was created, that are not covered by the debt limitation. Specific details on all the outstanding debt issues are in Note 8 to the financial statements of this report. The Authority long-term debt outstanding as of December 31, 2007 and 2006 is summarized below:

	Original Issue	Outstanding at 12-31-07	Outstanding at 12-31-06
Airport Revenue Bonds:			
1997 GARB	\$ 96,305,000	\$ 80,800,000	\$ 83,155,000
1998 GARB Series B & C	30,695,000	20,495,000	21,825,000
1999 NYS EFC	7,895,303	5,172,000	5,529,000
2000 A NYS EFC	2,374,936	950,000	1,170,000
2000 GARB Series B	14,500,000	12,730,000	13,025,000
2003 GARB Series A	8,885,000	6,970,000	7,460,000
2004 NYS EFC	388,316	245,000	283,316
2006 GARB Series A & B	14,230,000	13,790,000	14,230,000
2006 GARB Series C	6,330,000	6,330,000	6,330,000
Total Authority Debt Obligations	\$178,603,555	\$147,482,000	\$153,007,316
County of Albany General Obligation (GO) Bonds	21,100,121	5,427,371	6,456,987
Total Debt Obligations including reimbursement to County	\$199,703,676	\$152,909,371	\$159,464,303

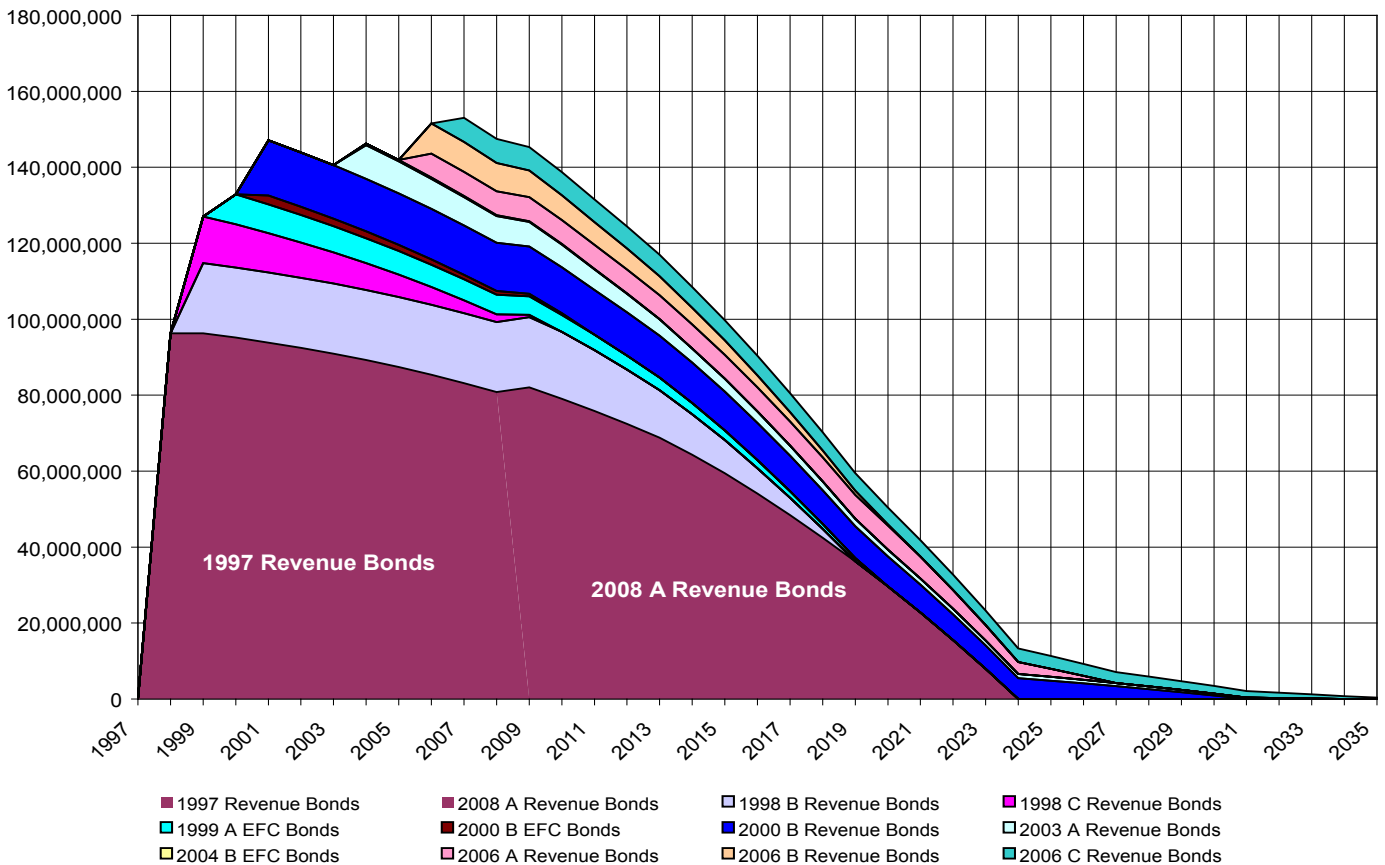
**INTEREST RATE SWAPTION**

The Authority entered into a forward starting swaption agreement in March 2005 with Deutsche Bank AG New York based on a notional amount of \$84.9 million as a synthetic refunding of its \$80.8 million outstanding Series 1997 General Airport Revenue Bonds. The Authority received an upfront payment of \$5,330,000 from the Bank, which was used to acquire land to expand remote parking capacity and to purchase the Airport’s fixed-based operator’s on-airport assets.

The 2006 swaption gave the bank the option to terminate the swaption on or prior to December 15, 2007, the initial call date for the Series 1997 Bonds. Prior to that date, the Authority and Bank negotiated an extension to February 1, 2008. The swaption was not terminated by the bank, therefore the swaption became effective as of that date. The Authority will pay fixed interest payments of 4.56% to the Bank which in turn will pay the bank floating rates at 70% LIBOR that are expected to match the Authority’s payments on the variable rate refunding Series 2008A Airport Revenue Bonds. The upfront payment plus the additional present value savings from refunding the Series 1997 bonds will result in \$8.4 million savings to the Authority to be realized over the sixteen years to final maturity in 2023 of the Series 2008A Bonds. See the footnotes to the financial statements for further details.

The following graph shows the total debt outstanding at the beginning of each year from 1997 through 2035:

**Total Debt Limit - \$285 Million**



The following shows the total debt outstanding at the beginning of each year from 1997 through 2035:

Year	Debt Outstanding (In Millions)	Year	Debt Outstanding (In Millions)	Year	Debt Outstanding (In Millions)
1997	\$ 0.0	2007	\$153.0	2027	\$ 7.1
1998	96.3	2008	147.5	2028	5.9
1999	127.0	2009	145.3	2029	4.7
2000	132.9	2010	138.7	2030	3.4
2001	147.1	2011	131.5	2031	2.1
2002	143.9	2012	124.4	2032	1.7
2003	140.6	2013	117.0	2033	1.2
2004	146.2	2014	108.5	2034	0.7
2005	141.9	2015	99.8	2035	0.4
2006	151.5	2016	90.4		

### **CREDIT RATINGS AND BOND INSURANCE**

In connection with the sale of each General Airport Revenue Bond issues, an insurance policy has been purchased by the Authority to guarantee the payment of principal and interest when due. Financial Security Assurance, Inc., insures the 1997, 1998, 2003, 2006 bond issues and Financial Guaranty Insurance Corporation insures the 2000 issue. At the time of issuance of each of the General Airport Revenue Bonds issues, the rating agencies assigned a municipal bond rating of “AAA”. The Authority’s underlying credit ratings from two major rating agencies are: Moody’s Investors Service “A3” and Fitch Ratings “A-”.

### **RESERVES**

Under the Authority’s master bond resolution adopted in 1997, it is required to maintain an operating reserve equal to two months operating expenses (\$5.3 million at December 31, 2007) and a repair and replacement reserve of \$500,000. Also provided for in the bond resolution for each bond issue, the Authority maintains a debt service reserve fund. As of December 31, 2007 the debt service reserve funds total \$14.5 million.

### **PASSENGER FACILITY CHARGE (PFC)**

The Authority initially received approval from the FAA to impose a PFC of \$3.00 per enplaned passenger beginning March 1, 1994, not to exceed \$40,726,364, principally to finance the Terminal Improvement Program. During 1996, the Authority requested and received approval to increase the amount of PFCs to \$116,888,308 to be collected through the year 2022. Through December 31, 2007, the Authority has collected PFCs, including interest earnings thereon, totaling \$50,740,309, or 43.4% of the total authorized. Passengers pay PFCs on the first two and last two portions of any trip. No PFCs are collected from non-revenue passengers such as a passenger using a frequent flier award ticket. The Authority calculates that it is collecting PFCs on approximately 91.3% of its enplanements.

### **PENSION PROGRAM**

The Authority is a member of the New York State and Local Employees’ Retirement System (ERS). ERS is the public employees’ retirement system for substantially all of the State and local employees in the State of New York. The Authority contributes a percentage (11.2% in 2005, 10.4% in 2006 and currently estimated at 9.1% for 2007) of employees’ payroll. Employer contribution rates are established annually by the New York State Comptroller

## Financial

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based upon the actuarial funding requirements of the ERS. Employees who join the ERS after July 27, 1976 with less than ten years of eligible service are required to contribute three (3) percent of their gross pay to the ERS. The Authority also provide to employees the opportunity to participate in a voluntary 401H plan. The Authority does not contribute to this plan.

## RISK MANAGEMENT

The Authority has a comprehensive insurance program covering all Airport facilities and operations to limit the cost of any personal injury or property damage claims. The Authority also acquires construction builders' risk policies for all major construction projects. This insurance covers the contractors working on the project. Acquiring one large policy results in a lower premium for the coverage and lower bids from contractors, who do not have to provide insurance. The events of September 11, 2001 resulted in all insurance companies canceling their war risk liability coverage for airlines and Airports. The Authority has subsequently obtained certain war risk liability insurance coverages.

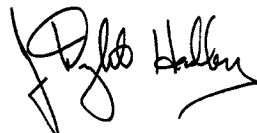
## FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority operates as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognize when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Funds are restricted for debt service and, when applicable, for construction activities. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

## REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report is designed to provide detailed information on the Authority's operations and to the Authority's Board, management, investors, creditors, customers and all others with an interest in the Authority's financial affairs and to demonstrate the Authority's accountability for the assets it controls and the funds it receives and expends. Questions concerning any of the information provided in this report or any request for additional information should be addressed to the Chief Financial Officer by e-mail: [cfojdh@albanyairport.com](mailto:cfojdh@albanyairport.com) or in writing to, Albany County Airport Authority, Administration Building, Suite 204, Albany, NY 12211-1057.

Respectfully submitted,



J. Dwight Hadley, CPA  
Chief Financial Officer

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**Albany County Airport Authority**  
**Statements of Net Assets**  
**As of December 31, 2007 and 2006**

**ASSETS**

**CURRENT ASSETS**

	2007	2006
Unrestricted Assets:		
Cash and cash equivalents	\$ 12,505,683	\$ 11,543,279
Accounts receivable - net	2,262,967	2,744,434
Investments	170,813	--
Prepaid expenses	268,763	249,878
Total Unrestricted Assets	15,208,226	14,537,591
Restricted Assets:		
Capital Funds:		
Cash and cash equivalents	7,169,345	15,054,279
Grant funds receivable	880,847	1,637,873
Accrued interest receivable	--	42,500
Passenger Facility Charges Funds:		
Cash and cash equivalents	4,167,236	4,238,183
Passenger Facility Charges receivable	258,791	344,066
Revenue Bond Funds:		
Cash and cash equivalents	14,560,640	14,575,719
Investments	442,237	442,237
Accrued interest receivable	10,590	10,590
ANCLUC Trust Funds:		
Cash and cash equivalents	226,976	311,635
Concession Improvement Trust Funds:		
Cash and cash equivalents	691,826	572,512
Total Restricted Assets	28,408,488	37,229,594
Total Current Assets	43,616,714	51,767,185

**NON-CURRENT ASSETS**

Prepaid Expenses	428,763	444,198
Capital Assets:		
Land and easements	37,001,632	37,601,244
Buildings, improvements and equipment, net of depreciation	251,297,465	238,759,900
Construction in progress	15,941,498	26,047,557
Total Capital Assets	304,240,595	302,408,701
Total Non-Current Assets	304,669,358	302,852,899
<b>TOTAL ASSETS</b>	<b>\$ 348,286,072</b>	<b>\$ 354,620,084</b>

The accompanying notes are an integral part of these financial statements.

**Albany County Airport Authority**  
**Statements of Net Assets**  
**As of December 31, 2007 and 2006**

**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

	2007	2006
Payable From Unrestricted Assets:		
Accounts payable	\$ 1,270,705	\$ 572,379
Accrued expenses	4,746,905	5,653,087
Due to Albany County	363,832	246,730
Accrued interest payable	29,158	34,793
Current maturities of long - term debt	1,006,353	1,056,018
Total Payable From Unrestricted Assets	7,416,953	7,563,007
 Payable From Restricted Assets:		
Construction contracts payable	935,217	1,677,083
Construction contracts retainage	818,179	1,009,412
Accrued interest payable	338,593	351,392
ANCLUC Trust Funds	226,976	311,635
Concession Improvement Trust	691,826	572,512
Current maturities of long - term debt	5,898,373	5,533,989
Total Payable From Restricted Assets	8,909,164	9,456,023
 Total Current Liabilities	16,326,117	17,019,030
 <b>LONG - TERM INDEBTEDNESS</b> , net of unamortized bond discount, unamortized loss on refunding and accretion of capital appreciation bonds	148,125,199	154,929,741
 Total Liabilities	164,451,316	171,948,771
 <b>NET ASSETS</b>		
Invested in Capital Assets, net of Related Debt	155,507,466	154,937,110
 Restricted:		
Revenue Bond Reserve Funds	14,674,874	14,677,154
Passenger Facility Charges	4,426,027	4,582,249
Total Restricted	19,100,901	19,259,403
 Unrestricted	9,226,389	8,474,800
 Total Net Assets	183,834,756	182,671,313
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 348,286,072	\$ 354,620,084

The accompanying notes are an integral part of these financial statements.

**Albany County Airport Authority**  
**Statements of Revenues, Expenses**  
**and Changes in Net Assets**  
**For the Years Ended December 31, 2007 and 2006**

<b>Revenues</b>	2007	2006
Airfield	\$ 5,597,334	\$ 5,881,654
Fixed Based Operations	8,817,614	7,307,383
Terminal	7,574,748	7,406,907
Concessions	5,686,723	5,269,221
Ground transportation	11,340,151	10,885,205
Other revenue	3,618,200	3,366,356
Total Revenues	42,634,770	40,116,726
<b>Expenses</b>		
Airfield	3,004,887	2,406,042
Fixed Based Operations	7,387,239	6,231,293
Terminal	5,807,086	5,501,614
Loading bridges	272,531	269,239
Landside	4,586,456	3,554,860
Public safety	3,351,583	3,357,006
Aircraft Rescue and Fire Fighting	1,466,961	1,463,016
Vehicle maintenance	1,113,462	1,184,775
Administration	4,984,717	5,909,886
Total Expenses	31,974,922	29,877,731
<b>Revenues in Excess of Expenses Before Depreciation</b>	10,659,848	10,238,995
<b>Depreciation</b>	12,968,042	12,315,365
<b>Loss Before Other Income and Expenses</b>	(2,308,194)	(2,076,370)
<b>Other Income and (Expenses)</b>		
Passenger Facility Charges	4,081,962	4,165,815
Improvement charges	276,300	276,300
Property damage	(2,929)	(184,000)
Insurance recovery	2,929	184,000
Investments received	297,413	--
Decrease in fair value of investments	(126,600)	--
Interest income	1,810,589	1,193,635
Interest expense	(7,616,204)	(7,188,094)
Amortization of bond issue costs	(77,677)	(61,003)
Total Other Income and (Expenses)	(1,354,217)	(1,613,347)
<b>Loss before Capital Contributions</b>	(3,662,411)	(3,689,717)
<b>Capital Contributions</b>	4,825,854	13,738,847
<b>Net Assets</b>		
Increase in Net Assets	1,163,443	10,049,130
Total Net Assets, beginning of year	182,671,313	172,622,183
<b>Total Net Assets, end of year</b>	\$ 183,834,756	\$ 182,671,313

The accompanying notes are an integral part of these financial statements.



**Albany County Airport Authority**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2007 and 2006**

	2007	2006
<b>Cash Flows From Operating Activities</b>		
Cash received from providing services	\$ 43,116,237	\$ 40,772,537
Cash paid to suppliers	(30,878,585)	(26,620,178)
Cash paid to employees	(1,190,541)	(1,120,799)
Net Cash Provided By Operating Activities	11,047,111	13,031,560
<b>Cash Flows From Investing Activities</b>		
Interest received	1,853,089	1,151,141
Interest on Passenger Facility Charges	238,560	235,444
Net Cash Provided By Investing Activities	2,091,649	1,386,585
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of property and equipment	(15,733,030)	(20,863,387)
Principal payments on bonds	(6,554,932)	(5,879,556)
Interest paid	(7,647,211)	(7,192,138)
Proceeds from debt issuance	--	20,560,000
Less: cost of issuance	--	(98,929)
ANCLUC Trust Funds	(84,659)	27,795
Concession Improvement Trust Funds	119,314	104,252
Improvement charges	276,300	276,300
Capital contributions	5,582,880	14,429,114
Passenger Facility Charges	3,928,677	4,002,738
Net Cash Provided/(Used) By Capital and Related Financing Activities	(20,112,661)	5,366,189
<b>Net increase/(decrease) in cash and cash equivalents</b>	(6,973,901)	19,784,334
Cash and cash equivalents, beginning of year	46,295,607	26,511,273
<b>Cash and cash equivalents, end of year</b>	\$ 39,321,706	\$ 46,295,607
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:</b>		
Loss before other income and expenses	\$ (2,308,194)	\$ (2,076,370)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	12,968,042	12,315,365
(Increase)/decrease in assets:		
Accounts receivable	481,467	655,811
Due to County of Albany	117,102	296,612
Prepaid expenses	(3,450)	132,262
(Increase)/decrease in liabilities:		
Accounts payable and accrued expenses	(207,856)	1,707,880
<b>Net Cash Provided By Operating Activities</b>	\$ 11,047,111	\$ 13,031,560
<b>Non-Cash Investing, Capital and Financing Activities:</b>		
Investments received	\$ 297,413	\$ --
Decrease in fair value of investments	(126,600)	--

The accompanying notes are an integral part of these financial statements.

Albany County Airport Authority  
Notes to Financial Statements

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# ALBANY COUNTY AIRPORT AUTHORITY

## Notes to Financial Statements

December 31, 2007

### **NOTE 1 - Organization and Reporting Entity**

#### **Organization:**

The Albany County Airport Authority (Authority), a body corporate and politic, constituting a public benefit corporation, was established by the State of New York (State) August 4, 1993, pursuant to the provisions of Chapter 686 of the Laws of 1993 as set forth in Title 32 of the State's Public Authorities Law. As a public benefit corporation, the Authority is independent, distinct from, and not an agent of the State or any other of the State's political subdivisions, including the County of Albany (County).

The Authority consists of seven members, four appointed by the majority leader of the County Legislature and three by the County Executive, who jointly designate one of the seven members as chairperson, and all with approval of the County Legislature. The Authority members serve for a term of four years or until their successor is appointed, except that any person appointed to fill a vacancy will be appointed to serve only the unexpired term. Members of the Authority are eligible for reappointment.

On March 15, 1994, the Authority and the County entered into an Interim Agreement, whereby the County granted, and the Authority accepted, sole possession, use, occupancy and management of the Airport, including all rights, interest, powers, privileges and other benefits in each and every contract relating to the maintenance, operation, leasing, management or construction of the Airport, and all other rights, privileges or entitlement necessary to continue to use, operate and develop the Airport.

The Authority and the County entered into a permanent Airport Lease Agreement, dated December 5, 1995, which upon its approval by the Federal Aviation Administration (FAA) became effective on May 16, 1996 for a term of forty (40) years, whereby the Authority has the exclusive right to operate, maintain and improve the Airport and do anything else permitted by law, subject only to the restrictions and conditions stated in such Airport Lease Agreement and in accordance with applicable Federal, State and local laws.

Pursuant to the State enabling Legislation, the Authority may not undertake any capital project, other than the re-development project described in the enabling legislation, known as the Terminal Improvement Program (see Note 14), unless the project has first been approved by the County as part of a five-year Capital Improvement Program. For these purposes, the term "capital project" is defined as the construction, reconstruction or acquisition of airport or aviation facilities.

Prior to March 15, 1994, the Airport operated as a fund of the County. As of March 15, 1994 the County transferred the use of all assets and substantially all liabilities of the County's Airport Enterprise Fund to the Authority. These assets and liabilities were recorded by the Authority at a Net Asset value equal to \$46,824,500.

The Authority is not subject to Federal, State or local income, property or sales taxes, except for property taxes due on properties acquired by the Authority until they are removed from the tax rolls as of the next assessment date. However, the Authority may agree to make certain payments in lieu of taxes for real property owned or used by the Authority for purposes other than public aviation purposes and under other limited circumstances.

## **Financial**

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During 2005, the Authority contracted with Macquire Aviation North America 2 Inc., (d/b/a Avports), to manage the daily operations of the airport under a five year term. Also during 2005, the Authority contracted with Go-Albany, Inc., (d/b/a Million Air), to manage the fixed based operations of the airport under a three year term. Both agreements are renewable with the approval of both parties.

### **Reporting Entity:**

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the County's basic financial statements based on the County's responsibility for the appointment of the Authority members, and their approval of capital programs and certain debt issuances. As a component unit, the Authority's financial statements are discretely presented in the County's basic financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the Authority only. The Authority does not have any component units and is not involved in any joint ventures.

## **NOTE 2 - Summary of Significant Accounting Policies**

### **Basis of Accounting:**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the provisions of the GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority has elected not to apply all Financial Accounting Standards Board statements and interpretations issued after November 30, 1989.

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues, and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Revenues from airlines, FBO operations, concessions, rental cars and parking are reported as revenues. Transactions which are capital, financing or investing related are reported as other income. All expenses related to operating the Airport are reported as expenses. Interest expense and financing costs are reported as other expenses.

### **Cash, Cash Equivalents and Investments:**

The deposit and investment of Authority monies is governed by provisions in its enabling legislation and by an Investment Policy adopted by the Authority on September 13, 1994. Any bank or trust company with a full service office in the County is authorized for the deposit of monies up to the maximum amount of \$10 million for operating funds and \$25 million for capital funds.

Monies not needed for immediate expenditure may be invested in (1) United States Treasury obligations with maturities of seven years or less, (2) obligations backed by the United States Government full faith and credit with maturities of seven years or less, (3) New York State, New York State agency or New York State subdivisions (cities, towns, villages, counties) obligations with maturities of seven years or less, (4) certificates of deposit fully collateralized from a bank or trust company in New York State, (5) Banker's acceptances with a maturity of 60 days or less which are eligible for purchase by the Federal Reserve Bank and whose commercial paper rating for the preceding year is the highest rating by two independent rating services, and (6) repurchase agreements using United States Treasury

obligations with maturities of seven years or less. Investments are stated at fair value or amortized cost.

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents, which are stated at cost, consist of certificates of deposit, and treasury notes. Investments are reported at fair value.

Note 3 sets forth information about the use of federal depository insurance (FDIC) and collateralization to insure the Authority's deposits.

**Receivables:**

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible amounts is based on collection history, aviation industry trends and current information regarding the credit worthiness of the tenants and others doing business with the Authority. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

**Restricted Assets:**

Restricted assets consist of monies and other resources which are restricted legally as described below:

*Capital Funds* - These assets represent capital debt proceeds and grant funds that are restricted for designated capital projects and can not be expended for any other item.

*Passenger Facility Charges Funds* - These assets represent Passenger Facility Charges (PFC) collections based on an approved FAA application to "Impose" such charges on enplaned passengers at the Airport. These funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects. The Authority recognizes and reports as other income PFCs earned when all conditions have been met that entitles the Authority to retain the PFCs. PFCs received prior to this time are reported as restricted net assets.

*Revenue Bond Funds* - These assets represent 1997, 1998, 2000, 2003 and 2006 general airport revenue bond (GARB) proceeds and 1999, 2000 and 2004 Environmental Facilities Corporation (EFC) bond proceeds held in Bond Reserve Accounts which equals the larger of one year's outstanding principal and interest payments.

*ANCLUC Trust Funds* - These assets represent Airport Noise Control and Land Use Compatibility (ANCLUC) program funds. These are Airport funds generated through the sale or rental of airport noise abatement properties acquired with Federal and State aid. The use of such revenues is restricted to Airport Improvement Program eligible project costs contingent upon FAA concurrence.

*Concession Improvement Trust Funds* - These assets represent 1% of gross revenues of all food and beverage and retail concessions held in escrow to fund the planning, developing, construction, remodeling, renovating or replacing of any of the concessionaire's leased area.

## Financial

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### Capital Assets:

Capital Assets assumed by the Authority on March 15, 1994 are carried at historical cost, net of accumulated depreciation. Subsequent acquisitions of new assets and expenditures which substantially increase the useful lives of existing assets exceeding \$50,000 are recorded at cost.

Maintenance and repairs are expended as incurred. When properties are disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to an expense. Capital Assets are written off when fully depreciated unless clearly identified as still being in use.

Depreciation of capital assets is computed using the straight-line method at various rates considered adequate to allocate costs over the estimated useful lives of such assets. The estimated lives by general classification are as follows:

<u>Years</u>	
Buildings and improvements.....	30
Vehicles, machinery and equipment.....	5-15

### Capitalization of Interest:

Interest costs incurred that relate to the acquisition or construction of capital assets acquired with tax-exempt debt are capitalized. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested debt proceeds over the same period. Capitalized interest cost is prorated to completed projects based on the completion date of each project. During 2007, interest of \$72,152 was capitalized. Interest of \$33,010 was capitalized in 2006.

### Bond Issue Costs, Original Issue Discount and Deferred Loss on Bond Refundings:

Bond issue costs are deferred and amortized over the life of the respective issue on a straight-line basis. Original issue discounts and deferred loss on refundings on long-term indebtedness is accreted using the effective interest method over the life of the debt to which it relates.

### Capital Contributions:

Certain expenditures for airport capital assets are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the State and the Authority, or from various State allocations or grant programs. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and rehabilitation and eligible long-term planning studies are reported in the *Statements of Revenues, Expenses and Changes in Net Assets*, after other income and expenses, as capital contributions.

### 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 gross landed weight of the aircraft. The estimated landing fee structure is determined annually pursuant to an agreement between the Authority and the signatory airlines

based on the adopted operating budget of the Authority and is adjusted at year end for the actual landed weight of all aircraft. Landing fees are recognized as revenue when the related facilities are utilized.

*FBO, Terminal Rents, Concessions and Ground Transportation* - FBO revenues are generated from commercial and general aviation users, 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 ten 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 and concession revenue is recognized based on reported concessionaire revenue.

*Other* - All other types of revenues are recognized when earned.

**Passenger Facility Charges:**

Passenger Facility Charges (PFC) at the rate of \$3 per enplaned passenger have been levied by the Airport since March 1, 1994 under an FAA approved application to impose \$40,726,364 with collection thereof extending to the year 2005. During 1996, the Authority received approval to increase the amount of PFC collections to \$116,888,308 through the year 2022. Through December 31, 2007, the Authority has collected PFCs including interest earnings thereon totaling \$50,740,309.

PFCs, along with related interest earnings, are recorded as restricted net assets until authorized for construction and related debt service payments under an FAA approved Application to Use. Once authorized to use, PFC receipts are recognized and recorded as non-operating revenues.

The Authority previously expended \$11.2 million of PFCs on projects funded on a pay-as-you-go basis. The Authority also covenanted in the Resolution authorizing the Series 1997 Bonds to apply future PFC collections to pay a portion of the debt service related to the FAA approved projects included in the Applications. Pursuant to the Resolution, PFCs collected in one year, together with the interest earned thereon, are applied towards the debt service payments made in the subsequent year. Through December 2007, the Authority has applied \$35.3 million of PFC's towards the payment of debt service.

**Compensated Absences:**

Employees accrue vacation in varying amounts based on length of service. Employees can accumulate up to 300 hours, or 37.5 days of vacation time. Unused vacation time can be liquidated for cash upon separation, retirement or death.

Sick leave is earned by regular, full-time employees at the rate of one day per month. Employees can accumulate up to 1,320 hours or 165 days of sick leave. Any sick leave hours unused at the time of an employee's retirement can be applied as additional service credit in calculating retirement benefits in the New York State Employees' Retirement System. It is the policy of the Authority not to pay accumulated sick leave to employees who terminate prior to retirement.

The liability for compensated absences earned through year-end, but not yet taken, is accrued by charging the expense for the change in the liability from the prior year.

## Financial

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### Pension Plan:

The provision for retirement pension costs is recorded when the related payroll is accrued and the obligation is incurred.

### Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, through subsequent events, actual results could differ from those estimated.

### NOTE 3 - Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the Authority at December 31 consist of the following:

	Carrying Value		Bank Balance	
	2007	2006	2007	2006
Cash and cash equivalents:				
Cash on hand	\$ 119,148	\$ 114,870		
Bank accounts	39,202,558	46,180,737	\$ 41,293,821	\$ 48,691,299
Total cash and cash equivalents	<u>39,321,706</u>	<u>46,295,607</u>		
Investments:				
U.S. Treasury SLUG Bond maturing 2019 at 5.073%	442,237	442,237		
Stock distributions	<u>170,813</u>	<u>--</u>		
Total Investments	<u>613,050</u>	<u>442,237</u>		
Total cash, cash equivalents and investments	<u>\$ 39,934,756</u>	<u>\$ 46,737,844</u>		

The Authority's deposits are secured by \$200,000 from the Federal Depository Insurance Corporation plus \$49,593,118 and \$58,012,794 of pledged collateral at December 31, 2007 and 2006, respectively.

The Authority has received the following stock distributions from certain airlines emerging from bankruptcies as settlements of their outstanding pre-petition indebtedness:

	Shares Received	Value Received	Market Value 12-31-07
Delta	6,159	\$ 125,362	\$ 91,708
Northwest	3,998	\$ 103,202	\$ 58,010
US Airways	1,434	\$ 68,849	\$ 21,095
Total		<u>\$ 297,413</u>	<u>\$ 170,813</u>

During 2007 and 2006, the Authority complied with the provisions of its enabling State legislation and the Authority's cash management and investment policy.



**NOTE 4 - Receivables**

Accounts receivable are recorded net of allowances for possible uncollectible accounts.

	As of 12-31-07	As of 12-31-06
Airlines	\$ 1,756,883	\$ 1,916,800
Concessionaires	181,350	443,497
Other	464,356	981,246
Sub-Total	2,402,589	3,341,543
Less Allowances	(139,622)	(597,109)
Net Accounts Receivable	<u>\$ 2,262,967</u>	<u>\$ 2,744,434</u>

**NOTE 5 - ANCLUC Trust Funds**

Changes in the Federal Airport Noise Control Land Use Compatibility (ANCLUC) Trust Fund are as follows:

	As of 12-31-07	As of 12-31-06
Opening Balance	\$ 311,635	\$ 283,840
Revenues received	14,748	14,319
Funds expended	(111,616)	--
Interest received	12,209	13,476
Ending Balance	<u>\$ 226,976</u>	<u>\$ 311,635</u>

During 2007, \$111,616 was expended for relocation of residents within the runway protection zone to outside the zone.

**NOTE 6 - Due to County of Albany**

The net amount due to the county consist of the following:

	As of 12-31-07	As of 12-31-06
Reimbursement of expenses due to the County	<u>\$ 363,832</u>	<u>\$ 246,730</u>

The County provides certain services to the Authority including sheriff officers for public safety, code enforcement inspections, sewer district charges, various support services and the Airport's share of the County's indirect cost allocation plan. The total expenditures incurred by the Authority during the years ended December 31, 2007 and 2006 totaled \$3,279,753 and \$3,393,177, respectively, including \$1,269,145 and \$1,316,626, respectively, representing the Airport's reimbursement of debt service payments on the County's general obligation debt issued for Airport capital projects.

**Financial**

**NOTE 7 - Capital Assets**

Capital Assets balances and activity for the year ended December 31, 2007, was as follows:

	Total 12-31-06	Additions	Reclassified	Transfers	Total 12-31-07
Capital assets that are not depreciated:					
Land and Easements	\$ 37,601,244	\$ -	\$ (599,612)	\$ -	\$ 37,001,632
Construction in Progress	26,047,557	14,799,936	-	( 24,905,995)	15,941,498
Total	<u>63,648,801</u>	<u>14,799,936</u>	<u>(599,612)</u>	<u>( 24,905,995)</u>	<u>52,943,130</u>
Capital assets that are depreciated:					
Buildings	190,971,916	-	-	3,467	190,975,383
Improvements, other than Buildings	147,651,019	-	599,612	24,387,567	172,638,198
Machinery and Equipment	8,249,042	-	-	514,961	8,764,003
Sub-total	<u>346,871,977</u>	<u>-</u>	<u>599,612</u>	<u>24,905,995</u>	<u>372,377,584</u>
Less accumulated depreciation:					
Buildings	(50,401,560)	(6,365,811)	-	-	(56,767,371)
Improvements	(53,308,844)	(5,536,685)	-	-	(58,845,529)
Machinery and Equipment	(4,401,673)	(1,065,546)	-	-	(5,467,219)
Sub-total	<u>(108,112,077)</u>	<u>(12,968,042)</u>	<u>-</u>	<u>-</u>	<u>(121,080,119)</u>
Total depreciable Capital Assets, net	<u>238,759,900</u>	<u>(12,968,042)</u>	<u>599,612</u>	<u>24,905,995</u>	<u>251,297,465</u>
Total Capital Assets, net	<u>\$ 302,408,701</u>	<u>\$ 1,831,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,240,595</u>

**NOTE 8 - Long-Term Indebtedness**

A summary of the changes in the Authority's long-term indebtedness outstanding and the amount due to the County (net of cost of issuances and original issue discount) during 2007 were as follows:

	Outstanding 12-31-06	Issued	Payments	Outstanding 12-31-07
Authority Revenue Bonds:				
1997 GARB	\$ 81,271,737	\$ -	\$ 2,382,501	\$ 78,889,236
Swaption Deferred Revenues	4,985,037	-	-	4,985,037
1998 GARB Series B	18,103,947	-	-	18,103,947
1998 GARB Series C	3,324,716	-	1,312,125	2,012,591
1999 NYS EFC	5,486,162	-	354,521	5,131,641
2000 NYS EFC	1,154,511	-	217,087	937,424
2000 GARB Series B	12,746,985	-	288,834	12,458,151
2003 GARB Series A	7,178,137	-	475,609	6,702,528
2004 NYS EFC	279,565	-	37,809	241,756
2006 GARB Series A	6,319,229	-	-	6,319,229
2006 GARB Series B	7,924,207	-	437,439	7,486,768
2006 GARB Series C	6,217,635	-	-	6,217,635
Total Authority Debt Obligations	<u>154,991,868</u>	<u>-</u>	<u>5,505,925</u>	<u>149,485,943</u>
County Bond Issues	<u>6,527,880</u>	<u>-</u>	<u>983,898</u>	<u>5,543,982</u>
Total Debt Obligations	<u>\$161,519,748</u>	<u>\$ -</u>	<u>\$ 6,489,823</u>	<u>\$155,029,925</u>

**Authority Debt Issues:**

**1997 General Airport Revenue Bonds**

In 1997, the Authority issued \$96,305,000 of General Airport Revenue Bonds (GARB) at a net interest cost of 5.64% with principal maturing in the years 1999 through 2023. The proceeds of these Bonds were used to finance the Terminal Improvement Project, certain capital improvement projects previously financed with County bond anticipation notes, bond reserve and capitalized interest funds, and related debt issuance costs. The remaining outstanding indebtedness on the 1997 General Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
1997 General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$2,565,000 in 2008 to \$7,895,000 in 2023 with interest at 5.5% to 6.00% due semi-annually on June 15 and December 15	\$ 80,800,000	\$ 83,155,000
Less amortization of:		
Cost of Issuance	(1,001,043)	(1,041,083)
Original Issue Discount	(909,721)	(842,180)
Net 1997 GARB outstanding	<u>\$ 78,889,236</u>	<u>\$ 81,271,737</u>

**Interest Rate Swaption**

The Authority entered into a swaption contract in March 2005 that provided the Authority an up-front payment of \$5,330,000 as a synthetic refunding of its 1997 General Airport Revenue Bonds. This payment represents the risk-adjusted, present-value savings of a refunding as of December 15, 2007, without issuing refunding bonds as of March 2005.

The \$5,330,000 payment was based on a notional amount of \$84,900,000. The counterparty has the option to exercise its option to terminate the swap on or prior to December 31, 2007 – the Authority’s 1997 bonds’ first call date. The fixed swap rate (4.56%) was set at a rate that, when added to an assumption for remarketing and liquidity costs, will approximate the coupons on the “refunded” bonds. The swap’s variable payment would be 70 percent of the London Interbank Offered Rate (LIBOR).

As of December 31, 2007, the estimated swap fair value is \$8,914,446 by using the zero-coupon method. This method calculated the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future settlement on the swap.

	As of 12-31-07	As of 12-31-06
2005 Interest Rate Swaption	\$ 5,330,000	\$ 5,330,000
Less Cost of Issuance	(344,963)	(344,963)
Net 2005 Swaption Proceeds	<u>\$ 4,985,037</u>	<u>\$ 4,985,037</u>

The net proceeds will be accreted using the effective interest method over the life of the refunding bonds issued February 1, 2008. See subsequent event footnote 15.

**Financial**

**1998 Series B & C General Airport Revenue Bonds**

In 1998, the Authority closed on the sale of two General Airport Revenue Bond issues totaling \$30,695,000. The bonds were sold to finance two capital projects at the Albany International Airport:

The 1998 B (non AMT) issue totaling \$18,455,000 was sold to finance in part the construction of a new 1,900 space parking garage. The garage was partially opened on December 2, 1998 for use by short-term visitors to the Airport. An additional portion of the parking garage for long-term parking was opened in February 1999. These twenty year Airport revenue bonds with principal payments due in the years 2009 through 2018 were competitively sold at a net interest cost of 4.95%. Outstanding indebtedness on the 1998 Series B General Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
1998 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$885,000 in 2009 to \$2,335,000 in 2018 with interest at 4.80% to 4.75% due semi-annually on June 15 and December 15	\$ 18,455,000	\$ 18,455,000
Less amortization of:		
Cost of Issuance	(231,126)	(231,126)
Original Issue Discount	(119,927)	(119,927)
Net 1998 Series B GARB outstanding	18,103,947	18,103,947
Less current portion including amortization	—	—
Long - Term Portion	<u>\$ 18,103,947</u>	<u>\$ 18,103,947</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ —	\$ 882,790	\$ 882,790
2009	885,000	882,790	1,767,790
2010	1,605,000	840,310	2,445,310
2011	1,685,000	761,665	2,446,665
2012	1,770,000	677,415	2,447,415
2013-2017	10,175,000	2,049,388	12,224,388
2018	2,335,000	110,912	2,445,912
TOTAL	<u>\$ 18,455,000</u>	<u>\$ 6,205,270</u>	<u>\$ 24,660,270</u>

**1998 Series B & C General Airport Revenue Bonds, Con't**

The 1998 C (AMT) issue totaling \$12,240,000 was sold to finance the construction of a new 50,500 square foot air cargo building which was opened in 1998 for use by Airborne Express, Federal Express and United Parcel Service. These eleven year Airport revenue bonds with principal payments due in the years 1999 through 2009 were competitively sold at a net interest cost of 4.42%. Outstanding indebtedness on the 1998 Series C General Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
1998 Series C General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$1,390,000 in 2008 to \$650,000 in 2009 with interest at 4.30% to 4.50% due semi-annually on June 15 and December 15	\$ 2,040,000	\$ 3,370,000
Less amortization of:		
Cost of Issuance	<u>(27,409)</u>	<u>(45,284)</u>
Net 1998 Series C GARB outstanding	2,012,591	3,324,716
Less current portion including amortization	<u>1,371,319</u>	<u>1,312,125</u>
Long - Term Portion	<u>\$ 641,272</u>	<u>\$ 2,012,591</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,390,000	\$ 90,410	\$ 1,480,410
2009	650,000	29,250	679,250
TOTAL	<u>\$ 2,040,000</u>	<u>\$ 119,660</u>	<u>\$ 2,159,660</u>

**Financial**

**1999 Series A NYS Environmental Facilities Corporation Bonds**

In 1998, the Authority, through the New York State Environmental Facilities Corporation (EFC), entered into a \$7.5 million Series A, no interest, loan agreement with the New York State Water Pollution Control Revolving Fund to finance the total construction of a new glycol wastewater treatment system. In July 1999, the loan was replaced with a new twenty year bond issued by the EFC. Under the Agreement with the EFC, the interest on the first \$3 million will be 100 percent subsidized and the remaining \$4.5 million will be 50 percent subsidized by the New York State Water Pollution Control Revolving Fund. Outstanding indebtedness on the 1999 NYS EFC Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
1999 Series A Airport Revenue Bond Issue:		
Principal paid annually on October 1, in payments of \$357,000 in 2008 to \$879,000 in 2019 with interest at 4.43% to 5.43% due semi-annually on April 15 and October 15	\$ 5,172,000	\$ 5,529,000
Less amortization of:		
Cost of Issuance	<u>(40,359)</u>	<u>(42,838)</u>
Net 1999 Series A Revenue Bond issue outstanding	5,131,641	5,486,162
Less current portion including amortization	<u>354,521</u>	<u>354,521</u>
Long - Term Portion	<u>\$ 4,777,120</u>	<u>\$ 5,131,641</u>

Maturities of the long-term Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Int. Subsidy</u>	<u>Total</u>
2008	\$ 357,000	\$ 273,455	\$ (174,600)	\$ 455,855
2009	363,000	255,239	(160,942)	457,297
2010	368,000	236,584	(147,145)	457,439
2011	374,000	217,506	(133,220)	458,286
2012	385,000	197,951	(119,155)	463,796
2013-2017	2,017,000	678,559	(378,056)	2,317,503
2018-2019	1,308,000	117,839	(46,447)	1,379,392
TOTAL	<u>\$ 5,172,000</u>	<u>\$ 1,977,133</u>	<u>\$ (1,159,565)</u>	<u>\$ 5,989,568</u>

**2000 Series B NYS Environmental Facilities Corporation Bonds**

In July 2000, the Authority, through the New York State Environmental Facilities Corporation (EFC), entered into a \$2.4 million Series B loan agreement with the New York State Water Pollution Control Revolving Fund to finance the construction of a glycol polishing filtration system. Under the Agreement with the EFC, the interest thereon is 50 percent subsidized by the New York State Water Pollution Control Revolving Fund. Outstanding indebtedness on the 2000 NYS EFC Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
2000 Series B Airport Revenue Bond Issue:		
Principal paid annually on July 15, in payments of \$230,000 in 2008 to \$485,000 in 2010 with interest at 4.60% to 5.082% due semi-annually on January 15 and July 15	\$ 950,000	\$ 1,170,000
Less amortization of:		
Cost of Issuance	(12,576)	(15,489)
Net 2000 Series B Revenue Bond issue outstanding	937,424	1,154,511
Less current portion including amortization	226,955	217,087
Long - Term Portion	<u>\$ 710,469</u>	<u>\$ 937,424</u>

Maturities of the long-term Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Int. Subsidy</u>	<u>Total</u>
2008	\$ 230,000	\$ 47,978	\$ ( 18,996)	\$ 258,982
2009	235,000	36,493	( 12,843)	258,650
2010	485,000	24,648	(6,555)	503,093
TOTAL	<u>\$ 950,000</u>	<u>\$ 109,119</u>	<u>\$ ( 38,394)</u>	<u>\$ 1,020,725</u>

**Financial**

**2000 Series B General Airport Revenue Bonds**

In December 2000, The Authority issued \$14,500,000 of General Airport Revenue Bonds to finance the construction of a new New York State Police Executive Hangar. The State Police Executive Hangar is used to consolidate the State's current aircraft and maintenance support facilities. These thirty year General Airport Revenue Bonds with principal payments due in the years 2001 through 2030 were sold at a net interest cost of 5.31%. Outstanding indebtedness on the 2000 Series B Airport Revenue Bonds consists of the following:

	<u>As of</u> <u>12-31-07</u>	<u>As of</u> <u>12-31-06</u>
2000 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$305,000 in 2008 to \$910,000 in 2030 with interest at 4.25% to 5.25% due semi-annually on June 15 and December 15	\$ 12,730,000	\$ 13,025,000
Less amortization of:		
Cost of Issuance	(189,930)	(194,332)
Original Issue Discount	<u>(81,919)</u>	<u>(83,683)</u>
Net 2000 Series B GARB issue outstanding	12,458,151	12,746,985
Less current portion including amortization	<u>312,652</u>	<u>288,834</u>
Long - Term Portion	<u>\$ 12,145,499</u>	<u>\$ 12,458,151</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 305,000	\$ 653,388	\$ 958,388
2009	320,000	638,138	958,138
2010	340,000	622,138	962,138
2011	355,000	605,138	960,138
2012	370,000	589,163	959,163
2013-2017	2,155,000	2,652,215	4,807,215
2018-2022	2,745,000	2,053,927	4,798,927
2023-2027	3,540,000	1,258,688	4,798,688
2024-2030	2,600,000	277,455	2,877,455
TOTAL	<u>\$ 12,730,000</u>	<u>\$ 9,350,250</u>	<u>\$ 22,080,250</u>



**2003 Series A General Airport Revenue Bonds**

In May 2003, the Authority issued \$8,885,000 of General Airport Revenue Bonds to finance various land, hangars, and equipment acquisitions, apron and runway expansions, taxiway, runway and hangar rehabilitations, certain terminal expansion and leasehold improvements. These twenty year General Airport Revenue Bonds with principal payments due in the years 2004 through 2033 were sold at a net interest cost of 3.79%. Outstanding indebtedness of the 2003 Series A General Airport Revenue Bonds consist of the following:

	As of 12-31-07	As of 12-31-06
2003 Series A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$505,000 in 2008 to \$135,000 in 2033 with interest at 1.75% to 4.25% due semi-annually on June 15 and December 15	\$ 6,970,000	\$ 7,460,000
Less amortization of:		
Cost of Issuance	<u>(267,472)</u>	<u>(281,863)</u>
Net 2003 Series A GARB issue outstanding	6,702,528	7,178,137
Less current portion including amortization	<u>504,650</u>	<u>495,527</u>
Long - Term Portion	<u>\$ 6,197,878</u>	<u>\$ 6,682,610</u>

Maturities of the long-term General Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of cost of issuance) based on the amount outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 505,000	\$ 244,494	\$ 749,494
2009	520,000	229,343	749,343
2010	535,000	212,444	747,444
2011	555,000	194,388	749,388
2012	570,000	174,963	744,963
2013-2017	1,965,000	654,289	2,619,289
2018-2022	1,030,000	381,286	1,411,286
2023-2027	575,000	218,062	793,062
2028-2032	580,000	104,336	684,336
2033	135,000	5,737	140,737
TOTAL	<u>\$ 6,970,000</u>	<u>\$ 2,419,342</u>	<u>\$ 9,389,342</u>

**Financial**

**2004 Series B NYS Environmental Facilities Corporation Bonds**

In 2004 The Authority, through the New York State Environmental Facilities Corporation (EFC) entered into an \$388,316 Series 2004 B loan agreement with the New York State Water Pollution Control Revolving Fund to finance a portion of the costs for the construction of certain water and sewer system improvements in the Airport's Industrial Park. The bonds dated March 4, 2004 pay principal annually and interest semi-annually until final maturity in November 15, 2013. The bonds were sold by the EFC at a 3.42% true interest cost. Under the agreement with the EFC, the interest thereon is 50% subsidized by the New York State Water Pollution Control Revolving Fund. Outstanding indebtedness of the 2004 NYS EFC Airport Revenue Bonds consists of the following:

	<u>As of</u> 12-31-07	<u>As of</u> 12-31-06
2004 Series B Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$35,000 in 2008 to \$70,000 in 2013 with interest at 1.056% to 3.375% due semi-annually on May 15 and November 15	\$ 245,000	\$ 283,316
Less amortization of:		
Cost of Issuance	<u>( 3,244)</u>	<u>( 3,751)</u>
Net 2004 Series B issue outstanding	241,756	279,565
Less current portion including amortization	<u>34,537</u>	<u>38,823</u>
Long - Term Portion	<u>\$ 207,219</u>	<u>\$ 240,742</u>

Maturities of the long-term General Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of cost of issuance) based on the amount outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Int. Subsidy</u>	<u>Total</u>
2008	\$ 35,000	\$ 7,054	\$ ( 4,009)	\$ 38,045
2009	35,000	6,311	( 3,341)	37,970
2010	35,000	5,462	( 2,673)	37,789
2011	35,000	4,508	( 2,004)	37,504
2012	35,000	3,474	( 1,336)	37,138
2013	70,000	2,362	(668)	71,694
TOTAL	<u>\$ 245,000</u>	<u>\$ 29,171</u>	<u>\$ ( 14,031)</u>	<u>\$ 260,140</u>

**2006 Series A & B General Airport Revenue Bonds**

In 2006, the Authority closed on the sale of two General Airport Revenue Bond issues totaling \$14,230,000. The bonds were sold to finance capital projects at the Albany International Airport:

The 2006 Series A (non AMT) issue totaling \$6,315,000 was sold to finance certain property acquisitions, parking expansions and to purchase equipment used in the operation of the Airport. These twenty year Airport revenue bonds with principal payments due in the years 2020 through 2026 were competitively sold at a net interest cost of 4.57%. Outstanding indebtedness on the 2006 Series A General Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
2006 Series A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$500,000 in 2020 to \$1,080,000 in 2026 with interest at 4.5% to 5.0% due semi-annually on June 15 and December 15	\$ 6,315,000	\$ 6,315,000
Amortization of:		
Cost of Issuance	4,229	4,229
Net 2006 Series A GARB outstanding	6,319,229	6,319,229
Less current portion including amortization	—	—
Long - Term Portion	<u>\$ 6,319,229</u>	<u>\$ 6,319,229</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ —	\$ 290,650	\$ 290,650
2009	—	290,650	290,650
2010	—	290,650	290,650
2011	—	290,650	290,650
2012	—	290,650	290,650
2013-2017	—	1,453,250	1,453,250
2018-2022	2,265,000	1,360,250	3,625,250
2023-2026	4,050,000	457,975	4,507,975
TOTAL	<u>\$ 6,315,000</u>	<u>\$ 4,724,725</u>	<u>\$ 11,039,725</u>

**Financial**

**2006 Series A & B General Airport Revenue Bonds, Con't**

The 2006 Series B (AMT) issue totaling \$7,915,000 was sold to finance certain terminal renovations, general aviation hangar renovations, construction of additional general aviation T-hangars, fuel farm upgrades and equipment for use by airport management contractors. These fourteen year Airport revenue bonds with principal payments due in the years 2007 through 2020 were competitively sold at a net interest cost of 4.70%. Outstanding indebtedness on the 2006 Series B General Airport Revenue Bonds consists of the following:

	As of <u>12-31-07</u>	As of <u>12-31-06</u>
2006 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$460,000 in 2008 to \$300,000 in 2020 with interest at 4.5% to 4.75% due semi-annually on June 15 and December 15	\$ 7,475,000	\$ 7,915,000
Amortization of:		
Cost of Issuance	<u>11,768</u>	<u>9,207</u>
Net 2006 Series B GARB outstanding	7,486,768	7,924,207
Less current portion including amortization	<u>458,956</u>	<u>437,439</u>
Long - Term Portion	<u>\$ 7,027,812</u>	<u>\$ 7,486,768</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 460,000	\$ 350,138	\$ 810,138
2009	480,000	329,437	809,437
2010	505,000	307,837	812,837
2011	525,000	285,112	810,112
2012	550,000	261,488	811,488
2013-2017	3,170,000	889,675	4,059,675
2018-2020	<u>1,785,000</u>	<u>149,387</u>	<u>1,934,387</u>
TOTAL	<u>\$ 7,475,000</u>	<u>\$ 2,573,074</u>	<u>\$ 10,048,074</u>

**2006 Series C General Airport Revenue Bonds**

In December 2006, the Authority issued \$6,330,000 General Airport Revenue Bonds to finance the construction of the Eclipse Aviation Service and Maintenance Facility. These Airport revenue bonds with principal payments due in the years 2007 through 2035 were competitively sold at a net interest cost of 4.56%. Outstanding indebtedness on the 2006 Series C General Airport Revenue Bonds consists of the following:

	As of 12-31-07	As of 12-31-06
2006 Series C General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$125,000 in 2008 to \$380,000 in 2035 with interest at 4.0% to 4.25% due semi-annually on June 15 and December 15	\$ 6,330,000	\$ 6,330,000
Less amortization of:		
Cost of Issuance	(112,365)	(112,365)
Net 2006 Series C GARB outstanding	6,217,635	6,217,635
Less current portion including amortization	122,989	---
Long - Term Portion	<u>\$ 6,094,646</u>	<u>\$ 6,217,635</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of cost of issuance and original issue discount) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 125,000	\$ 277,263	\$ 402,263
2009	130,000	272,263	402,263
2010	135,000	267,063	402,263
2011	140,000	261,663	401,663
2012	145,000	256,063	401,063
2013-2017	820,000	1,188,115	2,008,115
2018-2022	1,000,000	1,008,776	2,008,776
2023-2027	1,225,000	779,689	2,004,689
2028-2032	1,520,000	490,875	2,010,875
2033-2035	1,090,000	110,750	1,200,750
TOTAL	<u>\$ 6,330,000</u>	<u>\$ 4,912,520</u>	<u>\$ 11,242,520</u>

## Financial

### Debt Issued by the County:

As of March 15, 1994, under the Airport Lease Agreement, the Authority assumed responsibility for making payments to the County equal to the principal and interest payments due on \$21,100,121 of certain long-term indebtedness issued by the County to finance certain Airport capital projects. During 2002, the County refunded the remaining \$7,860,000 outstanding principal of the 1994 Consolidated Issue generating an interest savings of \$690,197. The increase in principal amount is being amortized over the life of the issue. Outstanding indebtedness issued by the County consists of the following:

Bond Issues:	As of 12-31-07	As of 12-31-06
<b>1993 Drainage System:</b>		
Principal paid annually on October 1, in payments ranging from \$273,016 in 2008 to \$81,180 in 2014 with interest at 3.3% to 5.0% due semi-annually on April 1 and October 1	\$ 1,547,371	\$ 1,821,987
Less amortization of:		
Discount	(29,496)	(35,396)
Bond Issue Costs	(25,361)	(29,119)
Accretion of capital appreciation	<u>213,679</u>	<u>193,523</u>
	1,706,193	1,950,995
<b>2002 Refunding:</b>		
Principal paid annually on June 1, in payments ranging from \$735,000 in 2008 to \$410,000 in 2013 with interest at 5.35% to 5.85% due semi-annually on June 1 and December 1	3,880,000	4,635,000
Less amortization of Deferred Refunding	<u>(42,211)</u>	<u>(58,115)</u>
	<u>3,837,789</u>	<u>4,576,885</u>
<b>Total County Bond Issues outstanding</b>	<b>5,543,982</b>	<b>6,527,880</b>
 Less current portion including amortization	 <u>1,006,353</u>	 <u>1,056,018</u>
 Long-Term Portion	 <u><u>\$ 4,537,629</u></u>	 <u><u>\$ 5,471,862</u></u>

Maturities of the long-term outstanding County bond issues will require the following principal and interest payments (excluding amortization of loss on refunding, discount and accretion) based on the amounts outstanding at December 31, 2007:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,008,016	\$ 199,724	\$ 1,207,740
2009	1,001,100	160,523	1,161,623
2010	963,847	122,043	1,085,890
2011	943,731	84,053	1,027,784
2012	926,422	46,189	972,611
2013	503,075	202,338	705,413
2014	81,180	181,665	262,845
<b>TOTAL</b>	<u><u>\$ 5,427,371</u></u>	<u><u>\$ 996,533</u></u>	<u><u>\$ 6,423,904</u></u>

Summary of Authority Revenue Bonds outstanding, net of cost of issuance and original issue discount plus reimbursement of County issued bonds:

	Current	Long-Term	Total
Authority Issued:			
1997 GARB	\$ 2,511,794	\$ 76,377,442	\$ 78,889,236
1998 GARB Series B	—	18,103,947	18,103,947
1998 GARB Series C	1,371,319	641,272	2,012,591
1999 NYS EFC	354,521	4,777,120	5,131,641
2000 NYS EFC	226,955	710,469	937,424
2000 GARB Series B	312,652	12,145,499	12,458,151
2003 GARB Series A	504,650	6,197,878	6,702,528
2004 NYS EFC	34,537	207,219	241,756
2005 Swaption	--	4,985,037	4,985,037
2006 GARB Series A	--	6,319,229	6,319,229
2006 GARB Series B	458,956	7,027,812	7,486,768
2006 GARB Series C	122,989	6,094,646	6,217,635
Total Authority Bonds Outstanding	<u>5,898,373</u>	<u>143,587,570</u>	<u>149,485,943</u>
County of Albany GO Bonds	1,006,353	4,537,629	5,543,982
Total Bonds Outstanding	<u>\$ 6,904,726</u>	<u>\$ 148,125,199</u>	<u>\$ 155,029,925</u>

Debt Limit:

The Authority's debt limit was increased from \$175 million to \$285 million during 2004 by State legislation enacted (Chapter 500), amending the Albany County Airport Authority Act, Title 32 of Article 8, of the New York State Public Authorities Law. As of December 31, 2007, the Authority had \$152.8 million of principal debt outstanding (excluding amortization and cost of issuance) issued exclusively by the Authority which does not include the reimbursement of debt obligations issued by the County and the Authority's cost of issuances and original issue discounts.

### NOTE 9 - Capital Contributions and Net Assets

Since its inception, the Authority has received capital contributions from the County of Albany in the form of Net Assets transferred as of the date of inception and from Federal and State grants as follows:

	Inception To date	Year ended 2007	Year ended 2006
County of Albany	\$ 46,824,500	\$ --	\$ --
Federal	93,074,850	2,994,765	12,857,916
State	65,403,577	1,831,089	880,931
Total	<u>\$205,302,927</u>	<u>\$ 4,825,854</u>	<u>\$ 13,738,847</u>

Unrestricted net assets consist of the following:

	As of 12-31-07	As of 12-31-06
Designations of unrestricted net assets		
Operating and maintenance reserve	\$ 5,266,265	\$ 5,154,181
Renewal and replacement reserve	500,000	500,000
Total designations	<u>5,766,265</u>	<u>5,654,181</u>
Undesignated unrestricted net assets	<u>4,843,627</u>	<u>2,820,619</u>
Total unrestricted net assets	<u>\$ 9,226,389</u>	<u>\$ 8,474,800</u>

## **Financial**

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Under the master bond resolution adopted in 1997, the Authority agreed to create and maintain two reserves. Both were to be funded by depositing funds in separate bank accounts in accordance with the master bond resolution and are included as a component of unrestricted cash and cash equivalents on the statements of net assets. The Operating and Maintenance Reserve is to be equal to two months operating and maintenance expenses and is to be used only if the Authority does not have sufficient funds in its current operating accounts to pay these expenses on a timely basis.

The Renewal and Replacement Reserve is to be equal to \$500,000 and can be used solely for non-recurring major maintenance, repairs, renewals, or replacements related to Airport facilities. Both reserves have been funded as required.

### **NOTE 10 - Airline Lease and Use Agreements**

Six commercial passenger airlines, three affiliated commercial passenger airlines and three cargo airlines serving the Airport have executed an Airline Use and Lease Agreement ("Agreement"). This Agreement has a five-year term effective January 1, 2006 with an option for one five year renewal to extend the Agreement to December 31, 2015. The Authority charges signatory rates to carriers who have executed the Agreement and non-signatory rates to all other airlines.

In general, the rate formulas under the Agreement provided that at the end of each year the total financial requirements in each of airport cost centers be determined first with specific revenue offsets then applied to each requirement. The landing fee calculation uses a residual cost methodology. The terminal calculation uses a commercial total cost per square foot methodology. The Agreement also contains a calculation of an amount for capital expenditures not subject to majority-in-interest (MII) approval by the signatory airlines in the rates and charges calculation. This amount is deducted after the net amount available for revenue sharing between the signatory airlines and the Authority is determined; therefore, not affecting the initial rates and charges established for billing the airlines. The net requirement is then divided by appropriate usage factors to determine the rates and fees applicable to signatory airlines.

Further, the Agreement provided an income sharing mechanism by which the passenger Signatory Airlines receive a percentage of the Airport's net income (as defined in the Agreement) during the term of the agreement in the form of a rate credit offset.

In 2007, the revenue sharing was fifty percent to the airlines and fifty percent to the Authority. Under these formulas, the airlines were credited with \$400,453 against their landing fees and terminal rental rates. In 2006, the airlines were credited \$553,934.

### **NOTE 11 - Airport Tenant Agreements**

The Authority has entered into agreements with tenants for the use of certain Airport facilities including ready/return rental car parking areas, buildings, terminals, hangars and customer service areas. The Authority entered into concession agreements with all tenants who became occupants of the new terminal facility which opened in June of 1998. These agreements include: advertising, food and beverage, retail, on-airport rental cars, vending machines, baggage delivery services, baggage cart management, ATM machines and trip insurance. Normally the terms of the agreements include a fixed minimum annual guaranteed (MAG) payment to the Airport as well as additional contingent payments based on the tenants' annual sales volume of business. Revenues exceeded the MAG amounts due in 2007 of \$6,214,355 by \$2,409,052. In 2006 the revenues exceeded the MAG amounts due of \$5,891,569 by \$2,255,644. Some of the agreements provide for a periodic review and redetermination of the payment amounts.



Future MAG payments due to the Authority under non-cancelable agreements are as follows for the years ending December 31:

2008	\$ 6,282,343
2009	3,105,841
2010	3,001,859
2011	3,018,859
2012	2,983,359
2013-2031	<u>38,824,874</u>
Total	<u>\$ 57,217,135</u>

**NOTE 12 - Pension Plan**

Plan Description - The Authority participates in the New York State and Local Employees' Retirement System (ERS) cost-sharing multiple-employee retirement system and the Public Employees' Group Life Insurance Plan (Systems). The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The Systems issue a publicly available annual financial report that includes audited financial statements and required supplementary information. This report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12207.

Funding Policy - The ERS is non-contributory, except for employees who joined after July 27, 1976 and have less than 10 years of eligible service, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as portions of payroll of members, which shall be used in computing the contributions required to be made by employees to the pension accumulation fund.

The Authority is required to contribute at an actuarially determined rate. The required contributions for the years ended December 31, 2007, 2006 and 2005 were \$153,768, \$165,682 and \$167,089, respectively, or approximately 9.1%, 10.4% and 11.2%, respectively of the covered employee's payrolls. The Authority's contributions made to the Systems were equal to 100% of the required contributions for each year.

**NOTE 13 - Risk Management**

The Authority is exposed to various risk or losses related to torts: theft of, damage to and destruction of assets: errors and omissions; injuries to employees, and natural disasters. The Authority has purchased commercial insurance for all risk above minimal deductible amounts. In addition, the operator of the Airport, Macquarie Aviation North America 2 (AvPorts), the FBO, Go- Albany (Million Air) and all tenants and users of the Airport are required to have insurance coverage naming the Authority and the County as additional insured.

During 2006, a landside building on airport incurred severe water damage valued at \$337,318 of which \$186,929 was reimbursed by the insurance company. This amount collected from the insurance company was used to repair the damages.

No liability is recorded at December 31, 2007 for outstanding claims or for any potential claims incurred but not reported as of that date. Settled claims have not exceeded these commercial coverages by any material amounts during the three years ended December 31, 2007. There was no reduction in insurance coverage during 2007.

## Financial

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Changes in the balance of claims paid directly by the Authority during the past three years are as follows:

	As of <u>12-31-07</u>	As of <u>12-31-06</u>	As of <u>12-31-05</u>
Unpaid claims, beginning of year	\$ 0	\$ 0	\$ 0
Claims Incurred	1,584	2,467	8,396
Claims Paid	<u>( 1,584)</u>	<u>(2,467)</u>	<u>(8,396)</u>
Unpaid claims, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

### NOTE 14 - Commitments and Contingencies

*FBO Operations* – As of October 1, 2005 the Authority entered into a three-year agreement with Go-Albany, Inc., (d/b/a Million Air) to manage the fixed based operations on airport. Million Air is granted the nonexclusive privilege for managing a full and complete general aviation support function including ground handling, apron services, repair and maintenance, and hangar storage. The agreement also provides for operating and managing the Airport's fuel farm and deicing program for all commercial and general aviation aircraft. Million Air receives full reimbursement of all their on-airport pre-approved related expenses plus a base management fee of \$100,000 per annum and various incentive fees based on certain revenue performance indicators.

*Airport Operations* – As of October 11, 2005 the Authority entered into a five-year agreement with Macquarie Aviation North America 2 Inc., (d/b/a AvPorts) to manage the daily operations and maintenance of the airport. Operational centers include the airfield, terminal, parking, ARFF, operations, security and vehicle and equipment maintenance. AvPorts receives full reimbursement of all their on-airport pre-approved related expenses plus a base management fee of \$420,000 in years one and two. The fee increases to \$436,000 in years three through five. AvPorts may be entitled to an additional incentive fee of \$50,000 each year based on performance indicators negotiated between the parties.

*Capital Improvement Programs* - As of December 31, 2007, the Authority has outstanding contractual commitments for completion of certain capital improvement projects totaling \$7.9 million of which an estimated 77% is eligible for partial reimbursement from the FAA and the State. The remaining amount is expected to be funded from bond proceeds and Airport funds.

*Concentration of Credit Risk* - The Authority leases facilities to the airlines under certain leases and/or use agreements and to other businesses under agreements to operate concessions at the Airport. Amounts due from airlines represent approximately 77.6% of accounts receivable and airline revenues represent 27.9% of operating revenues for the year ended December 31, 2007.

*Environmental Remediation* - Pursuant to the enabling legislation creating the Authority, the Airport completed an environmental audit in 1994. It is the opinion of the Authority that all audit findings have been resolved with no material adverse effect on the financial position of the Authority. In prior years, elevated levels of propylene glycol had been detected in Shaker Creek which runs through the Airport. The Authority now operates a glycol collection and disposal system completed in 1999 which successfully addresses this issue.

*Compliance Audits* - The Authority participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. An independent audit of these programs has been performed for the years ended December 31, 2007 and 2006 in compliance with: 1) requirements stated in the Single Audit Act of 1996 and OMB Circular A-133; 2) compliance requirements described in the Passenger Facility Charge Audit Guide For Public Agencies issued by the Federal Aviation Administration; and 3) compliance requirements described in the preliminary

Draft Part 43 of the New York State Codification of Rules and Regulations applicable to state transportation assistance. The amounts, if any, of expenditures that may be disallowed by the granting government or agency cannot be determined at this time, although any such amounts, if any, are expected to be immaterial.

*Litigation* - The nature of the business of the Authority generates certain litigation against the Authority arising in the ordinary course of business. The Authority is a defendant in various lawsuits. In the opinion of the Authority's counsel the resolution of any legal actions in the aggregate will not have a material adverse effect on the financial position of the Authority. In addition, the Authority has acquired certain lands, buildings and air right easements based upon independent appraisals. Certain owners have filed claims against the Authority seeking amounts in excess of the appraised values. In the opinion of the Authority's counsel, the resolution of these claims will not have a material adverse effect on the financial position of the Authority.

### **NOTE 15 - Subsequent Events**

*2008 Variable Rate Refunding Bonds Issued* – The Authority entered into a swaption contract in March 2005 that provided the Authority an up-front payment of \$5,330,000 as a synthetic advance refunding of its \$80.8 million outstanding 1997 General Airport Revenue Bonds. This payment represented the risk-adjusted, present-value of a refunding as of December 15, 2007. Prior to the forward start date, the Authority and the counterparty, Deutsche Bank AG New York, negotiated an extension of the effective date to February 1, 2008. The swap was not terminated by the Bank and the Authority on February 1, 2008 issued \$83,200,000 variable rate refunding Series 2008A Bonds as of that date to pay for the call of the total outstanding \$80,800,000 Series 1997 Bonds.

The Series 2008A Bonds will bear interest based on a Weekly Interest Rate determined by DEPFA First Albany Securities LLC, as Remarketing Agent, taking into account prevailing market conditions and factors unique to the Series 2008A Bonds, to enable DEPFA to remarket all the Series 2008A Bonds in the secondary market on the dates such rates are set at a price equal to the principal amount thereof, plus accrued interest, if any. The initial weekly interest rate was set at 2.5% as of February 1, 2008.

Under the swaption contract, the Authority will pay fixed interest payments at 4.56% to the Bank, 0.38% for a Letter of Credit Support Facility, and 0.10% for the cost of remarketing the Series 2008A Bonds, which in-turn will pay the Authority floating rates at 70% LIBOR that is expected to roughly match the Authority's payments on the Series 2008A Bonds. This contract exposes the Authority to limited basis and termination risk. Swap payments are on parity with all other Authority debt obligations.

An owner of a Series 2008A Bond may elect to have their bond, or portions thereof, purchased, at a price equal to the weekly Purchase Price as set by the Remarketing Agent. The Remarketing Agent shall use its best efforts to find new purchasers for all Series 2008A Bonds tendered. Funds for the payment of any bonds tendered shall be derived solely from the following sources in the following order of priority: (a) immediate available funds derived from the remarketing of such Series 2008A Bonds, and (b) to the extent that moneys are not sufficient, amount to be provided under a Support Facility. As of February 1, 2008, Bank of America, N.A. issued its Letter of Credit to the Tender and Paying Agent equal to the full amount of Series 2008A Bonds outstanding. This Initial Support Facility will expire on January 30, 2011, subject to termination or renewal as permitted therein.

## Financial

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The Series 2008A Bonds maturing on December 15, 2023, shall be subject to annual redemption from funds to be provided by the Authority on December 15 each year, in the amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$ 2,470,000	2016	\$ 5,665,000
2009	3,010,000	2017	5,945,000
2010	3,200,000	2018	6,240,000
2011	3,415,000	2019	6,550,000
2012	3,635,000	2020	6,885,000
2013	4,470,000	2021	7,225,000
2014	4,885,000	2022	7,585,000
2015	5,395,000	2023	6,625,000

The Series 2008A Bonds have been assigned a long-term rating of “Aaa” and a short-term rating of “VMIG1” by Moody’s Investors Service and a long-term rating of “AA” and a short-term rating of “F1+” by Fitch Rating, Inc. In addition, Fitch Rating and Moody’s have assigned their municipal bond rating of “A-” and “A3”, respectfully, to the Series 2008A Bonds without taking into account the Initial Support Facility.

*Other Post-employment Benefits* – In June 2004, the Governmental Accounting Standards Board issued Statement No. 45 – Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pension Plans. Other post-employment benefits (OPEB) include any form of benefit offered to attract or retain the services of qualified employees that will be paid after the employee leaves employment (for example, health insurance). This Statement requires that the projected cost of those benefits should be associated with the periods in which the employee is employed. Thus, employers like the Authority will be required to record a current year expense and a liability on the accrual basis for the projected costs to be incurred after the employee leaves employment. Currently the Authority only records each year that year’s actual payments for OPEB payments. Implementation is required based on total annual revenues. For governmental entities with total annual revenues of \$10 million but less than \$100 million, the implementation date is for fiscal years beginning after December 15, 2007. The Authority has calculated the total potential liability to be approximately \$9.0 million and based on that, the estimated amount to be amortized is \$424,000 for 25 years.

# SUPPLEMENTAL INFORMATION



To keep with the increased demand for jet fuel, the Airport installed a new 200,000 gallon fuel tank. The Airport pumps over 23 million gallons of Jet-A fuel each year.

Supplemental Information

Albany County Airport Authority  
Debt Service Requirements to Maturity

COMBINED COUNTY AND AUTHORITY

Year	Principal	Interest	Interest Subsidy	Total
2008	\$ 6,980,016	\$ 7,828,178	\$ (197,605)	\$ 14,610,589
2009	7,359,100	7,507,891	(177,126)	14,689,865
2010	7,891,847	7,161,413	(156,373)	14,896,887
2011	7,742,731	6,783,617	(135,224)	14,391,124
2012	8,096,422	6,411,965	(120,491)	14,387,896
2013	8,688,074	6,220,454	(105,492)	14,803,036
2014	8,512,180	5,798,274	(90,366)	14,220,088
2015	9,091,000	5,194,362	(75,769)	14,209,593
2016	9,527,000	4,737,391	(61,044)	14,203,347
2017	10,008,000	4,253,801	(46,053)	14,215,748
2018	10,494,000	3,745,268	(30,922)	14,208,346
2019	8,784,000	3,204,321	(15,525)	11,972,796
2020	8,345,000	2,734,507	--	11,079,507
2021	8,835,000	2,254,212	--	11,089,212
2022	9,345,000	1,743,794	--	11,088,794
2023	9,895,000	1,203,725	--	11,098,725
2024	1,985,000	638,856	--	2,623,856
2025	2,075,000	547,907	--	2,622,907
2026	2,180,000	450,213	--	2,630,213
2027	1,150,000	347,413	--	1,497,413
2028	1,215,000	290,737	--	1,505,737
2029	1,265,000	230,850	--	1,495,850
2030	1,330,000	167,704	--	1,497,704
2031	435,000	101,325	--	536,325
2032	455,000	82,050	--	537,050
2033	480,000	60,237	--	540,237
2034	365,000	37,250	--	402,250
2035	380,000	19,000	--	399,000
Total	<u>\$152,909,370</u>	<u>\$ 79,756,713</u>	<u>\$ (1,211,990)</u>	<u>\$231,454,093</u>

Albany County Airport Authority  
Debt Service Requirements to Maturity

AIRPORT AUTHORITY - TOTAL  
GENERAL AIRPORT REVENUE BONDS AND EFC BONDS

Year	Principal	Interest	Interest Subsidy	Authority Grand Total
2008	\$ 5,972,000	\$ 7,628,454	\$ (197,605)	\$ 13,402,849
2009	6,358,000	7,347,368	(177,126)	13,528,242
2010	6,928,000	7,039,370	(156,373)	13,810,997
2011	6,799,000	6,699,564	(135,224)	13,363,340
2012	7,170,000	6,365,776	(120,491)	13,415,285
2013	8,185,000	6,018,116	(105,492)	14,097,624
2014	8,431,000	5,616,509	(90,366)	13,957,243
2015	9,091,000	5,194,362	(75,769)	14,209,593
2016	9,527,000	4,737,391	(61,044)	14,203,347
2017	10,008,000	4,253,801	(46,053)	14,215,748
2018	10,494,000	3,745,268	(30,922)	14,208,346
2019	8,784,000	3,204,321	(15,525)	11,972,796
2020	8,345,000	2,734,507	--	11,079,507
2021	8,835,000	2,254,212	--	11,089,212
2022	9,345,000	1,743,794	--	11,088,794
2023	9,895,000	1,203,725	--	11,098,725
2024	1,985,000	638,856	--	2,623,856
2025	2,075,000	547,907	--	2,622,907
2026	2,180,000	450,213	--	2,630,213
2027	1,150,000	347,413	--	1,497,413
2028	1,215,000	290,737	--	1,505,737
2029	1,265,000	230,850	--	1,495,850
2030	1,330,000	167,704	--	1,497,704
2031	435,000	101,325	--	536,325
2032	455,000	82,050	--	537,050
2033	480,000	60,237	--	540,237
2034	365,000	37,250	--	402,250
2035	380,000	19,000	--	399,000
<b>TOTAL</b>	<b>\$147,482,000</b>	<b>\$ 78,760,180</b>	<b>\$ (1,211,990)</b>	<b>\$225,030,190</b>

**Supplemental Information**

Albany County Airport Authority  
Governmental Payments and Services  
For the Years Ended December 31, 2007 and 2006

	2007	2006
FEDERAL AVIATION ADMINISTRATION (FAA)		
Runway 1-19 Navigational Facilities	\$ --	\$ 164,464
Runway 1-19 Airways Facilities Relocation	243,250	59,225
Total FAA	\$ 243,250	\$ 223,689
UNITED STATES - Department of Agriculture	400	5,001
STATE OF NEW YORK		
Department of Civil Service - Health Insurance	286,949	262,941
State and Local Employees' Retirement System	149,853	165,511
Unemployment Insurance	3,495	4,551
Department of Labor	150	75
Dept. of Taxation & Finance-Sales Tax	413,180	303,643
Dept. of Taxation & Finance-Petroleum Business Tax	144,385	125,532
Department of State	--	65
Department of Transportation	--	75
Air Pollution & SPDES Program Fees	2,475	3,052
Total State of New York	1,000,487	865,445
COUNTY OF ALBANY		
Direct Costs:		
Sheriff	1,907,782	2,008,796
Code Enforcement	25,853	(7,146)
Land Rent-Hockey Facility	6,500	--
Dept of Public Works - Salt for Roadways	44,992	50,224
Sewer District Charges	12,015	9,715
Sub Total	1,997,142	2,061,689
County Indirect Cost Allocation Plan	13,466	14,862
Debt Service - Bond Principal & Interest	1,269,145	1,316,626
Total County of Albany	3,279,753	3,393,177
LATHAM WATER DISTRICT - Water Service	108,714	94,205
TOWN OF COLONIE, RECEIVER OF TAXES		
Sewer Taxes	30,883	93,133
Verdoy Fire Dept.	1,612	8,462
Albany County Tax	4,882	32,719
Town of Colonie Tax	4,029	25,787
School Taxes - North Colonie	19,227	40,712
Total Town of Colonie, Receiver of Taxes	60,633	200,813
TOWN OF COLONIE		
Landfill Charges	3,254	8,970
Purchase of 30 Buhrmaster Road	250,000	
Legal Services	--	1,100
Engineering Services	--	38,067
Total Town of Colonie	253,254	48,137
TOTAL PAYMENTS TO OTHER GOVERNMENTAL ENTITIES	\$ 4,946,491	\$ 4,830,467



# STATISTICAL

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**Statistical**

**Albany County Airport Authority**  
**Total Annual Revenues, Expenses and Changes in Net Assets**  
**For Years Ended December 31,**

	1998	1999	2000	2001
<b>REVENUES</b>				
Airfield	\$ 4,750,178	\$ 5,670,256	\$ 5,133,211	\$ 6,746,631
Fixed Based Operations	--	--	--	--
Terminal	4,427,293	5,302,522	5,041,551	5,554,460
Concessions	3,196,112	3,396,280	4,233,407	4,120,911
Ground transportation	3,912,743	5,187,693	7,263,009	8,798,313
Other	593,477	1,366,668	2,082,166	2,577,134
	<u>16,879,803</u>	<u>20,923,419</u>	<u>23,753,344</u>	<u>27,797,449</u>
<b>OTHER REVENUES</b>				
Interest income	2,612,944	2,650,198	2,590,317	1,745,503
Passenger Facility Charges	3,092,988	3,260,007	4,729,277	4,513,604
Insurance recovery	--	--	--	--
Investments received	--	--	--	--
Improvement charges	46,027	67	23,025	276,300
	<u>5,751,959</u>	<u>5,910,272</u>	<u>7,342,619</u>	<u>6,535,407</u>
<b>TOTAL REVENUES</b>	<u>22,631,762</u>	<u>26,833,691</u>	<u>31,095,963</u>	<u>34,332,859</u>
<b>EXPENSES</b>				
Salaries and benefits	5,148,001	6,283,737	8,208,486	9,220,935
Services and supplies	6,082,053	7,411,610	8,332,743	9,558,428
Depreciation	5,301,463	8,594,965	8,873,271	9,203,633
	<u>16,531,517</u>	<u>22,290,312</u>	<u>25,414,500</u>	<u>27,982,996</u>
<b>OTHER EXPENSES</b>				
Capital asset retirement	1,654,387	--	--	--
Property damage	--	--	--	--
Interest expense	5,587,501	7,572,503	7,492,574	8,092,198
Amortization of bond issuance costs	72,575	99,816	49,200	83,733
Decrease in fair value of investments	--	--	--	--
	<u>7,312,463</u>	<u>7,672,319</u>	<u>7,541,774</u>	<u>8,175,931</u>
<b>TOTAL EXPENSES</b>	<u>23,843,980</u>	<u>29,962,631</u>	<u>32,956,274</u>	<u>36,158,927</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>38,432,832</u>	<u>13,253,119</u>	<u>4,811,809</u>	<u>5,090,319</u>
<b>INCREASE IN NET ASSETS</b>	<u>\$ 37,220,614</u>	<u>\$ 10,124,179</u>	<u>\$ 2,951,498</u>	<u>\$ 3,264,251</u>
<b>NET ASSETS AT YEAR END COMPOSED OF:</b>				
Investment in Capital Assets, net of Related Debt	\$105,310,154	\$114,611,347	\$116,778,260	\$120,972,589
Restricted	13,924,595	14,484,526	15,738,825	15,940,542
Unrestricted	4,207,809	4,470,864	4,001,150	2,869,355
	<u>\$123,422,558</u>	<u>\$133,566,737</u>	<u>\$136,518,235</u>	<u>\$139,782,486</u>
Total Net Assets	<u>\$123,422,558</u>	<u>\$133,566,737</u>	<u>\$136,518,235</u>	<u>\$139,782,486</u>

Source: Authority's audited financial statements.

**Albany County Airport Authority**  
**Total Annual Revenues, Expenses and Changes in Net Assets, Con't**  
**For Years Ended December 31,**

2002	2003	2004	2005	2006	2007
\$ 7,019,194	\$ 8,280,150	\$ 8,393,905	\$ 7,605,974	\$ 5,881,654	\$ 5,597,334
--	--	--	1,637,840	7,307,383	8,817,614
6,783,704	7,297,162	7,236,402	8,826,365	7,406,907	7,574,748
4,070,543	4,008,054	4,575,990	5,124,925	5,269,221	5,686,723
8,562,950	9,048,073	10,233,061	10,971,728	10,885,205	11,340,151
2,682,166	3,167,570	3,652,982	3,341,100	3,366,356	3,618,200
29,118,557	31,801,009	34,092,340	37,507,932	40,116,726	42,634,770
522,038	366,157	375,317	789,591	1,193,635	1,810,589
4,125,044	3,871,885	4,378,871	4,314,667	4,165,815	4,081,962
--	--	--	--	184,000	2,929
--	--	--	--	--	297,413
276,300	276,300	276,300	276,300	276,300	276,300
4,923,382	4,514,342	5,030,488	5,380,558	5,819,750	6,469,193
34,041,939	36,315,351	39,122,828	42,888,490	45,936,476	49,103,963
9,450,926	9,937,522	10,247,096	11,851,491	12,299,502	12,302,838
9,980,135	11,574,119	12,346,379	15,296,745	17,578,229	19,672,084
10,084,325	10,617,922	11,210,367	11,540,462	12,315,365	12,968,042
29,515,386	32,129,563	33,803,842	38,688,698	42,193,096	44,942,964
--	--	--	--	--	--
--	--	--	--	184,000	2,929
7,732,596	7,780,055	7,675,355	7,443,523	7,188,094	7,616,204
82,996	91,339	117,988	133,659	61,003	77,677
--	--	--	--	--	126,600
7,815,592	7,871,394	7,793,343	7,577,182	7,433,097	7,823,410
37,330,978	40,000,957	41,597,185	46,265,880	49,626,193	52,766,374
4,202,431	16,890,954	7,524,212	17,048,492	13,738,847	3,662,411
\$ 913,392	\$ 13,205,348	\$ 5,049,855	\$ 13,671,102	\$ 10,049,130	\$ 1,163,443
\$120,360,570	\$132,220,219	\$135,120,442	\$147,526,592	\$154,937,110	\$155,507,466
16,913,925	17,069,227	17,694,772	17,972,351	19,259,403	19,100,901
3,421,383	4,611,780	6,135,867	7,123,240	8,474,800	9,226,389
\$141,695,878	\$153,901,226	\$158,951,081	\$172,622,183	\$182,671,313	\$183,834,756

**Albany County Airport Authority  
Changes in Cash and Cash Equivalents  
For Years Ended December 31,**

	1998	1999	2000	2001
<b>Cash Flows From Operating Activities</b>				
Cash received from providing services	\$ 16,900,439	\$ 20,727,640	\$ 24,042,501	\$ 27,398,310
Cash paid to suppliers	(11,779,545)	(12,035,366)	(14,567,091)	(17,784,861)
Cash paid to employees	(731,016)	(696,098)	(832,466)	(952,716)
<b>Net Cash Provided By Operating Activities</b>	<b>4,389,878</b>	<b>7,996,176</b>	<b>8,642,944</b>	<b>8,660,733</b>
<b>Cash Flows From Investing Activities</b>				
Interest received	2,697,188	2,671,367	2,611,282	1,881,435
Purchase of Investments	--	(1,418,000)	(4,000,000)	--
Sale of Investments	1,995,680	5,946,968	3,352,430	4,000,000
Interest on Passenger Facility Charges	116,753	234,659	324,969	240,006
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,809,621</b>	<b>7,434,994</b>	<b>2,288,681</b>	<b>6,121,441</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of capital assets	(74,916,157)	(32,880,636)	(28,470,908)	(25,242,166)
Principal payments on bonds and notes payable	(1,101,444)	(3,103,043)	(3,704,259)	(4,228,603)
Interest paid	(5,422,612)	(7,656,968)	(7,453,733)	(8,174,887)
Proceeds from debt issuance	35,689,927	2,900,376	16,874,936	--
Proceeds from Interest rate swaption	--	--	--	--
Less: Cost of Issuance	(395,622)	(58,627)	(305,708)	--
Original Issue Discount	(129,449)	--	--	--
Due From County of Albany	--	--	--	--
ANCLUC Trust Funds	21,852	24,280	(32,840)	32,549
Concession Improvement Trust Funds	--	68,473	60,576	71,208
Improvement charges	46,027	67	23,025	276,300
Capital contributions	49,040,950	11,689,740	9,214,611	6,342,630
Passenger facility charges	3,123,931	2,973,510	3,780,112	4,128,834
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>5,957,403</b>	<b>(26,042,828)</b>	<b>(10,114,188)</b>	<b>(26,794,135)</b>
<b>Net increase (decrease)</b>	<b>15,156,902</b>	<b>(10,611,658)</b>	<b>917,437</b>	<b>(12,011,961)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>40,405,912</b>	<b>55,562,814</b>	<b>44,951,156</b>	<b>45,868,593</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 55,562,814</b>	<b>\$ 44,951,156</b>	<b>\$ 45,868,593</b>	<b>\$ 33,856,632</b>

Source: Authority's audited financial statements.

**Albany County Airport Authority**  
**Changes in Cash and Cash Equivalents, Con't**  
**For Years Ended December 31,**

2002	2003	2004	2005	2006	2007
\$ 28,907,430	\$ 30,030,811	\$ 34,323,417	\$ 37,428,970	\$ 40,772,537	\$ 43,116,237
(18,015,704)	(20,796,379)	(21,669,596)	(26,122,792)	(26,620,178)	(30,878,585)
(1,052,565)	( 826,527)	(986,392)	(1,091,777)	(1,120,799)	(1,190,541)
9,839,161	8,407,905	11,667,429	10,214,401	13,031,560	11,047,111
523,911	366,157	375,220	789,586	1,151,141	1,853,089
--	(237,494)	--	--	--	--
--	--	237,494	--	--	--
109,883	67,590	66,626	140,766	235,444	238,560
633,794	196,253	679,340	930,352	1,386,585	2,091,649
(16,699,981)	(22,846,180)	(10,963,359)	(23,930,371)	(20,863,387)	(15,733,030)
(4,436,973)	(4,691,864)	(5,298,840)	(5,711,504)	(5,879,556)	(6,554,932)
(7,879,154)	(7,862,118)	(7,823,638)	(7,588,462)	(7,192,138)	(7,647,211)
--	8,885,000	338,315	--	20,560,000	--
--	--	--	5,330,000	--	--
--	(177,700)	(5,141)	(344,962)	(98,929)	--
--	--	--	--	--	--
--	--	--	--	--	--
23,304	24,601	31,896	29,086	27,795	(84,659)
71,155	74,234	82,636	39,976	104,252	119,314
276,300	276,300	276,300	276,300	276,300	276,300
4,044,486	16,324,205	8,473,103	15,286,472	14,428,114	5,582,880
4,054,540	3,809,789	4,039,368	4,278,885	4,002,738	3,928,677
(20,546,323)	(6,183,733)	(10,849,360)	(12,334,580)	5,366,189	(20,112,661)
(10,073,368)	2,420,425	1,497,409	(1,189,827)	19,784,334	(6,973,901)
33,856,632	23,783,264	26,203,689	27,701,100	26,511,273	46,295,607
<u>\$ 23,783,264</u>	<u>\$ 26,203,689</u>	<u>\$ 27,701,100</u>	<u>\$ 26,511,273</u>	<u>\$ 46,295,607</u>	<u>\$ 39,321,706</u>

**Statistical**

**Albany County Airport Authority**  
**Principal Revenue Sources, Revenue per Enplaned Passenger and**  
**Signatory Airlines Rates and Charges <1>**  
**For Years Ended December 31,**

	1998	1999	2000
<b>PRINCIPAL REVENUE SOURCES</b>			
<b>AIRLINE REVENUE</b>			
Landing Fees	\$ 3,388,575	\$ 3,528,147	\$ 2,779,631
Landing Fee Surcharge	175,079	174,540	174,292
Apron Fees	358,054	654,169	774,688
Fixed Based Operations	--	--	--
Terminal Rents	4,127,491	4,876,580	4,440,134
Loading Bridge Rentals	187,704	285,204	367,189
<b>TOTAL AIRLINE REVENUE</b>	<b>8,238,903</b>	<b>9,518,550</b>	<b>8,535,934</b>
Percent of Total Revenues	36.4%	35.5%	27.4%
<b>NON-AIRLINE REVENUES</b>			
Parking	3,728,366	5,006,322	7,043,032
Rental Car	2,359,914	2,412,293	3,024,062
Other	2,552,620	3,986,254	5,150,316
<b>TOTAL NON-AIRLINE REVENUES</b>	<b>8,640,900</b>	<b>11,404,869</b>	<b>15,217,410</b>
Percent of Total Revenues	38.2%	42.5%	49.0%
<b>NON-OPERATING REVENUES</b>			
PFCs	3,092,988	3,260,007	4,729,277
Interest	2,612,944	2,650,198	2,590,317
Insurance Recovery	--	--	--
Decrease in fair value of investments	--	--	--
Other	46,027	67	23,025
<b>TOTAL NON-OPERATING REVENUES</b>	<b>5,751,959</b>	<b>5,910,272</b>	<b>7,342,619</b>
Percent of Total Revenues	25.4%	22.0%	23.6%
<b>TOTAL REVENUES</b>	<b>\$22,631,762</b>	<b>\$26,833,691</b>	<b>\$31,095,963</b>
Enplaned Passengers	1,137,706	1,175,891	1,442,867
<b>TOTAL REVENUE PER ENPLANED PASSENGER</b>	<b>\$ 19.89</b>	<b>\$ 22.82</b>	<b>\$ 21.55</b>
<b>SIGNATORY AIRLINES RATES AND CHARGES</b>			
Landing Fee (per 1,000 lbs MGLW)	\$ 1.74	\$ 1.82	\$ 1.63
Landing Fee Surcharge (per 1,000 lbs MGLW)	0.08	0.08	0.08
Apron Fees (per sq. foot) effective June 8, 1998	0.72	1.27	1.18
Annual Terminal Rental Rates (per sq. foot)	60.00	60.00	78.99
Annual Loading Bridge Rental (per bridge) effective June 8, 1998	14,920	26,588	28,245
Airline Cost per Enplanement: Airport Operations	7.24	8.10	5.91
FBO Operations	--	--	--

The Authority negotiated a new ten year airline agreement which governed the calculation of rates and fees charged to signatory airlines effective January 1, 1996. A new five year agreement became effective January 1, 2006.

Source: Authority's audited financial statements and statistics reports

**Albany County Airport Authority**  
**Principal Revenue Sources, Revenue per Enplaned Passenger and**  
**Signatory Airlines Rates and Charges <1>, Con't**  
**For Years Ended December 31,**

2001	2002	2003	2004	2005	2006	2007
\$ 3,851,233	\$ 4,421,003	\$ 5,043,951	\$ 5,528,586	\$ 5,221,661	\$ 3,877,962	\$ 3,328,473
174,741	173,038	171,565	172,937	170,834	167,426	166,975
791,224	678,315	782,704	805,182	839,471	854,022	916,131
--	--	--	--	661,406	1,886,304	2,645,682
4,992,621	5,447,121	6,034,518	6,058,515	7,561,456	6,358,683	6,096,652
327,545	348,716	414,277	377,110	408,297	564,292	542,738
10,137,364	11,068,193	12,447,015	12,942,330	14,863,125	13,154,756	13,696,651
29.5%	32.5%	33.9%	33.0%	34.7%	30.0%	27.9%
8,585,782	8,342,849	8,710,698	10,039,495	10,718,645	10,639,526	11,093,567
2,854,422	2,768,177	2,672,448	2,937,657	3,414,418	3,517,740	3,785,642
6,219,881	6,939,338	7,970,848	8,172,856	8,511,744	12,804,704	14,058,910
17,660,085	18,050,364	19,353,994	21,150,008	22,644,807	24,961,970	28,938,119
51.4%	53.0%	53.6%	54.1%	52.8%	56.8%	58.9%
4,513,604	4,125,044	3,871,885	4,378,871	4,314,667	4,165,815	4,081,962
1,745,503	522,038	366,157	375,317	789,591	1,193,635	1,810,589
--	--	--	--	--	184,000	2,929
--	--	--	--	--	--	297,413
276,300	276,300	276,300	276,300	276,300	276,300	276,300
6,535,407	4,923,382	4,514,342	5,030,488	5,380,558	5,819,750	6,469,193
19.1%	14.5%	12.5%	12.9%	12.5%	13.2%	13.2%
\$34,332,859	\$34,041,939	\$36,315,351	\$39,122,828	\$42,888,490	\$43,936,476	\$49,103,963
1,517,858	1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385
\$ 22.62	\$ 23.04	\$ 25.29	\$ 25.13	\$ 27.66	\$ 30.35	\$ 34.09
\$ 1.97	\$ 2.18	\$ 2.62	\$ 2.53	\$ 2.36	\$ 1.82	\$ 1.81
0.08	0.08	0.08	0.08	0.08	0.08	0.08
1.15	0.99	0.99	1.02	1.04	1.05	1.10
75.31	68.35	73.58	78.10	81.98	82.58	83.42
25,196	26,824	34,523	26,936	29,164	37,619	36,183
6.68	7.49	8.67	8.31	9.16	7.78	7.67
--	--	--	--	0.43	1.30	1.84

Notes - <1> The revenue basis to which these rates apply and their principal payers can be found on pages 84-85, 86-87, and 88-89.

**Statistical**

**Albany County Airport Authority  
Ratios of Outstanding Debt  
For Years Ended December 31,**

	1998	1999	2000
<b>Ratio of Authority issued Revenue Bond Debt Service to Total Expenses</b>			
Principal	\$ --	\$ 2,030,000	\$ 2,648,000
Interest <1>	5,431,509	6,831,865	6,793,209
Total Debt Service	\$ 5,431,509	\$ 8,861,865	\$ 9,441,209
Total Expenses	\$ 23,843,980	\$ 29,962,631	\$ 32,956,274
Ratio of Debt Service to Total Expenses	22.78%	29.58%	28.65%
<b>Debt Service per Enplaned Passenger</b>			
Net Debt Service	\$ 2,421,603	\$ 6,005,679	\$ 6,233,040
Enplaned Passengers	1,137,706	1,175,981	1,442,867
Debt Service per Enplaned Passenger	\$ 2.13	\$ 5.11	\$ 4.32
<b>Outstanding Debt (Authority and County) per Enplaned Passenger</b>			
Outstanding debt by type:			
County of Albany Debt Issued for the Authority <2>	\$ 15,322,785	\$ 14,208,938	\$ 13,101,369
General Airport Revenue Bond (GARB)	129,343,967	122,359,842	134,314,742
NYS EFC	--	7,836,676	9,854,314
Total Outstanding Debt	\$144,666,752	\$144,405,456	\$157,270,425
Enplaned Passengers	1,137,706	1,175,981	1,442,867
Outstanding Debt per Enplaned Passenger	\$ 127	\$ 123	\$ 109
<b>Debt Limit per Enplaned Passenger</b>			
Debt Limit <3>	\$175,000,000	\$175,000,000	\$175,000,000
Enplaned Passengers	1,137,706	1,175,981	1,442,867
Debt Limit per Enplaned Passenger	\$ 154	\$ 149	\$ 121

Source: Authority's audited financial statements and statistics reports



**Albany County Airport Authority  
Ratios of Outstanding Debt, Con't  
For Years Ended December 31,**

2001	2002	2003	2004	2005	2006	2007
\$ 3,167,303	\$ 3,364,000	\$ 3,619,936	\$ 4,305,000	\$ 5,711,504	\$ 5,879,556	\$ 6,554,932
7,487,331	7,295,703	7,361,251	7,384,667	7,577,183	7,249,097	7,693,877
\$ 10,654,634	\$ 10,659,703	\$ 10,981,187	\$ 11,689,667	\$ 13,288,687	\$ 13,128,653	\$ 14,248,809
\$ 36,158,927	\$ 37,330,978	\$ 40,000,957	\$ 41,597,185	\$ 46,265,880	\$ 49,626,193	\$ 52,766,374
29.47%	28.22%	27.45%	27.86%	28.72%	26.46%	27.00%
\$ 6,551,327	\$ 6,290,863	\$ 6,816,764	\$ 7,812,290	\$ 9,182,693	\$ 8,721,259	\$ 10,010,625
1,517,858	1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385
\$ 4.32	\$ 4.26	\$ 4.75	\$ 5.02	\$ 5.92	\$ 6.02	\$ 6.95
\$ 11,980,680	\$ 10,805,655	\$ 9,668,325	\$ 8,560,352	\$ 7,519,274	\$ 6,527,880	\$ 5,543,982
131,719,494	128,937,602	134,615,512	130,949,190	131,855,484	148,071,630	143,175,122
9,341,648	8,817,441	8,292,297	8,100,927	7,515,515	6,920,238	6,310,821
\$153,041,822	\$148,560,698	\$152,576,134	\$147,610,469	\$146,890,273	\$161,519,748	\$155,029,925
1,517,858	1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385
\$ 101	\$ 101	\$ 106	\$ 95	\$ 95	\$ 112	\$ 108
\$175,000,000	\$175,000,000	\$175,000,000	\$285,000,000	\$285,000,000	\$285,000,000	\$285,000,000
1,517,858	1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385
\$ 115	\$ 118	\$ 122	\$ 183	\$ 184	\$ 197	\$ 198

Notes - <1> Interest does not include capitalized interest or interest paid from bond proceeds.  
 <2> The County pays this indebtedness and is reimbursed by the Authority.  
 <3> Debt limit is fixed by State Law creating Authority. The Law was amended in 2004 increasing the debt limit.

**Statistical**

**Albany County Airport Authority  
Revenue Bond Debt Service Coverage  
For Years Ended December 31,**

	1998	1999	2000
<b>NET REVENUES</b>			
Operating Revenues	\$ 16,879,803	\$ 20,923,419	\$ 23,753,344
Interest Income	2,612,944	2,650,198	2,590,317
Investments Received	--	--	--
Improvement Charges	46,027	67	23,025
Total Revenues	19,538,774	23,573,684	23,366,686
LESS: Total Operating Expenses	(11,230,054)	(13,695,347)	(16,541,229)
LESS: Albany County Debt Service	(2,061,163)	(2,009,555)	(1,878,013)
Net Revenues	\$ 6,247,557	\$ 7,868,782	\$ 7,947,444
<b>DEBT SERVICE</b>			
1997 Revenue Bonds	\$ 5,431,509	\$ 6,441,628	\$ 6,542,939
Less: PFC Revenues used for Debt Service	--	(2,856,186)	(3,208,169)
1998 B & C Revenue Bonds	--	2,370,115	2,376,154
1999 NYS EFC Revenue Bonds	--	68,643	580,791
Less: 1999 NYS EFC Interest Subsidy	--	(18,521)	(108,438)
2000 NYS EFC Revenue Bonds	--	--	30,250
Less: 2000 NYS EFC Interest Subsidy	--	--	--
2000 B Revenue Bonds	--	--	19,513
2003 A Revenue Bonds	--	--	--
2004 NYS EFC Revenue Bonds	--	--	--
Less: 2004 NYS EFC Interest Subsidy	--	--	--
2006 A & B Revenue Bonds	--	--	--
2006 C Revenue Bonds	--	--	--
Less: Interest paid from bond proceeds	(3,009,906)	--	--
Net Debt Service	\$ 2,421,603	\$ 6,005,679	\$ 6,233,040
<b>DEBT SERVICE COVERAGE &lt;1&gt;</b>	2.58	1.31	1.28
<1> Does not include required amounts held in Bond Reserve Accounts as follows:			
1997 Revenue Bonds	\$ 8,293,000	\$ 8,370,000	\$8,370,000
1998 B & C Revenue Bonds	2,447,415	2,447,415	2,447,415
1999 NYS EFC Bonds	--	442,237	442,237
2000 NYS EFC Bonds	--	--	237,494
2000 B Revenue Bonds	--	--	926,700
2003 A Revenue Bonds	--	--	--
2004 NYS EFC Bonds	--	--	--
2006 A & B Revenue Bonds	--	--	--
2006 C Revenue Bonds	--	--	--
Total Bond Reserve Accounts	\$ 10,740,415	\$ 11,259,652	\$ 12,423,846

Source: Authority's audited financial statements and statistics reports

**Albany County Airport Authority**  
**Revenue Bond Debt Service Coverage, Con't**  
**For Years Ended December 31,**

2001	2002	2003	2004	2005	2006	2007
\$ 27,797,449	\$ 29,118,557	\$ 31,801,009	\$ 34,092,340	\$ 37,507,962	\$ 40,116,726	\$ 42,634,760
1,745,503	522,038	366,157	375,317	789,591	1,193,635	1,225,878
--	--	--	--	--	--	170,813
276,300	276,300	276,300	276,300	276,300	276,300	276,300
29,819,252	29,916,895	32,443,466	34,743,957	38,573,853	41,586,661	44,307,751
(18,779,367)	(19,431,061)	(21,511,641)	(22,593,481)	(27,148,236)	(29,877,731)	(31,974,921)
(1,829,826)	(1,672,098)	(1,678,326)	(1,515,706)	(1,407,817)	(1,311,243)	(1,263,510)
\$ 9,210,059	\$ 8,813,736	\$ 12,610,151	\$ 10,634,770	\$ 10,017,800	\$ 10,367,687	\$ 11,069,320
\$ 6,590,453	\$ 6,638,694	\$ 6,729,880	\$ 6,778,459	\$ 6,907,143	\$ 6,941,298	\$ 6,989,961
(4,103,307)	(4,368,840)	(4,164,423)	(3,877,378)	(4,105,994)	(4,407,394)	(4,238,184)
2,376,322	2,378,240	2,357,686	2,362,420	2,363,016	2,360,300	2,358,007
759,979	702,834	712,041	693,011	676,755	664,221	651,283
(267,645)	(249,380)	(241,545)	(223,448)	(215,167)	(201,777)	(188,258)
310,942	284,700	292,226	295,693	287,232	281,054	276,551
(49,241)	(52,455)	(46,936)	(41,773)	(36,254)	(30,635)	(25,319)
933,824	957,070	960,790	958,518	960,735	955,940	960,402
--	--	151,647	765,337	752,027	748,049	743,885
--	--	--	41,490	43,487	43,282	46,064
--	--	--	(4,172)	(5,994)	(5,325)	(4,716)
--	--	--	--	--	330,294	1,099,763
--	--	--	--	--	--	290,356
--	--	--	--	--	(330,294)	(290,356)
\$ 6,551,327	\$ 6,290,863	\$ 6,751,366	\$ 7,748,157	\$ 7,626,986	\$ 7,349,013	\$ 8,669,438
1.41	1.40	1.37	1.37	1.31	1.41	1.28
\$ 8,370,000	\$ 8,370,000	\$ 8,370,000	\$ 8,370,000	\$ 8,370,000	\$ 8,370,000	\$ 8,370,000
2,447,415	2,447,415	2,447,415	2,447,415	2,447,415	2,447,415	2,447,415
442,237	442,237	442,237	442,237	442,237	442,237	442,237
237,494	237,494	237,494	237,494	237,494	237,494	237,494
926,700	926,700	926,700	926,700	926,700	926,700	926,700
--	--	514,100	514,100	514,100	514,100	514,100
--	--	--	38,831	38,831	38,831	38,831
--	--	--	--	--	1,128,600	1,128,600
--	--	--	--	--	404,263	404,263
\$ 12,423,846	\$ 12,423,846	\$ 12,937,946	\$ 12,976,777	\$ 12,976,777	\$ 14,509,640	\$ 14,509,640

**Statistical**

**Albany International Airport  
Population in the Air Trade Area**

	2006	2000	2000 vs. 1990	1990	1990 vs. 1980	1980
<b>PRIMARY TRADE AREA</b>						
State of New York						
Albany County	297,556	294,565	0.7%	292,594	2.4%	285,909
Columbia County	62,955	63,094	0.2%	62,982	5.9%	59,487
Fulton County	55,435	55,073	1.6%	54,191	(1.7%)	55,153
Greene County	49,822	48,195	7.7%	44,739	9.5%	40,861
Montgomery County	49,112	49,708	(4.4%)	51,981	(2.7%)	53,439
Rensselaer County	155,292	152,538	(1.2%)	154,429	1.6%	151,966
Saratoga County	215,473	200,635	10.7%	181,276	17.9%	153,759
Schenectady County	150,440	146,555	(1.8%)	149,285	(0.4%)	149,946
Schoharie County	32,196	31,582	(0.9%)	31,859	7.2%	29,710
Warren County	66,087	63,303	6.9%	59,209	7.9%	54,854
Washington County	63,368	61,042	2.9%	59,330	8.3%	54,795
State of Massachusetts						
Berkshire County	131,117	134,953	(3.2%)	139,352	(4.0%)	145,170
State of Vermont						
Bennington County	36,929	36,994	3.2%	35,845	7.1%	33,470
<b>PRIMARY TRADE AREA</b>	<b>1,365,782</b>	<b>1,338,237</b>	<b>1.6%</b>	<b>1,317,072</b>	<b>3.8%</b>	<b>1,268,519</b>
<b>SECONDARY TRADE AREA</b>						
State of New York						
Delaware County	46,977	48,055	1.8%	47,225	0.9%	46,824
Dutchess County	295,146	280,150	8.0%	259,462	5.9%	245,055
Essex County	38,649	38,851	4.6%	37,152	2.7%	36,176
Hamilton County	5,162	5,379	1.9%	5,279	4.9%	5,034
Herkimer County	63,332	64,427	(2.1%)	65,797	(0.6%)	66,174
Otsego County	62,583	61,676	1.9%	60,517	2.4%	59,075
Ulster County	182,742	177,749	7.5%	165,304	4.5%	158,158
State of Connecticut						
Litchfield County	190,119	182,193	4.7%	174,092	11.1%	156,769
State of Massachusetts						
Franklin County	72,183	71,535	2.1%	70,092	9.0%	64,317
Hampden County	460,520	456,228	0.0%	456,310	3.0%	443,018
Hampshire County	153,471	152,251	3.9%	146,568	5.6%	138,813
State of Vermont						
Addison County	37,057	35,974	9.2%	32,953	12.1%	29,406
Rutland County	63,641	63,400	2.0%	62,142	6.5%	58,347
Windham County	43,898	44,216	6.3%	41,588	12.6%	36,933
Windsor County	57,653	57,418	6.2%	54,055	5.9%	51,030
<b>SECONDARY TRADE AREA</b>	<b>1,773,133</b>	<b>1,739,502</b>	<b>3.6%</b>	<b>1,678,536</b>	<b>5.2%</b>	<b>1,595,129</b>
<b>TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION</b>						
	<b>3,138,915</b>	<b>3,077,739</b>	<b>2.7%</b>	<b>2,995,608</b>	<b>4.6%</b>	<b>2,863,648</b>
State of New York	19,306,183	18,976,457	5.5%	17,990,445	2.5%	17,558,165
United States	298,754,819	281,421,906	13.2%	248,709,873	9.8%	226,542,000

Sources: U.S. Department of Commerce, Bureau of the Census

**Albany International Airport  
Major Employers in Primary Air Trade Area**

Employer	County	Product or Service	FTE Employment		% of Total
			1998	2007	
New York State	Albany	State Government	55,000	53,800	41.2%
General Electric	Schenectady	Turbines, Industrial Machinery	9,000	7,000	5.4%
United States of America	Albany	US Government Offices	N/A	6,900	5.4%
Golub Corporation	Schenectady	Retail Grocery	5,021	6,555	5.1%
Albany Medical Center	Albany	Health Care	5,270	5,670	4.4%
St. Peter's Health Care Services	Albany	Health Care	N/A	3,587	2.8%
Hannaford Brothers	Rensselaer	Retail Food & Drugs	2,013	3,580	2.8%
Northeast Health	Rensselaer	Health Care	3,135	3,015	2.3%
Verizon Communications	Albany	Telecommunications Services	2,676	3,000	2.3%
Albany County	Albany	County Government	3,200	2,921	2.3%
KAPL, A Lockheed Martin Co.	Schenectady	Navel Nuclear Propulsion	2,700	2,600	2.0%
Glens Falls Hospital	Warren	Health Care	1,677	2,347	1.8%
Center for Disability Services	Albany	Health Care	N/A	2,198	1.7%
Shenendehowa School District	Saratoga	K-12 Education	1,600	1,900	1.5%
Rensselaer Polytechnic Institute	Rensselaer	Higher Education	1,332	1,898	1.5%
City of Schenectady School District	Schenectady	K-12 Education	N/A	1,800	1.4%
Empire Blue Cross/Blue Shield	Albany	Health Care	1,537	1,689	1.3%
Ellis Hospital	Schenectady	Health Care	1,594	1,645	1.3%
Rensselaer County	Rensselaer	County Government	N/A	1,600	1.2%
KeyCorp	Albany	Bank	2,370	1,500	1.2%
Schenectady County	Schenectady	County Government	N/A	1,500	1.2%
City of Albany	Albany	City Government	N/A	1,493	1.2%
Albany College of Pharmacy	Albany	Higher Education	N/A	1,425	1.1%
Niagara Mohawk Power Corp.	Albany	Electric and Gas Utility	1,815	1,350	1.0%
Seton Health Systems	Rensselaer	Health Care	1,100	1,339	1.0%
Stewart's Ice Cream Co., Inc.	Saratoga	Dairy Products	1,998	1,335	1.0%
Albany City School District	Albany	K-12 Education	N/A	1,270	1.0%
Saratoga Hospital	Saratoga	Health Care	N/A	1,148	0.9%
State Farm Insurance Co.	Saratoga	Insurance	N/A	1,136	0.9%
Bank of America	Albany	Financial Services	N/A	1,101	0.9%
Saratoga County	Saratoga	County Government	N/A	1,100	0.9%

N/A-Not Available

Source: Capital District Business Review, Book of Lists, 1998 &amp; 2007

**Statistical**

**Albany International Airport  
Colleges and Universities in the Primary Air Trade Area**

<u>Name</u>	<u>County</u>		<u># of Students</u>	
			<u>Registered</u>	
			<u>1998</u>	<u>2007</u>
Excelsior College	Albany	Private	N/A	30,334
State University of New York at Albany	Albany	Public	13,700	17,434
Hudson Valley Comm. College	Rensselaer	Public	6,766	12,000
Empire State College	Albany	Public	N/A	10,938
Rensselaer Polytechnic Institute	Rensselaer	Private	5,889	7,299
College Of Saint Rose	Albany	Private	2,809	5,062
Adirondack Comm. College	Warren	Public	2,348	3,514
The Sage Colleges	Rensselaer	Private	2,928	3,300
Siena College	Albany	Private	2,679	3,222
Schenectady Comm. College	Schenectady	Public	2,332	2,915
Skidmore College	Saratoga	Private	2,352	2,400
Fulton Montgomery Comm. College	Fulton-Montgomery	Public	1,513	2,203
Williams College	Berkshire, MA	Private	2,000	2,200
Union College	Schenectady	Private	2,302	2,128
Columbia-Greene Comm. College	Columbia-Greene	Public	1,020	1,805
Massachusetts College of Liberal Arts	Berkshire, MA	Public	1,408	1,400
Albany College Of Pharmacy	Albany	Private	676	1,240
Bennington College	Bennington, VT	Private	373	793
Albany Medical College	Albany	Private	673	758
Maria College	Albany	Private	546	749
Albany Law School	Albany	Private	718	662
Southern Vermont College	Bennington, VT	Public	450	413
Mildred Elley College For Careers	Albany	Private	550	410
Union Graduate College	Schenectady	Private	N/A	400
Bard College at Simon's Rock	Berkshire, MA	Private	327	390
Bryant & Stratton Business Institute	Albany	Private	429	265
Ellis Hospital School of Nursing	Albany	Private	N/A	152
New School of Radio and Television	Albany	Private	N/A	86
<b>Total</b>			<b><u>54,788</u></b>	<b><u>114,472</u></b>

N/A-Not Available

Sources: Capital District Business Review, Book of Lists, 1998 & 2007  
College Websites

**Albany International Airport**  
**Airport Information**  
**As of December 31, 2007**

Airport Code: ALB  
 Location: 7 miles Northwest of downtown Albany, New York, the capital of the State of New York  
 Elevation: 285 ft.  
 International: Customs / Immigration F.I.S. Facility  
 Tower: TRACON 24 / 7 - 365  
 FBO: Million Air

		1998	2007
Acres (+/-):		1,000	1,082
Runways:	1/19 North/South ILS / VOR / GPS	7,200 X 150 ft.	8,500 X 150 ft.
	10/28 East/West VOR / GPS	6,000 X 150 ft.	7,200 X 150 ft.
Terminal:	Airlines - sq ft	81,444	92,107
	Tenants - sq ft	30,196	41,639
	Public/Common - sq ft	99,011	104,837
	Mechanical - sq ft	57,115	51,702
	Total - sq ft	267,766	290,285
	Number of passenger gates	20	21
	Number of loading bridges	10	15
	Number of Concessionaires in Terminal	7	7
	Number of Rental Car Agencies in Terminal	4	5
Apron:	Commercial Airlines - sq ft	527,400	810,901
	Cargo Airlines - sq ft	181,730	210,600
	FBO - sq ft	640,000	640,000
Parking:	Spaces assigned		
	Garage	N/A	1,907
	Short-term	268	353
	Long-term	1,726	1,117
	Economy	N/A	2,783
	Rental Cars	130	307
	Employees	315	514
	Total	2,439	6,981
Cargo:	Air Cargo Building - sq ft	21,210	50,500
	U.S. Post Office - sq ft	N/A	5,595
Employees:	Authority	19.0	33.0
	Airport Operations	89.0	172.5
	Fixed Based Operator	N/A	32.0
	Total	108.0	237.5

N/A-Not applicable

**Statistical**

**Albany International Airport  
Enplaned Passengers  
1998-2007**

<u>Airline</u>	2007	Percent of Total 2007	2006	Percent of Total 2006
Southwest Airlines	516,216	35.8%	488,646	33.7%
US Airways	130,070	9.0%	139,668	9.6%
<b>Continental</b>	<b>100,472</b>	<b>7.0%</b>	<b>99,570</b>	<b>6.9%</b>
Northwest Airlines	98,125	6.8%	98,733	6.8%
Delta Connection (ASA)	79,584	5.5%	56,186	3.9%
<b>United Airlines</b>	<b>76,867</b>	<b>5.3%</b>	<b>60,074</b>	<b>4.1%</b>
United Express (Go Jet)	60,273	4.2%	37,694	2.6%
United Express (Trans States)	51,007	3.5%	46,200	3.2%
<b>American Eagle</b>	<b>43,828</b>	<b>3.0%</b>	<b>47,147</b>	<b>3.3%</b>
US Airways Express (Republic)	43,507	3.0%	42,782	3.0%
US Airways Express (Piedmont)	41,945	2.9%	29,035	2.0%
<b>Delta Connection (Comair)</b>	<b>41,514</b>	<b>2.9%</b>	<b>45,496</b>	<b>3.1%</b>
US Airways Express (Air Wisconsin)	38,992	2.7%	54,486	3.8%
Delta Connection (Freedom)	26,112	1.8%	9,696	0.7%
<b>US Airways Express (Mesa)</b>	<b>19,536</b>	<b>1.4%</b>	<b>12,825</b>	<b>0.9%</b>
US Airways Express (PSA)	17,298	1.2%	31,586	2.2%
Northwest Airlink (Pinnacle)	14,937	1.0%	12,516	0.9%
<b>US Airways Express (Colgan Air)</b>	<b>13,661</b>	<b>0.9%</b>	<b>14,211</b>	<b>1.0%</b>
Air Canada	7,760	0.5%	7,986	0.6%
Continental Connection (Commutair)	5,805	0.4%	12,096	0.8%
<b>Delta Connection (Sky West)</b>	<b>5,574</b>	<b>0.4%</b>		
Delta Connection (Big Sky)	5,106	0.4%		
US Airways Express (Chautauqua)	1,508	0.1%	8,415	0.6%
<b>Delta Connection (Chautauqua)</b>	<b>540</b>	<b>0.0%</b>	<b>345</b>	<b>0.0%</b>
Delta Airlines	87	0.0%	45,323	3.1%
United Express (Shuttle America)	61	0.0%	25,482	1.8%
<b>United Express (Sky West)</b>			<b>18,296</b>	<b>1.3%</b>
Northwest Airlink (Mesaba)			2,461	0.2%
Independence Air			598	0.0%
<b>United Express (Air Wisconsin)</b>				
United Express (Chautauqua)				
US Airways Express (Trans States)				
<b>United Express (Atlantic Coast)</b>				
US Airways Express (Allegheny)				
US Airways Express (Midway)				
<b>Delta Connection (Atlantic Coast)</b>				
American Airlines				
US Airways Express (Potomac)				
<b>US Airways Express (Commutair)</b>				
Shuttle America				
Trans States Airlines				
<b>Business Express</b>				
Trans International Express				
Air Tran Airways				
	1,440,385	99.8%	1,447,553	99.8%
Charters	2,436	0.2%	2,611	0.2%
Grand Total	1,442,821	100.0%	1,450,164	100.0%

Source: Albany County Airport Authority



**Albany International Airport  
Enplaned Passengers, Con't  
1998-2007**

2005	2004	2003	2002	2001	2000	1999	1998
415,074	350,941	349,981	340,975	317,734	204,699		
204,510	276,933	279,497	327,291	405,904	396,524	375,130	375,719
<b>100,089</b>	<b>93,692</b>	<b>82,988</b>	<b>85,177</b>	<b>77,487</b>	<b>67,436</b>	<b>62,245</b>	<b>67,575</b>
111,415	108,287	112,686	112,747	106,808	110,270	86,383	79,966
6,408							
<b>71,048</b>	<b>75,655</b>	<b>94,965</b>	<b>70,086</b>	<b>88,433</b>	<b>84,309</b>	<b>80,417</b>	<b>86,276</b>
37,489	38,461	1,158					
<b>53,568</b>	<b>68,899</b>	<b>61,590</b>	<b>41,778</b>	<b>41,495</b>	<b>58,757</b>	<b>48,696</b>	<b>35,454</b>
1,167							
16,504	1,004	3,241	4,852	18,771	2,430		
<b>50,485</b>	<b>10,799</b>	<b>22,583</b>	<b>18,023</b>	<b>10,243</b>			
10,250							
<b>28,112</b>	<b>11,675</b>	<b>703</b>					
14,767	7,275						
34,682	37,576	23,521	2,311				
<b>12,214</b>	<b>27,361</b>	<b>23,261</b>	<b>10,153</b>				
6,659	6,598	6,322	9,514	9,475	5,868		
31,078	95,545	85,493	71,212	36,442	1,984		
15,664	939	8,431					
178,495	226,913	183,102	185,306	180,254	237,359	238,417	196,601
21,011							
<b>26,838</b>							
60,055	26,522						
26,288	43,991	7,675					
12,055	11,545						
4,477	9,692	4,526		2,912			
	<b>26,423</b>	<b>58,409</b>	<b>59,872</b>	<b>55,902</b>	<b>50,901</b>	<b>28,224</b>	<b>19,875</b>
	70	20,573	58,815	77,097	78,513	76,214	72,134
		2,939					
		<b>2,204</b>	<b>7,210</b>				
			71,666	83,724	98,423	93,034	97,378
				5,177			
					<b>39,600</b>	<b>53,715</b>	<b>58,977</b>
					3,882	10,241	
					1,912	13,896	7,679
						<b>8,774</b>	<b>21,129</b>
						595	77
							18,866
1,550,402	1,556,796	1,435,848	1,476,988	1,517,858	1,442,867	1,175,981	1,137,706
2,134	1,860	1,539	2,353	3,186	2,371	2,623	4,652
<b>1,552,536</b>	<b>1,558,656</b>	<b>1,437,387</b>	<b>1,479,341</b>	<b>1,521,044</b>	<b>1,445,238</b>	<b>1,178,604</b>	<b>1,142,358</b>

**Statistical**

**Albany International Airport  
Airline Landed Weights (lbs.)  
1998-2007**

<u>Airline</u>	2007	% of Total 2007	2006	% of Total 2006	2005
Southwest Airlines	606,612,000	30.9%	563,734,000	28.6%	518,932,000
US Airways	157,816,799	8.0%	159,841,799	8.1%	271,790,013
<b>Northwest Airlines</b>	<b>124,050,000</b>	<b>6.3%</b>	<b>132,614,109</b>	<b>6.7%</b>	<b>157,034,120</b>
Continental	105,515,474	5.4%	106,856,144	5.4%	105,272,684
United Airlines	92,214,768	4.7%	75,168,921	3.8%	91,972,289
<b>Delta Connection (ASA)</b>	<b>84,128,000</b>	<b>4.3%</b>	<b>63,177,000</b>	<b>3.2%</b>	<b>7,529,000</b>
United Express (Go Jet)	74,504,000	3.8%	54,002,000	2.7%	
US Airways Express (Republic)	64,857,593	3.3%	57,054,164	2.9%	1,735,487
<b>United Express (Trans States)</b>	<b>53,654,292</b>	<b>2.7%</b>	<b>57,696,448</b>	<b>2.9%</b>	<b>49,747,465</b>
US Airways Express (Piedmont)	52,059,000	2.7%	38,001,587	1.9%	24,971,997
US Airways Express (Air Wisconsin)	51,747,000	2.6%	63,638,000	3.2%	16,168,000
<b>Delta Connection (Comair)</b>	<b>48,663,000</b>	<b>2.5%</b>	<b>51,025,000</b>	<b>2.6%</b>	<b>57,221,903</b>
American Eagle	45,339,119	2.3%	33,744,507	1.7%	39,339,116
US Airways Express (Colgan)	40,199,202	2.0%	39,567,647	2.0%	38,327,497
<b>Delta Connection (Freedom)</b>	<b>39,934,580</b>	<b>2.0%</b>	<b>17,287,881</b>	<b>0.9%</b>	
US Airways Express (PSA)	24,432,000	1.2%	47,622,000	2.4%	19,741,000
US Airways Express (Mesa)	19,771,510	1.0%	14,847,000	0.8%	43,589,575
<b>Northwest AirlinK (Pinnacle)</b>	<b>16,625,206</b>	<b>0.8%</b>	<b>14,681,201</b>	<b>0.7%</b>	<b>41,407,000</b>
Air Canada	12,698,992	0.6%	13,080,797	0.7%	11,387,601
Delta Connection (Big Sky)	11,843,996	0.6%			
<b>Continental Connection (Commutair)</b>	<b>11,073,502</b>	<b>0.6%</b>	<b>18,625,199</b>	<b>0.9%</b>	<b>77,754,400</b>
Delta Connection (Sky West)	7,800,000	0.4%			
Charters	5,422,107	0.3%	8,909,783	0.5%	5,642,000
<b>US Airways Express (Chautauqua)</b>	<b>1,829,609</b>	<b>0.1%</b>	<b>10,293,329</b>	<b>0.5%</b>	<b>16,884,899</b>
Delta Connection (Chautauqua)	695,111	0.0%	808,430	0.0%	
Delta Airlines	130,000	0.0%	54,154,000	2.7%	230,357,000
<b>United Express (Shuttle America)</b>	<b>72,313</b>	<b>0.0%</b>	<b>34,131,266</b>	<b>1.7%</b>	<b>28,635,553</b>
United Express (Sky West)			21,400,000	1.1%	30,745,000
Northwest AirlinK (Mesaba)			3,315,699	0.2%	
<b>Independence Air</b>			<b>526,860</b>	<b>0.0%</b>	<b>85,634,000</b>
United Express (Air Wisconsin)					30,806,000
United Express (Chautauqua)					14,325,164
<b>US Airways Express (Trans States)</b>					<b>5,896,881</b>
United Express (Atlantic Coast)					
US Airways Express (Allegheny)					
<b>US Airways Express (Midway)</b>					
Delta Connection (Atlantic Coast)					
American Airlines					
<b>US Airways Express (Potomac)</b>					
US Airways Express (Commutair)					
Shuttle America					
<b>Trans States Airlines</b>					
Business Express					
Trans International Express					
Air Tran Airways					
	1,753,689,173	89.3%	1,755,804,771	88.9%	2,022,847,644
<u>Cargo Carriers</u>					
United Parcel Service	97,764,985	5.0%	99,582,507	5.0%	101,730,004
Federal Express	41,735,000	2.1%	43,869,000	2.2%	43,352,004
<b>Airborne Express</b>	<b>50,877,892</b>	<b>2.6%</b>	<b>51,589,707</b>	<b>2.6%</b>	<b>33,802,604</b>
Wiggins Airways	7,812,267	0.4%	8,134,500	0.4%	9,554,000
Air Now	2,323,206	0.1%	3,793,000	0.2%	2,765,000
Misc. Cargo Carriers	8,752,406	0.4%	11,340,584	0.6%	14,651,722
	209,265,756	10.7%	218,309,298	11.1%	205,855,334
<b>Grand Total</b>	<b>1,962,954,929</b>	<b>100.0%</b>	<b>1,974,114,069</b>	<b>100.0%</b>	<b>2,228,702,978</b>

Source: Albany County Airport Authority

**Albany International Airport**  
**Airline Landed Weights (lbs.), Con't**  
**1998-2007**

2004	2003	2002	2001	2000	1999	1998
422,446,000	414,586,000	420,429,000	416,155,000	275,013,000		
401,439,400	394,749,800	456,002,601	548,551,900	543,132,300	552,330,093	531,958,667
<b>179,518,300</b>	<b>170,795,158</b>	<b>154,405,503</b>	<b>158,106,100</b>	<b>169,038,350</b>	<b>141,019,698</b>	<b>131,569,506</b>
101,763,400	91,519,085	97,543,307	91,764,380	79,342,088	75,929,984	90,906,310
102,180,283	128,838,073	94,993,078	118,994,320	119,054,000	123,136,198	126,618,695
<b>55,178,000</b>	<b>1,457,000</b>					
1,500,603	5,401,801	9,039,901	21,289,197	3,627,300		
<b>12,429,000</b>	<b>25,128,000</b>	<b>17,968,708</b>	<b>10,340,000</b>			
57,728,600	49,784,424	46,407,621	68,461,860	99,132,500	84,736,489	53,758,741
59,713,215	50,090,797	22,097,811				
10,006,692						
17,189,289	434,256					
<b>50,337,000</b>	<b>27,965,000</b>	<b>3,055,000</b>				
12,765,400	12,333,797	19,505,004	21,198,191	11,414,200		
<b>241,745,800</b>	<b>233,578,600</b>	<b>222,001,693</b>	<b>162,497,298</b>	<b>9,160,900</b>		
3,895,000	3,829,801	5,394,000	6,809,021	6,592,800	5,695,000	9,202,876
<b>1,000,800</b>	<b>7,005,602</b>					
290,395,000	240,572,000	261,038,510	273,123,500	323,225,000	401,698,500	409,622,500
<b>50,807,000</b>						
53,280,022	5,759,000					
14,083,717						
<b>12,455,000</b>	<b>5,121,055</b>		<b>10,484,995</b>			
32,430,000	73,782,258	81,401,794	82,292,574	78,525,910	42,619,864	31,019,922
169,502	36,544,199	141,430,802	207,671,404	157,194,300	144,244,504	151,499,092
	<b>3,948,000</b>					
	2,982,059	9,470,831				
	198,594	91,600,680	125,022,000	137,846,000	137,288,000	135,076,000
			<b>6,746,101</b>			
				92,188,600	137,494,004	152,080,601
				12,915,000	47,437,000	
				<b>3,914,400</b>	<b>23,602,901</b>	<b>15,680,902</b>
					18,311,500	45,580,000
					4,977,500	431,803
						<b>22,042,000</b>
2,184,457,023	1,986,404,359	2,153,785,844	2,329,507,841	2,121,316,648	1,940,521,235	1,907,047,615
98,271,500	97,406,000	91,514,000	86,582,500	88,965,000	81,862,000	80,264,500
42,988,000	42,980,000	42,499,000	41,874,500	37,630,500	47,540,000	45,879,000
25,733,300	26,067,900	26,005,700	26,080,500	26,134,300	25,790,700	26,336,000
9,924,708	10,281,300	10,460,500	8,040,000	3,988,900	3,704,700	3,510,500
2,952,500	2,676,000	4,490,200	6,435,400	7,272,200	5,548,800	
16,964,914	16,221,342	18,188,658	24,492,700	16,196,650	18,705,848	22,344,900
196,834,922	195,632,542	193,158,058	193,505,600	180,187,550	183,152,048	178,334,900
2,381,291,945	2,185,036,901	2,346,943,901	2,523,013,441	2,301,504,198	2,123,673,283	2,085,382,515

**Statistical**

**Albany International Airport  
Aircraft Operations  
1998-2007**

Airline	Percent of		Percent of		2005
	2007	Total 2007	2006	Total 2006	
Southwest Airlines	9,868	16.5%	9,324	15.2%	8,480
Continental	4,986	8.3%	5,094	8.3%	5,116
<b>US Airways Express (Colgan)</b>	<b>3,566</b>	<b>6.0%</b>	<b>3,432</b>	<b>5.6%</b>	<b>2,966</b>
US Airways Express (Piedmont)	2,838	4.8%	2,162	3.5%	1,469
US Airways	2,692	4.5%	2,782	4.5%	5,410
<b>Delta Connection (ASA)</b>	<b>2,658</b>	<b>4.5%</b>	<b>2,296</b>	<b>3.7%</b>	<b>254</b>
United Express (Trans States)	2,522	4.2%	2,712	4.4%	2,312
United Express (Go Jet)	2,224	3.7%	1,612	2.6%	
<b>US Airways (Air Wisconsin)</b>	<b>2,202</b>	<b>3.7%</b>	<b>2,712</b>	<b>4.4%</b>	<b>688</b>
Delta Connection (Freedom)	2,162	3.6%	970	1.6%	
American Eagle	2,150	3.6%	2,454	4.0%	2,672
<b>Northwest Airlines</b>	<b>2,090</b>	<b>3.5%</b>	<b>2,130</b>	<b>3.5%</b>	<b>2,656</b>
Delta Connection (Comair)	1,856	3.1%	1,970	3.2%	1,796
US Airways Express (Republic)	1,780	3.0%	1,580	2.6%	48
<b>United Airlines</b>	<b>1,632</b>	<b>2.7%</b>	<b>1,250</b>	<b>2.0%</b>	<b>1,530</b>
Air Canada	1,530	2.6%	1,582	2.6%	1,370
Delta Connection (Big Sky)	1,410	2.4%			
<b>Continental Connection (CommutAir)</b>	<b>1,332</b>	<b>2.2%</b>	<b>2,244</b>	<b>3.7%</b>	<b>9,368</b>
US Airways Express (PSA)	872	1.5%	1,738	2.8%	766
Northwest AirlinK (Pinnacle)	712	1.2%	628	1.0%	1,762
<b>US Airways Express (Mesa)</b>	<b>538</b>	<b>0.9%</b>	<b>404</b>	<b>0.7%</b>	<b>1,870</b>
Delta Connection (Sky West)	208	0.3%			
US Airways Express (Chautauqua)	86	0.1%	484	0.8%	794
<b>Charters</b>	<b>52</b>	<b>0.1%</b>	<b>48</b>	<b>0.1%</b>	<b>76</b>
Delta Connection (Chautauqua)	34	0.1%	38	0.1%	
Delta Airlines	10	0.0%	906	1.5%	3,922
<b>US Airways Express (Trans States)</b>	<b>8</b>	<b>0.0%</b>			<b>262</b>
United Express (Shuttle America)	2	0.0%	944	1.5%	792
United Express (Sky West)			640	1.0%	920
<b>Northwest AirlinK (Mesaba)</b>			<b>142</b>	<b>0.2%</b>	
Independence Air			28	0.0%	3,644
United Express (Air Wisconsin)					928
<b>United Express (Chautauqua)</b>					<b>602</b>
United Express (Atlantic Coast)					
US Airways Express (Allegheny)					
<b>Delta Connection (Atlantic Coast)</b>					
US Airways Express (Midway)					
American Airlines					
<b>US Airways Express (Potomac)</b>					
US Airways Express (Commutair)					
Shuttle America					
<b>Trans States Airlines</b>					
Business Express					
Trans International Express					
AirTran Airways					
	52,020	87.1%	52,306	85.4%	62,473
<b>Cargo Carriers</b>					
Airborne Express	1,014	1.7%	1,026	1.7%	674
United Parcel Service	928	1.6%	960	1.6%	978
<b>Federal Express</b>	<b>514</b>	<b>0.9%</b>	<b>540</b>	<b>0.9%</b>	<b>534</b>
Air Now	456	0.8%	884	1.4%	612
Wiggins Airways	1,870	3.1%	1,914	3.1%	2,248
Misc Cargo Carriers	2,928	4.9%	3,620	5.9%	3,828
	7,710	12.9%	8,944	14.6%	8,874
Grand Total	59,730	100.0%	61,250	100.0%	71,347

Operations are defined as a take-off or a landing  
Source: Albany County Airport Authority

**Albany International Airport  
Aircraft Operations, Con't  
1998-2007**

2004	2003	2002	2001	2000	1999	1998
7,018	6,922	6,938	6,872	4,566		
4,940	4,400	4,820	4,896	4,526	4,756	5,584
<b>6,356</b>	<b>5,976</b>	<b>2,628</b>				
88	316	530	1,494	214		
7,296	6,806	7,836	9,560	9,838	10,230	9,754
2,408	62					
3,434	3,425	3,274	4,812	7,026	5,894	3,550
<b>2,842</b>	<b>2,848</b>	<b>2,846</b>	<b>3,080</b>	<b>3,318</b>	<b>2,672</b>	<b>2,494</b>
374	768	732	440			
<b>1,712</b>	<b>1,988</b>	<b>1,512</b>	<b>2,012</b>	<b>2,078</b>	<b>2,102</b>	<b>2,154</b>
1,568	1,472	2,350	2,440	1,384		
<b>29,094</b>	<b>28,152</b>	<b>26,864</b>	<b>20,186</b>	<b>1,138</b>		
494						
2,142	1,190	130				
<b>784</b>	<b>32</b>					
210	444					
<b>78</b>	<b>50</b>	<b>100</b>	<b>69</b>	<b>66</b>	<b>58</b>	<b>93</b>
4,504	3,488	3,558	3,560	4,762	5,652	5,628
<b>530</b>	<b>224</b>		<b>900</b>			
2,162						
1,788	410					
<b>524</b>						
1,380	3,632	3,568	4,156	4,076	3,218	2,752
10	2,156	8,344	12,252	9,278	8,510	8,938
	<b>188</b>	<b>554</b>				
	90					
		1,816	2,304	2,122	2,116	2,186
			<b>160</b>			
				11,448	17,080	18,892
				630	2,314	
				<b>334</b>	<b>2,026</b>	<b>1,346</b>
					1,382	3,440
					362	42
						428
81,736	75,079	78,400	79,193	66,804	68,372	67,281
516	522	520	528	522	516	528
1,042	948	930	854	868	868	876
<b>530</b>	<b>530</b>	<b>526</b>	<b>548</b>	<b>532</b>	<b>628</b>	<b>622</b>
542	576	1,008	1,420	1,456	1,452	
2,334	2,418	2,456	1,824	938	870	826
4,330	4,158	4,482	6,756	5,590	6,108	5,252
9,394	9,152	9,922	11,930	9,906	10,442	8,104
91,130	84,231	88,322	91,123	76,710	78,814	75,385

**Albany International Airport  
Aircraft Operations  
1998-2007**

Year	Airlines	Cargo	General Aviation	Military	Total
1998	67,281	8,104	61,381	5,080	141,846
1999	68,372	10,442	64,990	5,142	148,946
2000	66,804	9,906	64,102	5,220	146,032
2001	79,193	11,930	51,889	5,319	148,331
2002	78,400	9,922	51,686	4,869	144,877
2003	75,079	9,152	49,867	4,771	138,869
2004	81,739	9,394	37,974	5,818	134,925
2005	62,473	8,874	40,614	4,981	116,942
2006	52,300	8,218	50,317	6,830	117,665
2007	51,020	7,710	46,636	5,409	110,775
Annual Compounded Growth 1998-2007	-24.2%	-4.9%	-24.0%	-6.4%	-21.9%

Source: Albany County Airport Authority

**Albany International Airport  
Airlines Serving the Albany International Airport**

MAJORS / NATIONALS

Northwest Airlines  
Southwest Airlines  
United Airlines  
US Airways

REGIONAL / COMMUTERS

American Eagle Airlines  
Air Wisconsin d/b/a US Airways Express  
Atlantic Southeast Airlines d/b/a Delta Connection  
Big Sky d/b/a Delta Connection  
Colgan d/b/a US Airways Express  
Comair d/b/a Delta Connection  
Continental Express Airlines  
Freedom d/b/a Delta Connection  
Go Jet d/b/a United Express  
Mesa d/b/a/ US Airways Express  
Jazz Air d/b/a Air Canada  
Piedmont d/b/a US Airways Express  
Pinnacle Airlines d/b/a Northwest AirlinK  
PSA d/b/a US Airways Express  
Republic d/b/a US Airways Express  
Trans States d/b/a United Express

ALL-CARGO CARRIERS

DHL  
Federal Express  
United Parcel Service  
AirNet Systems  
Air Now  
Twin Cities Air Service  
Wiggins Airways

As of December 31, 2007

Source: Albany County Airport Authority

**Statistical****Albany International Airport  
Major Carrier Airline Service**

## SCHEDULED JET AIRLINE SERVICE

<u>CARRIER</u>	<u>NONSTOP SERVICE</u>	<u>ONE-STOP, SAME-PLANE SERVICE</u>
American Eagle	Chicago (ORD)	
Continental Express	Cleveland (CLE) NY - Newark (EWR)	
Delta Connection - ASA - Comair  - Freedom	Atlanta (ATL) Cincinnati (CVG)  JF Kennedy (JFK)	New Orleans (MSY) Houston (IAH) Memphis (MEM) Baltimore (BWI) Washington Dulles (IAD)
Northwest Airlines	Detroit (DTW)	Minneapolis-St. Paul (MSP)
Northwest AirlinK / Pinnacle	Detroit (DTW) Minneapolis (MSP)	
Southwest Airlines	Baltimore (BWI) Las Vegas (LAS) Chicago Midway (MDW) Orlando (MCO) Tampa (TPA)	Burbank (BUR) Fort Lauderdale (FLL) Jacksonville (JAX) Las Vegas (LAS) Phoenix (PHX) Raleigh/Durham (RDU) Reno (RNO)
United Airlines	Chicago (ORD)	
United Express - Go Jet - Transtates	Chicago (ORD) Washington Dulles (IAD)	
US Airways	Charlotte (CLT) Philadelphia (PHL) Washington Dulles (IAD)	Fort Lauderdale (FLL)
US Airways Express - Air Wisconsin  - Mesa - Republic	Philadelphia (PHL) Washington National (DCA) Charlotte (CLT) Philadelphia (PHL) Washington National (DCA)	Pensacola (PNS)

As of January 23, 2008

Source: Official Airline Guide Schedule Tapes, January 2008



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**Albany International Airport  
Commuter Airline Service**

## SCHEDULED COMMUTER AIRLINE SERVICE

<u>CARRIER</u>	<u>NONSTOP SERVICE</u>	<u>ONE-STOP, SAME- PLANE SERVICE</u>
Air Canada	Toronto (YYZ)	
US Airways Express - Colgan Air - Piedmont	NY - La Guardia (LGA) Philadelphia (PHL)	

**Albany International Airport  
Primary Origination & Destination Passenger Markets**

Market	Length	2007		2006		1997	
		Rank	Passengers	Rank	Passengers	Rank	Passengers
Orlando	MH	1	274,910	1	287,660	1	152,820
Baltimore	SH	2	220,340	2	220,710	15	32,510
Southeast Florida (1)	MH	3	145,300	3	154,600	2	109,210
Chicago	MH	4	141,760	4	151,590	3	80,800
Tampa	MH	5	126,610	5	103,140	18	28,880
Las Vegas	LH	6	99,140	6	110,170	12	33,400
Washington, DC (2)	SH	7	69,520	7	99,630	5	77,860
Atlanta	MH	9	66,730	8	80,400	4	78,810
Los Angeles	LH	8	69,090	9	73,340	10	38,930
Denver	MH	10	60,890	10	57,360	17	29,670
Phoenix	LH	11	55,120	12	56,140	19	28,530
Raleigh/Durham	SH	12	49,170	11	56,650	30	17,000
Fort Myers	MH	13	48,170	13	46,180		N/A
Dallas/Ft Worth	MH	14	46,790	15	42,720	17	29,090
Charlotte	SH	15	44,060	21	35,640		N/A
Detroit	SH	16	41,870	18	38,350	9	39,390
San Diego	LH	17	40,170	17	40,550	25	21,590
Jacksonville	MH	18	39,150	14	43,210	35	15,780
Houston	MH	19	38,210	16	42,540	27	18,850
Minneapolis	MH	20	35,750	20	36,520	20	26,020

\* Notes:

- SH Short Haul = 0 to 600 miles
- MH Medium Haul = 601 to 1,800 miles
- LH Long Haul = over 1,801 miles

- (1) Includes Fort Lauderdale, Miami and West Palm Beach
- (2) Includes National and Dulles

N/A-Not Available

Source: O & D Passenger Survey of Airline Passenger Traffic, U.S. DOT, Databank 12

# COMPLIANCE



**Roger B. Kelley, president and CEO of the New York Power Authority and John A. O'Donnell, CEO of the Albany County Airport Authority “test drive” one of Delta Airlines’ new electric tugs. The Power Authority provided a \$185,000 grant for the installation of the charging station that serves Delta’s six electric baggage tugs and three electric baggage belt loaders.**





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

To the Members  
Albany County Airport Authority

- Kevin J. McCoy
- Thomas W. Donovan
- Frank S. Venezia
- James E. Amell
- Carol A. Hausamann
- Benjamin R. Lasher
- Daniel J. Litz

We have audited the financial statements of Albany County Airport Authority (the Authority), a component unit of the County of Albany, New York, as of and for the year ended December 31, 2007 and have issued our report thereon dated March 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Albany County Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Members of the Albany County Airport Authority, management, the United States Department of Transportation, the Federal Aviation Administration, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin & Company, P.C.*  
March 4, 2008

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**Albany County Airport Authority  
Schedule of Expenditures of Federal and  
New York State Department of Transportation Financial Assistance  
For the Year Ended December 31, 2007**

Federal Project Number	NYS Project Number	FAA <*> Percent Participation	Description Of Project	CFDA Number	Total Grant Amount		Expenditures Year Ended 12-31-07		
					FAA	NYS	FAA	NYS	
CAPITAL CONTRIBUTIONS:									
75-03	1913.68	90%	RW 19 Ext. & Safety Area Improvement-Phase I	20.106	\$ 6,900,000	\$ 333,333	\$ 325,107	\$ --	
77-04	1913.70	95%	Terminal Concourse "D" Design	20.106	1,672,000	44,000	231,737	6,098	
78-04	1913.71	95%	RW 19 Obstruction Tree Removals Prop Acq	20.106	809,400	21,300	160,174	4,113	
79-04	1913.72	95%	RW 19 Obstruction - Water Tanks Removal/ Prop Acq Phase 1	20.106	2,491,334	65,561	45,337	1,193	
80-05	1913.73	95%	Airfield Security Patrol Road Improvement	20.106	834,058	21,949	86,465	2,275	
81-05	1913.74	95%	Terminal Conc "D" Security Checkpoint Improv	20.106	2,680,591	70,542	2,941	77	
82-05	1913.75	95%	Southern Terminal Ramp Construction Phase II	20.106	1,330,773	35,020	50	--	
83-05	1913.76	95%	NE Airfield Quad Air Cargo Ramp Improvement	20.106	1,130,181	29,741	22,085	365	
85-05	1913.78	95%	Runway 01 & 10 FAR Part 77 Obs Removal	20.106	503,500	13,250	153,313	4,035	
87-06	1913.80	95%	Terminal & GA Apron Pavement Rehab	20.106	3,176,166	83,583	899,777	23,678	
88-06	1913.81	95%	Noise Abatement and Land Acquisition	20.106	1,651,065	43,449	567,269	14,928	
89-06	1913.82	95%	Terminal Checkpoint Mezzanine Improvement	20.106	309,700	8,150	70,558	1,857	
91-07	1913.84	95%	Terminal Bldg Security Checkpoint, Escalators	20.106	2,137,975	56,263	14,549	383	
92-07	1913.85	95%	Noise Compatibility Program	20.106	4,655,000	122,500	11,597	305	
93-07	1913.86	95%	Runway #1 Lighting	20.106	1,818,623	47,859	403,806	10,627	
NYEDP	1715	100%	Eclipse Maintenance Facility	N/A	N/A	1,500,000	--	1,500,000	
NYSIPA		100%	Rapid Battery Charging Equipment	N/A	N/A	185,000	--	135,000	
AIR99	1913.97	44%	T-Hangars	N/A	N/A	270,000	--	126,155	
TOTAL					<u>\$ 32,100,366</u>	<u>\$ 2,951,500</u>	<u>\$ 2,994,765</u>	<u>\$ 1,831,089</u>	

<\*> The remaining percentage is shared equally between the State of New York and the Authority  
See accompanying notes to Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance

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**Albany County Airport Authority**  
**Notes to Schedule of Expenditures of Federal and**  
**New York State Department of Transportation Financial Assistance**  
**For the Year Ended December 31, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Scope of Audit Pursuant to OMB Circular A-133**

The Albany County Airport Authority (Authority) is a body corporate and politic constituting a public benefit corporation. The Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance includes all of the federal award programs and the New York State Department of Transportation matching grant award for the FAA's Airport Improvement Act (CFDA #20.106) administered by the Albany County Airport Authority, an entity defined in the financial statements.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance was prepared on the accrual basis of accounting.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members  
Albany County Airport Authority

**Compliance**

We have audited the compliance of the Albany County Airport Authority (the Authority), a component unit of the County of Albany, New York with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The Authority's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Albany County Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J Litz

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### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Albany County Airport Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Members of the Albany County Airport Authority, management, the United States Department of Transportation, the Federal Aviation Administration, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin & Company, P.C.*

March 4, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO STATE TRANSPORTATION ASSISTANCE EXPENDED AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Kevin J. McCoy  
Thomas W. Donovan  
Frank S. Venezia  
James E. Amell  
Carol A. Hausamann  
Benjamin R. Lasher  
Daniel J. Litz

To the Members  
Albany County Airport Authority

**Compliance**

We have audited the compliance of the Albany County Airport Authority (the Authority), a component unit of the County of Albany, New York with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to its state transportation assistance program for the year ended December 31, 2007. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws and regulations applicable to the state transportation program tested is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. Those standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

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In our opinion, the Albany County Airport Authority complied in all material respects with the requirements referred to above that are applicable to its state transportation assistance program tested for the year ended December 31, 2007.



### Internal Control Over Compliance

The management of the Albany County Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the state transportation assistance program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the state transportation assistance program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of the state transportation assistance program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a state transportation program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state transportation assistance program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Members of the Albany County Airport Authority, management, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

*Marwin & Company, P.C.*

March 4, 2008

**Albany County Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Albany County Airport Authority.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Albany County Airport Authority were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for the Albany County Airport Authority expresses an unqualified opinion.
6. There were no audit findings related to the major federal award program for the Albany County Airport Authority.
7. The Airport Improvement Program (CFDA #20.106), to include the New York State Department of Transportation (NYSDOT) matching grants for this program, was the major program for the year ended December 31, 2007.
8. The dollar threshold used to distinguish between Type A and B programs was \$500,000.
9. The Albany County Airport Authority was considered a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AND NYS DOT AWARD PROGRAM AUDIT**

NONE



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Members  
Albany County Airport Authority

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

**Compliance**

We have audited the compliance of the Albany County Airport Authority (the Authority), a component unit of the County of Albany, New York with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that are applicable to its passenger facility charge program for the year ended December 31, 2007. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Albany County Airport Authority's management. Our responsibility is to express an opinion on the Albany County Airport Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Albany County Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program tested for the year ended December 31, 2007.

**Internal Control Over Compliance**

The management of the Albany County Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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## Compliance

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A control deficiency in the Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer the passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of the passenger facility charge program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Members of the Albany County Airport Authority, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin & Company, P.C.*

March 4, 2008

**Albany County Airport Authority  
Schedule of Passenger Facility Charges  
Collected and Expended**

**For the Year Ended December 31, 2007**

Quarter Ended	PFC Charges Received	Interest Earned	Total Received	Expenditures On Approved Projects	Net per Financial Statements
Beginning Balance	\$ 44,304,827	\$ 2,268,246	\$ 46,573,073	\$ 42,334,890	\$ 4,238,183
3/31/07	951,228	56,199	1,007,427	--	
6/30/07	1,025,255	64,128	1,089,383	2,320,179	
9/30/07	1,042,372	57,848	1,100,220	--	
12/31/07	909,820	60,384	970,204	1,918,004	
Total 2007	<u>3,928,675</u>	<u>238,559</u>	<u>4,167,234</u>	<u>4,238,183</u>	<u>(70,949)</u>
Receivables at 12/31/07	<u>258,791</u>	--	<u>258,791</u>	--	<u>258,791</u>
Total Program To Date	<u>\$ 48,492,293</u>	<u>\$ 2,506,805</u>	<u>\$ 50,999,098</u>	<u>\$ 46,573,073</u>	
PFC Funds to be used for future debt service payments					<u>\$ 4,426,025</u>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Scope of Audit Pursuant to September 2000 Passenger Facility Charge Audit Compliance and Reporting Guide for Public Agencies.**

The Albany County Airport Authority is a body corporate and politic, constituting a public benefit corporation. The Schedule of Passenger Facility Charges Collected and Expended includes all the PFCs and the interest earnings thereon collected by the Authority beginning May 1, 1994 through December 31, 2007. Passenger Facility Charges are collected pursuant to a Federal Aviation Administration (FAA) approved application in 1994 to impose \$40,726,364. During 1996, the Authority requested and received approval to increase the amount of PFCs to \$116,888,308 projected to be collected through the year 2022.

**B. Basis of Accounting**

The above schedule was prepared on an accrual basis of accounting. Passenger Facility Charges are recorded as deferred revenue until used for debt service payments under an FAA approved application to use.

**Albany County Airport Authority  
Passenger Facility Charge Program  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. No material weaknesses were identified during the audit of the passenger facility program.
2. The auditor's report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

**B. FINDINGS AND QUESTIONED COSTS**

NONE