



Albany County Airport Authority



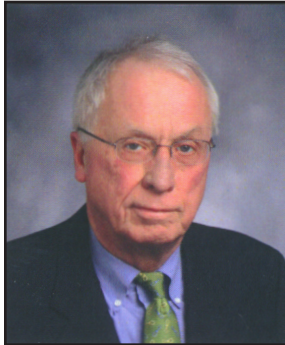
Comprehensive Annual Financial Report Year Ended December 31, 2008

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

Albany County Airport Authority

As of December 31, 2008

Authority Board Members



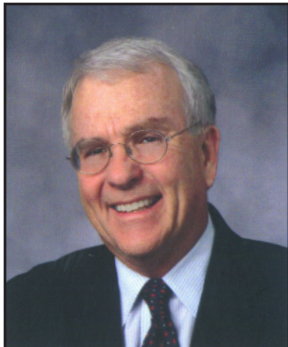
David E. Langdon
Chair

Term Expires: December 31, 2008



Richard J. Sherwood, Esq.
Vice-Chair

Term Expires: December 31, 2008



Daniel M. Sleasman, Esq.
Treasurer

Term Expires: December 31, 2008



Elliot A. Shaw
Secretary

Term Expires: December 31, 2009



Henry E. Dennis, Jr.
Member

Term Expires: December 31, 2007



John A. Graziano, Jr.
Member

Term Expires: December 31, 2009



Dorsey M. Whitehead
Member

Term Expires: December 31, 2008

Authority Management

John A. O'Donnell, PE
William J. O'Reilly, CPA

Chief Executive Officer
Chief Financial Officer



ALBANY COUNTY AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2008

Prepared by the
Finance Department

William J. O'Reilly, CPA
Chief Financial Officer

Margaret Herrmann
Chief Accountant

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

www.albanyairport.com

CUSIP #012123XXX

TABLE OF CONTENTS

	<u>PAGE(S)</u>
I. INTRODUCTORY SECTION	
Albany County Airport Authority:	
Members and Principal Officers	Inside Front Cover
Chairman’s Message	1
Letter of Transmittal	3-11
Organizational Chart	12
Certificate of Achievement for Excellence in Financial Reporting	13
II. FINANCIAL SECTION	
Independent Auditor’s Report.....	18-19
Management’s Discussion and Analysis	20-33
Financial Statements:	
Comparative Statements of Net Assets	34-35
Comparative Statements of Revenues, Expenses and Changes in Net Assets.....	36
Comparative Statements of Cash Flows	37
Notes to Financial Statements	38-69
Supplementary Information:	
Schedule of Debt Service Requirements to Maturity	72-73
Schedule of Governmental Payments and Services	74
III. STATISTICAL SECTION	
Total Annual Revenues, Expenses and Changes in Net Assets	76-77
Changes in Cash and Cash Equivalents.....	78-79
Principal Revenue Sources and Cost per Enplaned Passenger	80-81
Ratios of Outstanding Debt	82-83
Revenue Bond Debt Service	84-85
Population in the Air Trade Area	86
Major Employers in Air Trade Area	87
Colleges and Universities in the Air Trade Area.....	88
Airport Information.....	89

Enplaned Passengers	90-91
Airline Landed Weights	92-93
Aircraft Operations	94-96
Airlines Serving the Albany International Airport	97
Scheduled Jet Airline Service.....	98
Scheduled Commuter Airline Service.....	99
Primary Origination and Destination Passenger Markets.....	100

IV. COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	102-103
Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance and Notes thereto	104-105
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	106-107
Independent Auditors' Report on Compliance with Requirements Applicable to State Transportation Assistance Expended and on Internal Control over Compliance	108-109
Schedule of Findings and Questioned Costs	110
Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance	111-112
Schedule of Passenger Facility Charges Collected and Expended And Notes thereto	113
Passenger Facility Charge Program Schedule of Findings And Questioned Costs	114

Introduction





ALBANY COUNTY AIRPORT AUTHORITY
ALBANY INTERNATIONAL AIRPORT
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March 2, 2009

Chairman's Message

Air travelers and airlines throughout the world found 2008 to be one of the worst years on record. The seemingly endless rise in the price of crude oil to \$140 a barrel drove the cost of aviation fuel to record highs.

The increase was quickly passed on to travelers in the form of higher fares and a number of new fees for checked baggage and basic food service. As enplanements fell, driven by higher ticket prices, the airlines responded by reducing service, dropping flights and flying smaller aircraft.

The economic downturn was felt at Albany International Airport as enplanements dropped by 4.2% over 2007. A change in aircraft size from full size jets to regional jets and turbo props reduced the Airport's landed weight and associated revenue. Further evidence of contraction in the airline industry became evident in November, when, after serving Albany for 80 years, American Airlines terminated service.

However, by monitoring expenses, adjusting Airport parking rates, and continuing to obtain capital grant funding, the Authority completed the fiscal year with a \$4 million increase in net assets.

There were a number of highlights during the year. We were proud to welcome Cape Air to Albany and passengers reacted positively to Southwest Airlines' addition of a direct flight to Fort Lauderdale. The airport completed a project to add two new escalators in the main lobby area along with an overall renovation to the ticketing and baggage claim areas. Also, the TSA completed a multi-million dollar project providing a more modern baggage security system.

Our "green" initiative was expanded with the introduction of electric aircraft tugs and baggage loaders by Delta Airlines. The FAA awarded the airport a \$600,000 grant for the purchase of a glycol recovery vehicle and a runway deicing vehicle to help ensure the continued safe operation of the Airport's runways and ramp areas during winter storms.

The Airport sought to provide our passengers with new and exciting food venues. HMSHost will invest \$3 million to reconstruct six concessions and introduce new themes such as Saratoga Silks, Brioche Dorée, Starbuck's and Dunkin Donuts to the Airport's growing selection of fast food and fine dining venues.

The spotlight was focused on the Airport as Mercedes once again chose our airport as the international launching site for the introduction of many of its new SUV models. Over 100 automotive reporters from around the world were flown by charter to Albany where they picked up test cars for trips through the Adirondacks and Green Mountains.

As we conclude the year, the nation's economy suggests that further adjustments will be necessary within the airline industry and the operation of the nation's airports. With that caveat in mind, we will continue to be diligent in our stewardship of the Albany International Airport and maintain our goal of providing the region's business and leisure travelers with outstanding service.

A handwritten signature in black ink, appearing to read "David E. Langdon".

David E. Langdon
Chairman

ALBANY INTERNATIONAL AIRPORT



Airport Website

www.albanyairport.com



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March 2, 2009

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, 2008 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) in the United States of America. This report consists of four sections: Introductory, Financial, Statistical, and Compliance. The basic financial statements included in the Financial Section have been audited by Marvin and Company, P.C.

This report is management's representations concerning the financial position and changes in net assets 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 designed 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 2008 basic financial statements. The MD&A is located immediately following the report of the independent auditor in the Financial Section. The MD&A is required supplementary information to the basic financial statements, but is not a part of the basic financial statements and was not audited.

INDEPENDENT REVIEW

FINANCIAL AUDIT

The goal of an independent audit is to provide reasonable assurance that the basic financial statements of the Authority for the year ended December 31, 2008 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 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, 2008 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 Passenger Facility Charge Audit 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, 2008 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:

GOALS– 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 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. William O'Reilly, 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 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 2007 the Airport ranked 79th in total enplanements. The Airport ranked 102nd in total aircraft operations and 88th in total cargo based upon statistics compiled by Airports Council International – North America (ACI-NA) for 2007.

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. The first major tenant of this Campus is expected to be a \$4.2 billion semi-conductor manufacturing facility for AMD and will begin construction in July 2009. The new chip fabrication plant is known as Global Foundries and it is believed that the new facility will attract thousands of high-tech companies to the Capital Region. 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 have caused business and leisure passengers to reassess their use of commercial air travel or to elect to use other means of transportation. In 2008, the airlines were especially impacted by high jet fuel prices, forcing a reduction in capacity and reducing the number of flights throughout the system. During the latter part of 2008 the recession has reduced the level of travelers and has weakened the airlines financial stability. The airlines continue to take drastic measures to reduce the number of employees and their operating expenses. The recession has brought about low fuel prices which has provided a stabilizing effect on the financial health of the airlines. The predictions for 2009 and beyond are that the level of travelers will remain consistent and combined with the reduced fuel prices, the airlines should sustain their business models until the overall economy improves.

Some of the potential factors that can impact the airlines and therefore the number of flights and enplanements at this Airport are: (1) a prolong recession combined with increases in fuel cost could cause a spike in ticket prices or reduction in airline revenues; (2) a decline in air passenger travel in 2009 that challenges the Airport's ability to grow operating revenues; (3) airline seat capacity reductions and low fares could weaken airline profits and cause some airlines to further 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.

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 full accrual basis of accounting 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's current Airline Use and Lease Agreement (Agreement) 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 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 current Airline Use and Lease Agreement with the signatory airlines incorporates a hybrid method for calculating airline rates and charges with a residual rate making methodology for the airfield and a compensatory methodology for the terminal. The Agreement provides for the signatory passenger airlines to receive 50% of the Airport's net revenues, as defined in Agreement. 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 2008 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 for 2009 assumed a 1% reduction in 2008 actual enplanements followed by a 1% annual increase in enplanements beginning in 2010 compounded. 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 \$9.00 range through 2011 and debt service coverage should remain in the 1.28 range. 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 \$48.3 million 2009 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 2008, the Authority expended \$48 million financed by \$21 million Federal and State grants, \$20 million of bond proceeds, and \$7 million of capital interest earnings and operating funds. The largest capital project currently in progress is the relocation of two water towers in the Town of Latham Water District to remove a runway obstruction at a total estimated cost of \$6 million. The Airport received \$2.5 million in Federal grants and funded \$2.8 million in expenses for relocation of the distribution network through December 31, 2008. While the project is included in the five-year capital improvement program, the revenue and expenses associated with this project are reported as Non-Operating Income and Non-Operating Expense as they will not result in creation of a capital asset reported by the Airport. 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 2008, or schedule for completion in 2009, have their projected additional operating costs and related revenues incorporated into the Authority's 2009 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 2009 budget, the Authority has projected a 1% decrease in enplanements, a 21% decrease in aircraft operations, and a 3% reduction in landed weights from 2008 actual levels. 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 2009 under the Airline Use and Lease Agreement to meet all projected obligations. For 2009, signatory landing fees have been set at \$2.37 per 1,000 pounds, an increase from \$1.89 in 2008; apron fees at \$1.51 per square foot, an increase from \$1.05 in 2008; and the terminal rental rate at \$87.11, an increase from \$78.84 per square foot in 2008.

As of December 31, 2008, the Authority has \$5.7 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 \$14.4 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 estimated interest payments of \$14.4 million due in 2009 using variable rates in effect at December 31, 2008. The Authority does not anticipate experiencing any cash flow deficiencies during 2009 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, 2008, there is \$149.5 million of debt outstanding issued directly by the Authority to be reduced by \$8.1 million of principal payments during 2009. 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, 2008, the amount of future reimbursements to the County total \$5.5 million of which \$1.0 million will be paid during 2009. Debt service coverage was 1.25 for 2008 and is projected to be 1.25 for 2009 based on the adopted budget.

In January 2008, the Authority issued \$83,200,000 Series 2008A variable rate bonds to refund the Series 1997 bonds as synthetic fixed rate transaction. The Series 2008A variable rate refunding bonds are subject

to an integrated interest rate exchange agreement (swap agreement). Details on the Series 2008A refunding transaction, swap agreement and other terms and conditions related to the bonds and swap agreement are more fully described in the notes to the financial statements.

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 2008 to enhance the services provided to the airlines, the traveling public, and other uses of the Airport. These initiatives include:

- HMS Host was awarded the Food and Beverage Concession Contract and will be opening six new restaurant themes: Dunkin Donuts, Starbucks, Saratoga Silks, Hudson Valley Wine Bar, Brioche Dorée and The Adirondack Lodge.
- A new 10-year agreement for the Rental Car Concessions improves services and revenues.
- Southwest Airlines added a non-stop flight to Fort Lauderdale, Florida.
- A new airline to Albany, Cape Air, commenced new service by providing nine flights per day to Watertown, Ogdensburg and Massena.
- The construction of two new escalators located before the Security Checkpoint were added to improve passenger flow.
- Construction was completed to upgrade the interior finishes in the Ticketing and Baggage Claim areas.
- The first phase of the Obstruction Removal project to relocate the Latham Water Tower was completed.

Some future projects to be undertaken are the result of funding received during 2008 are as follows:

- FAA Grants received included \$1.1 million for the second phase of the Obstruction Removal Project to relocate the Latham Water Tower.
- FAA Grants received for \$600,000 to purchase a Runway Deicing Truck and a Glycol Vacuum Truck.
- The Dormitory Authority processed a \$500,000 grant authorized by New York State to provide funding for the design of the proposed HondaJet Sales and Service Facility.

Strategic business and economic development activities during 2008 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.

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, 2007. This was the twelfth 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 2008 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 2009 budget has been submitted to the GFOA to determine its eligibility for an award.

ACKNOWLEDGMENTS

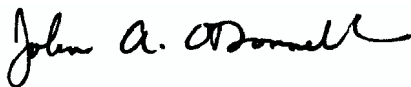
It is the strong continuing commitment of the Authority Board to the highest standards of financial reporting, disclosure and professionalism that the preparation of this report has been accomplished and for that we extend our sincere appreciation. We also give credit for the dedication, service and 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.

CERTIFICATION

The following sections of this report include the basic financial statements of Authority for the fiscal year ended December 31, 2008 including the Independent Auditor's Report on the basic financial statements. The Auditor's Report provides an unqualified opinion. Based on our knowledge the information provided in the basic financial statements is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact which, if omitted, would cause the basic financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents in all material respects the financial condition and results of operations of the Authority as of, and for, the periods presented in the basic financial statements.

Respectfully submitted:



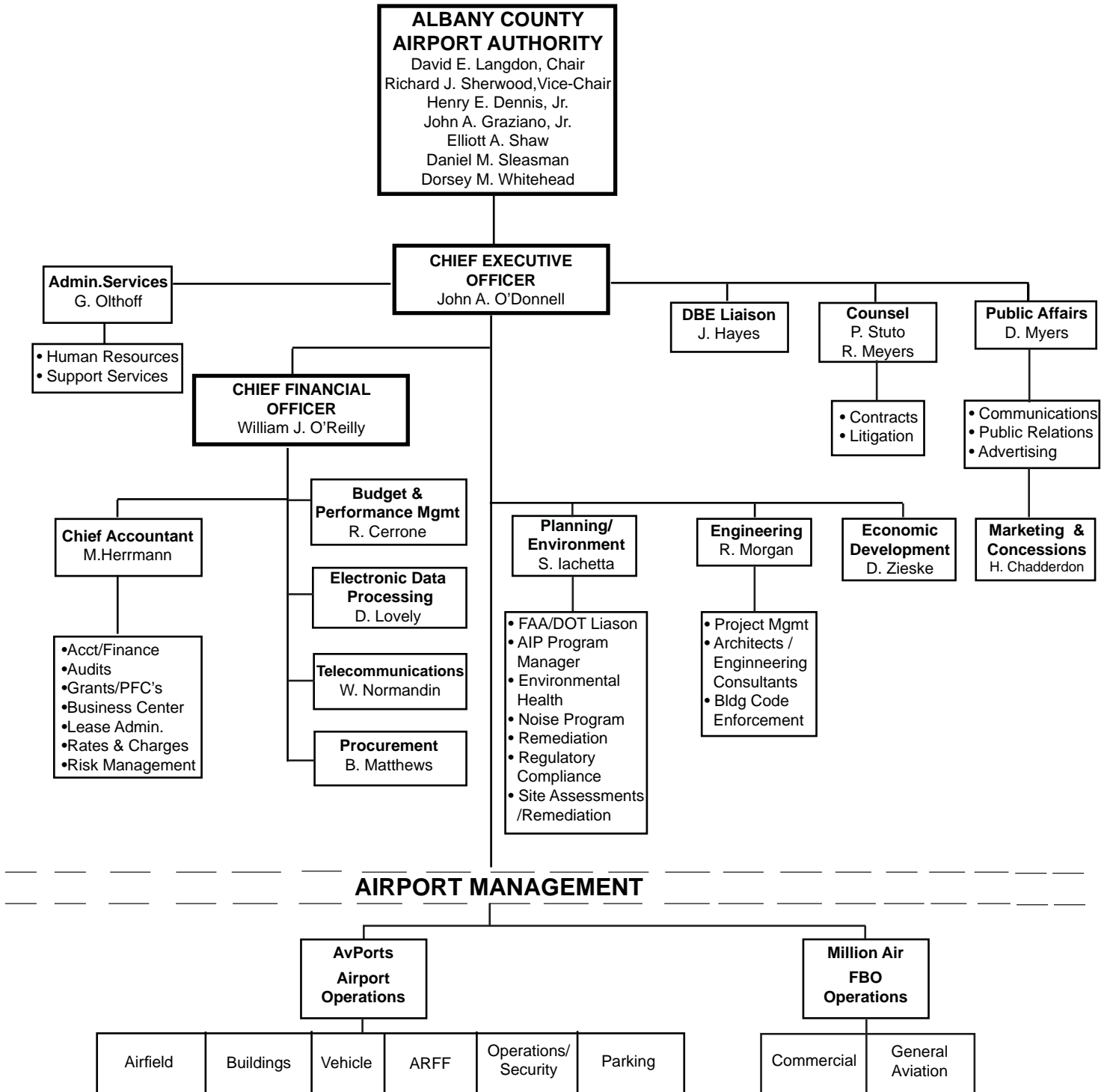
John A. O'Donnell
Chief Executive Officer



William J. O'Reilly, CPA
Chief Financial Officer

ALBANY INTERNATIONAL AIRPORT ORGANIZATIONAL CHART

As of December 31, 2008





Eighteen non-stop jet destinations are served from Albany with a total of 48 daily departures

SERVICE PROVIDED BY

Continental Express
Delta Connection/ASA
Delta Connection/Comair
Delta Connection/Freedom
Northwest Airlines
Northwest AirlinK/Mesaba
Northwest AirlinK/Pinnacle

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

Source: Official Airlines Guides Schedule Tapes, January 2009



Albany has a regional network with 27 daily departures to 9 non-stop jet destinations

SERVICE PROVIDED BY

Air Canada
Cape Air
Continental Connection/Colgan

Continental Connection/Commutair
US Airways Express/Colgan
US Airways Express/Piedmont

Source: Official Airlines Guides Schedule Tapes, January 2009

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Financial





INDEPENDENT AUDITORS' REPORT

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 accompanying statements 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, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

11 British American Blvd.
Latham, NY 12110
Ph: 518-785-0134
Fx: 518-785-0299

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, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Email:

contact@marvincpa.com

Web:

<http://www.marvincpa.com>

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2009 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 audits were 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, 2008, which is the responsibility of the Authority's management, is presented for 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 preliminary *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, 2008, 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.

Marvin and Company, P.C.

March 2, 2009

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, 2008 with selected comparative information for the years ended December 31, 2007 and December 31, 2006. 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 represent 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 operating revenues, operating expenses, non-operating 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 hangaring 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.

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 increased to 77 in December 2008 from 71 in December 2007 after a decrease from 81 in December 2006. The increase in operations is principally the result of 9 new flights by Cape Air which began in September 2008.

	2008		2007		2006	
	Carriers	Flights	Carriers	Flights	Carriers	Flights
Jet Service						
Major Carriers	4	23	4	22	4	22
Regional Carriers	9	26	11	34	11	39
Commuter Service						
Regional Carriers	5	26	3	14	4	19
Foreign Carriers	1	2	1	1	1	1
Total	19	77	19	71	20	81

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.

	2008	2007	2006
Total Available Seats	1,919,343	2,030,417	2,033,414
Passenger Load Factor	72%	71%	72%

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

	2008	2007	2006
Enplanements	1,380,483	1,440,385	1,447,553
% increase/(decrease)	-4.2%	-0.5%	-6.6%
Aircraft Landed Weight	1,691,306,632	1,753,689,173	1,755,804,771
% increase/(decrease)	-3.6%	-0.1%	-13.2%
Operations (take-offs and landings)			
Commercial	59,469	67,546	69,296
General Aviation	28,841	37,820	41,539
Military	5,214	5,409	6,830
Total	93,524	110,775	117,665
% increase/(decrease)	-15.6%	-5.9%	0.6%

As of December 31, 2008, two regularly scheduled express mail and various special cargo carriers serve the airport.

	2008	2007	2006
Mail and Express Cargo Tons	23,875	28,959	28,458
% increase/(decrease)	-17.6%	1.8%	9.0%

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 2008 compared to 2007 and 2007 compared to 2006 is as follows:

	Notes	2008 vs. 2007		2007 vs. 2006	
		Change in Operations	Change in Landed Weight	Change in Operations	Change in Landed Weight
Air Canada		(46)	(381,793)	(52)	(381,805)
American Eagle	1	(376)	(8,387,357)	(304)	11,594,612
Cape Air	2	1,732	5,932,101	-	-
Continental		(1,300)	1,780,280	(1,020)	(8,892,367)
Delta	3	(2,120)	(19,188,543)	2,158	24,328,101
Independence Air	4	-	-	(28)	(526,860)
Northwest	3	72	(12,592,914)	(98)	(9,935,803)
Southwest		(170)	(344,000)	544	42,878,000
United	5	(224)	(6,348,953)	(1,078)	(21,953,261)
US Airways	5	(1,156)	(21,498,259)	(412)	(35,738,538)
Charters		(12)	(1,353,107)	-	(3,487,676)
Total		(3,600)	(62,382,545)	(290)	(2,115,597)

Notes:

- 1 – American Eagle discontinued service in November 2008
- 2 – Cape Air began service in September 2008
- 3 – Delta and Northwest both exited bankruptcy in 2007
- 4 – Independence Air discontinued service in January 2006
- 5 – United and US Airways both exited bankruptcy in 2006

ENPLANEMENTS

Enplanements for 2008 compared to 2007 have decreased by 59,902 passengers, compared to a decrease of 7,168 in 2007 vs. 2006. The changes in enplanements by airline, including their express carriers is as follows:

	2008 Market Share	Total 2008 Enplanements	2008 vs. 2007	Total 2007 Enplanements	2007 vs. 2006
Air Canada	0.5%	7,077	(683)	7,760	(226)
American Eagle	2.6%	35,344	(8,484)	43,828	(3,319)
Cape Air	0.2%	2,237	2,237	-	-
Continental	7.7%	106,867	590	106,277	(5,389)
Delta	11.0%	151,489	(7,028)	158,517	1,471
Independence Air	0.0%	-	-	-	(598)
Northwest	8.1%	112,086	(976)	113,062	(648)
Southwest	36.3%	501,437	(14,779)	516,216	27,570
United	12.9%	178,237	(9,971)	188,208	462
US Airways	20.7%	285,709	(20,808)	306,517	(26,491)
Total	100.0%	1,380,483	(59,902)	1,440,385	(7,168)

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

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 2008, 2007 and 2006:

	2008	2008 vs. 2007	2007	2007 vs. 2006	2006
Revenues	\$ 10,193,452	15.6%	\$ 8,817,614	20.7%	\$ 7,307,383
Expenses (inc. cost of sales)	\$ 9,869,118	21.0%	\$ 8,158,671	16.9%	\$ 6,979,115
Retail Gallons Sold					
Jet A	1,056,042	-0.2%	1,058,498	4.6%	1,011,950
AvGas	118,788	-25.3%	158,999	3.4%	153,825
Jet A Fuel Into-Plane Gallons	20,781,139	-6.9%	22,317,200	2.2%	21,839,454

CONCESSIONS

Concession revenue highlights for 2008 compared to 2007 and 2006 are as follows:

	2008	2008 vs. 2007	2007	2007 vs. 2006	2006
Rental Car Revenues					
Sales	\$ 39,520,973	-3.4%	\$ 40,918,219	9.5%	\$ 37,373,071
Authority Revenues	\$ 3,649,493	-3.6%	\$ 3,785,642	7.6%	\$ 3,517,739
Food & Beverage					
Sales	\$ 5,409,375	-2.8%	\$ 5,562,567	12.1%	\$ 4,960,037
Authority Revenues	\$ 500,406	-2.7%	\$ 514,479	8.6%	\$ 473,901
Retail					
Sales	\$ 3,222,120	-4.3%	\$ 3,365,900	5.9%	\$ 3,178,213
Authority Revenues	\$ 417,760	-5.5%	\$ 442,203	7.8%	\$ 410,296
Total Authority Concession Revenues	\$ 5,480,004	-3.6%	\$ 5,686,723	7.9%	\$ 5,269,221
Concession Revenue per Enplanement	\$ 3.97	0.8%	\$ 3.94	8.8%	\$ 3.62

PARKING

The Airport directly manages all on-airport parking operations which at December 31, 2008 consisted 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 2008, compared to 2007 and 2006 are as follows:

	2008	2008 vs. 2007	2007	2007 vs. 2006	2006
Revenues	\$ 10,886,182	-1.9%	\$ 11,093,567	4.3%	\$ 10,639,526
# of Vehicles Parked	768,445	-8.1%	836,220	-3.6%	867,889
Parking Revenue per Enplanement	\$ 7.89	2.4%	\$ 7.70	4.8%	\$ 7.35

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

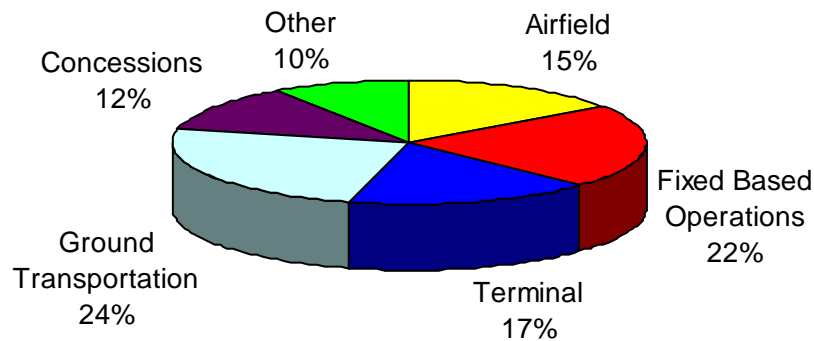
The changes in Net Assets over time may serve as a useful indicator of changes in the Authority's financial position. A summary of the Authority's change in net assets at December 31 is set forth below:

	2008	2007	2006
Operating Revenues	\$ 45,675,300	\$ 42,634,770	\$ 40,116,726
Operating Expenses	<u>(34,231,193)</u>	<u>(31,974,922)</u>	<u>(29,877,731)</u>
Revenues in excess of expenses			
before depreciation	11,444,107	10,659,848	10,238,995
Depreciation	<u>(13,626,882)</u>	<u>(12,968,042)</u>	<u>(12,315,365)</u>
Loss before non-operating income			
and expenses	(2,182,775)	(2,308,194)	(2,076,370)
Non-Operating income and (expenses), net	<u>(2,366,810)</u>	<u>(1,354,217)</u>	<u>(1,613,347)</u>
Loss before capital contributions	(4,549,585)	(3,662,411)	(3,689,717)
Capital Contributions	<u>8,379,148</u>	<u>4,825,854</u>	<u>13,738,847</u>
Net Assets			
Increase in Net Assets	3,829,563	1,163,443	10,049,130
Total net assets, beginning of year	<u>183,834,756</u>	<u>182,671,313</u>	<u>172,622,183</u>
Total net assest, end of year	<u>\$ 187,664,319</u>	<u>\$ 183,834,756</u>	<u>\$ 182,671,313</u>

OPERATING REVENUES AND NON-OPERATING INCOME HIGHLIGHTS

Total 2008 revenues increased \$3.9 million or 7.9% over 2007. The major contributors to these increases are the revenues for the Fixed Based Operations and an increase in Grant income.

Allocation of Revenues by Category



	2008	2007	2006
Operating Revenues			
Airfield	\$ 6,828,222	\$ 5,597,334	\$ 5,881,654
Fixed Based Operations	10,193,452	8,817,614	7,307,383
Terminal	7,689,690	7,574,748	7,406,907
Ground Transportation	11,122,678	11,340,151	10,885,205
Concessions	5,480,004	5,686,723	5,269,221
Other	4,361,254	3,618,200	3,366,356
Non-Operating Income			
Passenger Facility Charges	3,716,492	4,081,962	4,165,815
Grant Income	2,501,420	-	-
Improvement Charges	276,300	276,300	276,300
Insurance Recovery (1)	-	2,929	184,000
Investments Received (2)	-	297,413	-
Interest Income	836,612	1,810,589	1,193,635
Total	\$ 53,006,124	\$ 49,103,963	\$ 45,936,476
<i>Percentage of Increase</i>	<i>7.9%</i>	<i>6.9%</i>	<i>7.1%</i>

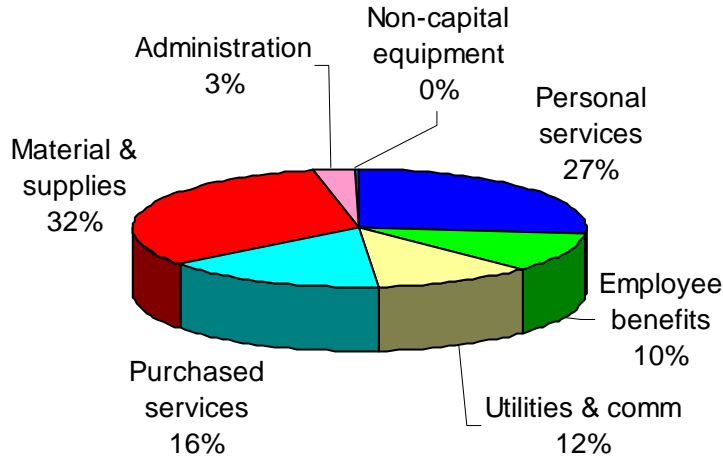
(1) - See Note 14 to financial statements

(2) - See Note 3 to financial statements

OPERATING EXPENSES AND NON-OPERATING EXPENSES HIGHLIGHTS

Total 2008 expenses increased \$4.8 million or 9.1% over 2007. The major contributor to these increases is the expenses for the Fixed Based Operations.

Allocation of Expenses by Category



	2008	2007	2006
Operating Expenses			
Personal services	\$ 9,144,507	\$ 9,195,389	\$ 8,646,222
Employee benefits	3,561,890	3,107,449	3,653,280
Utilities & communications	3,969,307	3,537,556	3,340,973
Purchased services	5,421,146	5,287,637	6,181,508
Material & supplies	11,031,520	9,914,404	7,587,814
Administration	993,415	858,717	315,484
Non-capital equipment	109,408	73,770	152,450
Depreciation	13,626,882	12,968,042	12,315,365
Non-Operating Expenses			
Property Damage (1)	-	2,929	184,000
Loss on Investments (2)	26,614	126,600	-
Grant Expense	2,794,322	-	-
Interest	6,751,363	7,616,204	7,188,094
Amortization of Bond Issuance Costs	125,335	77,677	61,003
Total	\$ 57,555,709	\$ 52,766,374	\$ 49,626,193
<i>Percentage of Increase</i>	<i>9.1%</i>	<i>6.3%</i>	<i>7.1%</i>

(1) - See Note 14 to financial statements

(2) - See Note 3 to financial statements

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 \$187.7 million at December 31, 2008, a \$3.8 million increase from December 31, 2007 due principally to increase in capital contributions received during 2008.

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

	2008	2007	2006
ASSETS			
Capital assets	\$ 299,518,167	\$ 304,240,595	\$ 302,408,701
Other assets	42,433,738	44,045,477	52,211,383
Total Assets	341,951,905	348,286,072	354,620,084
LIABILITIES			
Long-term debt outstanding	139,825,082	155,029,925	161,519,748
Other liabilities	14,462,504	9,421,391	10,429,023
Total Liabilities	154,287,586	164,451,316	171,948,771
NET ASSETS			
Invested in capital assets, net of debt	159,048,126	155,507,466	154,937,110
Restricted	18,634,971	19,100,901	19,259,403
Unrestricted	9,981,222	9,226,389	8,474,800
Total Net Assets	\$ 187,664,319	\$ 183,834,756	\$ 182,671,313

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, 2008). 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, 2008), principally representing bond reserves and PFC funds, are restricted as to use pursuant to bond resolutions and Federal regulations.

Unrestricted net assets totaling \$10.0 million (5% at December 31, 2008) are available to meet any of the Authority's ongoing obligations.

AIRLINE SIGNATORY RATES AND CHARGES

The Authority and airlines entered into a 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. In the 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, 2008, Northwest Airlines has designated Pinnacle Airlines as a signatory airline and Delta has designated ASA and Comair Airlines. As of December 31, 2008, signatories in the Agreement include seven commercial, four affiliate carriers and two cargo airlines.

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. The resulting funds remaining each year are split fifty/fifty between the Authority and the signatory airlines. 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 exercised this provision in 2008 to meet the coverage requirement. 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:

	2008	2007	2006
Landing Fees (per 1,000 lbs. MGLW)	\$ 2.71	\$ 1.80	\$ 1.82
Landing Fee Surcharge (per 1,000 lbs. MGLW)	\$ 0.08	\$ 0.08	\$ 0.08
Terminal Rental Rate (per square foot)	\$ 84.00	\$ 83.42	\$ 82.58
Apron Fees (per square foot)	\$ 1.48	\$ 1.10	\$ 1.05
Loading Bridge (annual rate)	\$ 36,978	\$ 36,183	\$ 37,619
Airline Cost per Enplanement	\$ 8.91	\$ 7.67	\$ 7.78
Revenue Sharing (Charge) Credit to Airlines	\$ (1,716,511)	\$ 400,453	\$ 553,934

CASH MANAGEMENT POLICIES AND CASH FLOW ACTIVITIES

All cash receipts are deposited daily into interest-bearing accounts. The Authority’s cash temporarily idle during 2008 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.

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 2008, 2007 and 2006:

	2008	2007	2006
Cash flows from (used):			
Operating Activities	\$ 7,225,498	\$ 11,047,111	\$ 13,031,560
Investing Activities	945,119	2,091,649	1,386,585
Capital and related financing activities	(13,115,724)	(20,112,661)	5,366,189
Net increases/(decreases) in cash and cash equivalents	(4,945,107)	(6,973,901)	19,784,334
Cash and Cash Equivalents:			
Beginning of period	39,321,706	46,295,607	26,511,273
End of period	<u>\$ 34,376,599</u>	<u>\$ 39,321,706</u>	<u>\$ 46,295,607</u>

The Authority's available cash and cash equivalents decreased in 2008 by \$4,945,107 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:

	2008	2007	2006
Funds available for unrestricted operations	\$ 9,253,593	\$ 12,505,683	\$ 11,543,279
Restricted for:			
Capital Projects	6,014,133	7,169,345	15,054,279
PFCs available for debt service payments	3,725,788	4,167,236	4,238,183
Revenue bond reserves	14,346,210	14,560,640	14,575,719
Other restrictions	1,036,875	918,802	884,147
Total	<u>\$ 34,376,599</u>	<u>\$ 39,321,706</u>	<u>\$ 46,295,607</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, 2008, 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 four years of the five-year plan:

	Total 2005- 2009 Plan	Total 2005- 2008 Activity
Approved Projects		
Airfield	\$ 56,900,000	\$ 15,507,000
Terminal	64,000,000	6,648,000
Landside	134,000,000	22,322,000
Major Equipment	10,000,000	3,202,000
Total	<u>\$ 264,900,000</u>	<u>\$ 47,679,000</u>
Projected Funding Sources		
Federal Funds	\$ 74,710,000	\$ 19,999,000
State Funds	2,340,000	2,629,000
Debt Issuances	178,280,000	20,360,000
Authority Funds	9,570,000	4,691,000
Total	<u>\$ 264,900,000</u>	<u>\$ 47,679,000</u>

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 pledged 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, 2008 for General Airport Revenue Bonds (GARB) (excluding amortization of cost of issuance) is \$144,005,000 compared to \$147,482,000 at December 31, 2007, 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, 2008 and 2007 is summarized below:

	Original Issue	Outstanding at 12-31-08	Outstanding at 12-31-07
Authority Revenue Bonds			
1997 GARB	\$ 93,605,000	\$ -	\$ 80,800,000
1998 GARB Series B & C	30,695,000	19,105,000	20,495,000
1999 NYS EFC	7,895,303	4,815,000	5,172,000
2000 A NYS EFC	2,374,936	720,000	950,000
2000 GARB Series B	14,500,000	12,425,000	12,730,000
2003 GARB Series A	8,885,000	6,465,000	6,970,000
2004 NYS EFC	388,316	210,000	245,000
Unamortized Swaption Loan	5,330,000	4,886,114	5,330,000
2006 GARB Series A & B	14,230,000	13,330,000	13,790,000
2006 GARB Series C	6,330,000	6,205,000	6,330,000
2008 Refunding Series A	83,200,000	80,730,000	-
Total Authority Debt Obligations	<u>\$ 267,433,555</u>	<u>\$ 148,891,114</u>	<u>\$ 152,812,000</u>
County of Albany General Obligation (GO) bonds	21,100,121	4,419,356	5,427,371
Total Debt Obligations including reimbursement to County	<u>\$ 288,533,676</u>	<u>\$ 153,310,470</u>	<u>\$ 158,239,371</u>

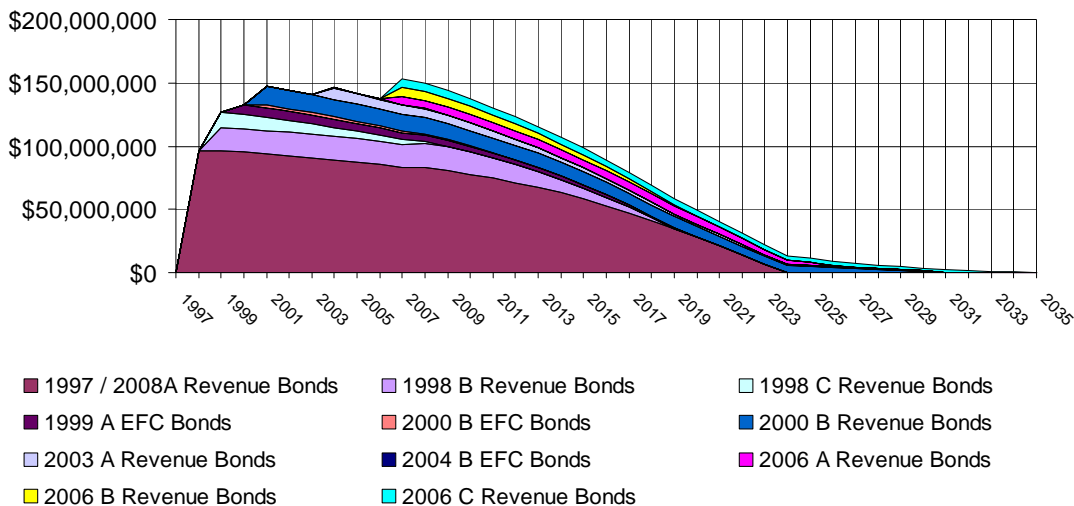
INTEREST RATE SWAPTION AND INTEREST RATE EXCHANGE AGREEMENT

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

The 2005 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 of the option to February 1, 2008. On January 31, 2008 the Authority paid \$240,000 for a partial termination of the swaption’s notional amount whereby the notional amount of the forward starting swap was reduced by \$1.7 million in 2008 and by \$1.3 million in each subsequent year through 2023. On January 31, 2008 the Authority issued \$83,200,000 of Series 2008A variable rate bonds to refund all of the then outstanding Series 1997 bonds. The forward starting Interest Rate Exchange Agreement, as extended, also became effective on January 31 2008, whereby the Authority pays monthly fixed interest payments at annual rate of interest equal to 4.56% net of 70% on the One Month London Inter Bank Offer Rate (LIBOR). The transaction is a synthetic fixed rate refunding whereby the payments on the Authority’s Series 2008A variable rate bonds are expected to approximate 70% of One Month LIBOR. Thus, when the actual interest paid at variable rates on the Series 2008A bonds is added to the monthly swap payment, which is the 4.56% fixed rate net of 70% of One Month LIBOR, the combined payments are intended to approximately equal a fixed rate of interest equal to 4.56% annually. The upfront payment received in 2005 from the bank, net of the issuance costs and partial termination payment paid in 2008, is being reported as a loan and amortized as a reduction of the interest expense reported on the Series 2008A refunding 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 certain 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 1998, 2003, 2006 bond issues and Financial Guaranty Insurance Corporation insures the 2000 issue. The Series 2008A bond is backed by a direct pay letter of credit issued by the Bank of America, expiring January 30, 2011, subject to renewal or termination. The Authority's underlying credit ratings remained unchanged during 2008 and are: Moody's Investors Service "A3", Fitch Ratings "A-" and Standard and Poor's "BBB+".

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 (\$5.6 million at December 31, 2008) and a repair and replacement reserve of \$500,000. Also provided for in the bond resolution for each bond issue, the Authority maintains debt service reserve funds. As of December 31, 2008 the debt service reserve funds total \$14.3 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, 2008, the Authority has collected PFCs, including interest earnings thereon, totaling \$54,466,098, or 46.6% 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 (10.4% in 2006, 9.1% in 2007 and currently estimated at 7.6% for 2008) of employees' payroll. Employer contribution rates are established annually by the New York State Comptroller 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 provides to employees the opportunity to participate in a voluntary deferred compensation plan (IRC 457(b)). 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 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 recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Certain funds are reported as restricted based upon constraints placed on their use by contributors, grantors and debt covenants. 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: boreilly@albanvairport.com or in writing to, Albany County Airport Authority, Administration Building, Suite 204, Albany, NY 12211-1057.

Respectfully submitted,



William J. O'Reilly, CPA
Chief Financial Officer

Albany County Airport Authority
Statements of Net Assets
As of December 31, 2008 and December 31, 2007

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 9,253,593	\$ 12,505,683
Accounts receivable - net	3,909,410	2,262,967
Investments	144,196	170,813
Prepaid Expenses	566,041	268,763
Total Unrestricted Assets	<u>13,873,240</u>	<u>15,208,226</u>
Restricted Assets:		
Capital Funds:		
Cash and cash equivalents	6,014,133	7,169,345
Grant funds receivable	2,731,269	880,847
Passenger Facility Charge Fund:		
Cash and cash equivalents	3,725,788	4,167,236
Passenger Facility Charge receivable	249,492	258,791
Revenue Bond Funds:		
Cash and cash equivalents	14,346,210	14,560,640
Investments	442,237	442,237
Accrued interest receivable	14,494	10,590
ANCLUC Trust Funds:		
Cash and cash equivalents	245,665	226,976
Concession Improvement Trust Funds:		
Cash and cash equivalents	791,210	691,826
Total Restricted Assets	<u>28,560,498</u>	<u>28,408,488</u>
Total Current Assets	<u>42,433,738</u>	<u>43,616,714</u>
NON-CURRENT ASSETS		
Prepaid Expenses	413,328	428,763
Capital Assets		
Land and easements	38,454,904	37,001,632
Buildings, improvements and equipment, net of depreciation	253,000,043	251,297,465
Construction in Progress	7,649,892	15,941,498
Total Capital Assets	<u>299,104,839</u>	<u>304,240,595</u>
Total Non-Current Assets	<u>299,518,167</u>	<u>304,669,358</u>
TOTAL ASSETS	<u>\$ 341,951,905</u>	<u>\$ 348,286,072</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
 Statements of Net Assets
 As of December 31, 2008 and December 31, 2007

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	\$ 403,058	\$ 1,270,705
Accrued expenses	3,320,865	4,746,905
Due to Albany County	367,193	363,832
Accrued interest payable	214,230	29,158
Current maturities of long - term debt	1,003,189	1,006,353
Total Payable from Unrestricted Assets	<u>5,308,535</u>	<u>7,416,953</u>
Payable from Restricted Assets:		
Construction contracts payable	748,992	935,217
Construction contract retainages	524,503	818,179
Accrued interest payable	143,250	338,593
ANCLUC Trust Funds	245,665	226,976
Concession Improvement Trust	791,210	691,826
Current maturities of long - term debt	7,456,355	5,898,373
Total Payable From Restricted Assets	<u>9,909,975</u>	<u>8,909,164</u>
Total Current Liabilities	<u>15,218,510</u>	<u>16,326,117</u>
LONG - TERM DEBT, net of unamortized bond discount, unamortized loss on refunding and accretion of capital appreciation bonds	<u>139,069,076</u>	<u>148,125,199</u>
Total Liabilities	<u>154,287,586</u>	<u>164,451,316</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of Related Debt	159,048,126	155,507,466
Restricted:		
Bond Reserve Funds	14,659,691	14,674,874
Passenger Facility Charges	3,975,280	4,426,027
Total Restricted:	<u>18,634,971</u>	<u>19,100,901</u>
Unrestricted	<u>9,981,222</u>	<u>9,226,389</u>
Total Net Assets	<u>187,664,319</u>	<u>183,834,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 341,951,905</u>	<u>\$ 348,286,072</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
 Statements of Revenues, Expenses and Changes in Net Assets
 As of December 31, 2008 and December 31, 2007

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Operating Revenues		
Airfield	\$ 6,828,222	\$ 5,597,334
Fixed Based Operations	10,193,452	8,817,614
Terminal	7,689,690	7,574,748
Concessions	5,480,004	5,686,723
Ground transportation	11,122,678	11,340,151
Other revenue	4,361,254	3,618,200
Total Operating Revenues	<u>45,675,300</u>	<u>42,634,770</u>
Operating Expenses		
Airfield	2,899,413	3,004,887
Fixed Based Operations	8,957,197	7,387,239
Terminal	5,785,346	5,807,086
Loading Bridges	287,694	272,531
Landside	4,755,049	4,586,456
Public safety	3,155,547	3,351,583
Aircraft Rescue and Fire Fighting	1,453,357	1,466,961
Vehicle maintenance	1,209,556	1,113,462
Administration	5,728,034	4,984,717
Total Operating Expenses	<u>34,231,193</u>	<u>31,974,922</u>
Revenues in excess of expenses before depreciation	11,444,107	10,659,848
Depreciation	<u>13,626,882</u>	<u>12,968,042</u>
Operating Loss Before Non-Operating Income and Expenses	<u>(2,182,775)</u>	<u>(2,308,194)</u>
Non-Operating Income and (Expenses)		
Passenger Facility Charges	3,716,492	4,081,962
Grant income	2,501,420	-
Improvement charges	276,300	276,300
Property damage	-	(2,929)
Insurance recovery	-	2,929
Interest income	836,612	1,810,589
Investments received	-	297,413
Decrease in fair value of investments	(26,614)	(126,600)
Grant expense	(2,794,322)	-
Interest expense	(6,751,363)	(7,616,204)
Amortization of bond issue costs	(125,335)	(77,677)
Total Non-Operating Income and (Expenses)	<u>(2,366,810)</u>	<u>(1,354,217)</u>
Loss before Capital Contributions	(4,549,585)	(3,662,411)
Capital Contributions	<u>8,379,148</u>	<u>4,825,854</u>
Net Assets		
Increase in Net Assets	3,829,563	1,163,443
Total Net Assets, beginning of period	<u>183,834,756</u>	<u>182,671,313</u>
Total Net Assets, end of period	<u>\$ 187,664,319</u>	<u>\$ 183,834,756</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Statements of Cash Flows
As of December 31, 2008 and December 31, 2007

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Cash Flows From Operating Activities		
Cash received from providing services	\$ 44,028,857	\$ 43,116,237
Cash paid to suppliers	(35,545,627)	(30,878,585)
Cash paid to employees	(1,257,735)	(1,190,541)
Net Cash Provided By Operating Activities	<u>7,225,495</u>	<u>11,047,111</u>
Cash Flows From Investing Activities		
Interest received	832,708	1,853,089
Interest on Passenger Facility Charges	112,411	238,560
Net Cash Provided by Investing Activities	<u>945,119</u>	<u>2,091,649</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(8,971,021)	(15,733,030)
Principal payments made on bonds and notes payable	(6,885,016)	(6,554,932)
Interest paid	(7,398,066)	(7,647,211)
Payment of 1997 refunded bonds	(82,416,000)	-
Proceeds from 2008A refunding bonds	83,200,000	-
Less: Cost of Issuance	(889,198)	-
Grant income	2,501,420	-
Grant expense	(2,794,322)	-
ANCLUC Trust Funds	18,689	(84,659)
Concession Improvement Trust Funds	99,384	119,314
Improvement charges	276,300	276,300
Contributed capital	6,528,726	5,582,880
Passenger facility charges	3,613,380	3,928,677
Net Cash Used By Capital and Related Financing Activities	<u>(13,115,724)</u>	<u>(20,112,661)</u>
Net decrease in cash and cash equivalents	(4,945,110)	(6,973,901)
Cash and cash equivalents, beginning of period	<u>39,321,706</u>	<u>46,295,607</u>
Cash and cash equivalents, end of period	<u>\$ 34,376,596</u>	<u>\$ 39,321,706</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Loss before non-operating income and expenses	\$ (2,182,775)	\$ (2,308,194)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	13,626,882	12,968,042
(Increase) decrease in assets:		
Accounts receivable	(1,646,443)	481,467
Due to/from County of Albany	3,361	117,102
Prepaid Expenses	(281,843)	(3,450)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(2,293,687)	(207,856)
Net Cash Provided By Operating Activities	<u>\$ 7,225,495</u>	<u>\$ 11,047,111</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Notes to Financial Statements

Note		Page
1	Organization and Reporting Entity	39
2	Summary of Significant Accounting Policies	40
3	Cash, Cash Equivalents and Investments	45
4	Receivables	45
5	ANCLUC Trust Funds	46
6	Due To / (From) County of Albany	46
7	Capital Assets	47
8	Long-Term Indebtedness	47
9	Contributed Capital and Net Assets	64
10	Airline Lease and Use Agreements	65
11	Airport Tenant Agreements	65
12	Pension Plan	66
13	Other Post Employment Benefits (OPEB)	66
14	Risk Management	68
15	Commitments and Contingencies	68

ALBANY COUNTY AIRPORT AUTHORITY

Notes to Financial Statements

December 31, 2008

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 redevelopment project described in the enabling legislation, known as the Terminal Improvement Program (see Note 15), 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.

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 which was extended in 2008 for an additional five 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 such, the Authority is included 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 operating 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 1998, 2000, 2003, 2006 and 2008 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.

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. No interest was capitalized in 2008. In 2007, interest of \$72,152 was capitalized.

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 an effective interest method. 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, 2008, the Authority has collected PFCs including interest earnings thereon totaling \$54,466,098.

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 2008A Refunding 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 2008, the Authority has applied \$39.5 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.

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. Some estimates, such as the liability for Other Post Employment Benefits (OPEB) (Note 13) have the potential to vary more significantly over time than other estimates.

Change in Accounting Principles

Effective January 1, 2008 The Authority implemented Governmental Accounting Standards Board Statement Number 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB Statement 45) as more fully described under Note 13 Other Post Employment Benefits. Also effective January 1, 2008 the Authority implemented Governmental Accounting Standards Board Statement Number 49 – Accounting and Financial Reporting for Pollution Remediation Obligations (GASB Statement 49). GASB Statements 45 and 49 were implemented prospectively and required no restatements to previously reported Amounts or Net Assets.

Implementation of Accounting Standards not yet in Effect

In June of 2007 the Governmental Accounting Standards Board issued Statement 51 - Accounting and Financial Reporting for Intangible Assets. In June of 2008 the Governmental Accounting Standards Board issued Statement 53 - Accounting and Financial Reporting for Derivative Instruments. Both standards must be implemented in the Authorities fiscal year beginning January 1, 2010. The Authority is still evaluating the effect these accounting standards will have on the Authority's future financial statements.

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	
	2008	2007	2008	2007
Cash and Cash Equivalents				
Cash on hand	\$ 120,196	\$ 119,148		
Cash in bank accounts	34,256,403	39,202,558	\$ 35,872,132	\$ 48,691,299
Total Cash and Cash Equivalents	<u>34,376,599</u>	<u>39,321,706</u>		
Investments				
U.S. Treasury SLUG bond maturing 2019 at 5.073%	442,237	442,237		
Stock distributions	144,196	170,813		
Total Investments	<u>586,433</u>	<u>613,050</u>		
Total cash, cash equivalents and investments	<u>\$ 34,963,032</u>	<u>\$ 39,934,756</u>		

The Authority's deposits are secured by \$500,000 from the Federal Depository Insurance Corporation plus \$35,298,764 and \$49,593,118 of pledged collateral held by a third party trustee bank at December 31, 2008 and 2007, respectively. All investments were registered in the Authority's name.

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

Airline	Shares Received	Value Date Received	Market Value 12/31/08
Delta/Northwest *	11,566	\$ 231,416	\$ 132,678
US Airways	1,490	\$ 69,341	\$ 11,518

* Northwest was purchased by Delta on October 29, 2008 and 4,326 shares of Northwest were exchanged for Delta shares.

During 2008 and 2007, 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 12-31-08	As of 12-31-07
Airlines	\$ 3,366,839	\$ 1,756,883
Concessions	68,512	181,350
Other	502,543	464,356
Sub-Total	<u>3,937,893</u>	<u>2,402,589</u>
Less Allowances	(28,483)	(139,622)
Net Accounts Receivable	<u>\$ 3,909,410</u>	<u>\$ 2,262,967</u>

NOTE 5 - ANCLUC Trust Funds

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

	As of 12-31-08	As of 12-31-07
Opening Balance	\$ 226,976	\$ 311,635
Revenues received	15,189	14,748
Funds expended	(2,200)	(111,616)
Interest received	5,700	12,209
Ending Balance	<u>\$ 245,665</u>	<u>\$ 226,976</u>

During 2008, \$2,200 was expended for relocation of residents within the runway protection zone to outside the zone. \$111,616 was expended in 2007 for similar expenses.

NOTE 6 - Due to County of Albany

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

	As of 12-31-08	As of 12-31-07
Reimbursement of expenses due to County	<u>\$ 367,193</u>	<u>\$ 363,832</u>
	<u>\$ 367,193</u>	<u>\$ 363,832</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, 2008 and 2007 totaled \$3,225,652 and \$3,279,753, respectively, including \$1,207,739 and \$1,269,145, respectively, representing the Airport's reimbursement of debt service payments on the County's general obligation debt issued for Airport capital projects.

NOTE 7 - Capital Assets

Capital Assets balances and activity for the year ended December 31, 2008 was as follows:

	Total 12-31-07	Additions	Transfers	Total 12-31-08
Capital Assets that are not depreciated:				
Land and Easements	\$ 37,001,632		\$ 1,453,272	\$ 38,454,904
Construction in Progress	15,941,498	\$ 8,491,126	(16,782,732)	7,649,892
Total	52,943,130	8,491,126	(15,329,460)	46,104,796
Capital Assets that are depreciated:				
Buildings	190,975,383		10,081,246	201,056,629
Improvements, other than buildings	172,638,198		5,091,661	177,729,859
Machinery and Equipment	8,764,003		156,553	8,920,556
Sub-total	372,377,584	-	15,329,460	387,707,044
Less accumulated depreciation:				
Buildings	(56,767,371)	(6,663,878)		(63,431,249)
Improvements	(58,845,529)	(5,907,429)		(64,752,958)
Machinery and Equipment	(5,467,219)	(1,055,575)		(6,522,794)
Sub-total	(121,080,119)	(13,626,882)	-	(134,707,001)
Total depreciable Capital Assets, net	251,297,465	(13,626,882)	15,329,460	253,000,043
Total Capital Assets, Net	\$ 304,240,595	\$ (5,135,756)	\$ -	\$ 299,104,839

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 2008 were as follows:

	Outstanding at 12-31-07	Issued	Payments	Outstanding at 12-31-08
Authority Revenue Bonds				
1997 GARB	\$ 78,889,236	\$ (78,889,236)	\$ -	\$ -
1998 GARB Series B & C	20,116,538	-	1,371,319	18,745,219
1999 NYS EFC	5,131,641	-	354,521	4,777,120
2000 A NYS EFC	937,424	-	226,955	710,469
2000 GARB Series B	12,458,151	-	312,652	12,145,499
2003 GARB Series A	6,702,528	-	504,650	6,197,878
2004 NYS EFC	241,756	-	34,537	207,219
Unamortized Swaption Loan	4,985,037	(240,000)	443,886	4,301,151
2006 GARB Series A & B	13,805,997	-	458,953	13,347,044
2006 GARB Series C	6,217,635	-	122,989	6,094,646
2008 Refunding Series A	-	78,447,654	2,025,430	76,422,224
Total Authority Debt Obligations	\$ 149,485,943	\$ (681,582)	\$ 5,855,892	\$ 142,948,469
County of Albany General Obligation (GO) bonds	5,543,982	-	963,831	4,580,151
Total Debt Obligations including reimbursement to County	\$ 155,029,925	\$ (681,582)	\$ 6,819,723	\$ 147,528,620

Authority Debt Issues:**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 12-31-08	As of 12-31-07
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)
Net 1998 Series B GARB outstanding	18,103,947	18,103,947
Less current portion including amortization	<u>904,594</u>	<u>—</u>
Long - Term Portion	<u>\$ 17,199,353</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, 2008:

Year Ended	Principal	Interest	Total
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	1,850,000	594,225	2,444,225
2014-2018	10,660,000	1,566,075	12,226,075
2019-2023	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
TOTAL	<u>\$ 18,455,000</u>	<u>\$ 5,322,480</u>	<u>\$ 23,777,480</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 12-31-08	As of 12-31-07
1998 Series C General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$650,000 in 2009 with interest 4.50% due semi-annually on June 15 and December 15	\$ 650,000	\$ 2,040,000
Less amortization of:		
Cost of Issuance	<u>(8,728)</u>	<u>(27,409)</u>
Net 1998 Series C GARB outstanding	641,272	2,012,591
Less current portion including amortization	<u>641,272</u>	<u>1,371,319</u>
Long - Term Portion	<u>\$ ---</u>	<u>\$ 641,272</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, 2008:

Year Ended	Principal	Interest	Total
2009	\$ 650,000	\$ 29,250	\$ 679,250
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014-2018	-	-	-
2019-2023	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
TOTAL	<u>\$ 650,000</u>	<u>\$ 29,250</u>	<u>\$ 679,250</u>

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 12-31-08	As of 12-31-07
1999 Series A Airport Revenue Bond Issue:		
Principal paid annually on October 1, in payments of \$363,000 in 2009 to \$879,000 in 2019 with interest at 4.43% to 5.43% due semi-annually on April 15 and October 15	\$ 4,815,000	\$ 5,172,000
Less amortization of:		
Cost of Issuance	(37,880)	(40,359)
Net 1999 Series A Revenue Bond issue outstanding	4,777,120	5,131,641
Less current portion including amortization	360,454	354,521
Long - Term Portion	<u>\$ 4,416,666</u>	<u>\$ 4,777,120</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, 2008:

Year Ended	Principal	Interest	Int. Subsidy	Total
2009	\$ 363,000	\$ 255,239	\$ (157,294)	\$ 460,945
2010	368,000	236,584	(143,791)	460,793
2011	374,000	217,506	(130,161)	461,345
2012	385,000	197,951	(116,403)	466,548
2013	390,000	177,731	(102,392)	465,339
2014-2018	2,056,000	571,234	(296,974)	2,330,260
2019-2023	879,000	47,433	(15,154)	911,279
2024-2028	-	-	-	-
2029-2033	-	-	-	-
2034-2037	-	-	-	-
TOTAL	<u>\$ 4,815,000</u>	<u>\$ 1,703,678</u>	<u>\$ (962,169)</u>	<u>\$ 5,556,509</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 12-31-08	As of 12-31-07
2000 Series B Airport Revenue Bond Issue:		
Principal paid annually on July 15, in payments of \$235,000 in 2009 to \$485,000 in 2010 with interest at 4.60% to 5.082% due semi-annually on January 15 and July 15	\$ 720,000	\$ 950,000
Less amortization of:		
Cost of Issuance	<u>(9,531)</u>	<u>(12,576)</u>
Net 2000 Series B Revenue Bond issue outstanding	710,469	937,424
Less current portion including amortization	<u>231,889</u>	<u>226,955</u>
Long - Term Portion	<u>\$ 478,580</u>	<u>\$ 710,469</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, 2008:

Year Ended	Principal	Interest	Int. Subsidy	Total
2009	\$ 235,000	\$ 36,493	\$ (12,843)	\$ 258,650
2010	485,000	24,648	(6,555)	503,093
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014-2018	-	-	-	-
2019-2023	-	-	-	-
2024-2028	-	-	-	-
2029-2033	-	-	-	-
2034-2037	-	-	-	-
TOTAL	<u>\$ 720,000</u>	<u>\$ 61,141</u>	<u>\$ (19,398)</u>	<u>\$ 761,743</u>

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:

	As of 12-31-08	As of 12-31-07
2000 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$320,000 in 2009 to \$910,000 in 2030 with interest at 4.25% to 5.25% due semi-annually on June 15 and December 15	\$ 12,425,000	\$ 12,730,000
Less amortization of:		
Cost of Issuance	(185,379)	(189,930)
Original Issue Discount	<u>(94,122)</u>	<u>(81,919)</u>
Net 2000 Series B GARB issue outstanding	12,145,499	12,458,151
Less current portion including amortization	<u>328,652</u>	<u>312,652</u>
Long - Term Portion	<u>\$ 11,817,361</u>	<u>\$ 12,145,499</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, 2008:

Year Ended	Principal	Interest	Total
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	390,000	570,663	960,663
2014-2018	2,260,000	2,545,440	4,805,440
2019-2023	2,890,000	1,912,389	4,802,389
2024-2028	3,725,000	1,072,838	4,797,838
2029-2033	1,775,000	140,955	1,915,955
2034-2037	-	-	-
TOTAL	<u>\$ 12,425,000</u>	<u>\$ 8,696,862</u>	<u>\$ 21,121,862</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 consists of the following:

	As of 12-31-08	As of 12-31-07
2003 Series A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$520,000 in 2009 to \$135,000 in 2033 with interest at 1.75% to 4.25% due semi-annually on June 15 and December 15	\$ 6,465,000	\$ 6,970,000
Less amortization of:		
Cost of Issuance	<u>(267,122)</u>	<u>(267,472)</u>
Net 2003 Series A GARB issue outstanding	6,197,878	6,702,528
Less current portion including amortization	<u>524,784</u>	<u>504,650</u>
Long - Term Portion	<u>\$ 5,673,094</u>	<u>\$ 6,197,878</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, 2008:

Year Ended	Principal	Interest	Total
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	585,000	157,863	742,863
2014-2018	1,750,000	590,963	2,340,963
2019-2023	845,000	341,111	1,186,111
2024-2028	500,000	194,087	694,087
2029-2033	605,000	79,686	684,686
2034-2037	-	-	-
TOTAL	<u>\$ 6,465,000</u>	<u>\$ 2,174,848</u>	<u>\$ 8,639,848</u>

2004 Series B NYS Environmental Facilities Corporation Bonds

In 2004 The Authority, through the New York State Environmental Facilities Corporation (EFC) entered into a \$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:

	As of 12-31-08	As of 12-31-07
2004 Series B Airport Revenue Bond Issue:		
Principal paid annually on November 15, in payments of \$35,000 in 2009 to \$70,000 in 2013 with interest at 1.056% to 3.375% due semi-annually on May 15 and November 15	\$ 210,000	\$ 245,000
Less amortization of:		
Cost of Issuance	<u>(2,781)</u>	<u>(3,244)</u>
Net 2004 Series B issue outstanding	207,219	241,756
Less current portion including amortization	<u>34,537</u>	<u>34,537</u>
Long - Term Portion	<u>\$ 172,682</u>	<u>\$ 207,219</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, 2008:

Year Ended	Principal	Interest	Int. Subsidy	Total
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
2014-2018	-	-	-	-
2019-2023	-	-	-	-
2024-2028	-	-	-	-
2029-2033	-	-	-	-
2034-2037	-	-	-	-
TOTAL	<u>\$ 210,000</u>	<u>\$ 22,117</u>	<u>\$ (10,022)</u>	<u>\$ 222,095</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 12-31-08	As of 12-31-07
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
Less 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, 2008:

Year Ended	Principal	Interest	Total
2009	\$ -	\$ 290,650	\$ 290,650
2010	-	290,650	290,650
2011	-	290,650	290,650
2012	-	290,650	290,650
2013	-	290,650	290,650
2014-2018	-	1,453,250	1,453,250
2019-2023	3,215,000	1,247,000	4,462,000
2024-2028	3,100,000	280,575	3,380,575
2029-2033	-	-	-
2034-2037	-	-	-
TOTAL	<u>\$ 6,315,000</u>	<u>\$ 4,434,075</u>	<u>\$ 10,749,075</u>

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 12-31-08	As of 12-31-07
2006 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$480,000 in 2009 to \$300,000 in 2020 with interest at 4.5% to 4.75% due semi-annually on June 15 and December 15	\$ 7,015,000	\$ 7,475,000
Less Amortization of:		
Cost of Issuance	12,812	11,768
Net 2006 Series B GARB outstanding	7,027,812	7,486,768
Less current portion including amortization	480,677	458,956
Long - Term Portion	<u>\$ 6,547,135</u>	<u>\$ 7,027,812</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, 2008:

Year Ended	Principal	Interest	Total
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	575,000	235,363	810,363
2014-2018	3,320,000	739,099	4,059,099
2019-2023	1,060,000	64,600	1,124,600
2024-2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
TOTAL	<u>\$ 7,015,000</u>	<u>\$ 2,222,936</u>	<u>\$ 9,237,936</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 12-31-08	As of 12-31-07
2006 Series C General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$130,000 in 2009 to \$380,000 in 2035 with interest at 4.0% to 4.25% due semi-annually on June 15 and December 15	\$ 6,205,000	\$ 6,330,000
Less amortization of:		
Cost of Issuance	<u>(110,354)</u>	<u>(112,365)</u>
Net 2006 Series C GARB outstanding	6,094,646	6,217,635
Less current portion including amortization	<u>128,128</u>	<u>122,989</u>
Long - Term Portion	<u>\$ 5,966,518</u>	<u>\$ 6,094,646</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, 2008:

Year Ended	Principal	Interest	Total
2009	\$ 130,000	\$ 272,263	\$ 402,263
2010	135,000	267,063	402,063
2011	140,000	261,663	401,663
2012	145,000	256,063	401,063
2013	150,000	250,263	400,263
2014-2018	855,000	1,155,315	2,010,315
2019-2023	1,040,000	967,226	2,007,226
2024-2028	1,280,000	727,626	2,007,626
2029-2033	1,585,000	421,525	2,006,525
2034-2037	745,000	56,250	801,250
TOTAL	<u>\$ 6,205,000</u>	<u>\$ 4,635,257</u>	<u>\$ 10,840,257</u>

2008 Series A General Airport Revenue Bonds

On January 31, 2008, the Authority issued \$83,200,000 of General Airport Revenue Bonds (GARB) maturing in the years 2008 through 2023 to refund \$80,800,000 of Series 1997 bonds then outstanding. At the time of the transactions, this resulted in an estimated \$7,862,290 in future cash flow savings with an estimated present value gain of \$6,868,889. These savings are based upon an estimate of future debt service and remarketing fees and letter of support costs on the bonds which are integrated with an interest rate exchange agreement (swap agreement) as more fully described later. Actual savings ultimately realized will vary with changes in estimated interest rates, swap rates, letter of credit fees and other support costs. The refunding transaction, while resulting in lower estimated future debt service costs, resulted in a loss in the year it occurred equivalent to the difference between the carrying amount of the bonds refunded (\$78,889,236) and their reacquisition price (\$82,992,384). This loss of \$4,103,148 has been deferred and is being amortized into future interest costs over the life of the new bonds which is the same as the remaining life of the refunded bonds, using the effective interest method.

The 2008 Series A bonds pay a variable rate of interest, which resets weekly to a rate determined by the bond remarketing agent. The 2008 Series A bond is supported by a direct pay letter of credit (the Support Facility) issued by a bank. Under the bank letter of credit agreement, the paying agent is authorized to draw on the letter of credit bank for the entire principal on the bonds outstanding, plus up to 35 days of interest calculated at a rate of 12 percent. The 2008 Series A bond, at the option of the holder, can be tendered back to the letter of credit bank on 7 days notice. The bonds are also subject to early mandatory tender if the then-effective Support Facility for the 2008 Series A Bonds is to expire or terminate on any date (the "Expiration Date"), and no substitute Alternate Support Facility has been obtained. The 2008 Series A bonds shall be subject to mandatory tender for purchase at the applicable Purchase Price on the 5th Business Day preceding the Expiration Date. The Support Facility expires on January 30, 2011 subject to termination or renewal as permitted in the agreement.

The original proceeds of the Series 1997 Bonds were issued in 1997 and 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 2008 Series A General Airport Revenue Bonds consists of the following:

	As of 12-31-08	As of 12-31-07
2008A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$3,010,000 in 2009 to \$6,625,000 in 2023 with interest at variable rates due monthly on the first business day	\$ 80,730,000	N/A
Less amortization of:		
Cost of Issuance	(588,647)	N/A
Deferred Loss on Refunding	<u>(3,719,309)</u>	N/A
Net 2008 Series A GARB outstanding	76,422,224	N/A
Less current portion including amortization	<u>3,352,018</u>	N/A
Long - Term Portion	<u>\$ 73,070,206</u>	N/A

The Authority entered into a forward starting interest rate exchange agreement, commonly referred to as a swaption, in March 2005 that provided the Authority an up-front payment of \$5,330,000 from a bank counterparty. Under the agreement, the Authority agreed to grant an option to the bank counterparty where at the bank counterparty's option, the Authority would issue variable rate refunding bonds on December 15, 2007 (the commitment date) that would be subject to an interest rate exchange agreement related to the principal amount of the remaining maturities of its then outstanding Series 1997 bonds (the notional amount) until their final maturity. Prior to the expiration of the commitment date, the Authority obtained an agreement for an extension of time to execute the bank counterparty's option and a partial termination of the notional amount of the swap transaction. The Authority paid a partial termination fee of \$240,000 and an extension fee of \$121,000 at the extended option exercise date, January 31, 2008. The option was executed by the bank counterparty and the Authority issued the 2008 Series A refunding bonds on January 31, 2008. The partial termination fee has been recorded as a reduction of the original upfront payment received and the extension fee has been recorded as a part of the 2008 Series A bond issuance costs. The remaining upfront payment is being amortized as a reduction in the reported interest cost of the 2008 Series A bonds. The unamortized balance of the upfront payment is reported on the balance sheet as an outstanding loan.

The synthetic fixed swap rate payment is based upon 4.56% of the 2008A Series A bonds outstanding offset by 70 percent of the One Month London Interbank Offered Rate (1M-LIBOR). The offsetting payment from the swap counterparty bank, based upon 70 percent of 1M-LIBOR, is intended to reimburse the Authority for the cost of the variable rate interest payments on its 2008A Series A bonds. The transaction is subject to netting whereby Authority pays only the swap counterparty's bank a net settlement amount each month.

The following table represents the future minimum debt service payments remaining to maturity on the 2008 Series A bonds and swap agreement based upon rates in effect on December 31, 2008.

Year Ended	Principal	Interest	Net Future Swap Payments	Less Amortization of Upfront Swap Loan	Interest Net of Swap Amortization	Total Interest, Swap and Principal Payments
2009	\$ 3,010,000	\$ 1,089,855	\$ 3,822,263	\$ (469,864)	\$ 4,442,254	\$ 7,922,118
2010	3,200,000	1,049,220	3,679,751	(452,345)	4,276,625	7,928,971
2011	3,415,000	1,006,020	3,528,243	(433,721)	4,100,542	7,949,263
2012	3,635,000	959,918	3,366,555	(413,845)	3,912,628	7,961,473
2013	4,470,000	910,845	3,194,451	(392,688)	3,712,608	8,575,296
2014-2018	28,130,000	3,537,000	12,404,718	(1,524,890)	14,416,827	44,071,718
2019-2023	34,870,000	1,423,710	4,993,136	(613,797)	5,803,048	41,286,846
	<u>80,730,000</u>	<u>9,976,568</u>	<u>34,989,115</u>	<u>(4,301,150)</u>	<u>40,664,533</u>	<u>125,695,683</u>

The 2008 Series A 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.

Interest Rate Exchange Agreement (swap)

The Authority's 2008 Series A bonds are subject to a swap agreement. The intention of the swap agreements was to effectively change the Authority's interest rate on the 2008 Series A bonds to a synthetic fixed rate of approximately 4.56 percent.

The following table includes the terms for the Authority's swap transaction:

Corresponding bond series.....	2008 Series A
Final maturity of bonds	December 15, 2023
Final maturity of related swap agreement	December 15, 2023
Swap current notional amount.....	\$80,730,000
Variable rate bonds	\$80,730,000
Fixed payment rates paid to counterparty's.....	4.56%
Variable payments received, computed as	70% of One Month LIBOR

As of December 31, 2008, average rates were as follows:

Effective fixed payment to counterparty.....	4.56%
Less variable payment received from counterparty.....	<u>0.31%</u>
Net interest rate swap payments	4.25%
Variable rate bond rate	<u>1.35%</u>
Approximate synthetic interest rate on bonds.....	5.60%

Fair Value of the Interest Rate Swap Agreement

Due to the fact that interest rates have changed since execution of the swaps, the swaps had an estimated fair value at December 31, 2008 equal to their termination cost which would have required the Authority to pay \$18,217,330 to the swap counterparty at December 31, 2008 had it terminated the swap at that date. Swap termination payments potentially owed by the Authority are secured by a subordinate lien on the Authority's Net Revenues which is junior and inferior to the lien on and pledge of Net Revenues created for the payment and security of the Revenue Bonds and any other bonds, notes, certificates, and certain other obligations provided for in the agreement. The fair value of the swap fluctuates with the change in the One Month LIBOR rate which affects the amount of the payments the Authority is due each month from its swap counterparty. Because the interest the Authority pays on variable rate bond adjusts with changing market based interest rates, the bonds do not have a corresponding change in their fair value. The fair value was estimated using the zero-coupon method. This method calculates 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 are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk of the Interest Rate Swap Agreement

The swap agreement requires the counterparty to post collateral in certain circumstances including circumstances whereby its Rating or its credit support provider have a Rating below A3 or A- assigned by anyone of the Rating Agencies. The swap counterparty ratings were Standard & Poor's A+, Moody's Aa1, and Fitch AA.

Basis Risk of the Interest Rate Swap Agreements

The swap agreement exposes the Authority to basis risk should the relationship between the One Month LIBOR and actual variable rate payments converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate 4.56 percent for the 2008 Series A notional amount and the actual synthetic rate.

Termination Risk of the Interest Rate Swap Agreements

The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes "additional termination events", providing that the swaps may be terminated if either the Authority's or the counterparty's credit quality rating falls below certain levels. Either the Authority or the counterparty may terminate the swap agreements if the other party fails to perform under the terms of the contract. If the swap agreement is terminated, the related variable rate bonds would no longer be hedged and the Authority would no longer effectively be paying a synthetic fixed rate with respect to those bonds. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap agreement's fair value.

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 12-31-08	As of 12-31-07
1993 Drainage System:		
Principal paid annually on October 1, in payments ranging from \$276,100 in 2009 to \$81,180 in 2014 with interest at 3.3% to 5.0% due semi-annually on April 1 and October 1	\$ 1,274,355	\$ 1,547,371
Less amortization of:		
Discount	(23,596)	(29,496)
Bond Issue Costs	(21,603)	(25,361)
Accretion of capital appreciation	234,940	213,679
	<u>1,464,096</u>	<u>1,706,193</u>
2002 Refunding:		
Principal paid annually on June 1, in payments ranging from \$735,000 in 2009 to \$410,000 in 2013 with interest at 5.35% to 5.85% due semi-annually on June 1 and December 1	3,145,000	3,880,000
Less amortization of Deferred Refunding	<u>(28,945)</u>	<u>(42,211)</u>
	3,116,055	3,837,789
Total County Bond Issues outstanding	4,580,151	5,543,982
Less current portion including amortization	<u>1,003,189</u>	<u>1,006,353</u>
Long-Term Portion	<u>\$ 3,576,962</u>	<u>\$ 4,537,629</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, 2008:

Year Ended	Principal	Interest	Total
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	503,074	202,338	705,412
2014-2018	81,180	181,665	262,845
2019-2023	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2037	-	-	-
TOTAL	<u>4,419,354</u>	<u>796,810</u>	<u>5,216,164</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 Revenue Bonds			
1998 GARB Series B & C	\$ 1,545,866	\$ 17,199,353	\$ 18,745,219
1999 NYS EFC	360,454	4,416,666	4,777,120
2000 A NYS EFC	231,889	478,580	710,469
2000 GARB Series B	328,138	11,817,361	12,145,499
2003 GARB Series A	524,784	5,673,094	6,197,878
2004 NYS EFC	34,537	172,682	207,219
Unamortized Swaption Loan	469,864	3,831,287	4,301,151
2006 GARB Series A & B	480,677	12,866,367	13,347,044
2006 GARB Series C	128,128	5,966,518	6,094,646
2008 Refunding Series A	3,352,018	73,070,206	76,422,224
Total Authority Debt Obligations	\$ 7,456,355	\$ 135,492,114	\$ 142,948,469
County of Albany General Obligation (GO) bonds	1,003,189	3,576,962	4,580,151
Total Debt Obligations including reimbursement to County	\$ 8,459,544	\$ 139,069,076	\$ 147,528,620

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. The Act authorizes the Authority to issue bonds, notes or other obligations in the aggregate outstanding principal amount not exceeding \$285,000,000. In addition, the Authority is authorized to issue refunding bonds, provided that upon a refunding the aggregate principal amount of bonds, notes or other obligations outstanding under the Act may be greater than \$285,000,000 only if the present value of the aggregate debt service of the refunding bonds, notes or other obligations does not exceed the present value of the refunded bonds, notes or other obligations (calculated as provided in the Act). As of December 31, 2008, the Authority had \$144.0 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.

The Authority adopted a Derivatives Policy which allows for the use of Derivative Financial products for capital financing. The Derivatives Policy prohibits the use of Derivative Financial products for either investment or speculation. The Derivatives Policy recognizes derivatives as non-traditional financial products, including but not limited to, floating to fixed rate swaps, swaptions, caps, floors, collars and municipal warrants. The Derivatives Policy requires:

- that transactions entered into under the policy must be for a market transaction for which competing good faith quotations may be obtained at the discretion of the Authority and with the advice and recommendation of the Authority's swap advisor, and other financial professionals;
- that transactions should produce material economic benefit believed to not otherwise be attainable under the current existing market conditions, or existing conventional debt structures, and improve the flexibility of debt management strategies;

- employ a structure that will attempt to minimize any additional floating rate basis risk, tax law risk or credit risk to the Authority and justify the acceptance of these risks for a particular transaction, based on the additional benefits to the Authority; and
- limits the total amount of derivative financial product transactions so as not to exceed thirty-three percent (33%) of the total authorized debt limit of the Authority (currently \$285 million).

The Authority adopted a Variable Rate Debt Policy which allows for the use of variable rate debt within prescribed limitations. The Variable Rate Debt Policy recognizes permanent and interim uses of variable rate debt. Interim use of variable rate debt may occur during the construction phase of a project for which the Authority intends to obtain permanent financing at the conclusion of the construction phase. The Variable Rate Debt Policy provides that:

- “Permanent Variable Rate Debt Exposure” includes variable rate debt which the Authority does not intend to be refinanced by a long-term fixed rate debt;
- “Net Permanent Variable Rate Debt Exposure” is permanent variable rate debt that is not offset by the cash, cash equivalent and short-term investment assets of the Authority;
- permanent variable rate debt excludes, with some exceptions, variable debt that has been synthetically changed to fixed rate debt by the use of a financial derivative hedge product with a fixed-payer interest rate swap;
- net permanent variable rate debt, excluding synthetic fixed rate transactions, should not generally exceed twenty percent (20%) of the Authority’s outstanding indebtedness.

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 2008	Year Ended 2007
County of Albany	\$ 46,824,500	\$ -	\$ -
Federal	100,767,306	7,692,456	2,994,765
State	66,090,269	686,692	1,831,089
Total	<u>\$ 213,682,075</u>	<u>\$ 8,379,148</u>	<u>\$ 4,825,854</u>

Unrestricted net assets consist of the following:

	As of 12-31-08	As of 12-31-07
Designations of unrestricted net assets		
Operating and maintenance reserve	\$ 5,687,430	\$ 5,266,265
Renewal and replacement reserve	500,000	500,000
Total designations	<u>6,187,430</u>	<u>5,766,265</u>
Undesignated unrestricted net assets	3,793,792	3,460,124
Total unrestricted net assets	<u>\$ 9,981,222</u>	<u>\$ 9,226,389</u>

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 2008, the revenue sharing was fifty percent to the airlines and fifty percent to the Authority. Under these formulas, the airlines were billed an additional \$1.7M for the Rates & Charges Settlements offset by their portion of the revenue sharing. In 2007, the airlines were credited \$400,453.

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 2008 of \$7,001,747 by \$1,462,108. In 2007 the revenues exceeded the MAG amounts due of \$6,214,355 by \$2,409,052. 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:

2009	\$	4,030,046
2010		3,873,066
2011		3,617,616
2012		3,301,253
2013		3,473,847
2014-2031		<u>38,942,578</u>
Total	\$	<u><u>57,238,406</u></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, 2008, 2007 and 2006 were \$129,096, \$153,768 and \$165,682, respectively, or approximately 7.6%, 9.1%, and 10.4%, 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 - Other Post-employment Benefits

The Authority adopted a policy to pay for the cost of post-employment health insurance for eligible employees. The policy provides that all full-time and regular part-time employee with ten or more years of service with the Authority (including any years with the State of New York or Albany County immediately preceding becoming an Authority employee) who retires from the Authority and is collecting retirement benefits through the New York State and Local Employees' Retirement System, shall receive health

insurance benefits from the Authority as a retired employee. Such benefits shall be equal to the health insurance benefits received by the employee at the time of their retirement and the costs thereof to the retired employee shall be at the same rate or percentage sharing the employee was paying at the time of their retirement. The plan is a single-employer defined benefit plan. Effective January 1, 2008, the Authority implemented GASB Statement 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero.

The Authority used the following facts, actuarial methods and assumptions in determination of the OPEB liability and 2008 OPEB Expense:

- The plan is identified as a Single-Employer defined-benefit Plan
- Premiums paid for coverage under the Community Rated Plan (insurance premiums are based upon multiple employers).
- The future Rate of Return on the Authority's unrestricted funds deposits will be 3.04% equal to the Authority's average rate of interest earned on deposits of money over the past five years
- The future rate of Payroll growth will be 3%
- Amortization period of Unfunded Accrued OPEB liability is 30 years
- Amortization method chosen was "Level Percent of Payroll"
- The annual rate of health care costs increase would be 9% in 2009 and gradually decline to 5% in 2013 and thereafter.
- The actuarial cost method chosen was the "Entry Age Actuarial Cost Method"
- The Unfunded Actuarial Accrued Liability and Annual Required Contribution was calculated using the Alternative Measurement Method
- Actuarial table used was RP2000 Mortality Table for Males and Females Projected 10 years

Based upon the above assumptions and methods the Authority's Net OPEB Obligation was determined to be as follows:

Annual Required Contribution	\$437,689
Interest on Net OPEB Obligation	\$0
Adjustment to Annual Required Contribution	\$0
Annual OPEB Cost (Expense)	\$437,689
Age Adjusted Contributions Made	<u>(\$16,648)</u>
Change in Net OPEB Obligation (NOO)	\$421,041
Net OPEB Obligation (NOO) – Beginning of Year	\$0
Net OPEB Obligation (NOO) – End of Year	<u>\$421,041</u>

The funding policy under the plan is to provide payments on a pay-as-you-go basis. During 2008 the Authority paid \$16,648 for in for health care insurance premiums for retired employees and their dependents. The following table provides a schedule of the Authority's Funding Progress of the OPEB liability:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ -	\$ 3,226,067	\$ 3,226,067	0.00%	\$ 1,881,000	171.51%

The following table presents the History of the Authority's Net OPEB Obligation:

Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 437,689	\$ 16,648	3.80%	\$ 421,041

NOTE 14 - 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 and named the operator of the Airport, Macquarie Aviation North America 2 (AvPorts) as an additional insured. In addition, 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, 2008 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, 2008. There was no reduction in insurance coverage during 2008. Changes in the balance of claims paid directly by the Authority during the past three years are as follows:

	As of 12-31-08	As of 12-31-07	As of 12-31-06
Unpaid claims, beginning of year	\$ -	\$ -	\$ -
Claims incurred	2,934	1,584	2,467
Claims paid	(2,934)	(1,584)	(2,467)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 15 - 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, 2008, the Authority has outstanding contractual commitments for completion of certain capital improvement projects totaling \$6.9 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 86.1% of accounts receivable and airline revenues represent 29.0% of operating revenues for the year ended December 31, 2008.

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, 2008 and 2007 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.

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Supplemental



Albany County Airport Authority
Debt Service Requirements to Maturity

COMBINED COUNTY AND AUTHORITY

YEAR	Principal	Interest	Interest Subsidy	Total
2009	\$ 7,629,100	\$ 7,199,229	\$ (173,478)	\$ 14,654,851
2010	8,171,847	6,846,267	(153,019)	14,865,095
2011	8,027,731	6,460,491	(132,165)	14,356,057
2012	8,386,422	6,081,048	(117,739)	14,349,731
2013	8,983,074	5,881,946	(103,060)	14,761,960
2014	8,812,180	5,455,753	(88,254)	14,179,679
2015	9,391,000	4,848,642	(73,990)	14,165,652
2016	9,827,000	4,389,798	(59,598)	14,157,200
2017	10,303,000	3,909,061	(44,952)	14,167,109
2018	10,779,000	3,404,587	(30,180)	14,153,407
2019	9,054,000	2,876,669	(15,154)	11,915,515
2020	8,600,000	2,422,135	-	11,022,135
2021	9,035,000	1,992,636	-	11,027,636
2022	9,485,000	1,539,578	-	11,024,578
2023	8,625,000	1,063,925	-	9,688,925
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	\$ 148,424,354	\$ 67,345,306	\$ (991,589)	\$ 214,778,071

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 Total
2009	\$ 6,628,000	\$ 7,038,706	\$ (173,478)	\$ 13,493,228
2010	7,208,000	6,724,224	(153,019)	13,779,205
2011	7,084,000	6,376,438	(132,165)	13,328,273
2012	7,460,000	6,034,859	(117,739)	13,377,120
2013	8,480,000	5,679,608	(103,060)	14,056,548
2014	8,731,000	5,274,088	(88,254)	13,916,834
2015	9,391,000	4,848,642	(73,990)	14,165,652
2016	9,827,000	4,389,798	(59,598)	14,157,200
2017	10,303,000	3,909,061	(44,952)	14,167,109
2018	10,779,000	3,404,587	(30,180)	14,153,407
2019	9,054,000	2,876,669	(15,154)	11,915,515
2020	8,600,000	2,422,135	-	11,022,135
2021	9,035,000	1,992,636	-	11,027,636
2022	9,485,000	1,539,578	-	11,024,578
2023	8,625,000	1,063,925	-	9,688,925
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	\$ 144,005,000	\$ 66,548,496	\$ (991,589)	\$ 209,561,907

Albany County Airport Authority
Governmental Payments and Services
For the Years Ended December 31, 2008 and 2007

	2008	2007
FEDERAL AVIATION ADMINISTRATION (FAA)		
Runway 1-19 Airways Facilities Relocation	\$ 35,020	\$ 243,250
UNITED STATES - Department of Agriculture		
Dept. of Agriculture - Wildlife Management Program	7,276	400
STATE OF NEW YORK		
Department of Civil Service - Health Insurance	298,575	286,949
State and Local Employees' Retirement System	122,177	149,853
Unemployment Insurance	3,303	3,495
Department of Labor	-	150
Dept. of Taxation & Finance-Sales Tax	524,597	413,180
Dept. of Taxation & Finance-Petroleum Business Tax	145,433	144,385
Air Pollution & SPDES Program Fees	1,700	2,475
Total State of New York	1,095,785	1,000,487
COUNTY OF ALBANY		
Direct Costs:		
County Clerk	36	-
Sheriff	1,874,697	1,907,782
Code Enforcement	35,100	25,853
Land Rent - Hockey Facility	-	6,500
Dept of Public Works - Salt for Roadways	30,934	44,992
Sewer District Charges	63,583	12,015
Sub Total	2,004,350	1,997,142
County Indirect Cost Allocation Plan	13,563	13,466
Debt Service - Bond Principal & Interest	1,207,739	1,269,145
Total County of Albany	3,225,652	3,279,753
LATHAM WATER DISTRICT - Water Service	85,403	108,714
TOWN OF COLONIE, RECEIVER OF TAXES		
Sewer Taxes	89,234	30,883
Verdoy Fire Dept.	1,950	1,612
Albany County Tax	5,823	4,882
Town of Colonie Tax	4,909	4,029
School Taxes - North Colonie	30,202	19,227
Total Town of Colonie, Receiver of Taxes	132,118	60,633
TOWN OF COLONIE		
Landfill Charges	1,876	3,254
Purchase of 30 Buhrmaster Road	-	250,000
Runway #28 Water Tank Relocation:		
Legal Services	714	-
Legal Notice	109	-
Engineering Services	225,082	-
Construction Services	1,696,228	-
Total Town of Colonie	1,924,009	253,254
VILLAGE OF COLONIE		
Wastewater Conveyance	25,136	-
TOTAL PAYMENTS TO OTHER GOVERNMENTAL ENTITIES	\$ 6,505,263	\$ 4,946,491

Statistical



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

	1999	2000	2001	2002
REVENUES				
Airfield	\$ 5,670,256	\$ 5,133,211	\$ 6,746,631	\$ 7,019,194
Fixed Based Operations	-	-	-	-
Terminal	5,302,522	5,041,551	5,554,460	6,783,704
Concessions	3,396,280	4,233,407	4,120,911	4,070,543
Ground transportation	5,187,693	7,263,009	8,798,313	8,562,950
Other	1,366,668	2,082,166	2,577,134	2,682,166
	<u>20,923,419</u>	<u>23,753,344</u>	<u>27,797,449</u>	<u>29,118,557</u>
OTHER REVENUES				
Interest income	2,650,198	2,590,317	1,745,503	522,038
Passenger Facility Charges	3,260,007	4,729,277	4,513,604	4,125,044
Grant income	-	-	-	-
Insurance recovery	-	-	-	-
Investments received	-	-	-	-
Improvement charges	67	23,025	276,300	276,300
	<u>5,910,272</u>	<u>7,342,619</u>	<u>6,535,407</u>	<u>4,923,382</u>
TOTAL REVENUES	<u>26,833,691</u>	<u>31,095,963</u>	<u>34,332,856</u>	<u>34,041,939</u>
EXPENSES				
Salaries and benefits	6,283,737	8,208,486	9,220,935	9,450,926
Services and supplies	7,411,610	8,332,743	9,558,428	9,980,135
Depreciation	8,594,965	8,873,271	9,203,633	10,084,325
	<u>22,290,312</u>	<u>25,414,500</u>	<u>27,982,996</u>	<u>29,515,386</u>
OTHER EXPENSES				
Property damage	-	-	-	-
Grant expense	-	-	-	-
Interest expense	7,572,503	7,492,574	8,092,198	7,732,596
Amortization of bond issuance costs	99,816	49,200	83,733	82,996
Decrease in fair value of investments	-	-	-	-
	<u>7,672,319</u>	<u>7,541,774</u>	<u>8,175,931</u>	<u>7,815,592</u>
TOTAL EXPENSES	<u>29,962,631</u>	<u>32,956,274</u>	<u>36,158,927</u>	<u>37,330,978</u>
CAPITAL CONTRIBUTIONS	<u>13,253,119</u>	<u>4,811,809</u>	<u>5,090,319</u>	<u>4,202,431</u>
INCREASE IN NET ASSETS	<u>\$ 10,124,179</u>	<u>\$ 2,951,498</u>	<u>\$ 3,264,248</u>	<u>\$ 913,392</u>
NET ASSETS AT YEAR END COMPOSED OF:				
Investment in Capital Assets, net of Related Debt	\$ 114,611,347	\$ 116,778,260	\$ 120,972,589	\$ 120,360,570
Restricted	14,484,526	15,738,825	15,940,542	16,913,925
Unrestricted	4,470,864	4,001,150	2,869,355	3,421,383
	<u>\$ 133,566,737</u>	<u>\$ 136,518,235</u>	<u>\$ 139,782,486</u>	<u>\$ 140,695,878</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,

2003	2004	2005	2006	2007	2008
\$ 8,280,150	\$ 8,393,905	\$ 7,605,974	\$ 5,881,654	\$ 5,597,334	\$ 6,828,222
-	-	1,637,840	7,307,383	8,817,614	10,193,452
7,297,162	7,236,402	8,826,365	7,406,907	7,574,748	7,689,690
4,008,054	4,575,990	5,124,925	5,269,221	5,686,723	5,480,004
9,048,073	10,233,061	10,971,728	10,885,205	11,340,151	11,122,678
3,167,570	3,652,982	3,341,100	3,366,356	3,618,200	4,361,254
31,801,009	34,092,340	37,507,932	40,116,726	42,634,770	45,675,300
366,157	375,317	789,591	1,193,635	1,810,589	836,612
3,871,885	4,378,871	4,314,667	4,165,815	4,081,962	3,716,492
-	-	-	-	-	2,501,420
-	-	-	184,000	2,929	-
-	-	-	-	297,413	-
276,300	276,300	276,300	276,300	276,300	276,300
4,514,342	5,030,488	5,380,558	5,819,750	6,469,193	7,330,824
36,315,351	39,122,828	42,888,490	45,936,476	49,103,963	53,006,124
9,937,522	10,247,096	11,851,491	12,299,502	12,302,838	12,706,397
11,574,119	12,346,379	15,296,745	17,578,229	19,672,084	21,524,796
10,617,922	11,210,367	11,540,462	12,315,365	12,968,042	13,626,882
32,129,563	33,803,842	38,688,698	42,193,096	44,942,964	47,858,075
-	-	-	184,000	2,929	-
-	-	-	-	-	2,794,322
7,780,055	7,675,355	7,443,523	7,188,094	7,616,204	6,751,363
91,339	117,988	133,659	61,003	77,677	125,335
-	-	-	-	126,600	26,614
7,871,394	7,793,343	7,577,182	7,433,097	7,823,410	9,697,634
40,000,957	41,597,185	46,265,880	49,626,193	52,766,374	57,555,709
16,890,954	7,524,212	17,048,492	13,738,847	4,825,854	8,379,148
\$ 13,205,348	\$ 5,049,855	\$ 13,671,102	\$ 10,049,130	\$ 1,163,443	\$ 3,829,563
\$ 132,220,219	\$ 135,120,442	\$ 147,526,592	\$ 154,937,110	\$ 155,507,466	\$ 159,048,126
17,069,227	17,694,772	17,972,351	19,259,403	19,100,901	18,634,971
4,611,780	6,135,867	7,123,240	8,474,800	9,226,389	9,981,222
\$ 153,901,226	\$ 158,951,081	\$ 172,622,183	\$ 182,671,313	\$ 183,834,756	\$ 187,664,319

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

	1999	2000	2001	2002
Cash Flows From Operating Activities				
Cash received from providing services	\$ 20,727,640	\$ 24,042,501	\$ 27,398,310	\$ 28,907,430
Cash paid to suppliers	(12,035,366)	(14,567,091)	(17,784,861)	(18,015,704)
Cash paid to employees	(696,098)	(832,466)	(952,716)	(1,052,565)
Net Cash Provided By Operating Activities	<u>7,996,176</u>	<u>8,642,944</u>	<u>8,660,733</u>	<u>9,839,161</u>
Cash Flows From Investing Activities				
Interest received	2,671,367	2,611,282	1,881,435	523,911
Purchase of Investments	(1,418,000)	(4,000,000)	-	-
Sale of Investments	5,946,968	3,352,430	4,000,000	-
Interest on Passenger Facility Charges	234,659	324,969	240,006	109,883
Net Cash Provided (Used) by Investing Activities	<u>7,434,994</u>	<u>2,288,681</u>	<u>6,121,441</u>	<u>633,794</u>
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(32,880,636)	(28,470,908)	(25,242,166)	(16,699,981)
Principal payments on bonds and notes payable	(3,103,043)	(3,704,259)	(4,228,603)	(4,436,973)
Interest paid	(7,656,968)	(7,453,733)	(8,174,887)	(7,879,154)
Proceeds from debt issuance	2,900,376	16,874,936	-	-
Proceeds from Interest rate swaption	-	-	-	-
Payment of 1997 refunding bonds	-	-	-	-
Less: Cost of Issuance	(58,627)	(305,708)	-	-
Grant income	-	-	-	-
Grant expense	-	-	-	-
ANCLUC Trust Funds	24,280	(32,840)	32,549	23,304
Concession Improvement Trust Funds	68,473	60,576	71,208	71,155
Improvement charges	67	23,025	276,300	276,300
Capital contributions	11,689,740	9,214,611	6,342,630	4,044,486
Passenger facility charges	2,973,510	3,780,112	4,128,834	4,054,540
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(26,042,828)</u>	<u>(10,014,188)</u>	<u>(26,794,135)</u>	<u>(20,546,323)</u>
Net increase (decrease)	(10,611,658)	917,437	(12,011,961)	(10,073,368)
Cash and cash equivalents, beginning of year	<u>55,562,814</u>	<u>44,951,156</u>	<u>45,868,593</u>	<u>33,856,632</u>
Cash and cash equivalents, end of year	<u>\$ 44,951,156</u>	<u>\$ 45,868,593</u>	<u>\$ 33,856,632</u>	<u>\$ 23,783,264</u>

Source: Authority's audited financial statements

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

2003	2004	2005	2006	2007	2008
\$ 30,030,811	\$ 34,323,417	\$ 37,428,970	\$ 40,772,537	\$ 43,116,237	\$ 44,028,857
(20,796,379)	(21,669,596)	(26,122,792)	(26,620,178)	(30,878,585)	(35,545,624)
(826,527)	(986,392)	(1,091,777)	(1,120,799)	(1,190,541)	(1,257,735)
8,407,905	11,667,429	10,214,401	13,031,560	11,047,111	7,225,498
366,157	375,220	789,586	1,151,141	1,853,089	832,708
(237,494)	-	-	-	-	-
-	237,494	-	-	-	-
67,590	66,626	140,766	235,444	238,560	112,411
196,253	679,340	930,352	1,386,585	2,091,649	945,119
(22,846,180)	(10,963,359)	(23,930,371)	(20,863,387)	(15,733,030)	(8,971,021)
(4,691,864)	(5,298,838)	(5,711,504)	(5,879,556)	(6,554,932)	(6,885,016)
(7,862,118)	(7,823,638)	(7,588,462)	(7,192,138)	(7,647,211)	(7,398,066)
8,885,000	338,315	-	20,560,000	-	83,200,000
-	-	5,330,000	-	-	-
-	-	-	-	-	(82,416,000)
(177,700)	(5,141)	(344,962)	(98,929)	-	(889,198)
-	-	-	-	-	2,501,420
-	-	-	-	-	(2,794,322)
24,601	31,896	29,086	27,795	(84,659)	18,689
74,234	82,636	39,976	104,252	119,314	99,384
276,300	276,300	276,300	276,300	276,300	276,300
16,324,205	8,473,103	15,286,472	14,429,114	5,582,880	6,528,726
3,809,789	4,039,368	4,278,885	4,002,738	3,928,677	3,613,380
(6,183,733)	(10,849,358)	(12,334,580)	5,366,189	(20,112,661)	(13,115,724)
2,420,425	1,497,411	(1,189,827)	19,784,334	(6,973,901)	(4,945,107)
23,783,264	26,203,689	27,701,100	26,511,273	46,295,607	39,321,706
\$ 26,203,689	\$ 27,701,100	\$ 26,511,273	\$ 46,295,607	\$ 39,321,706	\$ 34,376,599

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

	1999	2000	2001
PRINCIPAL REVENUE SOURCES			
AIRLINE REVENUE			
Landing Fees	\$ 3,528,147	\$ 2,779,631	\$ 3,851,233
Landing Fee Surcharge	174,450	174,292	174,741
Apron Fees	654,169	774,688	791,224
Fixed Based Operations	-	-	-
Terminal Rents	4,876,580	4,440,134	4,992,621
Loading Bridge Rentals	285,204	367,189	327,545
TOTAL AIRLINE REVENUE	9,518,550	8,535,934	10,137,364
Percent of Total Revenues	35.5%	27.5%	29.5%
NON-AIRLINE REVENUES			
Parking	5,006,322	7,043,032	8,585,782
Rental Car	2,412,293	3,024,062	2,854,422
Other	3,986,254	5,150,316	6,219,881
TOTAL NON-AIRLINE REVENUES	11,404,869	15,217,410	17,660,085
Percent of Total Revenues	42.5%	48.9%	51.4%
NON-OPERATING REVENUES			
PFCs	3,260,007	4,729,277	4,513,604
Grant Income	-	-	-
Interest	2,650,198	2,590,317	1,745,503
Insurance Recovery	-	-	-
Decrease in fair value of investments	-	-	-
Other	67	23,025	276,300
TOTAL NON-OPERATING REVENUES	5,910,272	7,342,619	6,535,407
Percent of Total Revenues	22.0%	23.6%	19.0%
TOTAL REVENUES	\$ 26,833,691	\$ 31,095,963	\$ 34,332,856
Enplaned Passengers	1,175,981	1,442,867	1,517,858
TOTAL REVENUE PER ENPLANED PASSENGER	\$ 22.82	\$ 21.55	\$ 22.62
SIGNATORY AIRLINES RATES AND CHARGES			
Landing Fee (per 1,000 lbs MGLW)	\$ 1.82	\$ 1.63	\$ 1.97
Landing Fee Surcharge (per 1,000 lbs MGLW)	0.08	0.08	0.08
Apron Fees (per sq. foot) effective June 8, 1998	1.27	1.18	1.15
Annual Terminal Rental Rates (per sq. foot)	60.00	78.99	75.31
Annual Loading Bridge Rental (per bridge) effective June 8, 1998	26,588.00	28,245.00	25,196.00
Airline Cost per Enplanement: Airport Operations	8.10	5.91	6.68

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>
For Years Ended December 31,

2002	2003	2004	2005	2006	2007	2008
\$ 4,421,003	\$ 5,043,951	\$ 5,528,586	\$ 5,221,661	\$ 3,711,782	\$ 3,328,473	\$ 4,422,523
173,038	171,565	172,939	170,834	167,426	166,975	168,250
678,315	782,704	805,182	839,471	854,022	916,131	893,046
-	-	-	661,406	1,886,304	2,645,682	2,916,524
5,447,121	6,034,518	6,058,515	7,561,456	5,970,930	6,096,652	6,422,724
348,716	414,277	377,110	408,297	564,292	542,738	542,738
11,068,193	12,447,015	12,942,332	14,863,125	13,154,756	13,696,651	15,365,805
32.5%	34.3%	33.1%	34.7%	28.6%	27.9%	29.0%
8,342,849	8,710,698	10,039,495	10,718,645	10,639,526	11,093,567	10,886,182
2,768,177	2,672,448	2,937,657	3,414,418	3,517,740	3,785,642	3,649,493
6,939,338	7,970,848	8,172,856	8,511,744	12,804,704	14,058,910	15,773,820
18,050,364	19,353,994	21,150,008	22,644,807	26,961,970	28,938,119	30,309,495
53.0%	53.3%	54.1%	52.8%	58.7%	58.9%	57.2%
4,125,044	3,871,885	4,378,871	4,314,667	4,165,815	4,081,962	3,716,492
-	-	-	-	-	-	2,501,420
522,038	366,157	375,317	789,591	1,193,635	1,810,589	836,612
-	-	-	-	184,000	2,929	-
-	-	-	-	-	297,413	-
276,300	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	7,330,824
14.5%	12.4%	12.9%	12.5%	12.7%	13.2%	13.8%
\$ 34,041,939	\$ 36,315,351	\$ 39,122,828	\$ 42,888,490	\$ 45,936,476	\$ 49,103,963	\$ 53,006,124
1,476,988	1,435,848	1,556,796	1,550,402	1,440,385	1,380,483	1,380,483
\$ 23.05	\$ 25.29	\$ 25.13	\$ 27.66	\$ 31.89	\$ 35.57	\$ 38.40
\$ 2.18	\$ 2.62	\$ 2.53	\$ 2.36	\$ 1.82	\$ 1.81	\$ 2.71
0.08	0.08	0.08	0.08	0.08	0.08	0.08
0.99	0.99	1.02	1.04	1.05	1.10	1.48
68.35	73.58	78.10	81.98	82.58	83.42	84.00
26,824.00	34,523.00	26,936.00	29,164.00	37,619.00	36,183.00	36,978.00
7.49	8.67	8.31	9.16	7.78	7.67	8.91

Note - <1> The revenue basis to which these rates apply and their principal payers can be found on pages 88-89, 90-91 and 92-93

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

	1999	2000	2001
Ratio of Authority issued Revenue Bond Debt Service to Total Expenses			
Principal	\$ 2,030,000	\$ 2,648,000	\$ 3,167,303
Interest <1>	6,831,865	6,793,209	7,487,331
Total Debt Service	\$ 8,861,865	\$ 9,441,209	\$ 10,654,634
Total Expenses	\$ 29,962,631	\$ 32,956,274	\$ 36,158,927
Ratio of Debt Service to Total Expenses	29.58%	28.65%	29.47%
Debt Service per Enplaned Passenger			
Net Debt Service	\$ 6,005,679	\$ 6,233,040	\$ 6,551,327
Enplaned Passengers	1,175,981	1,442,867	1,517,858
Debt Service per Enplaned Passenger	\$ 5.11	\$ 4.32	\$ 4.32
Outstanding Debt (Authority and County) per Enplaned Passenger			
Outstanding debt by type:			
County of Albany Debt Issued for the Authority <2>	\$ 14,208,938	\$ 13,101,369	\$ 11,980,680
General Airport Revenue Bond (GARB)	122,359,842	134,314,742	131,719,494
NYS EFC	7,836,676	9,854,314	9,341,648
Total Outstanding Debt	\$ 144,405,456	\$ 157,270,425	\$ 153,041,822
Enplaned Passengers	1,175,981	1,442,867	1,517,858
Outstanding Debt per Enplaned Passenger	\$ 123	\$ 109	\$ 101
Debt Limit per Enplaned Passenger			
Debt Limit <3>	\$ 175,000,000	\$ 175,000,000	\$ 175,000,000
Enplaned Passengers	1,175,981	1,442,867	1,517,858
Debt Limit per Enplaned Passenger	\$ 149	\$ 121	\$ 115

<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.

Source: Authority's audited financial statements and statistics reports

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

2002	2003	2004	2005	2006	2007	2008
\$ 3,364,000	\$ 3,619,936	\$ 4,305,000	\$ 5,711,504	\$ 5,879,556	\$ 6,554,932	\$ 6,885,016
7,295,703	7,361,251	7,384,667	7,577,183	7,249,097	7,693,877	7,513,131
\$ 10,659,703	\$ 10,981,187	\$ 11,689,667	\$ 13,288,687	\$ 13,128,653	\$ 14,248,809	\$ 14,398,147
\$ 37,330,978	\$ 40,000,957	\$ 41,597,185	\$ 46,265,880	\$ 49,626,193	\$ 52,766,374	\$ 57,555,709
28.55%	27.45%	28.10%	28.72%	26.46%	27.00%	25.02%
\$ 6,290,863	\$ 6,816,764	\$ 7,812,290	\$ 9,182,693	\$ 8,721,259	\$ 10,010,625	\$ 10,230,911
1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385	1,380,483
\$ 4.26	\$ 4.75	\$ 5.02	\$ 5.92	\$ 6.02	\$ 6.95	\$ 7.41
\$ 10,805,655	\$ 9,668,325	\$ 8,560,352	\$ 7,519,274	\$ 6,527,880	\$ 5,543,982	\$ 4,580,151
128,937,602	134,615,512	130,949,190	131,855,484	148,071,630	143,175,122	137,253,661
8,817,441	8,292,297	8,100,927	7,515,515	6,920,238	6,310,821	5,694,808
\$ 148,560,698	\$ 152,576,134	\$ 147,610,469	\$ 146,890,273	\$ 161,519,748	\$ 155,029,925	\$ 147,528,620
1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385	1,380,483
\$ 101	\$ 106	\$ 95	\$ 95	\$ 112	\$ 108	\$ 107
\$ 175,000,000	\$ 175,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
1,476,988	1,435,848	1,556,796	1,550,402	1,447,553	1,440,385	1,380,483
\$ 118	\$ 122	\$ 183	\$ 184	\$ 197	\$ 198	\$ 206

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

	1999	2000	2001
NET REVENUES			
Operating Revenues	\$ 20,923,419	\$ 23,753,344	\$ 27,797,449
Interest Income	2,650,198	2,590,317	1,745,503
Investments Received	-	-	-
Improvement Charges	67	23,025	276,300
Total Revenues	\$ 23,573,684	\$ 26,366,686	\$ 29,819,252
LESS: Total Operating Expenses	(13,695,347)	(16,541,229)	(18,779,367)
LESS: Albany County Debt Service	(2,009,555)	(1,878,013)	(1,829,826)
Net Revenues	\$ 7,868,782	\$ 7,947,444	\$ 9,210,059
DEBT SERVICE			
1997 Revenue Bonds	\$ 6,441,628	\$ 6,542,939	\$ 6,590,453
Less: PFC Revenues used for Debt Service	(2,856,186)	(3,208,169)	(4,103,307)
1998 B & C Revenue Bonds	2,370,115	2,376,154	2,376,322
1999 NYS EFC Revenue Bonds	68,643	580,791	759,979
Less: 1999 NYS EFC Interest Subsidy	(18,521)	(108,438)	(267,645)
2000 NYS EFC Revenue Bonds	-	30,250	310,942
Less: 2000 NYS EFC Interest Subsidy	-	-	(49,241)
2000 B Revenue Bonds	-	19,513	933,824
2003 A Revenue Bonds	-	-	-
2004 NYS EFC Revenue Bonds	-	-	-
Less: 2004 NYS EFC Interest Subsidy	-	-	-
2006 A & B Revenue Bonds	-	-	-
2006 C Revenue Bonds	-	-	-
2008 A Refunding Bonds	-	-	-
Less: Interest paid from bond proceeds	-	-	-
Net Debt Service	\$ 6,005,679	\$ 6,233,040	\$ 6,551,327
DEBT SERVICE COVERAGE <1>	1.31	1.28	1.41
<1> Does not include required amounts held in Bond Reserve Accounts as follows:			
1997 Revenue Bonds	\$ 8,370,000	\$ 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	442,237
2000 NYS EFC Bonds	-	237,494	237,494
2000 B Revenue Bonds	-	926,700	926,700
2003 A Revenue Bonds	-	-	-
2004 NYS EFC Bonds	-	-	-
2006 A & B Revenue Bonds	-	-	-
2006 C Revenue Bonds	-	-	-
2008 A Refunding Bonds	-	-	-
Total Bond Reserve Accounts	\$ 11,259,652	\$ 12,423,846	\$ 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,**

2002	2003	2004	2005	2006	2007	2008
\$ 29,118,557	\$ 31,801,009	\$ 34,092,340	\$ 37,507,962	\$ 40,116,726	\$ 42,634,760	\$ 45,675,304
522,038	366,157	375,317	789,591	1,193,635	1,225,878	597,990
-	-	-	-	-	170,813	-
276,300	276,300	276,300	276,300	276,300	276,300	276,300
\$ 29,916,895	\$ 32,443,466	\$ 34,743,957	\$ 38,573,853	\$ 41,586,661	\$ 44,307,751	\$ 46,549,594
(19,431,061)	(21,511,641)	(22,593,481)	(27,148,236)	(29,877,731)	(31,974,921)	(34,231,189)
(1,672,098)	(1,678,326)	(1,515,706)	(1,407,817)	(1,311,243)	(1,263,510)	(1,202,184)
\$ 8,813,736	\$ 9,253,499	\$ 10,634,770	\$ 10,017,800	\$ 10,397,687	\$ 11,069,320	\$ 11,116,221
\$ 6,638,694	\$ 6,729,880	\$ 6,778,459	\$ 6,907,143	\$ 6,941,298	\$ 6,989,961	\$ 388,433
(4,368,840)	(4,164,423)	(3,877,378)	(4,105,994)	(4,407,394)	(4,238,184)	(4,167,236)
2,378,240	2,357,686	2,362,420	2,363,016	2,360,300	2,358,007	2,360,653
702,834	712,041	693,011	676,755	664,221	651,283	634,745
(249,380)	(241,545)	(223,448)	(215,167)	(201,777)	(188,258)	(174,600)
284,700	292,226	295,693	287,232	281,054	276,551	275,149
(52,455)	(46,936)	(41,773)	(36,254)	(30,635)	(25,319)	(18,996)
957,070	960,790	958,518	960,735	955,940	960,402	957,753
-	151,647	765,337	752,027	748,049	743,885	748,863
-	-	41,490	43,487	43,282	46,064	41,985
-	-	(4,172)	(5,994)	(5,325)	(4,716)	(4,009)
-	-	-	-	330,294	1,099,763	1,099,926
-	-	-	-	-	290,356	402,054
-	-	-	-	-	-	6,348,023
-	-	-	-	(330,294)	(290,356)	-
\$ 6,290,863	\$ 6,751,366	\$ 7,748,157	\$ 7,626,986	\$ 7,349,013	\$ 8,669,439	\$ 8,892,743
1.40	1.37	1.37	1.31	1.41	1.28	1.25
\$ 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	514,100
-	-	38,831	38,831	38,831	38,831	38,831
-	-	-	-	1,128,600	1,128,600	1,128,600
-	-	-	-	404,263	404,263	404,263
-	-	-	-	-	-	8,232,976
\$ 12,423,846	\$ 12,937,946	\$ 12,976,777	\$ 12,976,777	\$ 14,509,640	\$ 14,509,640	\$ 14,372,616

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

	2007	2000	2000 vs. 1990	1990	1990 vs. 1980	1980
<u>PRIMARY TRADE AREA</u>						
State of New York						
Albany County	299,307	294,565	0.7%	292,594	2.3%	285,909
Columbia County	62,363	63,094	0.2%	62,982	5.9%	59,487
Fulton County	55,144	55,073	1.6%	54,191	-1.7%	55,153
Greene County	49,246	48,195	7.7%	44,739	9.5%	40,861
Montgomery County	48,695	49,708	-4.4%	51,981	-2.7%	53,439
Rensselaer County	155,318	152,538	-1.2%	154,429	1.6%	151,966
Saratoga County	215,852	200,635	10.7%	181,276	17.9%	153,759
Schenectady County	150,818	146,555	-1.8%	149,285	-0.4%	149,946
Schoharie County	32,063	31,582	-0.9%	31,859	7.2%	29,710
Warren County	66,143	63,303	6.9%	59,209	7.9%	54,854
Washington County	62,743	61,042	2.9%	59,330	8.3%	54,795
State of Massachusetts						
Berkshire County	129,798	134,953	-3.2%	139,352	-4.0%	145,170
State of Vermont						
Bennington County	36,452	36,994	3.2%	35,845	7.1%	33,470
PRIMARY TRADE AREA	1,363,942	1,338,237	1.6%	1,317,072	3.8%	1,268,519
<u>SECONDARY TRADE AREA</u>						
State of New York						
Delaware County	46,286	48,055	1.8%	47,225	0.9%	46,824
Dutchess County	292,746	280,150	8.0%	259,462	5.9%	245,055
Essex County	38,119	38,851	4.6%	37,152	2.7%	36,176
Hamilton County	5,075	5,379	1.9%	5,279	4.9%	5,034
Herkimer County	62,558	64,427	-2.1%	65,797	-0.6%	66,174
Otsego County	62,397	61,676	1.9%	60,517	2.4%	59,075
Ulster County	181,860	177,749	7.5%	165,304	4.5%	158,158
State of Connecticut						
Litchfield County	188,273	182,193	4.7%	174,092	11.1%	156,769
State of Massachusetts						
Franklin County	71,602	71,535	2.1%	70,092	9.0%	64,317
Hampden County	457,908	456,228	0.0%	456,310	3.0%	443,018
Hampshire County	153,147	152,251	3.9%	146,568	5.6%	138,813
State of Vermont						
Addison County	36,760	35,974	9.2%	32,953	12.1%	29,406
Rutland County	63,270	63,400	2.0%	62,142	6.5%	58,347
Windham County	43,480	44,216	6.3%	41,588	12.6%	36,933
Windsor County	56,875	57,418	6.2%	54,055	5.9%	51,030
SECONDARY TRADE AREA	1,760,356	1,739,502	3.6%	1,678,536	5.2%	1,595,129
TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION	3,124,298	3,077,739	2.7%	2,995,608	4.6%	2,863,648
State of New York	19,297,729	18,976,457	5.5%	17,990,455	2.5%	17,558,165
United States	301,290,332	282,171,936	13.5%	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		2008
			1999	2008	% of Total
New York State	Albany	State Government	55,292	53,800	42.5%
General Electric	Schenectady	Turbines, Industrial Machinery	9,000	7,000	5.5%
United States of America	Albany	US Government Offices	8,400	6,900	5.5%
Golub Corporation	Schenectady	Retail Grocery	5,191	6,721	5.3%
Albany Medical Center	Albany	Health Care	5,195	5,770	4.6%
Hannaford Brothers	Rensselaer	Retail Food & Drugs	2,164	3,580	2.8%
Northeast Health	Rensselaer	Health Care	3,185	3,447	2.7%
St. Peter's Health Care Services	Albany	Health Care	N/A	3,429	2.7%
Verizon Communications	Albany	Telecommunications Services	2,804	3,000	2.4%
Albany County	Albany	County Government	2,961	2,921	2.3%
KAPL, A Lockheed Martin Co.	Schenectady	Navel Nuclear Propulsion	2,700	2,600	2.1%
Glens Falls Hospital	Warren	Health Care	1,778	2,442	1.9%
Center for Disability Services	Albany	Health Care	N/A	2,300	1.8%
Rensselaer Polytechnic Institute	Rensselaer	Higher Education	1,430	1,902	1.5%
Shenendehowa School District	Saratoga	K-12 Education	1,171	1,900	1.5%
City of Schenectady School District	Schenectady	K-12 Education	1,256	1,800	1.4%
Rensselaer County	Rensselaer	County Government	1,400	1,600	1.3%
Empire Blue Cross/Blue Shield	Albany	Health Care	1,610	1,521	1.2%
Schenectady County	Schenectady	County Government	N/A	1,500	1.2%
City of Albany	Albany	City Government	1,471	1,493	1.2%
Ellis Hospital	Schenectady	Health Care	1,580	1,422	1.1%
Seton Health Systems	Rensselaer	Health Care	1,178	1,351	1.1%
Stewart's Ice Cream Co., Inc.	Saratoga	Dairy Products	1,978	1,322	1.0%
Albany City School District	Albany	K-12 Education	1,657	1,270	1.0%
State Farm Insurance Co.	Saratoga	Insurance	1,209	1,136	0.9%
Bank of America	Albany	Financial Services	1,193	1,101	0.9%
Niagara Mohawk Power Corp.	Albany	Electric and Gas Utility	1,757	1,100	0.9%
Saratoga County	Saratoga	County Government	1,143	1,100	0.9%
Saratoga Hospital	Saratoga	Health Care	N/A	1,077	0.9%

N/A-Not Available

Source: Capital District Business Review, Book of Lists, 1999 & 2008

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

Name	County		# of Students Registered	
			1999	2008
Excelsior College	Albany	Private	N/A	30,334
State University of New York at Albany	Albany	Public	13,727	17,635
Hudson Valley Comm. College	Rensselaer	Public	6,600	12,300
Empire State College	Albany	Public	N/A	10,938
Rensselaer Polytechnic Institute	Rensselaer	Private	5,907	6,289
College Of Saint Rose	Albany	Private	2,854	5,062
Schenectady Comm. College	Schenectady	Public	2,308	4,756
Adirondack Comm. College	Warren	Public	2,232	3,571
The Sage Colleges	Rensselaer	Private	2,675	3,300
Siena College	Albany	Private	2,672	3,222
Skidmore College	Saratoga	Private	2,319	2,679
Union College	Schenectady	Private	2,253	2,212
Fulton Montgomery Comm. College	Fulton-Montgomery	Public	1,420	2,203
Williams College	Berkshire, MA	Private	2,000	2,150
Massachusetts College of Liberal Arts	Berkshire, MA	Public	1,408	1,925
Columbia-Greene Comm. College	Columbia-Greene	Public	1,015	1,805
Albany College Of Pharmacy	Albany	Private	643	1,426
Albany Medical College	Albany	Private	637	758
Maria College	Albany	Private	543	749
Albany Law School	Albany	Private	680	738
Bryant & Stratton Business Institute	Albany	Private	371	620
Bennington College	Bennington, VT	Private	435	600
Bard College at Simon's Rock	Berkshire, MA	Private	357	420
Southern Vermont College	Bennington, VT	Public	370	413
Mildred Elley College For Careers	Albany	Private	558	410
Union Graduate College	Schenectady	Private	N/A	400
Ellis Hospital School of Nursing	Albany	Private	N/A	155
New School of Radio and Television	Albany	Private	N/A	80
Total			53,984	117,150

N/A-Not Available

Sources: Capital District Business Review, Book of Lists, 1999 & 2008
College Websites

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

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		
		1999	2008
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	<u>267,766</u>	<u>290,285</u>
	Number of passenger gates	20	21
	Number of loading bridges	11	16
	Number of Concessionaires in Terminal	7	7
	Number of Rental Car Agencies in Terminal	4	5
Apron:	Commercial Airlines - sq ft	650,475	810,901
	Cargo Airlines - sq ft	181,730	210,600
	FBO - sq ft	640,000	640,000
Parking:	Spaces assigned		
	Garage	1,600	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	<u>4,039</u>	<u>6,981</u>
Cargo:	Air Cargo Building - sq ft	50,500	50,500
	U.S. Post Office - sq ft	N/A	5,595
Employees:	Authority	27.0	34.0
	Airport Operations	150.0	171.0
	Fixed Based Operator	N/A	37.0
	Total	<u>177.0</u>	<u>242.0</u>

N/A-Not applicable

**Albany International Airport
Enplaned Passengers
1999-2008**

AIRLINE	2008	Percent of Total 2008	2007	Percent of Total 2007
Southwest Airlines	501,437	36.3%	516,216	35.8%
US Airways	130,192	9.4%	130,070	9.0%
Northwest Airlines	85,038	6.2%	98,125	6.8%
Delta Connection (ASA)	75,522	5.5%	79,584	5.5%
United Airlines	70,027	5.1%	76,867	5.3%
Continental	66,314	4.8%	100,472	7.0%
United Express (Go Jet)	58,784	4.3%	60,273	4.2%
Delta Connection (Comair)	50,476	3.7%	41,514	2.9%
US Airways Express (Republic)	50,137	3.6%	43,507	3.0%
United Express (Trans States)	49,426	3.6%	51,007	3.5%
US Airways Express (Piedmont)	39,701	2.9%	41,945	2.9%
US Airways Express (Air Wisconsin)	36,777	2.7%	38,992	2.7%
American Eagle	35,344	2.6%	43,828	3.0%
Continental Connection (Colgan)	35,090	2.5%		
Delta Connection (Freedom)	25,233	1.8%	26,112	1.8%
Northwest Airlinck (Mesaba)	17,109	1.2%		
US Airways Express (Mesa)	16,906	1.2%	19,536	1.4%
US Airways Express (Colgan Air)	10,011	0.7%	13,661	0.9%
Northwest Airlinck (Pinnacle)	9,939	0.7%	14,937	1.0%
Air Canada	7,077	0.5%	7,760	0.5%
Continental Connection (Commutair)	5,463	0.4%	5,805	0.4%
Cape Air	2,237	0.2%		
US Airways Express (PSA)	1,985	0.1%	17,298	1.2%
Delta Connection (Big Sky)	192	0.0%	5106	0.4%
Delta Connection (Chautauqua)	66	0.0%	540	0.0%
Delta Connection (Sky West)			5,574	0.4%
US Airways Express (Chautaugua)			1,508	0.1%
Delta Airlines			87	0.0%
United Express (Shuttle America)			61	0.0%
United Express (Sky West)				
Independence Air				
United Express (Air Wisconsin)				
United Express (Chautaugua)				
US Airways Express (Trans States)				
United Express (Atlantic Coast)				
US Airways Express (Allegheny)				
US Airways Express (Midway)				
Delta Connection (Atlantic Coast)				
American Airlines				
US Airways Express (Potomac)				
US Airways Express (Commutair)				
Shuttle America				
Trans States Airlines				
Business Express				
Trans International Express				
Sub Total	1,380,483	99.9%	1,440,385	99.8%
Charters	1,988	0.1%	2,436	0.2%
TOTAL	1,382,471	100.0%	1,442,821	100.0%

Source: Albany County Airport Authority

**Albany International Airport
Enplaned Passengers
1999-2008**

2006	2005	2004	2003	2002	2001	2000	1999
488,646	415,074	350,941	349,981	340,975	317,734	204,699	
139,668	204,510	276,933	279,497	327,291	405,904	396,524	375,130
98,733	111,415	108,287	112,686	112,747	106,808	110,270	86,383
56,186	6,408						
60,074	71,048	75,655	94,965	70,086	88,433	84,309	80,417
99,570	100,089	93,692	82,988	85,177	77,487	67,436	62,245
37,694							
45,496	50,485	10,799	22,583	18,023	10,243		
42,782	1,167						
46,200	37,489	38,461	1,158				
29,035	16,504	1,004	3,241	4,852	18,771	2,430	
54,486	10,250						
47,147	53,568	68,899	61,590	41,778	41,495	58,757	48,696
9,696							
2,461							
12,825	28,112	11,675	703				
14,211	12,214	27,361	23,261	10,153			
12,516	34,682	37,576	23,521	2,311			
7,986	6,659	6,598	6,322	9,514	9,475	5,868	
12,096	31,078	95,545	85,493	71,212	36,442	1,984	
31,586	14,767	7,275					
345							
8,415	15,664	939	8,431				
45,323	178,495	226,913	183,102	185,306	180,254	237,359	238,417
25,482	21,011						
18,296	26,838						
598	60,055	26,522					
	26,288	43,991	7,675				
	12,055	11,545					
	4,477	9,692	4,526		2,912		
		26,423	58,409	59,872	55,902	50,901	28,224
		70	20,573	58,815	77,097	78,513	76,214
			2,939				
			2,204	7,210			
				71,666	83,724	98,423	93,034
					5,177		
						39,600	53,715
						3,882	10,241
						1,912	13,896
							8,774
							595
1,447,553	1,550,402	1,556,796	1,435,848	1,476,988	1,517,858	1,442,867	1,175,981
2,611	2,134	1,860	1,539	2,353	3,186	2,371	2,623
1,450,164	1,552,536	1,558,656	1,437,387	1,479,341	1,521,044	1,445,238	1,178,604

**Albany International Airport
Airline Landed Weight (lbs.)
1999-2008**

<u>Commercial Carriers</u>	2008	Percent of Total 2008	2007	Percent of Total 2007	2006
Southwest Airlines	606,268,000	32.5%	606,612,000	30.9%	563,734,000
US Airways	165,434,995	8.9%	157,816,799	8.0%	159,841,799
Northwest Airlines	98,588,000	5.3%	124,050,000	6.3%	132,614,109
United Airlines	87,446,407	4.7%	92,214,768	4.7%	75,168,921
Delta Connection (ASA)	79,578,000	4.3%	84,128,000	4.3%	63,177,000
United Express (Go Jet)	74,102,000	4.0%	74,504,000	3.8%	54,002,000
Continental	72,763,757	3.9%	105,515,474	5.4%	106,856,144
US Airways Express (Republic)	68,929,242	3.7%	64,857,593	3.3%	57,054,164
Delta Connection (Comair)	64,628,000	3.5%	48,663,000	2.5%	51,025,000
US Airways Express (Piedmont)	55,772,703	3.0%	52,059,000	2.7%	38,001,587
United Express (Trans States)	52,548,013	2.8%	53,654,292	2.7%	57,696,448
US Airways Express (Air Wisconsin)	50,290,000	2.7%	51,747,000	2.6%	63,638,000
Continental Connection (Colgan)	40,672,000	2.2%			
American Eagle	36,951,763	2.0%	45,339,119	2.3%	33,744,507
US Airways Express (Colgan)	31,632,517	1.7%	40,199,202	2.0%	39,567,647
Delta Connection (Freedom)	29,389,767	1.6%	39,934,580	2.0%	17,287,881
Northwest AirlinK (Mesaba)	19,266,996	1.0%			3,315,699
US Airways Express (Mesa)	16,317,000	0.9%	19,771,510	1.0%	14,847,000
Air Canada	12,317,199	0.7%	12,698,992	0.6%	13,080,797
Northwest AirlinK (Pinnacle)	10,227,296	0.5%	16,625,206	0.8%	14,681,201
Cape Air	5,932,101	0.3%			
Continental Connection (Commutair)	4,933,500	0.3%	11,073,502	0.6%	18,625,199
Charters	4,069,000	0.2%	5,422,107	0.3%	8,909,783
US Airways Express (PSA)	2,838,000	0.2%	24,432,000	1.2%	47,622,000
Delta Connection (Big Sky)	325,280	0.0%	11,843,996	0.6%	
Delta Connection (Chautauqua)	85,097	0.0%	695,111	0.0%	808,430
Delta Connection (Sky West)			7,800,000	0.4%	
US Airways Express (Chautauqua)			1,829,609	0.1%	10,293,329
Delta Airlines			130,000	0.0%	54,154,000
United Express (Shuttle America)			72,313	0.0%	34,131,266
United Express (Sky West)					21,400,000
Independence Air					526,860
United Express (Air Wisconsin)					
United Express (Chautauqua)					
US Airways Express (Trans States)					
United Express (Atlantic Coast)					
US Airways Express (Allegheny)					
US Airways Express (Midway)					
Delta Connection (Atlantic Coast)					
American Airlines					
US Airways Express (Potomac)					
US Airways Express (Commutair)					
Shuttle America					
Trans States Airlines					
<u>Business Express</u>					
Trans International Express	1,691,306,633	90.5%	1,753,689,173	89.3%	1,755,804,771
<u>Cargo Carriers</u>					
United Parcel Service	97,346,000	5.2%	97,764,985	5.0%	99,582,507
Federal Express	42,687,000	2.3%	41,735,000	2.1%	43,869,000
Airborne Express	26,503,603	1.4%	50,877,892	2.6%	51,589,707
Wiggins Airways	7,667,000	0.4%	7,812,267	0.4%	8,134,500
Air Now	2,397,398	0.1%	2,323,206	0.1%	3,793,000
Ameriflight	245,000	0.0%			
Misc Cargo Carriers		0.0%	8,752,406	0.4%	11,340,584
	176,846,001	9.5%	209,265,756	10.7%	218,309,298
Grand Total	1,868,152,634	100.0%	1,962,954,929	100.0%	1,974,114,069

Source: Albany County Airport Authority

**Albany International Airport
Airline Landed Weight (lbs.)
1999-2008**

2005	2004	2003	2002	2001	2000	1999
518,932,000	422,446,000	414,586,000	420,429,000	416,155,000	275,013,000	
271,790,013	401,439,400	394,749,800	456,002,601	548,551,900	543,132,300	552,330,093
157,034,120	179,518,300	170,795,158	154,405,503	158,106,100	169,038,350	141,019,698
91,972,289	102,180,283	128,838,073	94,993,078	118,994,320	119,054,000	123,136,198
7,529,000						
105,272,684	101,763,400	91,519,085	97,543,307	91,764,380	79,342,088	75,929,984
1,735,487						
57,221,903	12,429,000	25,128,000	17,968,708	10,340,000		
24,971,997	1,500,603	5,401,801	9,039,901	21,289,197	3,627,300	
49,747,465	55,178,000	1,457,000				
16,168,000						
39,339,116	57,728,600	49,784,424	46,407,621	68,461,860	99,132,500	84,736,489
38,327,497	59,713,215	50,090,797	22,097,811			
43,589,575	17,189,289	434,256				
11,387,601	12,765,400	12,333,797	19,505,004	21,198,191	11,414,200	
41,407,000	50,337,000	27,965,000	3,055,000			
77,754,400	241,745,800	233,578,600	222,001,693	162,497,298	9,160,900	
5,642,000	3,895,000	3,829,801	5,394,000	6,809,021	6,592,800	5,695,000
19,741,000	10,006,692					
16,884,899	1,000,800	7,005,602				
230,357,000	290,395,000	240,572,000	261,038,510	273,123,500	323,225,000	401,698,500
28,635,553						
30,745,000						
85,634,000	50,807,000					
30,806,000	53,280,022	5,759,000				
14,325,164	14,083,717					
5,896,881	12,455,000	5,121,055		10,484,995		
	32,430,000	73,782,258	81,401,794	82,292,574	78,525,910	42,619,864
	169,502	36,544,199	141,430,802	207,671,404	157,194,300	144,244,504
		3,948,000				
		2,982,059	9,470,831			
		198,594	91,600,680	125,022,000	137,846,000	137,288,000
				6,746,101		
					92,188,600	137,494,004
					12,915,000	47,437,000
					3,914,400	23,602,901
						18,311,500
						4,977,500
2,022,847,644	2,184,457,023	1,986,404,359	2,153,785,844	2,329,507,841	2,121,316,648	1,940,521,235
101,730,004	98,271,500	97,406,000	91,514,000	86,582,500	88,965,000	81,862,000
43,352,004	42,988,000	42,980,000	42,499,000	41,874,500	37,630,500	47,540,000
33,802,604	25,733,300	26,067,900	26,005,700	26,080,500	26,134,300	25,790,700
9,554,000	9,924,708	10,281,300	10,460,500	8,040,000	3,988,900	3,704,700
2,765,000	2,952,500	2,676,000	4,490,200	6,435,400	7,272,200	5,548,800
14,651,722	16,964,914	16,221,342	18,188,658	24,492,700	16,196,650	18,705,848
205,855,334	196,834,922	195,632,542	193,158,058	193,505,600	180,187,550	183,152,048
2,228,702,978	2,381,291,945	2,182,036,901	2,346,943,902	2,523,013,441	2,301,504,198	2,123,673,283

**Albany International Airport
Aircraft Operations
1999-2008**

<u>Commercial Carriers</u>	2008	Percent of Total 2008	2007	Percent of Total 2007	2006
Southwest Airlines	9,698	17.8%	9,868	16.5%	9,324
Continental	3,382	6.2%	4,986	8.3%	5,094
US Airways Express (Piedmont)	3,102	5.7%	2,838	4.8%	2,162
US Airways	2,944	5.4%	2,692	4.5%	2,782
US Airways Express (Colgan)	2,646	4.9%	3,566	6.0%	3,432
United Express (Trans States)	2,470	4.5%	2,522	4.2%	2,712
Delta Connection (ASA)	2,428	4.5%	2,658	4.5%	2,296
Delta Connection (Comair)	2,368	4.4%	1,856	3.1%	1,970
United Express (Go Jet)	2,212	4.1%	2,224	3.7%	1,612
US Airways (Air Wisconsin)	2,140	3.9%	2,202	3.7%	2,712
US Airways Express (Republic)	1,872	3.4%	1,780	3.0%	1,580
American Eagle	1,774	3.3%	2,150	3.6%	2,454
Cape Air	1,732	3.2%			
Northwest Airlines	1,696	3.1%	2,090	3.5%	2,130
Air Canada	1,484	2.7%	1,530	2.6%	1,582
United Airlines	1,474	2.7%	1,632	2.7%	1,250
Delta Connection (Freedom)	1,380	2.5%	2,162	3.6%	970
Continental Connection (Colgan)	1,312	2.4%			
Northwest Airlin (Mesaba)	740	1.4%			142
US Airways Express (Mesa)	614	1.1%	538	0.9%	404
Northwest Airlin (Pinnacle)	438	0.8%	712	1.2%	628
Continental Connection (Commutair)	324	0.6%	1,332	2.2%	2,244
US Airways Express (PSA)	108	0.2%	872	1.5%	1,738
Charters	40	0.1%	52	0.1%	48
Delta Connection (Big Sky)	38	0.1%	1,410	2.4%	
Delta Connection (Chautauqua)	4	0.0%	34	0.1%	38
Delta Connection (Sky West)			208	0.3%	
US Airways Express (Chautauqua)			86	0.1%	484
Delta Airlines			10	0.0%	906
US Airways Express (Trans States)			8	0.0%	
United Express (Shuttle America)			2	0.0%	944
United Express (Sky West)					640
Independence Air					28
United Express (Air Wisconsin)					
United Express (Chautauqua)					
United Express (Atlantic Coast)					
US Airways Express (Allegheny)					
Delta Connection (Atlantic Coast)					
US Airways Express (Midway)					
American Airlines					
US Airways Express (Potomac)					
US Airways Express (Commutair)					
Shuttle America					
Trans States Airlines					
Business Express					
Trans International Express					
	48,420	89.1%	52,020	87.1%	52,306
<u>Cargo Carriers</u>					
United Parcel Service	926	1.7%	928	1.6%	960
Federal Express	526	1.0%	514	0.9%	540
Airborne Express	524	1.0%	1,014	1.7%	1,026
Wiggins Airways	1,804	3.3%	1,870	3.1%	1,914
Air Now	496	0.9%	456	0.8%	884
Ameriflight	32	0.1%			
Misc Cargo Carriers	1,606	3.0%	2,928	4.9%	3,620
	5,914	10.9%	7,710	12.9%	8,944
Grand Total	54,334	100.0%	59,730	100.0%	61,250

Source: Albany County Airport Authority

**Albany International Airport
Aircraft Operations, Con't
1999-2008**

2005	2004	2003	2002	2001	2000	1999
8,480	7,018	6,922	6,938	6,872	4,566	
5,116	4,940	4,440	4,820	4,896	4,526	4,756
1,469	88	316	530	1,494	214	
5,410	7,296	6,806	7,836	9,560	9,838	10,230
2,966	6,356	5,976	2,628			
2,312	2,408	62				
254						
1,796	374	768	732	440		
688						
48						
2,672	3,434	3,425	3,274	4,812	7,026	5,894
2,656	2,842	2,848	2,846	3,080	3,318	2,672
1,370	1,568	1,472	2,350	2,440	1,384	
1,530	1,712	1,988	1,512	2,012	2,078	2,102
1,870	784	32				
1,762	2,142	1,190	130			
9,368	29,094	28,152	26,864	20,186	1,138	
766	494					
76	78	50	100	69	66	58
794	210	444				
3,922	4,504	3,488	3,558	3,560	4,762	5,652
262	530	224		900		
792						
920						
3,644	2,162					
928	1,788	410				
602	524					
	1,380	3,632	3,568	4,156	4,076	3,218
	10	2,156	8,344	12,252	9,278	8,510
		188	554			
		90				
			1,816	2,304	2,122	2,116
				160		
					11,448	17,080
					630	2,314
					334	2,026
						1,382
						362
62,473	81,736	75,079	78,400	79,193	66,804	68,372
978	1,042	948	930	854	868	868
534	530	530	526	548	532	628
674	516	522	520	528	522	516
2,248	2,334	2,418	2,456	1,824	938	870
612	642	576	1008	1420	1456	1452
3,828	4,330	4,158	4,482	6,756	5590	6108
8,874	9,394	9,152	9,922	11,930	9,906	10,442
71,347	91,130	84,231	88,322	91,123	76,710	78,814

**Albany International Airport
Aircraft Operations
1999-2008**

Year	Airlines	Cargo	General Aviation	Military	Total
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	52,306	8,218	50,311	6,830	117,665
2007	52,020	7,710	45,636	5,409	110,775
2008	48,420	5,882	34,008	5,214	93,524
Annual Compounded Growth 1999-2008	-29.2%	-43.7%	-47.7%	1.4%	-37.2%

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

Air Georgian d/b/a Air Canada
Air Wisconsin d/b/a US Airways Express
Atlantic Southeast Airlines d/b/a Delta Connection
Colgan Air d/b/a Continental Connection
Colgan Air d/b/a US Airways Express
Comair d/b/a Delta Connection
Commotair d/b/a Continental Connection
Continental Express Airlines
Freedom d/b/a Delta Connection
Go Jet d/b/a United Express
Hyannis Air Service d/b/a Cape Air & Nantucket Airlines
Mesaba d/b/a Northwest Airlink
Mesa d/b/a/ US Airways Express
Piedmont d/b/a US Airways Express
PSA d/b/a US Airways Express
Republic d/b/a US Airways Express
Trans States d/b/a United Express

ALL-CARGO CARRIERS

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

As of December 31, 2008

Source: Albany County Airport Authority

**Albany International Airport
Major Carrier Airline Service**

SCHEDULED JET AIRLINE SERVICE

CARRIER	NON-STOP SERVICE	ONE-STOP, SAME-PLANE SERVICE
Continental	Cleveland (CLE) New York Newark (EWR)	
Delta - ASA - Comair - Freedom	Atlanta (ATL) Cincinnati (CVG) New York J F Kennedy (JFK)	Houston Intercontinental (IAH) Nashville (BNA) Washington Dulles (IAD)
Northwest - Mesaba - Pinnacle	Detroit (DTW) Minneapolis (MSP)	Memphis (MEM) Sioux City (SUX) Traverse City (TVC)
Southwest	Baltimore (BWI) Chicago Midway (MDW) Fort Lauderdale (FLL) Las Vegas (LAS) Orlando (MCO) Tampa (TPA)	Austin (AUS) Houston (HOU) Las Vegas (LAS) Oakland (OAK) Phoenix (PHX) San Francisco (SFO) Tampa (TPA) West Palm Beach (PBI)
United - Go Jet - Trans States	Chicago O'Hare (ORD) Washington Dulles (IAD)	
US Airways - Air Wisconsin - Republic	Boston (BOS) Buffalo (BUF) Charlotte (CLT) New York La Guardia (LGA) Philadelphia (PHL) Washington National (DCA)	Baltimore (BWI) Indianapolis (IND) Minneapolis (MSP) Rochester (ROC) Savannah (SAV) Tampa (TPA) West Palm Beach (PBI)

As of January 21, 2009

Source: Official Airline Guide Schedule Tapes, January 2009

**Albany International Airport
Commuter Airline Service**

SCHEDULED COMMUTER AIRLINE SERVICE

CARRIER	NON-STOP SERVICE	ONE-STOP, SAME-PLANE SERVICE
Air Canada	Toronto (YYZ)	
Cape Air	Massena (MSS) Ogdensburg (OGS) Watertown (ART)	
Continental Connection		
- Colgan	NY- Newark (EWR)	
- Commutair	NY- Newark (EWR)	
US Airways Express		
- Colgan	Boston (BOS) Buffalo (BUF)	
- Piedmont	NY - Newark (EWR) Philadelphia (PHL)	

As of January 21, 2009

Source: Official Airline Guide Schedule Tapes, January 2009

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

Market	Length	Rank	2008 Passengers	Rank	2007 Passengers	Rank	1999 Passengers
Orlando	MH	1	266,580	1	274,910	1	221,670
Baltimore	SH	2	228,110	2	220,340	2	133,730
Chicago	MH	3	136,810	4	141,760	5	92,650
Tampa	MH	4	127,970	5	126,610	4	93,060
Southeast Florida (1)	MH	5	123,270	3	145,300	3	123,800
Las Vegas	LH	6	94,810	6	99,140	12	40,320
Los Angeles	LH	7	67,270	9	69,090	9	45,430
Denver	MH	8	61,620	10	60,890	15	35,690
Washington, DC (2)	SH	9	59,460	7	69,520	inc. in Baltimore	
Atlanta	MH	10	59,140	8	66,730	6	92,140
Phoenix	LH	11	53,090	11	55,120	18	31,030
Cleveland	SH	12	52,250		N/A		N/A
Raleigh/Durham	SH	13	50,920	12	49,170		N/A
Dallas/Ft. Worth	MH	14	46,900	14	46,790	17	31,350
Fort Myers	MH	15	45,730	13	48,170	inc. in Tampa	
Detriot	SH	16	45,650	16	41,870	13	39,410
Charlotte	SH	17	45,140	15	44,060	20	30,050
San Diego	LH	18	39,630	17	40,170		N/A
Houston	MH	19	39,290	19	38,210		N/A
San Francisco	LH	20	37,880		N/A		N/A

* 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





**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**

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

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, 2008 and have issued our report thereon dated March 2, 2009. 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

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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.

¶

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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 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 and Company, P.C.

March 2, 2009

Albany County Airport Authority
Schedule Expenditures of Federal and
New York State Department of Transportation Financial Assistance
For the Year Ended December 31, 2008

Federal Project Number	NYS Project Number	FAA (*) Percent Participation	Description Of Project	CFDA Number	Total Grant Amount		Year Ended 12/31/08 Expenditures	
					FAA	NYS	FAA	NYS
<u>CAPITAL CONTRIBUTIONS:</u>								
62-99	1913.55	80%	Noise Abatement & Land Acquisition	20.106	\$ 6,000,000	\$ 750,000	\$ -	\$ -
72-02	1913.65	90%	Concourse "D" Expansion	20.106	4,553,283	252,960	-	-
74-03	1913.67	90%	RW 1-19 Rehab centerline lighting & ARFF Vehicle	20.106	3,750,670	208,371	-	-
76-04	1913.69	95%	RW 19 Ext. & Safety Area Improvement:Phase 2	20.106	10,345,856	272,259	1,551,878	40,839
77-04	1913.70	95%	Terminal Concourse "D" Design	20.106	1,672,000	44,000	12,631	332
78-04	1913.71	95%	RW 19 Obstruction Tree Removals Prop Acquisition	20.106	930,810	24,495	121,410	3,195
80-05	1913.73	95%	Airfield Security Patrol Road Improvement	20.106	920,523	24,224	-	-
81-05	1913.74	95%	Terminal Concourse "D" Security Checkpoint Improvement	20.106	2,680,591	70,542	-	-
82-05	1913.75	95%	Southern Terminal Ramp Construction-Phase 2	20.106	1,530,388	40,273	199,615	5,253
83-05	1913.76	95%	NE Airfield Quadrant Air Cargo Ramp Improvement	20.106	1,130,181	29,741	(8,208)	-
84-06	1913.77	95%	Voluntary Airport Low Emission Vehicle Program	20.106	240,798	6,337	-	-
85-05	1913.78	95%	Runway 01 & 10 FAR Part 77 Obstruction (Tree) Removal	20.106	579,025	15,238	-	-
86-05	1913.79	95%	Voluntary Airport Low Emission Vehicle (VALE) Prgm Phase I	20.106	400,422	10,537	-	-
87-06	1913.80	95%	Terminal & General Aviation Apron Pavement Rehab	20.106	3,176,166	83,583	101,544	2,672
88-06	1913.81	95%	Noise Abatement & Land Acquisition	20.106	1,651,065	43,449	502,264	13,217
89-06	1913.82	95%	Terminal Checkpoint Mezzanine Improvement	20.106	356,155	9,373	84,723	2,229
90-06	1913.83	95%	Noise Compatibility Program	20.106	900,000	23,684	-	-
91-07	1913.84	95%	Terminal Bldg Security Checkpoint Escalators, stairs & flooring	20.106	2,137,975	56,263	1,986,270	32,977
92-07	1913.85	95%	Noise Compatibility Program	20.106	4,655,000	122,500	1,263,221	33,243
93-07	1913.86	95%	RW1 Lighting	20.106	1,818,623	47,859	1,234,138	32,477
96-08	1913.89	95%	Runway 19 Obstruction (Tree) Removals and Property Acquisitions	20.106	414,386	10,905	10,925	288
97-08	1913.90	95%	Remove Obst-Rw 10 Design & Acquisitions & USDA Wildlife	20.106	1,244,905	32,761	258,810	26,104
99-08	1913.92	95%	Runway 19 RPZ Obstruction Removal (Historic House) Relocation	20.106	667,926	17,577	373,236	9,822
100-08	1913.93	95%	Snow Blower & Structural Pumper	20.106	939,813	24,732	-	-
NYS PA		100%	Rapid Battery Charging Equipment	N/A	N/A	193,563	-	58,563
AIR99	1913.96	70%	Public Access Service Road Rehabilitation Improvements	N/A	N/A	210,000	-	141,637
AIR99	1913.97	44%	T-Hangars	N/A	N/A	270,000	-	143,846
AIR99	1913.06	70%	Terminal Concourse "A" Roofing Rehabilitation Improvements	N/A	N/A	140,000	-	140,000
TOTAL CAPITAL CONTRIBUTIONS					52,696,561	4,535,226	7,692,456	686,694
<u>NON-OPERATING GRANT:</u>								
79-04	1913.72	95%	RW 19 Obstruction-Water Tanks Removal/Prop Acq Phase 1	20.106	2,491,334	65,561	2,437,281	64,139
TOTAL NON-OPERATING GRANT					2,491,334	65,561	2,437,281	64,139
GRAND TOTAL					\$ 55,187,895	\$ 4,600,787	\$ 10,129,737	\$ 750,833

(*) 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

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, 2008

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.

2. SUBRECIPIENTS

The Authority has a subrecipient agreement with the Town of Colonie, New York to operate grant 20.106-Runway 19 Obstruction – Water Tank Removal/Property Acquisition Phase I. During 2008, \$2,501,420 was passed through to the Town of Colonie.



**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**

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 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, 2008. 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.

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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 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.

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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 major federal program for the year ended December 31, 2008.



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 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 entity'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 entity'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 entity'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 entity'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 and Company, P.C.

March 2, 2009



**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, 2008. 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 for the year ended December 31, 2008.



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 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 entity'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 entity'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 entity'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 entity'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.

Marvin and Company, P.C.

March 2, 2009

Albany County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

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, 2008.
8. The dollar threshold used to distinguish between Type A and B programs was \$303,892.
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**

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 *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, 2008.

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 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 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.

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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 Passenger Facility Charge Program for the year ended December 31, 2008.



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 and regulations applicable to the Passenger Facility Charge Program. In planning and performing our audit, we considered the entity'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.

A *control deficiency* in an entity'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 entity'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 entity'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 entity'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 and Company, P.C.

March 2, 2009

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

For the Year Ended December 31, 2008

Quarter Ended	PFC Charges Received	Interest Earned	Total Received	Expenditures on Approved Projects	Net per Financial Statements
Beginning Balance	\$ 48,233,504	\$ 2,506,805	\$ 50,740,309	\$ 46,573,073	\$ 4,167,236
3/31/2008	879,147	35,037	914,184		
6/30/2008	1,006,810	25,550	1,032,360	1,964,976	
9/30/2008	884,258	26,847	911,105		
12/31/2008	843,161	24,978	868,139	2,202,260	
Total 2008	<u>3,613,376</u>	<u>112,412</u>	<u>3,725,788</u>	<u>4,167,236</u>	<u>(441,448)</u>
Receivable at 12/31/08	<u>249,492</u>	<u>-</u>	<u>249,492</u>	<u>-</u>	<u>249,492</u>
Total Program to Date	<u>\$ 52,096,372</u>	<u>\$ 2,619,217</u>	<u>\$ 54,715,589</u>	<u>\$ 50,740,309</u>	
PFC Funds to be used for future debt service payments:					<u><u>\$ 3,975,280</u></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, 2008. 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, 2008**

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



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