



# ALBANY COUNTY AIRPORT AUTHORITY



## COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2012

A COMPONENT UNIT OF THE COUNTY OF ALBANY  
LOCATED IN THE TOWN OF COLONIE NEW YORK

# Albany County Airport Authority

As of December 31, 2012

## Authority Board Members



**Rev. Kenneth J. Doyle**  
Acting Chair  
Term Expires: December 31, 2015



**Dorsey M. Whitehead**  
Treasurer  
Term Expires: December 31, 2016



**Anthony Gorman**  
Secretary  
Term Expires: December 31, 2016



**Lyon M. Greenberg, MD**  
Member  
Term Expires: December 31, 2013



**Patricia M. Reilly**  
Member  
Term Expires: December 31, 2012



**Robert S. Hite, Esq.**  
Member  
Term Expires: December 31, 2013

**Photo  
Not  
Available**

**Paula T. Wilkerson**  
Member  
Term Expires: December 31, 2013

## Authority Management

**John A. O'Donnell, PE**  
**William J. O'Reilly, CPA**  
**Peter F. Stuto, Esq.**

Chief Executive Officer  
Chief Financial Officer  
Airport Counsel



ALBANY COUNTY AIRPORT AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2012

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

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# TABLE OF CONTENTS

PAGE(S)

## I. INTRODUCTORY SECTION

Albany County Airport Authority:	
Members and Principal Officers .....	Inside Front Cover
Chairman's Message .....	1
Letter of Transmittal .....	2-12
Organizational Chart .....	13
Certificate of Achievement for Excellence in Financial Reporting .....	14

## II. FINANCIAL SECTION

Independent Auditor's Report.....	18-20
Management's Discussion and Analysis .....	21-35
Financial Statements:	
Comparative Statements of Net Position.....	36-37
Comparative Statements of Revenues, Expenses and Changes in Net Position.....	38
Comparative Statements of Cash Flows .....	39
OPEB Trust Statements of Fiduciary Fund Net Position .....	40
OPEB Statements of Changes in Fiduciary Fund Net Position .....	41
Notes to Financial Statements .....	43-70
Required Supplementary Information:	
OPEB Trust Schedule of Funding Progress .....	72
Other Supplemental Information:	
Schedule of Debt Service Requirements to Maturity .....	74-75
Schedule of Governmental Payments and Services .....	76

## III. STATISTICAL SECTION

Total Annual Revenues, Expenses and Changes in Net Position .....	78-79
Changes in Cash and Cash Equivalents .....	80-81
Principal Revenue Sources and Cost per Enplaned Passenger .....	82-83
Ratios of Outstanding Debt .....	84-85
Revenue Bond Debt Service Coverage .....	86-87
Population in the Air Trade Area .....	88
Major Employers in Air Trade Area .....	89

Colleges and Universities in the Air Trade Area .....	90
Airport Information.....	91
Enplaned Passengers .....	92-93
Airline Landed Weights .....	94-95
Aircraft Operations .....	96-98
Airlines Serving the Albany International Airport .....	99
Scheduled Jet Airline Service.....	100
Scheduled Commuter Airline Service.....	101
Primary Origination and Destination Passenger Markets .....	102

#### IV. COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	104-105
Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance and Notes thereto .....	106-107
Independent Auditor’s Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133 .....	108-109
Independent Auditor’s Report on Compliance for the State Transportation Assistance Program and Report on Internal Control Over Compliance Required by New York State Codification of Rules and Regulations .....	110-111
Schedule of Findings and Questioned Costs .....	112
Independent Auditor’s Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control over Compliance Required by the Federal Aviation Administration .....	113-114
Schedule of Passenger Facility Charges Collected and Expended And Notes thereto .....	115
Passenger Facility Charge Program Schedule of Findings And Questioned Costs .....	116
Biographies of the Members of the Albany County Airport Authority .....	117-118
Biographies of the Albany County Airport Authority Senior Staff .....	119

# Introduction





ALBANY COUNTY AIRPORT AUTHORITY  
ALBANY INTERNATIONAL AIRPORT  
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## Chairman's Message

March 18, 2013

In 2012 the USA continues to see a smaller Airline Industry. According the Airlines for America, an industry trade association, since 2007 Domestic Flights declined by 13.2 percent since, Domestic Seats declined by 9.1 percent and Domestic Air Service Miles declined by 5.5 percent. Based upon airline schedules through the second quarter of 2013 Domestic Flights will decrease by 0.4 percent while Domestic Seats will increase by 0.7 percent and Domestic Air Service Miles will increase by 1.6 percent. Airline profitability decreased from 2.2 percent of revenue in 2011 to 0.1 percent of revenue in 2012 as the growth in Airline costs, mainly driven by fuel prices, outpaced the growth in Airline revenue. During 2012 Albany International Airport experienced a rise in enplanements despite reduced flights and air service capacity as airline load factors increased.

During 2012 the Albany County Airport Authority continued to compete among airports for air service through its comprehensive air service development strategy which includes: a competitive Air Service Incentive Program; utilizing an Air Service Development marketing grant to assist in funding the costs of air service development; promoting a U.S. Department of Transportation Small Community Air Service Development grant awarded to the Albany International Airport for an airline revenue guarantee for strategic routes; and vigorously pursuing and attending meetings with airlines to promote the business case for the routes which is basically the culmination of passenger traffic data, average fares paid, and all available airport incentives.

The near term outlook for air service enhancement is tempered by the airline capacity. The Airport Authority has positioned itself to rely upon existing or even less airline seat capacity by holding down costs it can control, notwithstanding, the rising costs of fuel sold at the airport owned Fixed Based Operator. These measures include controlling operating costs and advancing capital expenditures that do not require new sources of capital funding and are generally limited to aviation related projects only.

The Authority continues to control costs and has sufficiently well-budgeted airline rates and charges. The Airport's net operating results for 2012 allowed Airport to provide the Signatory Airlines and Signatory Cargo Carriers \$1.35 million in airline rates & charges settlements and revenue sharing. The Albany County Airport Authority continued to implement prudent budget policies by budgeting for a 1 percent decline in passenger traffic in 2013 after a 0.2% increase in passenger traffic during 2012 and holding Airline rates and charges below levels budgeted for 2012.

As 2013 evolves, the Authority will continue to vigorously market the airport trade area, airport incentives and available air service development grant funding to airlines while making prudent capital expenditures to enhance the airport facilities and maximize use of available capital funding. Borrowing for new projects has been curtailed since 2006.

In the coming year we will continue our mission to provide travelers with outstanding service in full recognition that our success as an airport is dependent on, not only the quantity and quality of air service, but the skills and dedication of all the employees at Albany International Airport.

Rev. Kenneth J. Doyle  
Acting Chairman





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March 18, 2013

**TO THE MEMBERS OF THE AUTHORITY:**

The Comprehensive Annual Financial Report (CAFR) of the Albany County Airport Authority (Authority) for the fiscal year ended December 31, 2012 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, Article 9, Section 2800 of the Public Authorities Law, 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 financial position of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that has been designed to both protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the Authority's comprehensive framework of internal controls has been 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 2012 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, 2012 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, 2012 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, 2012 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.

## **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.

Rev. Kenneth J. Doyle became the Acting Chair of the Board in 2012. 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 AFCO AvPorts Management LLC, (d/b/a Avports) to manage the daily operations of the Airport and REW Investments, Inc. (d/b/a Million Air-Albany) 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 has one component unit created in 2009 – the Albany County Airport Authority OPEB Trust – which is reported as a fiduciary fund.

## **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 1,171-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 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 2011 the Airport ranked 83rd in total enplanements. The Airport ranked 116th in total aircraft operations and 97th in total cargo based upon statistics compiled by Airports Council International – North America (ACI-NA) for 2011.

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 the State Capital of the Nation's 3<sup>rd</sup> largest state by population with more than fifty-thousand state employees and the "Tech Valley," an ongoing high-technology development program. High-tech development continues in the region. Albany's College of Nanoscale Science and Engineering continues to expand its nanotechnology research and development programs. This nanotechnology center is located within a few miles of

the Airport and is the first college in the world dedicated to research, development, education, and deployment in the emerging disciplines of nanoscience, nanoengineering, nanobioscience, and nanoeconomics. With over \$14 billion in public and private investments, CNSE's Albany NanoTech Complex has attracted over 300 global corporate partners and is the most advanced research complex at any university in the world. On September 27, 2011 a public announcement revealed that the Albany nanocollege will be the new home of research for the 450 millimeter wafer and the focus of a new \$4.4 billion investment lead by Intel, IBM, GLOBALFOUNDRIES, TSMC and Samsung. Just across the nearby river, Rensselaer Polytechnic Institute recently completed construction of a new Center for Biotechnology and Interdisciplinary Studies. In 2010 the international consortium of semiconductor manufacturers, Sematech, moved all of its operations to Albany. In late July 2009 Global Foundries broke ground on construction of a \$4.6 billion computer chip plant approximately 20 miles north of the Airport which will complement the existing technology facilities already in the region. On June 1, 2010 an expansion of this plant to 1.3 million square feet was announced. This plant became operational in mid-2012. The company recently confirmed an addition of 500,000 square foot research center bringing the total investment to \$8 billion. In nearby Schenectady, General Electric Company is establishing a new industrial electronic storage device plant and also it's Renewable Energy Wind Power Global Headquarters. The combination of significant growth in the technology businesses and comparatively low unemployment rates (7.6 percent for 2012), position Albany for a return to growth in airline activities and passenger usage of the airport.

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.

## **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 reduced the level of travelers and weakened the airlines financial stability. The airlines responded by reducing the size of their work forces, their operating expenses, and airline seat capacity and some consolidation among carriers. The recession brought about low fuel prices which did provide a stabilizing effect on the financial health of the airlines. As the economic recovery began, the airlines were able to raise airfares and charge additional fees for new and existing services such as internet access and baggage. According to Airlines for America, an industry trade association, U.S Airlines lost \$62.9

billion from 2001 through 2010, produced \$554 million in profit in 2011 and are estimated to have generated \$152 million of profit in 2012 representing a slim profit margin of 1/10<sup>th</sup> of 1% of revenue. Carrier consolidations continued into early 2013 with the announcement of an agreement between US Airways and American Airlines to merge.

Some of the potential factors that can impact the airlines and therefore the number of flights and enplanements at this Airport are: (1) any contraction or break in the current economic recovery for any reason; (2) sustained higher fuel costs (3) potential for contraction in air passenger travel in 2013 or beyond; (4) airline seat capacity reductions and market constraints to raising fares could weaken airline profits and cause some airlines to further reduce service; (5) airline financial weakness may result in failure or even further consolidation of airlines, reducing competition and exacerbating the decline in seat capacity; and (6) 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 included 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, and was renewed in 2010, effective January 1, 2011, 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 \$1,500,000, net of any state and federal grants, for the Airfield, if disapproved by more than 50% of the signatory airlines based upon 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 Agreement with the signatory airlines incorporates a hybrid method for calculating airline rates and charges which applies 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 2012 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 2013 assumed enplanements would be approximate 1% less than 2012 enplanement levels projected at the time the budget was developed. If the budget assumptions and activity projections prove to be reasonable, the projected airline cost per enplanement, net of revenue sharing, should approximate \$8.08, excluding FBO costs per enplaned passengers, and debt service coverage should be 1.26 (Net Revenues to Net Debt Service calculated under the provisions of the master bond resolution). Certain assumptions are used in determining the projected activity levels 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 \$44.6 million 2013 operating budget, which is on the Authority's web site.

#### *CAPITAL FINANCIAL PLANNING*

A five-year capital improvement program for the years 2010 through 2014 totaling \$139.3 million has been approved by the Authority and the County. The program consists of \$51.05 million for airfield projects, \$14.0 million for terminal improvements and expansion, \$64.25 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 needs and ability to obtain adequate funding. The largest capital project currently in the capital plan was the relocation of two water towers in the Town of Latham Water District to remove a runway obstruction at a total estimated cost of \$11 million. This project was 97.5% grant funded when it started in 2008 and the Airport received a \$6.7 million FAA American Recovery and Reinvestment Act grant in 2009 which provided 100% of the costs of finishing this project. While the project was included in the five-year capital improvement program, the revenue and expenses associated with this project were reported as Non-Operating Income and Non-Operating Expense as the majority of the expenditures did 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 designed to meet the objectives as set forth in the Airport's Master Plan and Safety Improvement Program. 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 affect 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 capital projects completed in 2012, or scheduled for completion in 2013, have their projected additional operating costs and related revenues incorporated into the Authority's 2013 operating budget and project funding in place with no anticipated additional borrowing. The largest project underway in 2013 is an expansion of an Aircraft Maintenance, Repair and Overhaul facility with an estimated cost of \$4.2 million. This project is 90% funded by a grant from the State of New York. The Authority has planned several other projects with an estimated cost over \$1 million to start in 2013 which include glycol processing plant improvements (\$2.3 million); runway friction material storage building (\$1.3 million); electrical vault utility improvements (\$1.1 million); aircraft apron ramp improvements (\$1.3 million); and administration building improvements (\$1.5million). With the exception of the administration building, all of these projects are eligible for at least 90 percent grant funding which is reflective of the Authority's prioritization process for capital spending.

#### *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 2013 budget, the Authority has projected a 1 percent decline in enplanements, aircraft operations, or landed weights from 2012 levels. In addition, the Airport continues to face increases in costs for most purchased services, materials and supplies. To meet these requirements, the Authority has set its rates and charges for 2013 under the Airline Use and Lease Agreement to meet all projected obligations. For 2013, signatory landing fees have been set at \$3.24 per 1,000 pounds, a decrease from \$3.26 budgeted in 2012; apron fees at \$1.81 per square foot, a decrease from \$1.91 in 2012; and the terminal rental rate at \$70.90, a decrease from \$71.96 per square foot in 2012.

As of December 31, 2012, the Authority had \$13.9 million in unrestricted funds available which included \$7.5 million in an operating and maintenance reserve, more than sufficient to meet two months of operating expenditures totaling \$5.4 million, and \$5 million in its Development fund which can be used to restore a deficiency in any other fund, and \$500,000 in an equipment repair & replacement reserve fund. In addition, the Authority has \$11.7 million in debt service reserve funds, plus \$4.7 million in Passenger Facility Funds on-hand, that when combined, exceeds the total annual debt service principal and estimated interest payments of \$13.3 million due in 2013. The Authority does not anticipate experiencing any cash flow deficiencies during 2013 requiring



short-term cash flow financing or 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, 2012, there is \$121.2 million of debt outstanding issued directly by the Authority to be reduced by \$8.1 million of principal payments during 2013. 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, 2012, the amount of future reimbursements to the County total \$917 thousand of which \$530 thousand will be paid during 2013. Debt service coverage was 1.33 for 2012 and is projected to be 1.30 for 2013 based on the adopted budget.

In August of 2010 the Authority issued \$109.9 million of Series 2010 fixed rate bonds to refund \$111.0 million in existing debt, which included \$77.7 million in variable rate bonds. Currently the Authority's entire debt portfolio is fixed rate debt. The Authority has not issued debt to obtain new proceeds since 2006 and has no plans to issue any additional debt during 2013.

#### **AUTHORITY'S INITIATIVES**

While the Airport is performing in a challenging period for airlines, it moved forward with various activities during 2012 to enhance and maintain the services provided to the airlines, the traveling public, and other uses of the Airport. These initiatives include:

- The Authority continued to market the air service opportunities to Airlines by attending three Airline Network Planning meetings and attending two airline headquarters meetings. The Airport specifically promoted underserved markets including routes eligible for the Federal Aviation Administration Air Service Development grant funding with Airport and Business Community Match and also the Airport Service Incentive Program.
- In 2012 the Authority substantially completed capital projects that included a semi-inline baggage screen equipment improvements of \$1.1 million, terminal floor improvements \$800 thousand, and surface lot improvements of \$600 thousand.
- Also in 2012 the Authority began capital projects that include: an expansion and rehabilitation of a commercial aircraft maintenance, repair and overhaul facility (\$4.2 million); aircraft deicing fluid storage and processing improvements (\$3.3 million); construction of a new runway friction material storage building (\$2.7 million); aircraft apron and ramp improvements (\$2.0 million); administrative building improvements (\$1.5 million); and airfield electrical vault improvements (\$1.1 million). All of the fore mentioned projects are at least 90% grant funded with exception of the administrative building improvements which will be funded from capital funds on hand.
- During 2012 the Authority continued to control costs and maintained reasonable rates and charges for an airport that provides a high level of services to its airlines including jet bridge maintenance, all janitorial services, waste removal and utilities.

## **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, 2011. This was the fifteenth 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 2012 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 for 2012. 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 2013 budget has been submitted to the GFOA to determine its eligibility for an award.

## **ACKNOWLEDGMENTS**

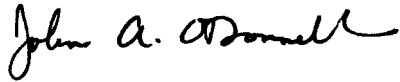
It is the strong continuing commitment of the Authority Board to the highest standards of financial reporting, disclosure and professionalism that the preparation of this report has been accomplished and for that we extend our sincere appreciation. We also give credit for the dedication, service and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

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.

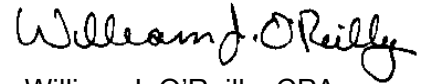
## CERTIFICATION

The following sections of this report include the basic financial statements of Authority for the fiscal year ended December 31, 2012 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:



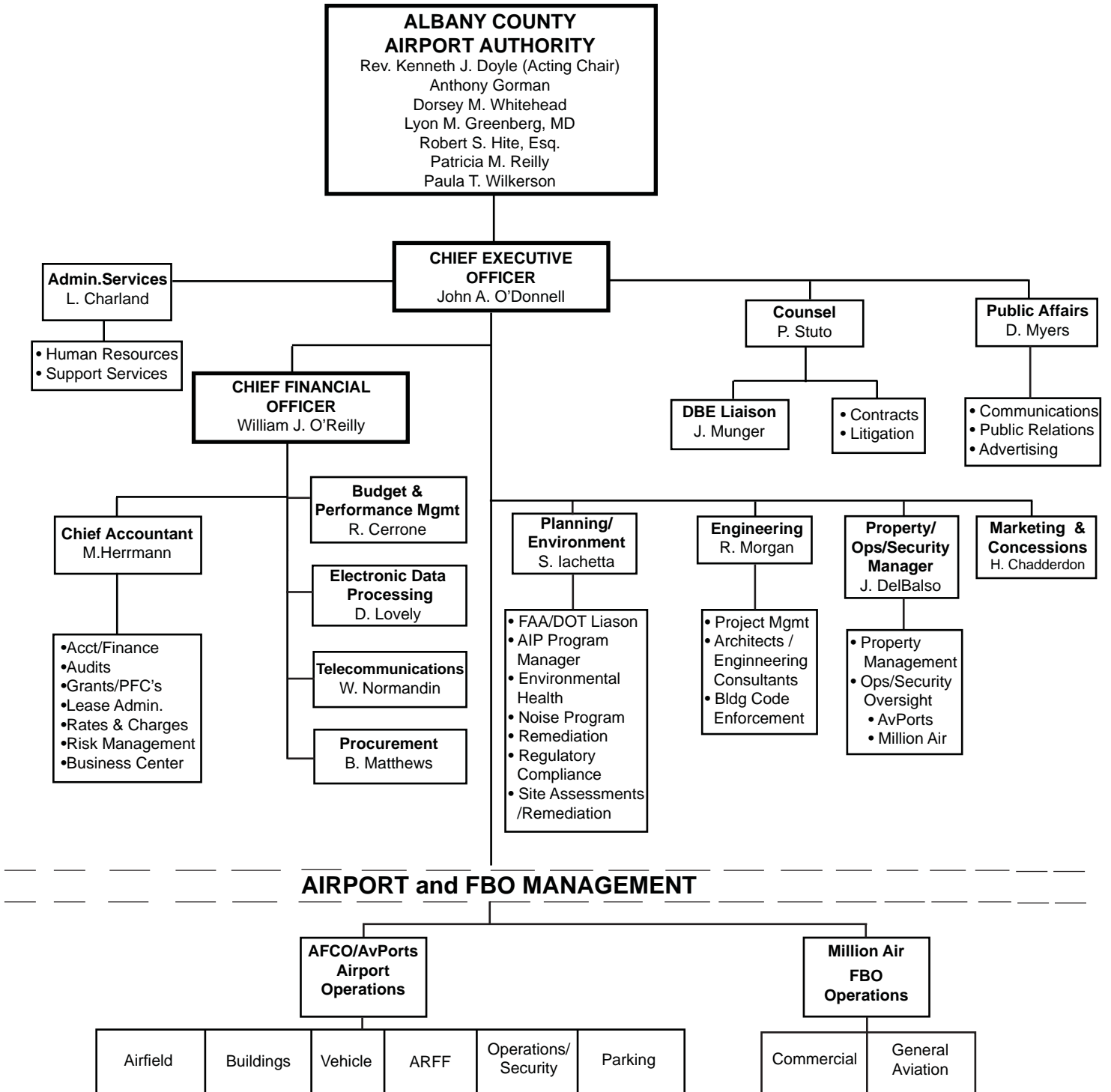
John A. O'Donnell  
Chief Executive Officer



William J. O'Reilly, CPA  
Chief Financial Officer

# ALBANY INTERNATIONAL AIRPORT ORGANIZATIONAL CHART

As of February 2013



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Albany County Airport Authority  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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



*Christopher P. Moville*

President

*Jeffrey R. Emer*

Executive Director



Twenty non-stop destinations are served from Albany with a total of 61 daily departures

SERVICE PROVIDED BY

Carrier	Daily (March 2013)		Percent of Total	
	Departures	Seats	Departures	Seats
US Airways	12	940	19.7%	20.3%
Southwest	15	2,144	24.6%	46.3%
Cape Air	9	81	14.8%	1.7%
Delta	9	661	14.8%	14.3%
United	14	777	23.0%	16.8%
Air Canada	2	31	3.3%	0.7%
<b>Total</b>	<b>61</b>	<b>4,634</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Official Airlines Guides Schedules, March 2013

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# Financial





Kevin J. McCoy, CPA  
 Thomas W. Donovan, CPA  
 Frank S. Venezia, CPA  
 James E. Amell, CPA  
 Carol A Hausamann, CPA  
 Benjamin R. Lasher, CPA  
 Daniel J. Litz, CPA  
 Karl F. Newton, CPA  
 Kevin P. O'Leary, CPA  
 Timothy A Reynolds, CPA  
 Leo A. Rigby, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Members  
 Albany County Airport Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and fiduciary funds of the Albany County Airport Authority (The Authority), a component of the County of Albany, New York, as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Thomas J. Ross, CPA  
 Heather D. Patten, CPA

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary funds of the Albany County Airport Authority, as of December 31, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB Trust Schedule of Funding Progress on pages 21 through 35 and 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Albany County Airport Authority's basic financial statements. The introductory section on pages one through 15, the schedules of debt service requirements to maturity and of governmental payment and services on pages 74 through 76, the statistical section and the biographies of the Authority's members and senior staff on pages 78 through 102 and 117 through 119 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance for the year ended December 31, 2012, is presented for purposes of additional analysis as required by U.S. Office and 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 also not a required part of the financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended December 31, 2012, is 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 financial statements.

The schedule of debt service requirements to maturity, the schedule of government payments and services, the Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance, and the Schedule of Passenger Facility Charges Collected and Expended are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the biographies have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albany County Airport Authority's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
March 20, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) of the Albany County Airport Authority (the Authority) provides an introduction of the basic financial statements for the year ended December 31, 2012 with selected comparative information for the years ended December 31, 2011 and December 31, 2010. 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 is a business-type activity and the Authority's basic financial statements include: the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position* and the *Statements of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Also included are the *Statements of Fiduciary Fund Net Position*; the *Statements of Changes in Fiduciary Fund Net Position*; and a *Schedule of Funding Progress* for the Airports Fiduciary Fund which also has a December 31st year end.

The *Statements of Net Position* depict the Authority's financial position at December 31, the end of the Authority's fiscal year. The Statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position is displayed in three components: net investment in capital assets, restricted (distinguished between major categories of restrictions) and unrestricted.

The *Statements of Revenues, Expenses and Changes in Net Position* report total operating revenues, operating expenses, non-operating income and expenses, capital contributions and the changes in net position during the fiscal year ending December 31st. All changes in net position 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.

The *Statements of Fiduciary Fund Net Position* is a snapshot of account balances of the Authority's fiduciary fund at year-end. It indicates the assets available for future payments for retiree benefits and any current liabilities that are owed at December 31.

The *Statements of Changes in Fiduciary Fund Net Position*, on the other hand, provides a view of current year/period additions to and deductions from the fund.

### 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:

→ AFCO AvPorts Management LLC, (d/b/a Avports) manages the daily operations of the airport including airfield, terminal, security, ARFF, landside, building and vehicle maintenance and public parking pursuant to a management services agreement, dated October 11, 2005.

→ REW Investments, Inc., (d/b/a Million Air) manages the daily operations of the Fixed Based Operations (FBO) of the airport including fuel farm management, commercial aviation into-plane fueling, and ground handling, fueling and hangaring of general aviation aircraft pursuant to a management services agreement. Million Air assumed responsibility as of October 1, 2005.

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 decreased to 59 in December 2012 from 66 in December 2011 and from 65 in December 2010.

	2012		2011		2010	
	<i>Carriers</i>	<i>Flights</i>	<i>Carriers</i>	<i>Flights</i>	<i>Carriers</i>	<i>Flights</i>
Jet Service						
Major Carriers	4	17	4	18	4	16
Regional Carriers	7	26	8	22	11	28
Commuter Service						
Regional Carriers	3	14	6	24	5	19
Foreign Carriers	1	2	1	2	1	2
Total	15	59	19	66	21	65

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. This downsizing of aircraft, reductions in operations, with the corresponding reduction in gross landing weights, negatively impacts the landing fee rate. Landing fee revenues remain stable due to the higher landing fee rate which is adjusted with the annual airport budget and final rate settlement calculations under the signatory airline use and lease agreement.

	2012	2011	2010
Total Available Seats	1,619,456	1,658,741	1,674,308
Passenger Load Factor	77%	75%	76%

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

	2012	2011	2010
Enplanements	1,244,976	1,242,399	1,264,381
<i>% increase/(decrease)</i>	0.2%	-1.7%	-4.1%
Aircraft Landed Weight (lbs)	1,448,273,846	1,484,333,528	1,516,417,163
<i>% decrease</i>	-2.4%	-2.1%	-6.0%
Operations (take-offs and landings)			
Commercial (inc corporate operations)	50,115	54,560	55,677
General Aviation	20,861	21,615	25,683
Military	4,543	4,226	7,137
Total	75,519	80,401	88,497
<i>% decrease</i>	-6.1%	-9.1%	-6.4%

As of December 31, 2012, two regularly scheduled express mail and various special cargo carriers serve the airport.

	2012	2011	2010
Mail and Express Cargo Tons	18,242	17,203	16,227
<i>% increase/(decrease)</i>	6.0%	6.0%	-11.1%

The downsizing of major commercial aircraft combined with the reduction of the number of aircraft operations has impacted gross landing weights which is the basis for establishing the airline landing fee rate. This reduction in gross landed weight by airline for 2012 compared to 2011 and 2011 compared to 2010 is as follows:

	2012 vs. 2011		2011 vs. 2010	
	Change in Operations	Change in Landed Weight	Change in Operations	Change in Landed Weight
Air Canada	72	597,590	(352)	(2,921,599)
Cape Air	(1,372)	(4,699,095)	1,346	4,610,045
Continental	(3,894)	(91,814,430)	(4)	(1,320,130)
Delta	(718)	828,748	(280)	1,332,131
Southwest	(134)	(2,906,000)	(30)	(180,000)
United	3,582	70,108,670	(126)	(10,985,915)
US Airways	(1,114)	(8,148,507)	(946)	(21,041,230)
Charters	(2)	(26,659)	13	(1,576,936)
Total	(3,580)	(36,059,683)	(379)	(32,083,634)

## ENPLANEMENTS

Enplanements for 2012 compared to 2011 increased by 2,577 passengers, compared to a decrease of 21,982 in 2011 vs. 2010. The changes in enplanements by airline, including their express carriers is as follows:

	2012 Market Share	Total 2012 Enplanements	2012 vs. 2011	Total 2011 Enplanements	2011 vs. 2010	Total 2010 Enplanements
Air Canada	0.4%	4,392	(90)	4,482	(300)	4,782
Cape Air	1.3%	16,429	145	16,284	7,607	8,677
Continental	7.4%	14,355	(78,157)	92,512	(9,258)	101,770
Delta	16.2%	198,872	(2,932)	201,804	1,246	200,558
Southwest	41.2%	504,987	(6,748)	511,735	99	511,636
United	14.6%	250,900	69,387	181,513	(1,139)	182,652
US Airways	18.8%	255,041	20,972	234,069	(20,237)	254,306
<b>Total</b>	<b>100.0%</b>	<b>1,244,976</b>	<b>2,577</b>	<b>1,242,399</b>	<b>(21,982)</b>	<b>1,264,381</b>

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

## FBO OPERATIONS

REW Investments, Inc. (d/b/a Million Air) manages the daily operations of the FBO. A summary of the operating revenues and expenses, the gallons of Jet A and Aviation Gasoline sold, gallons of glycol sold and sprayed and the Jet A transferred to the commercial and cargo airlines is as follows for 2012, 2011 and 2010:

	2012	2012 vs. 2011	2011	2011 vs. 2010	2010
Revenues	\$ 9,732,965	-10.0%	\$ 10,816,078	29.7%	\$ 8,339,501
Expenses (inc. cost of sales and administration)	\$ 9,102,193	-5.8%	\$ 9,661,561	25.9%	7,674,871
Retail Gallons Sold					
Jet A	870,095	-4.4%	910,143	10.9%	820,963
AvGas	68,240	-4.9%	71,747	-2.3%	73,430
Commercial AvGas	184,479	-20.9%	233,142	5.9%	220,084
Glycol Gallons - Consortium	82,221	-39.5%	135,952	45.0%	93,776
Glycol Gallons - Sprayed	33,610	-52.6%	70,970	53.9%	46,128
Jet A Fuel Into-Plane Gallons	17,738,499	-2.6%	18,218,999	-0.3%	18,280,810

## CONCESSIONS

Concession revenues for 2012 were \$6,490,578, a 0.6% decrease from 2011. The decrease is primarily due to a decrease in advertising revenues due to a new concession agreement effective August 2012. The major concession revenues, with the exception of a slight decrease in Food & Beverage revenues, have increased over 2011 primarily due to the increase in enplanements in 2012. Concession revenues for 2011 were 6.5% ahead of revenues in 2010.

Concession revenue highlights for 2012 compared to 2011 and 2010 are as follows:

	2012	2012 vs. 2011	2011	2011 vs. 2010	2010
<b>Rental Car Revenues</b>					
Sales	\$ 45,703,151	1.6%	\$ 44,967,151	14.0%	\$ 39,430,522
Authority Revenues	\$ 4,723,808	0.1%	\$ 4,718,960	10.7%	\$ 4,263,770
<b>Food &amp; Beverage</b>					
Sales	\$ 6,168,310	0.3%	\$ 6,148,719	4.7%	\$ 5,871,870
Authority Revenues	\$ 660,461	-0.2%	\$ 661,701	-0.3%	\$ 663,990
<b>Retail</b>					
Sales	\$ 2,901,326	0.6%	\$ 2,884,799	-0.1%	\$ 2,888,290
Authority Revenues	\$ 365,199	0.7%	\$ 362,720	-0.1%	\$ 363,244
Total Authority Concession Revenues	\$ 6,490,578	-0.6%	\$ 6,531,954	6.5%	\$ 6,135,012
Concession Revenue per Enplanement	\$ 5.22	-0.6%	\$ 5.26	8.4%	\$ 4.85

## PARKING

The Airport directly manages all on-airport parking operations which at December 31, 2012 consisted of 341 short-term garage/surface, 1,912 long-term garage, 1,098 long-term surface, and 2,272 remote shuttle served parking spaces. Revenue for 2012 compared to 2011 and 2010 are as follows:

	2012	2012 vs. 2011	2011	2011 vs. 2010	2010
<b>Public Parking</b>					
Revenues	\$ 10,787,568	2.9%	\$ 10,478,603	0.5%	\$ 10,428,141
# of Vehicles Parked	629,739	-1.1%	636,875	-3.9%	662,469
Parking Revenue per Enplanement	\$ 8.68	2.9%	\$ 8.43	2.3%	\$ 8.25

The Authority last adjusted its parking rates in November of 2008 which has resulted in an increase in parking revenue per enplanement.



## SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The changes in net position 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 position at December 31 is set forth below:

	2012	2011	2010
Operating revenues	\$ 42,700,462	\$ 43,994,349	\$ 40,952,558
Operating expenses	<u>(30,797,973)</u>	<u>(32,672,751)</u>	<u>(29,887,368)</u>
Revenues in excess of expenses			
before depreciation	11,902,489	11,321,598	11,065,190
Depreciation	<u>(13,537,373)</u>	<u>(13,406,698)</u>	<u>(13,585,503)</u>
Loss before non-operating income			
and expenses	(1,634,884)	(2,085,100)	(2,520,313)
Non-operating income and (expenses), net	<u>(1,128,330)</u>	<u>(1,508,751)</u>	<u>(70,452)</u>
Loss before capital contributions	(2,763,214)	(3,593,851)	(2,590,765)
Capital contributions, special and extraordinary items	<u>3,405,014</u>	<u>7,063,708</u>	<u>5,161,620</u>
Net position			
Increase in net position	641,800	3,469,857	2,570,855
Total net position, beginning of year	<u>196,039,041</u>	<u>192,569,184</u>	<u>189,998,329</u>
Total net position, end of year	<u>\$ 196,680,841</u>	<u>\$ 196,039,041</u>	<u>\$ 192,569,184</u>

The Authority's operating revenues and expenses include the sales and cost of sales and delivery of general and commercial aviation fuel, glycol and deicing service sold and or delivered through the FBO. Average weekly jet fuel sales prices were \$4.52, \$5.60 and \$5.89 in 2010-2012, respectively. Gallons of jet fuel sold were 820,963, 910,143, and 870,095 in 2010 through 2012. The FBO provides fueling services for all commercial airlines at the airport. The majority of airlines provide their own aircraft deicing services. Accordingly, commercial aircraft deicing service revenue is sensitive to both demand for services and need for services based upon weather conditions. The total gallons of sprayed deicing services delivered in 2010 through 2012 were 46,128, 70,970 and 33,610 gallons. Lower volumes of deicing service activity in 2012 was the result of both a lighter winter and increased self-service activity by airlines. The table below summarizes FBO revenues, expenses and net revenues:

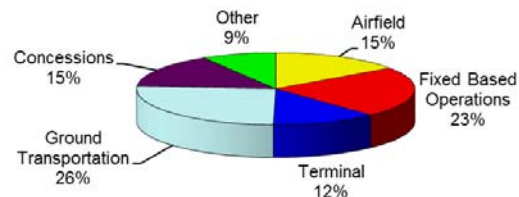
	2012	2011	2010
FBO revenues	\$ 9,732,965	\$ 10,816,078	\$ 8,339,501
FBO expenses	9,102,193	9,661,561	7,674,426
FBO net revenues	<u>\$ 630,772</u>	<u>\$ 1,154,517</u>	<u>\$ 665,075</u>

## OPERATING REVENUES AND NON-OPERATING INCOME HIGHLIGHTS

The change in total operating and non-operating revenues between 2010 and 2012 was the result of a variety of factors. Revenues for the Airfield, Terminal, and Fixed Base of Operations (FBO) are sensitive to the costs of maintaining these facilities or providing fuel in the case of the FBO. Under the signatory airline use and lease agreement, the airfield is a "residual cost center" requiring signatory airlines to pay the residual cost after all airfield and certain non-airfield revenues allocable to the airfield have been applied which include all interest income and PFCs applicable to airfield related debt service. Accordingly airfield revenues are sensitive to airfield cost, interest earnings, PFC revenues applied to airfield debt service, and the amount of airfield debt service. The terminal revenue is sensitive to the amount of rented space and terminal operating costs used to determine the annual rental rate. FBO revenues are sensitive to the price of purchased fuel and the volume of fuel sold. Ground transportation revenue is sensitive to airline passenger activity. Concession and Other revenue are based upon passenger and other activity but are generally reinforced with minimum annual revenue guarantees and property leases.

Airfield revenues are sensitive to airfield operating cost because the revenue center is a residual cost center. Variations in airfield revenue from year to year reflect variations in cost which are impacted by variations in the cost of snow removal and maintenance required based upon conditions that change from year to year. The signatory landing fee rate is also sensitive the volume of landed weight in any given year and its allocation to signatory airlines and other aircraft. The volume of landed total volume of landed weight in 2010-2012 was 1,669,418 thousand lbs, 1,647,680 and 1,609,630 respectively. The volume of signatory landed weight in 2010-2012 was 1,174,396 thousand lbs, 1,382,055, and 1,557,846. The signatory landing fee was \$2.46, \$2.61 and \$2.92 per thousand pounds in 2010-2012 respectively. The terminal revenue has declined from 2010 due to a variety of factors including lower utility costs and reductions in space rented by the Airlines. The signatory airline terminal rental rate was \$72.69, \$69.55 and \$68.46 per square foot in 2010-2012. Grant income has declined since 2010 as the result of reduced spending under a \$6.7 million American Recovery and Reinvestment Act (ARRA) grant used to fund the relocation of a local community water tower which is being reported as a flow through grant.

### Allocation of 2012 Operating Revenues by Category

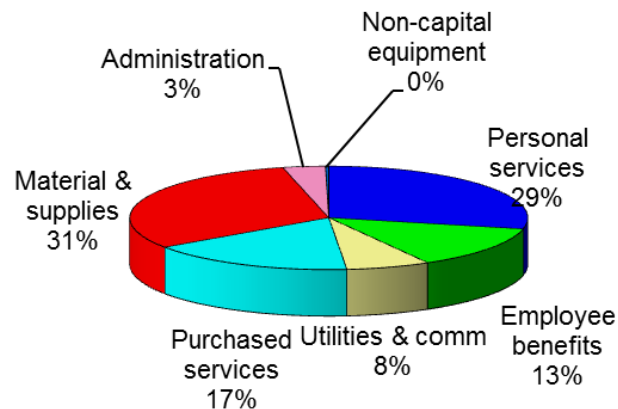


	2012	2011	2010
<b>Operating Revenues</b>			
Airfield	\$ 6,517,132	\$ 6,620,031	\$ 6,249,734
Fixed Based Operations	9,732,965	10,816,078	8,339,501
Terminal	5,220,736	5,549,272	5,760,454
Ground Transportation	11,035,611	10,737,419	10,695,016
Concessions	6,490,578	6,531,954	6,135,012
Other	3,703,440	3,739,595	3,772,841
<b>Non-Operating Income</b>			
Passenger Facility Charges	4,843,563	4,832,209	5,043,851
Grant Income	344,845	1,112,504	3,442,758
Improvement Charges	368,400	368,400	368,400
Interest Income	94,418	102,137	196,224
<b>Total</b>	<b>\$ 48,351,688</b>	<b>\$ 50,409,599</b>	<b>\$ 50,003,791</b>
<i>Percentage of Increase/(Decrease)</i>	<i>-4.1%</i>	<i>0.8%</i>	<i>-4.6%</i>

## OPERATING EXPENSES AND NON-OPERATING EXPENSES HIGHLIGHTS

Total 2012 expenses decreased \$2.9 million or 5.3% as compared to 2011. Operating expenses have also decreased \$1.9 million from 2011. The savings in 2012 was primarily due to lower snow removal supplies and services costs and the purchase of deicing fluids at the FBO due to the light winter season. Utility costs were also lower in 2012 due to lower cost of energy, lower consumption of energy, and expiration of a customer choice of supplier transition charge. Non-Operating expenses decreased in 2012 by \$1.1 million from 2011 largely because of a \$0.7 million decrease in grant expenses for spending under flow-through grant for a runway obstruction removal project that was completed in 2011 and a \$0.4 million decrease in interest expense on bonds, including the net effects of amortization of bond issuance premiums and deferred refunding.

### Allocation of 2012 Operating Expenses by Category



	2012	2011	2010
Operating Expenses			
Personal services	\$ 8,770,501	\$ 8,637,469	\$ 8,674,598
Employee benefits	4,088,327	3,971,189	3,859,040
Utilities & communications	2,093,566	2,709,645	2,829,179
Purchased services	5,172,696	5,434,072	4,878,780
Material & supplies	9,528,594	10,727,433	8,299,868
Administration	1,062,191	979,015	1,176,923
Non-capital equipment	82,101	213,928	168,980
Depreciation	13,537,373	13,406,698	13,585,503
Non-Operating Expenses			
Grant Expense	-	683,300	3,013,773
Interest	6,615,097	6,971,497	5,961,984
Amortization of Bond insurance premiums	164,459	269,204	145,928
<b>Total</b>	<b>\$ 51,114,905</b>	<b>\$ 54,003,450</b>	<b>\$ 52,594,556</b>
<i>Percentage of Increase/(Decrease)</i>	<i>-5.3%</i>	<i>2.7%</i>	<i>-5.6%</i>

## FINANCIAL POSITION SUMMARY

The Statements of Net Position depict the Authority's financial position as of one point in time – December 31 – and reflects the residual difference between all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net position represents the residual interest in the Authority's assets after deducting liabilities. The Authority's net position was by \$196.7 million at December 31, 2012, a \$0.6 million increase from December 31, 2011.

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

	2012	2011	2010
<b>ASSETS</b>			
Capital assets	\$ 273,858,660	\$ 281,501,522	\$ 286,302,408
Other assets	44,312,257	41,553,528	41,947,023
Total Assets	<u>318,170,917</u>	<u>323,055,050</u>	<u>328,249,431</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>12,268,383</u>	<u>14,454,831</u>	<u>16,804,624</u>
<b>LIABILITIES</b>			
Current (payable from unrestricted assets)	5,226,545	4,709,895	5,398,984
Current (payable from restricted assets)	10,574,789	9,463,507	7,742,493
Noncurrent liabilities	117,147,207	126,555,426	138,388,731
Total Liabilities	<u>132,948,541</u>	<u>140,728,828</u>	<u>151,530,208</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>809,918</u>	<u>742,012</u>	<u>1,044,640</u>
<b>NET POSITION</b>			
Net investment in capital assets	166,644,993	167,205,678	164,991,633
Restricted	16,852,644	16,487,232	16,539,805
Unrestricted	13,183,204	12,346,131	11,037,746
Net Position	<u>\$ 196,680,841</u>	<u>\$ 196,039,041</u>	<u>\$ 192,569,184</u>

Net position is 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 position (85% at December 31, 2012). 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. During 2010 the Authority recorded \$722 thousand in capital asset impairment charges. Capital asset impairment charges reported in 2010 were a \$553 thousand *Special Item* reflecting a write down of costs related to permanently stalled improvement projects and \$169 thousand to write down the carrying value of land held for sale to its fair value less costs to dispose. During 2012 the Authority recorded a net book value write off of \$980 thousand recorded as a *Special Item* reflecting the transfer of certain MASLR equipment to the FAA.

*Restricted net position* (8% at December 31, 2012), principally representing bond reserves and PFC funds, are restricted as to use pursuant to bond resolutions and Federal regulations. The restricted component of

net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted net position* totaling \$13.2 million (7% at December 31, 2012) are available to meet any of the Authority's ongoing obligations. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

## 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, 2012, signatories in the Agreement include five commercial, fifteen 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. The Authority can also impose a "Capital Charge Coverage" equal to 25% of its required debt service. Capital Charge Coverage provides for revenues less expenses, to be not less than one-hundred twenty-five percent (125%) of annual debt service. The Authority exercised the "Capital Charge" provision in 2009 to meet the debt service coverage requirement, but has never imposed the "Extraordinary Coverage Protection" provision. The final rates and charges, after all year-end settlement adjustments and the revenue sharing allocations in accordance with the definitions and formulas contained in the Agreement with the signatory airlines are as follows:

	2012	2011	2010
Landing Fees (per 1,000 lbs. MGLW)	\$ 2.92	\$ 2.61	\$ 2.45
Landing Fee Surcharge (per 1,000 lbs. MGLW)	\$ 0.12	\$ 0.11	\$ 0.10
Terminal Rental Rate (per square foot)	\$ 68.46	\$ 69.55	\$ 72.70
Apron Fees (per square foot)	\$ 1.78	\$ 1.75	\$ 1.51
Loading Bridge (annual rate)	\$ 35,220	\$ 33,422	\$ 35,557
Airline Cost per Enplanement	\$ 7.64	\$ 7.92	\$ 7.82
Revenue Sharing Credit	\$ 1,482,434	\$ 998,688	\$ 1,544,787

## CASH MANAGEMENT POLICIES AND CASH FLOW ACTIVITIES

All cash receipts are initially deposited daily into collateralized or insured bank accounts. After initial deposit of receipts, all funds are transferred to various segregated bank accounts comprising the various funds defined in the Authority's Master Bond Resolution. Most of the bank accounts are interest-bearing accounts. The Authority's temporarily idle cash is maintained in collateralized or insured bank accounts consistent with the Authority's liquidity, available short-term investment opportunities, and desired level of risk. The Authority maintains some debt service reserves in United States Treasury obligations. All deposits and investments are in compliance with the laws of the State and the Cash Management and Investment Policy adopted by the Authority. Additional information about cash and investments can be found under "Note 3 – Cash, Cash Equivalents and Investments" in the Notes to the Financial Statements.

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 2012, 2011 and 2010:

	2012	2011	2010
Cash flows from (used):			
Operating activities	\$ 12,335,452	\$ 11,235,210	\$ 11,268,737
Noncapital financing activities	344,845	429,204	428,985
Investing activities	102,888	113,139	383,696
Capital and related financing activities	<u>(11,473,298)</u>	<u>(12,045,463)</u>	<u>(13,347,031)</u>
Net increases/(decreases) in cash and cash equivalents	1,309,887	(267,910)	(1,265,613)
Cash and cash equivalents:			
Beginning of period	36,830,413	37,098,323	38,363,936
End of period	<u>\$ 38,140,300</u>	<u>\$ 36,830,413</u>	<u>\$ 37,098,323</u>

The Authority's available cash and cash equivalents increased in 2012 by \$1,309,887 primarily due to the positive flow of funds from operating activities offset by capital construction and debt service funds net of capital funds and PFCs received. During 2010 the Authority refunded its Series 1998, 1999, 2000 and 2008 bonds and unamortized Swaption loan outstanding by issuing new bonds and causing net releases of \$2.3 million in debt reserve funds and \$1.0 million in operating funds to reduce the amount of refunding debt issued in the refunding transactions. While these net cash releases resulted in lower available cash on hand at year end, they resulted in a greater reduction in long-term debt by reducing the amount of refunding bonds issued, lowering issuance costs and reducing future cash debt service requirements. Cash and cash equivalents are composed of:

	2012	2011	2010
Funds available for unrestricted operations	\$ 13,910,109	\$ 12,840,930	\$ 11,905,392
Restricted for:			
Capital projects	6,795,387	6,937,129	8,002,413
PFCs available for debt service payments	4,692,973	4,351,224	4,342,432
Revenue bond reserves	11,736,469	11,763,714	11,803,446
Other restrictions	<u>1,005,362</u>	<u>937,416</u>	<u>1,044,640</u>
Total	<u>\$ 38,140,300</u>	<u>\$ 36,830,413</u>	<u>\$ 37,098,323</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 plan for 2010 – 2014 was approved by the County December 7, 2009. The plan provides for total spending of up to \$139.3 million over five years of which \$82.3 million is eligible for 97.5% grant funding. Much of the remainder is contingent upon economic development opportunities materializing, which there can be no assurance of, and the projects are therefore deferred. 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. 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, 2012, the Authority has \$5.1 million outstanding capital commitments. Approved Projects requiring additional financing in the plan are very likely to be deferred.

The following is a summary of the approved 2010 – 2014 capital plan including the activity through December 31, 2012:

	Total 2010- 2014 Plan	Total 2010- 2014 Activity
Approved Projects		
Airfield	\$ 51,050,000	\$ 14,953,170
Terminal	14,000,000	2,844,790
Landside	64,250,000	2,848,277
Major Equipment	10,000,000	4,252,068
Total	<u>\$ 139,300,000</u>	<u>\$ 24,898,305</u>
Projected Funding Sources		
Federal Funds	\$ 81,050,000	\$ 17,748,242
State Funds	1,900,000	537,369
Debt Issuances	42,000,000	-
Authority Funds	14,350,000	6,612,694
Total	<u>\$ 139,300,000</u>	<u>\$ 24,898,305</u>

Additional information about capital assets can be found under “Note 7 – Capital Assets” in the Notes to the Financial Statements.

## LONG-TERM DEBT ADMINISTRATION

The Authority issued 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, 2012 for General Airport Revenue Bonds (GARB) is \$121,165,000 compared to \$128,975,000 at December 31, 2011, 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 aggregate par amount of bonds issued by the Authority and bond related debt owed to the County of Albany outstanding as of December 31, 2011 and 2012 is summarized in the following table:

	Original Par Amount Issue	Outstanding at 12-31-11	Outstanding at 12-31-12
Authority Revenue Bonds/Debt Obligations			
1999 NYS EFC	7,895,303	3,530,000	3,145,000
2003 GARB Series A	8,885,000	4,855,000	4,285,000
2004 NYS EFC	388,316	105,000	70,000
2006 GARB Series A & B	14,230,000	11,820,000	11,270,000
2006 GARB Series C	6,330,000	5,800,000	5,655,000
2010 Refunding Series A & B	N/A	102,865,000	96,740,000
Total Authority Debt Obligations	\$ 37,728,619	\$ 128,975,000	\$ 121,165,000
County of Albany General Obligation (GO) bonds	21,100,121	1,510,678	584,256
Total Bonds and Debt Obligations	\$ 58,828,740	\$ 130,485,678	\$ 121,749,256

The table above includes provides a comparison of the current amounts of bonds and debt outstanding to the original amounts issued for project financing and reveals the aggregate amount of bonds and debt obligations outstanding declined by \$8.7 million during 2012. In the table above the bonds and debt obligation are presented on a stated par amount basis. Under generally accepted accounting principles certain items associated with the debts above are deferred and amortized into future periods by subtracting or adding the deferred items to the stated par amounts outstanding and expensing those deferred items in future periods as the debt matures using a systematic and rational method that conforms with generally accepted accounting described in Note 2 and Note 8 to the Financial Statements. The reported amount of bonds issued by the Authority and bond related debt owed to the County of Albany that was outstanding as of December 31, 2011, additions and/or deletions during 2012, and the balances reported at December 31, 2012 with adjustments to the reported value required by generally accepted accounting principles is summarized in the following table:

	Outstanding at 12-31-11	Additions	Deletions	Outstanding at 12-31-12
Authority Revenue Bonds/Debt Obligations				
Bonds Payable				
1999 NYS EFC	\$ 3,530,000	\$ -	\$ (385,000)	\$ 3,145,000
2003 GARB Series A	4,855,000	-	(570,000)	4,285,000
2004 NYS EFC	105,000	-	(35,000)	70,000
2006 GARB Series A & B	11,820,000	-	(550,000)	11,270,000
2006 GARB Series C	5,800,000	-	(145,000)	5,655,000
2010 Series A Refunding	99,520,000	-	(5,335,000)	94,185,000
2010 Series B Refunding	3,345,000	-	(790,000)	2,555,000
Total Bonds Payable	128,975,000	-	(7,810,000)	121,165,000
Deferred Loss on Refunding	(13,304,843)	-	2,048,304	(11,256,539)
Unamortized Premiums/Discounts (net)	5,419,410	-	(919,216)	4,500,194
Net Bonds Payable	121,089,567	-	(6,680,912)	114,408,655
Obligation for County of Albany Bonds (net)	1,510,678	-	(926,422)	584,256
Total Long-term Indebtedness	\$ 122,600,245	\$ -	\$ (7,607,334)	\$ 114,992,911

At December 31, 2012 the Authority maintained debt service reserve funds in the amount of \$11.7 million and Passenger Facility Charge Funds in the amount of \$4.7 million, both of which are restricted to repayment of debt. Thus, the Authority's direct obligations outstanding, net of funds restricted for the



repayment of debt, was \$98.0 million in aggregate par amount of bonds outstanding. Additional information about the long-term Indebtedness can found under “Note 8 – Long-Term Indebtedness” in the Notes to the Financial Statements.

### **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. Effective September 1, 2009, the Authority implemented an approved change in the PFC collection from \$3.00 per passenger to \$4.50 per passenger, with a current estimated collection period through 2020. Through December 31, 2012, the Authority has collected PFCs, including interest earnings thereon, totaling \$73,146,708, or 62.6% 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 91.0% of its enplanements. Under the master bond resolution, the Authority calculates the bonded debt service coverage ratio based upon the ratio of net revenues, excluding PFCs, after payment of operating expenses, to debt service to be funded net of PFCs applied to debt service. For 2012 the bonded debt service coverage ratio was 1.33 compared to 1.33 in 2011 and 1.27 in 2010. Additional information about PFC activity can found under “Note 2 – Summary of Significant Accounting Policies” in the Notes to the Financial Statements.

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

The ratings on the Authority’s General Airport Revenue Bonds outstanding are enhanced by municipal bond insurance. Bond insurance policies in effect were issued by Assured Guaranty Municipal Corporation (AGMC). The table below presents the enhanced and underlying ratings on each of the Authority’s outstanding bonds.

<b>Series *</b>	<b>Bond Insurer</b>	<b>Moody's/Fitch/S&amp;P Enhanced Rating</b>	<b>Moody's/Fitch/S&amp;P Underlying Rating</b>
Series 2010A	AGMC	A2/NR/AA-	A3/A-/BBB+
Series 2010B	AGMC	A2/NR/AA-	A3/A-/BBB+
2006C	AGMC	A2/NR/NR	A3/A-/NR
2006B	AGMC	A2/NR/AA-	A3/A-/BBB+
2006A	AGMC	A2/NR/AA-	A3/A-/BBB+
2003A	AGMC	A2/NR/AA-	A3/A-/BBB+

\* Not all maturities within a Series are insured.

NR = Not Rated

Fitch Ratings has withdrawn its insured rating of all bonds insured by AGMC effective February 25, 2010. Moody’s lowered their rating of AGMC from A3 to A2 on January 17, 2013. The Authority’s underlying credit ratings remained unchanged during 2012 and are: Moody’s Investors Service “A2”, 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. At December 31, 2012 the reserve requirement was \$5.2 million and for which the Authority had \$7.6 million on hand. The Authority also had \$5.0 million in its airport Development Fund which can be used to restore a deficiency in any other fund and it had a repair and replacement reserve fund 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, 2012 the debt service reserve funds totaled \$11.7 million.

## FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis of accounting 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 estimated 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@albanyairport.com](mailto:boreilly@albanyairport.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 Position  
As of December 31, 2012 and December 31, 2011

<u>ASSETS</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<b>CURRENT ASSETS</b>		
Unrestricted Assets:		
Cash and cash equivalents	\$ 13,910,109	\$ 12,840,930
Accounts receivable - net	2,367,114	1,919,685
Due from Albany County	268,537	-
Prepaid expenses	<u>695,347</u>	<u>983,244</u>
Total Unrestricted Assets	<u>17,241,107</u>	<u>15,743,859</u>
Restricted Assets:		
Capital Funds:		
Cash and cash equivalents	6,795,387	6,937,129
Grant funds receivable	1,725,219	829,087
Passenger Facility Charge Funds:		
Cash and cash equivalents	4,692,973	4,351,224
Passenger Facility Charges receivable	366,321	326,059
Revenue Bond Funds:		
Cash and cash equivalents	11,736,469	11,763,714
Investments	277,389	277,389
Accrued interest receivable	1,906	1,906
ANCLUC Trust Funds:		
Cash and cash equivalents	195,893	195,404
Concession Improvement Trust Funds:		
Cash and cash equivalents	809,469	742,012
Total Restricted Assets	<u>26,601,026</u>	<u>25,423,924</u>
Total Current Assets	<u>43,842,133</u>	<u>41,167,783</u>
<b>NON-CURRENT ASSETS</b>		
Net Assets held in trust for OPEB	118,536	18,722
Prepaid expenses	351,588	367,023
Capital Assets:		
Land and easements	47,663,692	46,584,447
Buildings, improvements and equipment, net of depreciation	224,033,645	233,397,924
Construction in progress	<u>2,161,323</u>	<u>1,519,151</u>
Total Capital Assets	<u>273,858,660</u>	<u>281,501,522</u>
Total Non-Current Assets	<u>274,328,784</u>	<u>281,887,267</u>
Total Assets	<u>318,170,917</u>	<u>323,055,050</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Refunding	11,256,539	13,304,843
Deferred Bond Insurance Premiums	1,011,844	1,149,988
Total Deferred Outflows of Resources	<u>12,268,383</u>	<u>14,454,831</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority  
Statements of Net Position  
As of December 31, 2012 and December 31, 2011

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	\$ 583,065	\$ 531,172
Accrued expenses	4,138,698	2,978,821
Due to Albany County	-	266,359
Accrued interest payable	1,708	7,121
Current maturities of long - term debt	503,074	926,422
Total Payable from Unrestricted Assets	<u>5,226,545</u>	<u>4,709,895</u>
Payable from Restricted Assets:		
Construction contracts payable	1,312,785	271,640
Construction contract retainages	108,126	229,590
Accrued interest payable	222,414	233,060
Current maturities of long - term debt	8,931,464	8,729,217
Total Payable From Restricted Assets	<u>10,574,789</u>	<u>9,463,507</u>
Total Current Liabilities	<u>15,801,334</u>	<u>14,173,402</u>
NON -CURRENT LIABILITIES		
Accrued interest payable	332,295	305,977
Bonds and other debt obligations	<u>116,814,912</u>	<u>126,249,449</u>
Total Non-Current Liabilities	<u>117,147,207</u>	<u>126,555,426</u>
Total Liabilities	<u>132,948,541</u>	<u>140,728,828</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred ANCLUC Trust funds	449	-
Deferred Concession Improvement Trust funds	809,469	742,012
Total Deferred Inflows of Resources	<u>809,918</u>	<u>742,012</u>
<u>NET POSITION</u>		
Net investment in capital assets	166,644,993	167,205,678
Restricted:		
Bond reserve funds	11,793,350	11,809,949
Passenger facility charge funds	5,059,294	4,677,283
Total Restricted:	<u>16,852,644</u>	<u>16,487,232</u>
Unrestricted	<u>13,183,204</u>	<u>12,346,131</u>
Net Position	<u>196,680,841</u>	<u>196,039,041</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority  
 Statements of Revenues, Expenses and Changes in Net Position  
 As of December 31, 2012 and December 31, 2011

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Operating Revenues		
Airfield	\$ 6,517,132	\$ 6,620,031
Fixed Based Operations	9,732,965	10,816,078
Terminal	5,220,736	5,549,272
Concessions	6,490,578	6,531,954
Ground transportation	11,035,611	10,737,419
Other revenue	3,703,440	3,739,595
Total Operating Revenues	<u>42,700,462</u>	<u>43,994,349</u>
Operating Expenses		
Airfield	2,432,013	2,765,968
Fixed Based Operations	8,450,362	8,715,880
Terminal	4,477,236	4,840,165
Loading bridges	266,490	249,885
Landside	3,930,352	4,235,578
Public safety	3,248,540	3,465,540
Aircraft Rescue and Fire Fighting	1,537,904	1,538,966
Vehicle maintenance	1,104,775	1,308,686
Administration	5,350,301	5,552,083
Total Operating Expenses	<u>30,797,973</u>	<u>32,672,751</u>
Revenues in excess of expenses before depreciation	11,902,489	11,321,598
Depreciation	<u>13,537,373</u>	<u>13,406,698</u>
Operating Loss Before Non-Operating Income and Expenses	<u>(1,634,884)</u>	<u>(2,085,100)</u>
Non-Operating Income and (Expenses)		
Passenger Facility Charges	4,843,563	4,832,209
Grant income	344,845	1,112,504
Improvement charges	368,400	368,400
Interest income	94,418	102,137
Grant expense	-	(683,300)
Interest expense	(6,615,097)	(6,971,497)
Amortization of bond insurance premiums	(164,459)	(269,204)
Total Non-Operating Income and (Expenses)	<u>(1,128,330)</u>	<u>(1,508,751)</u>
Loss before Capital Contributions	(2,763,214)	(3,593,851)
Capital Contributions and Special Item		
Capital Contributions	4,385,124	7,063,708
Special Item - conveyance of MALSR equipment to FAA	(980,110)	-
Total Capital Contributions and Special Item	<u>3,405,014</u>	<u>7,063,708</u>
Net Position		
Increase in Net Position	641,800	3,469,857
Net Position, beginning of period	<u>196,039,041</u>	<u>192,569,184</u>
Net Position, end of period	<u>\$ 196,680,841</u>	<u>\$ 196,039,041</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority  
Statements of Cash Flows  
As of December 31, 2012 and December 31, 2011

	December 31, 2012	December 31, 2011
Cash Flows From Operating Activities		
Cash received from providing services	\$ 42,253,033	\$ 44,327,193
Cash paid to suppliers	(28,813,561)	(31,992,962)
Cash paid to employees	(1,104,020)	(1,099,021)
Net Cash Provided By Operating Activities	<u>12,335,452</u>	<u>11,235,210</u>
Cash Flows From Noncapital Financing Activities		
Grant income	344,845	1,112,504
Grant expense	-	(683,300)
Net Cash Provided By Noncapital Financing Activities	<u>344,845</u>	<u>429,204</u>
Cash Flows From Investing Activities		
Interest received	94,418	102,137
Interest on passenger facility charges	8,470	11,002
Net Cash Provided by Investing Activities	<u>102,888</u>	<u>113,139</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(5,954,942)	(9,243,027)
Principal payments made on bonds and notes payable	(8,736,422)	(8,574,618)
Interest paid	(5,502,063)	(5,724,131)
ANCLUC Trust funds	449	(347,296)
Concession Improvement Trust funds	67,457	44,668
Improvement charges	368,400	368,400
Contributed capital	3,488,992	6,579,972
Passenger facility charges	4,794,831	4,850,569
Net Cash Used By Capital and Related Financing Activities	<u>(11,473,298)</u>	<u>(12,045,463)</u>
Net increase/(decrease) in cash and cash equivalents	1,309,887	(267,910)
Cash and cash equivalents, beginning of year	<u>36,830,413</u>	<u>37,098,323</u>
Cash and cash equivalents, end of year	<u>\$ 38,140,300</u>	<u>\$ 36,830,413</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Loss before non-operating income and expenses	\$ (1,634,884)	\$ (2,085,100)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	13,537,373	13,406,698
(Increase) decrease in assets:		
Accounts receivable	(447,429)	332,844
Due from County of Albany	(268,537)	92,194
Net Assets held in trust for OPEB	(99,814)	102,281
Prepaid expenses	303,332	52,640
Increase (decrease) in liabilities:		
Due to County of Albany	(266,359)	266,359
Accounts payable and accrued expenses	1,211,770	(932,706)
Net Cash Provided By Operating Activities	<u>\$ 12,335,452</u>	<u>\$ 11,235,210</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority OPEB Trust  
 Statements of Fiduciary Fund Net Position  
 As of December 31, 2012 and December 31, 2011

	December 31, 2012	December 31, 2011
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,462,710	\$ 1,207,189
Total Assets	1,462,710	1,207,189
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	-	-
 <u>LIABILITIES</u>		
Total Liabilities	-	-
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	-	-
 <u>NET POSITION</u>		
Net Position - Restricted for OPEB	\$ 1,462,710	\$ 1,207,189

Albany County Airport Authority OPEB Trust  
 Statements of Changes in Fiduciary Fund Net Position  
 As of December 31, 2012 and December 31, 2011

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Additions to Net Position Attributed to:		
Contributions		
Employer	\$ 252,454	\$ 151,000
Interest Income	3,067	4,330
Total Additions	<u>255,521</u>	<u>155,330</u>
Deductions from Net Position Attributed to:		
Retirement benefits	-	-
Administrative expenses	-	-
Total Deductions	<u>-</u>	<u>-</u>
Increase in Net Position	<u>255,521</u>	<u>155,330</u>
Net Position - Restricted for OPEB, Beginning of Year	<u>1,207,189</u>	<u>1,051,859</u>
Net Position - Restricted for OPEB, End of Year	<u>\$ 1,462,710</u>	<u>\$ 1,207,189</u>



Albany County Airport Authority  
Notes to Financial Statements

Note	Page
1 Organization and Reporting Entity .....	43
2 Summary of Significant Accounting Policies .....	44
3 Cash, Cash Equivalents and Investments .....	50
4 Receivables .....	50
5 ANCLUC Trust Funds .....	51
6 Due To / (From) County of Albany .....	51
7 Capital Assets .....	52
8 Long-Term Indebtedness .....	53
9 Contributed Capital and Net Position .....	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 .....	69

# ALBANY COUNTY AIRPORT AUTHORITY

## Notes to Financial Statements

December 31, 2012 and December 31, 2011

### **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.

The Authority has contracted with AFCO AvPorts Management LLC, (d/b/a Avports), to manage the daily operations of the airport under a three year term expiring December 31, 2015. The Authority has also contracted with REW Investments, Inc., (d/b/a Million Air), to manage the fixed based operations of the airport under a five year term expiring August 31, 2013. 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 is not involved in any joint ventures.

The Authority has established a written, single employer, defined benefit plan to provide healthcare benefits to eligible former employees and/or their qualifying dependents. The Authority also established a legally separate trust known as the Albany County Airport Authority OPEB Trust to receive and manage contributions from the Authority to fund its obligations for retiree health care benefits under the written plan. The Albany County Airport Authority OPEB Trust is included in the Authority's financial statements as a separate Fiduciary Fund of the Authority under accounting principles promulgated by GASB.

**NOTE 2 - Summary of Significant Accounting Policies****Basis of Accounting:**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments in the United States of America.

The Authority's operations are presented as a single enterprise fund. Enterprise funds distinguish operating revenues and expenses from non-operating items in accordance with 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, property rentals, operating permits, and parking fees are reported as operating revenues. All expenses related to operating the Airport are reported as expenses. Passenger facility charges, noncapital grants, capital improvement charges, interest and investment income

are reported as non-operating income. Interest expense, financing costs and grant expenses are reported as non-operating expenses. Capital contributions, special and extraordinary items are reported separately after non-operating revenues and non-operating expenses.

**Cash, Cash Equivalents and Investments:**

The deposit and investment of Authority monies is governed by provisions in its enabling legislation and by a Cash Management and Investment Policy adopted by the Authority on September 13, 1994 and last amended December 7, 2009. 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 \$35 million for operating funds and \$35 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, (3) New York State, New York State agency or New York State subdivisions (cities, towns, villages, counties) obligations with, (4) certificates of deposit fully collateralized from a bank or trust company in New York State, (5) notes, bonds, debentures, mortgages and other evidences of indebtedness of certain agencies sponsored by the United States government provided at the time of investment such agency or its obligations are rated and the agency receives, or its obligations receive, the highest rating of all independent rating agencies that rate such agency or its obligations, 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 cannot 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 Series 2003, 2006 and 2010 general airport revenue bond (GARB) proceeds and Series 1999 and 2004 Environmental Facilities Corporation (EFC) bond proceeds held in Bond Reserve Accounts. Bond reserve accounts for the 2010 Series Bonds equal 125% of the average annual debt service due on bonds at the time of issuance. Bond Reserve Accounts on the 1999 Series Bonds through 2006 Series Bonds equal the maximum annual amount of principal and interest payments due on the bonds.

*ANCLUC Trust Funds* - These assets represent Airport Noise Control and Land Use Compatibility (ANCLUC) program funds. These Airport funds were generated through the sale or rental of airport noise abatement properties acquired with Federal and State aid and interest earnings thereon. 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 potentially fund the planning, developing, construction, remodeling, renovating or replacing of any of the concessionaire's leased area during the term of the concession agreement. Use of the funds during the term of the lease is subject to the Authority's sole approval. Funds remaining at the end of a concession agreement are retained by the Authority.

**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 expensed as incurred. When depreciable assets 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. Capital Assets are written-down due to impairment if circumstances indicate a significant or unexpected decline in an assets service utility has occurred. Impaired Capital assets are written down using an approach that best reflects the decline in service utility. Assets to be disposed of and assets held for sale are reported at the lower of carrying value or fair value less costs to dispose of.

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 2012 or 2011.

#### **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 are amortized using the effective interest method over the life of the debt to which it relates. Interest on capital appreciation debt is accreted using the effective interest method.

#### **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.

### **Special Items and Extraordinary Items:**

*Special Items* - Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence.

*Extraordinary Items* - Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence.

### **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 estimated to be complete in the year 2005. During 1996, the Authority received approval to increase the amount of PFC collections to \$116,888,308 extending the estimated collection period through the year 2022. In 2009, the Authority received approval to change the PFC collection from \$3.00 per passenger to \$4.50 per passenger, with a current estimated collection period through 2020. Through December 31, 2012, the Authority has collected PFCs including interest earnings thereon totaling \$73,146,708.

PFCs, along with related interest earnings, are recorded as restricted net assets until they are applied against future debt service payments under an FAA approved Application to Use. PFC receipts are recognized and recorded as non-operating revenues in the year they are collected.

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 2010A 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 and deposited in a segregated account, together with the interest earned thereon, are applied towards the subsequent debt service payments reducing the amount of debt to be funded from net operating revenue. Through December 2012, the Authority has applied \$66 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 cost 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.

**Reclassifications:**

Certain reclassifications of prior year amounts have been made to conform with the current year presentation.

**Adoption of New Accounting Standards:**

During the fiscal year ended December 31, 2012, the Authority adopted the following new accounting standards issued by GASB:

Effective January 1, 2012 the Authority implemented the provisions of *Governmental Accounting Standards Board Statement Number 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Implementation of this statement required modification to the disclosure in the Summary of Significant Accounting Policies but had no impact on the financial statements or amounts previously reported. Effective January 1, 2012 the Authority implemented *Governmental Accounting Standards Board Statement Number 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB Statement 63). Also effective January 1, 2012 the Authority implemented *Governmental Accounting Standards Board Statement Number 65 – Items Previously Reported as Assets and Liabilities* (GASB Statement 65). GASB Statement 63 resulted in the replacement of the Authority's Statement of Net Assets with a Statement of Net Position which now reports deferred resource outflow and deferred resource inflows separately from Assets and Liabilities. GASB Statement 65 required restatement of certain items previously reported as assets or liabilities. For the Authority, the items required to be restated were limited to deferred bond issuance expenses. Deferred bond issuance expenses were restated to exclude all bond issuance expenses, other than bond insurance premiums. This required restatement of the previously reported beginning net position to reflect the expense of certain previously deferred bond issuance expenses resulted in a change reduction of \$938,262 to the Net Assets position reported at December 31, 2011.



### 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	
	2012	2011	2012	2011
Cash and Cash Equivalents				
Cash on hand	\$ 91,993	\$ 108,210		
Cash in bank accounts	38,048,307	36,722,203	\$ 39,725,192	\$ 38,179,462
Total Cash and Cash Equivalents	<u>38,140,300</u>	<u>36,830,413</u>		
Investments				
U.S. Treasury SLUG bond maturing 2019 at 5.073%	277,389	277,389		
Total Investments	<u>277,389</u>	<u>277,389</u>		
Total cash, cash equivalents and investments	<u>\$ 38,417,689</u>	<u>\$ 37,107,802</u>		

The Authority's deposits were secured by insurance from the Federal Depository Insurance Corporation (FDIC) covering \$1,967,180 on December 31, 2012 and \$687,508 on December 31, 2011 plus \$38,468,890 and \$36,535,661 of pledged collateral held by a third party trustee bank at December 31, 2012 and 2011, respectively. The current FDIC insurance program provides unlimited coverage on accounts that pay no interest. The majority of the Authority's bank accounts are interest bearing and not eligible for the expanded FDIC insurance program. Accordingly, FDIC insured amounts vary daily. All investments were registered in the Authority's name.

### NOTE 4 - Receivables

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

	As of 12-31-12	As of 12-31-11
Airlines	\$ 1,674,210	\$ 1,251,016
Concessions	24,159	55,832
Other	787,782	612,837
Sub-Total	<u>2,486,151</u>	<u>1,919,685</u>
Less Allowances	(119,037)	-
Net Accounts Receivable	<u>\$ 2,367,114</u>	<u>\$ 1,919,685</u>

## NOTE 5 - ANCLUC Trust Funds

Changes in the Federal Airport Noise Control Land Use Compatibility (ANCLUC FAR150) Trust Fund are as follows:

	As of 12-31-12	As of 12-31-11
Opening Balance	\$ 195,404	\$ 347,296
Revenues received	-	-
Funds expended	-	(347,227)
Funds transferred	-	195,325
Interest received	489	10
Ending Balance	<u>\$ 195,893</u>	<u>\$ 195,404</u>

During 2009 the Authority deposited \$311,923 to convert certain land to Airport Revenue Property in conformance with the requirements of FAA Program Guidance Letter (PGL) 08-02. The Authority also released \$228,560 from the fund representing the \$166,175 in previously restricted revenue and \$62,385 representing the State and Authority original proportional share interest in the funds deposited in satisfaction of PGL 08-02. In 2011 the Authority received \$195,325 in net proceeds from the sale of land pursuant to the PGL 08-02.

## NOTE 6 - Due to/(from) County of Albany

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

	As of 12-31-12	As of 12-31-11
Reimbursement of expenses due to/(from) County	<u>\$ (268,537)</u>	<u>\$ 266,359</u>
	<u>\$ (268,537)</u>	<u>\$ 266,359</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, 2012 and 2011 totaled \$3,602,423 and \$3,269,950, respectively, including \$972,611 and \$1,027,784, 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, 2012 was as follows:

	Total 12-31-11	Additions/ Deletions	Transfers	Total 12-31-12
Capital Assets that are not depreciated:				
Land and Easements	\$ 46,584,447		\$ 1,079,245	\$ 47,663,692
Construction in Progress	1,519,151	\$ 6,874,621	(6,232,449)	2,161,323
Total	48,103,598	6,874,621	(5,153,204)	49,825,015
Capital Assets that are depreciated:				
Buildings	201,134,009			201,134,009
Improvements, <i>other than buildings</i>	192,897,516	(1,204,456)	5,153,204	196,846,264
Machinery and Equipment	13,658,215			13,658,215
Sub-total	407,689,740	(1,204,456)	5,153,204	411,638,488
Less accumulated depreciation:				
Buildings	(83,482,396)	(6,561,680)		(90,044,076)
Improvements	(82,182,961)	(5,622,582)		(87,805,543)
Machinery and Equipment	(8,626,459)	(1,128,765)		(9,755,224)
Sub-total	(174,291,816)	(13,313,027)	-	(187,604,843)
Total depreciable Capital Assets, net	233,397,924	(14,517,483)	5,153,204	224,033,645
Total Capital Assets, Net	\$ 281,501,522	\$ (7,642,862)	\$ -	\$ 273,858,660

During 2012 the Authority transferred ownership of certain aircraft navigational aid equipment to the United States government for no financial consideration. The equipment had been acquired by the Authority at a capitalized cost to the Authority of approximately \$1.2 million in 2007 and had a value of \$980,110, net of depreciation, at the time title was transferred in October of 2012. The equipment remains at the Airport and continues in operational use. Legal responsibility for the maintenance of the equipment now resides with the United States government. The Authority adopted a resolution approving the transfer of ownership of this equipment to the United States government. Because this transaction is based upon a transaction that is infrequent in occurrence and within the control of Management it is reported as a Special Item expense of \$980,110. The original capitalized cost of the Asset and the associated accumulated depreciation has been written off the financial statements in 2012 and are not reflected in the Authority's Net Position at December 31, 2012.

**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 during 2012 were as follows:

	Outstanding at 12-31-11	Additions	Deletions	Outstanding at 12-31-12
Authority Revenue Bonds/Debt Obligations				
Bonds Payable				
1999 NYS EFC	\$ 3,530,000	\$ -	\$ (385,000)	\$ 3,145,000
2003 GARB Series A	4,855,000	-	(570,000)	4,285,000
2004 NYS EFC	105,000	-	(35,000)	70,000
2006 GARB Series A & B	11,820,000	-	(550,000)	11,270,000
2006 GARB Series C	5,800,000	-	(145,000)	5,655,000
2010 Series A Refunding	99,520,000	-	(5,335,000)	94,185,000
2010 Series B Refunding	3,345,000	-	(790,000)	2,555,000
Total Bonds Payable	128,975,000	-	(7,810,000)	121,165,000
Deferred Loss on Refunding	(13,304,843)	-	2,048,304	(11,256,539)
Unamortized Premiums/Discounts (net)	5,419,410	-	(919,216)	4,500,194
Net Bonds Payable	121,089,567	-	(6,680,912)	114,408,655
Obligation for County of Albany Bonds (net)	1,510,678	-	(926,422)	584,256
Total Long-term Indebtedness	\$ 122,600,245	\$ -	\$ (7,607,334)	\$ 114,992,911

**Authority Outstanding Debt Issues:****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 was and is 100 percent subsidized and the remaining \$4.5 million was and is 50 percent subsidized by the New York State Water Pollution Control Revolving Fund. During 2010, EFC refunded bonds they had previously issued to provide financing to the Authority and reduce the amount of the remaining debt service due from the Authority to EFC. On June 24, 2010 the Authority's obligation to EFC on the remaining partially subsidized bonds then outstanding was amended and restated to lower the Authority's cost of borrowing on the remaining bonds outstanding. The net carrying amount on the 1999 Series A EFC Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
1999 Series A Airport Revenue Bond Issue:		
Principal paid annually on October 1, in payments of \$390,000 in 2013 to \$699,000 in 2019 with interest at 1.652% to 3.382% due semi-annually on April 15 and October 15	\$ 3,145,000	\$ 3,530,000
Less amortization of:		
Deferred Loss	(11,732)	(14,644)
Net 1999 Series A Revenue Bond net carrying amount	3,133,268	3,515,356
Less current portion including amortization	387,382	382,088
Long - Term Portion	<u>\$ 2,745,886</u>	<u>\$ 3,133,268</u>

Maturities of the long-term 1999 Series A Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Int. Subsidy	Total
2013	\$ 390,000	\$ 57,493	\$ (24,265)	\$ 423,228
2014	396,000	53,528	(22,283)	427,245
2015	401,000	48,579	(19,808)	429,770
2016	412,000	42,675	(16,856)	437,819
2017	418,000	35,517	(13,277)	440,240
2018-2019	1,128,000	46,012	(14,044)	1,159,968
TOTAL	<u>\$3,145,000</u>	<u>\$ 283,804</u>	<u>\$ (110,534)</u>	<u>\$3,318,270</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%. The net carrying amount of the 2003 Series A General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2003 Series A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$585,000 in 2013 to \$135,000 in 2033 with interest at 3.0% to 4.25% due semi-annually on June 15 and December 15	\$ 4,285,000	\$ 4,855,000
Less amortization of:		
Bond Insurance	<u>(67,360)</u>	<u>(76,988)</u>
Net 2003 Series A GARB net carrying amount	4,217,640	4,778,012
Less current portion including amortization	<u>576,502</u>	<u>560,372</u>
Long - Term Portion	<u>\$ 3,641,138</u>	<u>\$ 4,217,640</u>

Maturities of the long-term 2003 Series A General Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 585,000	\$ 157,863	\$ 742,863
2014	335,000	140,313	475,313
2015	335,000	129,844	464,844
2016	345,000	118,956	463,956
2017	365,000	107,313	472,313
2018-2022	1,030,000	381,286	1,411,286
2023-2027	575,000	218,062	793,062
2028-2032	580,000	104,336	684,336
2033-2033	135,000	5,737	140,737
TOTAL	<u>\$4,285,000</u>	<u>\$1,363,710</u>	<u>\$5,648,710</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. The net carrying amount of the 2004 Series B NYS EFC Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2004 Series B Airport Revenue Bond Issue:		
Principal paid annually on November 15, in payments of \$70,000 in 2013 with interest at 3.375% due semi-annually on May 15 and November 15	\$ 70,000	\$ 105,000
Less current portion including amortization	<u>70,000</u>	<u>35,000</u>
Long - Term Portion	<u>\$ 0</u>	<u>\$ 70,000</u>

Maturities of the long-term on the 2004 Series B Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Int. Subsidy	Total
2013	\$ 70,000	\$ 2,362	\$ (668)	\$ 71,694
TOTAL	<u>\$ 70,000</u>	<u>\$ 2,362</u>	<u>\$ (668)</u>	<u>\$ 71,694</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%. The net carrying amount on the 2006 Series A General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
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 4.25% to 5.0% due semi-annually on June 15 and December 15	\$ 6,315,000	\$ 6,315,000
Less Amortization of:		
Bond Insurance	(45,990)	(50,044)
Net 2006 Series A GARB net carrying amount	6,269,010	6,264,956
Less current portion including amortization	(4,054)	(4,054)
Long - Term Portion	<u>\$ 6,273,064</u>	<u>\$ 6,269,010</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ -	\$ 290,650	\$ 290,650
2014	-	290,650	290,650
2015	-	290,650	290,650
2016	-	290,650	290,650
2017	-	290,650	290,650
2018-2022	2,265,000	1,360,250	3,625,250
2023-2026	4,050,000	457,975	4,507,975
TOTAL	<u>\$6,315,000</u>	<u>\$3,271,475</u>	<u>\$9,586,475</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%. The net carrying amount on the 2006 Series B General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2006 Series B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$575,000 in 2013 to \$300,000 in 2020 with interest at 4.75% to 4.75% due semi-annually on June 15 and December 15	\$ 4,955,000	\$ 5,505,000
Less Amortization of:		
Bond Insurance	<u>23,434</u>	<u>29,331</u>
Net 2006 Series B GARB net carrying amount	4,931,566	5,475,669
Less current portion including amortization	<u>569,692</u>	<u>544,103</u>
Long - Term Portion	<u>\$ 4,361,874</u>	<u>\$ 4,931,566</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 575,000	\$ 235,363	\$ 810,363
2014	605,000	208,050	813,050
2015	635,000	179,312	814,312
2016	660,000	149,150	809,150
2017	695,000	117,800	812,800
2018-2020	1,785,000	149,387	1,934,387
TOTAL	<u>\$4,955,000</u>	<u>\$1,039,062</u>	<u>\$5,994,062</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 an 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%. The net carrying amount on the 2006 Series C General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2006 Series C General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$150,000 in 2013 to \$380,000 in 2035 with interest at 4.0% to 4.25% due semi-annually on June 15 and December 15	\$ 5,655,000	\$ 5,800,000
Less amortization of:		
Bond Insurance	<u>(46,047)</u>	<u>(49,456)</u>
Net 2006 Series C GARB net carrying amount	5,608,953	5,750,544
Less current portion including amortization	<u>146,667</u>	<u>141,581</u>
Long - Term Portion	<u>\$ 5,462,286</u>	<u>\$ 5,608,963</u>

Maturities of the long-term General Authority Revenue Bond Issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 150,000	\$ 250,263	\$ 400,263
2014	160,000	244,263	404,263
2015	165,000	237,863	402,863
2016	170,000	231,263	401,263
2017	175,000	224,463	399,463
2018-2022	1,000,000	1,008,776	2,008,776
2023-2027	1,225,000	779,689	2,004,689
2028-2032	1,520,000	490,875	2,010,875
2033-2035	1,090,000	110,750	1,200,750
TOTAL	<u>\$5,655,000</u>	<u>\$3,578,205</u>	<u>\$9,233,205</u>

The facility financed by these bonds was constructed for and initially leased to Eclipse Aviation. In late 2008 Eclipse Aviation filed for bankruptcy reorganization which in early 2009 was converted to a Chapter 7 liquidation. On August 31, 2009 the Authority received notice from the bankruptcy trustee that bankruptcy estate of Eclipse Aviation formally rejected its lease with the Authority. The Authority received \$133,750 in lease payments related to this facility in 2009. In January 2010, the Authority hired a commercial real estate broker to locate a new tenant for the facility. During 2011 and 2012 the Authority rented the hangar space to transient general aviation aircraft storage tenants.

## 2010 Series A General Airport Revenue Refunding Bonds

In August of 2010, the Authority issued \$105,745,000 (non AMT) of General Airport Revenue Refunding Bonds to refund the 1998 Series B Airport Revenue Bonds, the 2000 Series B Airport Revenue Bonds, and the 2008 Series A Airport Revenue Bonds. The net carrying amount on the 2010 Series A General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2010 Series A General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$5,505,000 in 2013 to \$690,000 in 2030 with interest at 3.00% to 5.00% due semi-annually on June 15 and December 15	\$ 94,185,000	\$ 99,520,000
Plus amortization of:		
Bond Premium	4,500,194	5,419,410
Less amortization of:		
Deferred Loss on Refunding	(10,828,405)	(12,604,645)
Bond Insurance	(818,226)	( 926,397)
Net 2010 Series A GARB issue net carrying amount	87,038,563	91,408,368
Less current portion including amortizations	4,460,598	4,369,805
Long - Term Portion	<u>\$ 82,577,965</u>	<u>\$ 87,038,563</u>

Maturities of the long-term 2010 Series A General Airport Revenue Refunding Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 5,505,000	\$ 4,124,481	\$ 9,629,481
2014	5,675,000	3,959,331	9,634,331
2015	5,845,000	3,789,081	9,634,081
2016	6,980,000	3,575,231	10,555,231
2017	7,335,000	3,226,231	10,561,231
2018-2022	31,540,000	11,467,356	43,007,356
2023-2027	29,315,000	3,858,181	33,173,181
2028-2030	1,990,000	180,550	2,170,550
TOTAL	<u>\$94,185,000</u>	<u>\$34,180,444</u>	<u>\$128,365,444</u>

## 2010 Series B General Airport Revenue Refunding Bonds

In August of 2010, the Authority issued \$4,110,000 General Airport Revenue Refunding Bonds (Taxable) to pay a portion of the termination payment for the interest rate exchange agreement integrated with the 2008 Series A bonds refunded at the same time. The net carrying amount on the 2010 Series B General Airport Revenue Bonds consists of the following:

	As of 12-31-12	As of 12-31-11
2010 Series B General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$820,000 in 2013 to \$885,000 in 2015 with interest at 3.88% to 4.60% due semi-annually on June 15 and December 15	\$ 2,555,000	\$ 3,345,000
Less amortization of:		
Deferred Loss on Refunding	(416,402)	(685,554)
Bond Insurance	(10,789)	(17,763)
Net 2010 Series B GARB issue net carrying amount	2,127,809	2,641,683
Less current portion including amortizations	609,087	513,874
Long - Term Portion	<u>\$ 1,518,722</u>	<u>\$ 2,127,809</u>

Maturities of the long-term 2010 Series B General Airport Revenue Refunding Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 820,000	\$ 108,651	\$ 928,651
2014	850,000	76,835	926,835
2015	885,000	40,740	925,740
TOTAL	<u>\$2,555,000</u>	<u>\$ 226,226</u>	<u>\$2,781,226</u>

**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. The net carrying amount issued by the County consists of the following:

	As of 12-31-12	As of 12-31-11
1993 Drainage System:		
Principal paid annually on October 1, in payments ranging from \$93,074 in 2013 to \$81,180 in 2014 with interest at 3.3% to 5.0% due semi-annually on April 1 and October 1	\$ 174,256	\$ 445,678
Less amortization of:		
Accretion of capital appreciation	332,291	305,972
	<u>506,547</u>	<u>751,650</u>
2002 Refunding:		
Principal paid annually on June 1, in payments of \$410,000 in 2013 with interest at 5.85% due semi-annually on June 1 and December 1	<u>410,000</u>	<u>1,065,000</u>
Total County Bond Issues outstanding	916,547	1,816,650
Less current portion including amortization	<u>530,858</u>	<u>900,103</u>
Long-Term Portion	<u>\$ 385,689</u>	<u>\$ 916,547</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, 2012:

Year Ended	Principal	Interest	Total
2013	\$ 503,074	\$ 202,338	\$ 705,412
2014	81,180	181,665	262,845
TOTAL	<u>\$ 584,254</u>	<u>\$ 384,003</u>	<u>\$ 968,257</u>

The table below provides a summary of Authority Revenue Bonds plus reimbursement of County issued bonds net of unamortized amounts for cost of issuance, net premium/discount and deferred loss on refunding:

	Current	Long-Term	Total
Authority Revenue Bonds/Debt Obligations			
1999 NYS EFC	\$ 387,382	\$ 2,745,886	\$ 3,133,268
2003 GARB Series A	576,502	3,641,138	4,217,640
2004 NYS EFC	70,000	-	70,000
2006 GARB Series A	(4,054)	6,273,064	6,269,010
2006 GARB Series B	569,692	4,361,874	4,931,566
2006 GARB Series C	146,667	5,462,286	5,608,953
2010 Refunding Series A	4,460,598	82,577,965	87,038,563
2010 Refunding Series B	609,087	1,518,722	2,127,809
Total Authority Debt Obligations	\$ 6,815,874	\$ 106,580,935	\$ 113,396,809
Obligation for County of Albany Bonds (net)	530,858	385,689	916,547
Total Long-term Indebtedness	\$ 7,346,732	\$ 106,966,624	\$ 114,313,356

#### 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, 2012, the Authority had \$121.2 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 deferred losses, bond premiums and amortization of bond insurance costs.

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 Position

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 2012	Year Ended 2011
County of Albany	\$ 46,824,500	\$ -	\$ -
Federal	123,701,051	4,097,040	6,868,075
State	67,014,272	288,084	195,633
Total	<u>\$ 237,539,823</u>	<u>\$ 4,385,124</u>	<u>\$ 7,063,708</u>

Unrestricted net position consists of the following:

	2012	2011
Designation of unrestricted net position		
Operations and maintenance reserve	\$ 7,588,332	\$ 9,160,146
Renewal and replacement reserve	504,223	502,964
Total designations	8,092,555	9,663,110
Undesignated unrestricted net position	5,090,649	2,683,021
Total unrestricted net position	<u>\$ 13,183,204</u>	<u>\$ 12,346,131</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 position. 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**

Five commercial passenger airlines, fifteen affiliated commercial passenger airlines and two cargo airlines serving the Airport have executed the first five year renewal option on the 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 2012, the net revenue sharing was fifty percent to the airlines and fifty percent to the Authority. Under this formula, the airlines received a credit of \$605,962 for the rates & charges settlements and \$741,217 for their share of the revenue sharing. In 2011, the airlines were given total credits of \$929,813 for their share of final settlement for 2011.

## **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 2012 of \$9,514,684 by \$1,375,405. In 2011 the revenues exceeded the MAG amounts due of \$9,383,027 by \$1,499,542. 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:

2013	\$	8,853,960
2014		8,470,429
2015		8,434,824
2016		8,409,355
2017		8,282,412
2018-2031		29,730,531
Total	\$	<u>72,181,511</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 prior to January 1, 2020, and have less than 10 years of eligible service, who contribute 3% of their salary. Employees who join on or after January 1, 2010 are required to contribute 3% of their salary for their entire career. 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, 2012, 2011 and 2010 were \$273,947, \$207,679 and \$183,191, respectively, or approximately 18.9%, 14.1% and 11.3%, respectively of the covered employees' 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 (OPEB)

During 2009 the Authority adopted a formal written OPEB plan and created a legally separate trust to accumulate resources to fund the Authority's obligation to pay for OPEB benefits under the plan. The OPEB plan provides that all full-time and regular part-time employees with ten or more years of service with the Authority (including any years with the State of New York or County of Albany immediately preceding becoming an Authority employee) who retire from the Authority and are 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. A qualifying retiree's surviving spouse and eligible dependents can continue to receive OPEB benefits as long as they do remain otherwise eligible to be a dependent of the deceased employee. Retired employees are required to contribute to the cost of the plan benefit in proportion to the amount they contributed toward the cost of their health insurance prior to retirement. The Authority allows each employee to accumulate up to 1,320 hours of unused sick time and apply the value of this to fund their required contribution. 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. The OPEB liability at transition was zero. The accrued liability is based upon an actuarial valuation that reflects a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Albany County Airport Authority OPEB Trust has issued a separate financial statement which may be obtained by contacting the Albany County Airport Authority OPEB Trustee c/o the Albany County Airport Authority, 737 Albany Shaker Road, Administration Building, Suite 204, Albany, NY 12211-1057.

The Authority used the following facts, actuarial methods and assumptions in determination of the OPEB liability and 2012 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%.
- The general rate of inflation will be 3% (the same as the future rate of payroll growth).
- Amortization period of Unfunded Accrued OPEB liability is 30 years commencing 2008.
- Amortization method chosen was "Level Percent of Payroll", closed amortization period.
- The annual rate of health care costs increase would be 9% in 2012 and gradually decline to 5% in 2015 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.....	\$ 216,800
Interest on Net OPEB Obligation .....	\$ (569)
Adjustment to the Annual Required Contribution.....	\$ 724
Annual OPEB Cost (Expense).....	\$ 216,955
Age Adjusted Contributions Made .....	<u>\$(316,457)</u>
Change in Net OPEB Obligation (NOO) .....	\$ (99,502)
Net OPEB Obligation (NOO) – Beginning of Year.....	<u>\$ (18,722)</u>
Net OPEB Obligation (NOO) (Asset) – End of Year .....	<u>\$(118,224)</u>

During 2012 the Authority made \$316,457 in contributions toward the OPEB plan. The following table provides a schedule of the Authority's Funding Progress of the OPEB liability:

Actuarial Valuation Date .....	December 31, 2012
Actuarial Value of Assets (a).....	\$1,462,710
Actuarial Accrued Liability (b) .....	\$3,079,341
Unfunded Actuarial Accrued Liability (UAAL) (b-a).....	\$1,616,631
Funded Ratio (a/b).....	47.50%
Covered Payroll (c) .....	\$1,616,000
UAAL as a Percentage of Covered Payroll ((b-a)/c).....	100.40%

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

	2012	2011	2010
Annual OPEB cost	\$ 216,955	\$ 253,281	\$ 272,387
Age adjusted contribution	\$ 316,457	\$ 151,000	\$ 271,716
Percentage of annual OPEB cost contributed	145.9%	59.6%	99.8%
Net OPEB obligation (asset)	\$ (118,224)	\$ (18,722)	\$ (121,003)

The schedule of funding progress in the Required Supplemental Information following the notes to the financial statements presents multiyear trend information comparing the changes in the actuarial value of plan assets relative to the actuarial liability for benefits.

## NOTE 14 - Risk Management

The Authority is exposed to various risks of loss 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, AFCO AvPorts Management LLC (AvPorts) as an additional insured. In addition, the FBO, REW Investments (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.

No liability is recorded at December 31, 2012 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, 2012. There was no reduction in insurance coverage during 2012. Changes in the balance of claims paid directly by the Authority during the past three years are as follows:

	Year Ended 2012	Year Ended 2011	Year Ended 2010
Unpaid claims, beginning of year	\$ -	\$ -	\$ -
Claims incurred	53,374	39,318	6,509
Claims paid	(53,374)	(39,318)	(6,509)
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 an agreement with REW Investments, Inc., (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* – AFCO AvPorts Management LLC (d/b/a AvPorts) manages the daily operations and maintenance of the airport under an agreement dated October 11, 2005 and initially expiring December 31, 2010, subject optional extension. The agreement has been extended through December 31, 2015. 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 \$390,000. AvPorts may be entitled to an additional incentive fee of \$55,000 each year based on performance indicators negotiated between the parties.

*Capital Improvement Programs* - As of December 31, 2012, the Authority has outstanding contractual commitments for completion of certain capital improvement projects totaling \$5.1 million of which an estimated \$4.2 million is eligible for partial reimbursement from the FAA and the State. The remaining amount is expected to be funded from 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 70.1% of accounts receivable and airline revenues represent 26.0% of operating revenues for the year ended December 31, 2012.

*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, 2012 and 2011 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.

Required  
Supplemental  
Information



Albany County Airport Authority OPEB Trust  
 Schedule of Funding Progress  
 December 31, 2012

Valuation date	Actuarial value of assets (AVA)	Actuarial accrued liability (AAL)	Unfunded actuarial accrued asset (liability) (UAAL)	Funded Ratio	Annual covered payroll	UAAL as a % of payroll
(1)	(2)	(3)	(2) - (3) (4)	(2) / (3) (5)	(6)	(4) / (6) (7)
December 31, 2012	\$1,462,710	\$3,079,341	(\$1,616,631)	47.50%	\$1,616,000	-100.04%
December 31, 2011	\$1,207,190	\$3,267,283	(\$2,060,093)	36.95%	\$1,858,000	-110.88%
December 31, 2010	\$1,051,859	\$3,157,605	(\$2,105,746)	33.31%	\$1,858,000	-113.33%
December 31, 2009	\$777,295	\$2,506,648	(\$1,729,353)	31.01%	\$1,858,000	-93.08%
December 31, 2008	\$0	\$3,226,067	(\$3,226,067)	0.00%	\$1,881,000	-171.51%

Other  
Supplemental  
Information





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
2013	\$ 8,095,000	\$ 5,227,126	\$ (24,933)	\$ 13,297,193
2014	8,021,000	4,972,970	(22,283)	12,971,687
2015	8,266,000	4,716,069	(19,808)	12,962,261
2016	8,567,000	4,407,925	(16,856)	12,958,069
2017	8,988,000	4,001,974	(13,277)	12,976,697
2018	9,334,000	3,647,713	(9,241)	12,972,472
2019	7,359,000	3,208,798	(4,802)	10,562,996
2020	7,000,000	2,863,550	-	9,863,550
2021	7,350,000	2,519,993	-	9,869,993
2022	7,705,000	2,173,012	-	9,878,012
2023	8,090,000	1,793,406	-	9,883,406
2024	8,340,000	1,436,087	-	9,776,087
2025	8,675,000	1,099,313	-	9,774,313
2026	9,080,000	700,463	-	9,780,463
2027	980,000	284,638	-	1,264,638
2028	1,030,000	242,987	-	1,272,987
2029	1,060,000	198,412	-	1,258,412
2030	1,110,000	150,987	-	1,260,987
2031	435,000	101,325	-	536,325
2032	455,000	82,050	-	537,050
2033	480,000	60,237	-	540,237
2034	365,000	37,250	-	402,250
2035	380,000	19,000	-	399,000
<b>TOTAL</b>	<b>\$ 121,165,000</b>	<b>\$ 43,945,288</b>	<b>\$ (111,202)</b>	<b>\$ 164,999,086</b>

Albany County Airport Authority  
Debt Service Requirements to Maturity

COMBINED COUNTY AND AUTHORITY

YEAR	Total			
	Principal	Interest	Interest Subsidy	Total
2013	\$ 8,598,074	\$ 5,429,464	\$ (24,933)	\$ 14,002,605
2014	8,102,180	5,154,635	(22,283)	13,234,532
2015	8,266,000	4,716,069	(19,808)	12,962,261
2016	8,567,000	4,407,925	(16,856)	12,958,069
2017	8,988,000	4,001,974	(13,277)	12,976,697
2018	9,334,000	3,647,713	(9,241)	12,972,472
2019	7,359,000	3,208,798	(4,802)	10,562,996
2020	7,000,000	2,863,550	-	9,863,550
2021	7,350,000	2,519,993	-	9,869,993
2022	7,705,000	2,173,012	-	9,878,012
2023	8,090,000	1,793,406	-	9,883,406
2024	8,340,000	1,436,087	-	9,776,087
2025	8,675,000	1,099,313	-	9,774,313
2026	9,080,000	700,463	-	9,780,463
2027	980,000	284,638	-	1,264,638
2028	1,030,000	242,987	-	1,272,987
2029	1,060,000	198,412	-	1,258,412
2030	1,110,000	150,987	-	1,260,987
2031	435,000	101,325	-	536,325
2032	455,000	82,050	-	537,050
			-	
2033	480,000	60,237	-	540,237
2034	365,000	37,250	-	402,250
2035	380,000	19,000	-	399,000
TOTAL	<u>\$ 121,749,254</u>	<u>\$ 44,329,291</u>	<u>\$ (111,202)</u>	<u>\$ 165,967,343</u>

Albany County Airport Authority  
Governmental Payments and Services  
For the Years Ended December 31, 2012 and 2011

	2012	2011
UNITED STATES - Department of Agriculture		
Dept. of Agriculture - Wildlife Management Program	\$ 31,529	\$ 12,081
STATE OF NEW YORK		
Department of Civil Service - Health Insurance	449,294	366,848
State and Local Employees' Retirement System	295,155	210,324
Unemployment Insurance	3,480	4,103
Dept. of State	-	75
Dept. of Taxation & Finance-Sales Tax	414,441	433,979
Dept. of Taxation & Finance-Petroleum Business Tax	115,157	110,260
Air Pollution & SPDES Program Fees	4,475	-
Total State of New York	1,282,002	1,125,589
COUNTY OF ALBANY		
Direct Costs:		
Director of Finance - Closing costs on land purchase	-	65,521
Sheriff	2,572,800	2,045,281
Code Enforcement	15,815	15,162
Dept. of Public Works - Salt for Roadways	22,143	85,303
Sewer District Charges	6,440	18,740
Sub Total	2,617,198	2,230,007
County Indirect Cost Allocation Plan	12,614	12,159
Debt Service - Bond Principal & Interest	972,611	1,027,784
Total County of Albany	3,602,423	3,269,950
LATHAM WATER DISTRICT - Water Service	137,510	123,917
TOWN OF COLONIE, RECEIVER OF TAXES		
Sewer Taxes	101,514	84,199
Verdoy Fire Dept.	1,521	1,340
Albany County Tax	5,116	4,349
Town of Colonie Tax	2,990	2,783
School Taxes - North Colonie	19,835	22,280
Total Town of Colonie, Receiver of Taxes	130,976	114,951
TOWN OF COLONIE		
Landfill Charges	-	3,355
Runway #28 Water Tank Relocation:		
Construction Services	-	639,301
Engineering Services	-	117,034
Land Purchase	-	100,000
SPDES Program Fees	-	500
Utility Easements	-	14,650
Total Town of Colonie	-	874,840
VILLAGE OF COLONIE		
Wastewater Conveyance	7,500	7,500
TOTAL PAYMENTS TO OTHER GOVERNMENTAL ENTITIES	\$ 5,191,940	\$ 5,528,828

# Statistical

This section of the Authority's comprehensive annual financial report presents detailed information for understanding and supporting the information in the financial statements, note disclosures and required supplementary information.

## **Financial Trends**

**Pages 78-81**

These tables contain trend information to assist the reader understand how the Authority's financial performance has changed over time.

## **Revenue Capacity**

**Pages 82-83**

These tables contain trend information to assist the reader understand the Authority's most significant revenue source, airline rates and charges.

## **Debt Capacity**

**Pages 84-87**

These tables contain trend information to assist the reader understand the Authority's current debt outstanding, debt history and the Authority's ability to issue additional debt in the future.

## **Demographic and Economic Information**

**Pages 88-90**

These tables contain trend information to assist the reader understand the environment within which the Authority's financial activities take place.

## **Operating Information**

**Pages 91-102**

These tables contain trend information to assist the reader understand the underlying factors affecting the Authority's ability to generate revenue, highlighting trends in operations, activities and resources.

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

	2003	2004	2005	2006
<b>REVENUES</b>				
Airfield	\$ 8,280,150	\$ 8,393,905	\$ 7,605,974	\$ 5,881,654
Fixed Based Operations	-	-	1,637,840	7,307,383
Terminal	7,297,162	7,236,402	8,826,365	7,406,907
Concessions	4,008,054	4,575,990	5,124,925	5,269,221
Ground transportation	9,048,073	10,233,061	10,971,728	10,885,205
Other	3,167,570	3,652,982	3,341,100	3,366,356
	<u>31,801,009</u>	<u>34,092,340</u>	<u>37,507,932</u>	<u>40,116,726</u>
<b>OTHER REVENUES</b>				
Interest income	366,157	375,317	789,591	1,193,635
Passenger Facility Charges	3,871,885	4,378,871	4,314,667	4,165,815
Grant income	-	-	-	-
Insurance recovery	-	-	-	184,000
Investments received	-	-	-	-
Improvement charges	276,300	276,300	276,300	276,300
	<u>4,514,342</u>	<u>5,030,488</u>	<u>5,380,558</u>	<u>5,819,750</u>
<b>TOTAL REVENUES</b>	<u>36,315,351</u>	<u>39,122,828</u>	<u>42,888,490</u>	<u>45,936,476</u>
<b>EXPENSES</b>				
Salaries and benefits	9,937,522	10,247,096	11,851,491	12,299,502
Services and supplies	11,574,119	12,346,379	15,296,745	17,578,229
Depreciation	10,617,922	11,210,367	11,540,462	12,315,365
	<u>32,129,563</u>	<u>33,803,842</u>	<u>38,688,698</u>	<u>42,193,096</u>
<b>OTHER EXPENSES</b>				
Property damage	-	-	-	184,000
Grant expense	-	-	-	-
Interest expense	7,780,055	7,675,355	7,443,523	7,188,094
Amortization of bond issuance costs	91,339	117,988	133,659	61,003
Decrease in fair value of investments	-	-	-	-
	<u>7,871,394</u>	<u>7,793,343</u>	<u>7,577,182</u>	<u>7,433,097</u>
<b>TOTAL EXPENSES</b>	<u>40,000,957</u>	<u>41,597,185</u>	<u>46,265,880</u>	<u>49,626,193</u>
Capital Contributions	16,890,954	7,524,212	17,048,492	13,738,847
Special Item	-	-	-	-
Extraordinary Item	-	-	-	-
<b>INCREASE IN NET POSITION</b>	<u>\$ 13,205,348</u>	<u>\$ 5,049,855</u>	<u>\$ 13,671,102</u>	<u>\$ 10,049,130</u>
<b>NET POSITION AT YEAR END COMPOSED OF:</b>				
Investment in Capital Assets, net of Related Debt	\$ 132,220,219	\$ 135,120,442	\$ 147,526,592	\$ 154,937,110
Restricted	17,069,227	17,694,772	17,972,351	19,259,403
Unrestricted	4,611,780	6,135,867	7,123,240	8,474,800
	<u>\$ 153,901,226</u>	<u>\$ 158,951,081</u>	<u>\$ 172,622,183</u>	<u>\$ 182,671,313</u>

Source: Authority's audited financial statements.

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

	2007	2008	2009	2010	2011	2012
\$	5,597,334	\$ 6,828,222	\$ 7,303,064	\$ 6,249,734	\$ 6,620,031	\$ 6,517,132
	8,817,614	10,193,452	7,579,581	8,339,501	10,816,078	9,732,965
	7,574,748	7,689,690	6,513,311	5,760,454	5,549,272	5,220,736
	5,686,723	5,480,004	6,044,347	6,135,012	6,531,954	6,490,578
	11,340,151	11,122,678	10,818,594	10,695,016	10,737,419	11,035,611
	3,618,200	4,361,254	3,991,942	3,772,841	3,739,595	3,703,440
	42,634,770	45,675,300	42,250,839	40,952,558	43,994,349	42,700,462
	1,810,589	836,612	265,017	196,224	102,137	94,418
	4,081,962	3,716,492	4,077,806	5,043,851	4,832,209	4,843,563
	-	2,501,420	5,480,166	3,442,758	1,112,504	344,845
	2,929	-	-	-	-	-
	297,413	-	-	-	-	-
	276,300	276,300	368,400	368,400	368,400	368,400
	6,469,193	7,330,824	10,191,389	9,051,233	6,415,250	5,651,226
	49,103,963	53,006,124	52,442,228	50,003,791	50,409,599	48,351,688
	12,302,838	12,706,397	12,036,671	12,532,967	12,608,658	12,858,828
	19,672,084	21,524,796	17,588,812	17,354,401	20,064,093	17,939,145
	12,968,042	13,626,882	14,067,322	13,585,503	13,406,698	13,537,373
	44,942,964	47,858,075	43,692,805	43,472,871	46,079,449	44,335,346
	2,929	-	-	-	-	-
	-	2,794,322	4,943,468	3,013,773	683,300	-
	7,616,204	6,751,363	6,845,764	5,961,984	6,971,497	6,615,097
	77,677	125,335	130,653	145,928	269,204	164,459
	126,600	26,614	82,204	-	-	-
	7,823,410	9,697,634	12,002,089	9,121,685	7,924,001	6,779,556
	52,766,374	57,555,709	55,694,894	52,594,556	54,003,450	51,114,902
	4,825,854	8,379,148	6,524,938	5,883,974	7,063,708	4,385,124
	-	-	-	(553,347)	-	(980,110)
	-	-	-	(169,007)	-	-
\$	1,163,443	\$ 3,829,563	\$ 3,272,272	\$ 2,570,855	\$ 3,469,857	\$ 641,800
\$	155,507,466	\$ 159,048,126	\$ 161,268,212	\$ 164,991,633	<1> \$ 167,205,678	\$ 166,644,993
	19,100,901	18,634,971	18,703,079	16,539,805	16,487,232	16,852,644
	9,226,389	9,981,222	10,965,300	11,037,746	12,346,131	13,183,204
\$	183,834,756	\$ 187,664,319	\$ 190,936,591	\$ 192,569,184	\$ 196,039,041	\$ 196,680,841

<1> The 2010 Investment in Capital Assets, net of Related Debt was adjusted by \$938,262 in accordance with GASB Statement 65. See the end of Note 2 - Summary of Significant Accounting Policies in the notes to the financial statements.

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

	2003	2004	2005	2006
<b>Cash Flows From Operating Activities</b>				
Cash received from providing services	\$ 30,030,811	\$ 34,323,417	\$ 37,428,970	\$ 40,772,537
Cash paid to suppliers	(20,796,379)	(21,669,596)	(26,122,792)	(26,620,178)
Cash paid to employees	(826,527)	(986,392)	(1,091,777)	(1,120,799)
<b>Net Cash Provided By Operating Activities</b>	<b>8,407,905</b>	<b>11,667,429</b>	<b>10,214,401</b>	<b>13,031,560</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Grant Income	-	-	-	-
Grant Expense	-	-	-	-
<b>Net Cash Provided (Used) by Noncapital Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>				
Interest received	366,157	375,220	789,586	1,151,141
Purchase of Investments	(237,494)	-	-	-
Sale of Investments	-	237,494	-	-
Interest on Passenger Facility Charges	67,590	66,626	140,766	235,444
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>196,253</b>	<b>679,340</b>	<b>930,352</b>	<b>1,386,585</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of capital assets	(22,846,180)	(10,963,359)	(23,930,371)	(20,863,387)
Principal payments on bonds and notes payable	(4,691,864)	(5,298,838)	(5,711,504)	(5,879,556)
Interest paid	(7,862,118)	(7,823,638)	(7,588,462)	(7,192,138)
Payment to refunding agent	-	-	-	-
Proceeds from debt issuance	8,885,000	338,315	-	20,560,000
Proceeds from Interest rate swaption	-	-	5,330,000	-
Payment of 1997 refunding bonds	-	-	-	-
Less: Cost of Issuance	(177,700)	(5,141)	(344,962)	(98,929)
ANCLUC Trust Funds	24,601	31,896	29,086	27,795
Concession Improvement Trust Funds	74,234	82,636	39,976	104,252
Improvement charges	276,300	276,300	276,300	276,300
Capital contributions	16,324,205	8,473,103	15,286,472	14,429,114
Passenger facility charges	3,809,789	4,039,368	4,278,885	4,002,738
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>(6,183,733)</b>	<b>(10,849,358)</b>	<b>(12,334,580)</b>	<b>5,366,189</b>
<b>Net increase (decrease)</b>	<b>2,420,425</b>	<b>1,497,411</b>	<b>(1,189,827)</b>	<b>19,784,334</b>
Cash and cash equivalents, beginning of year	23,783,264	26,203,689	27,701,100	26,511,273
<b>Cash and cash equivalents, end of year</b>	<b>\$ 26,203,689</b>	<b>\$ 27,701,100</b>	<b>\$ 26,511,273</b>	<b>\$ 46,295,607</b>

Source: Authority's audited financial statements

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

2007	2008	2009	2010	2011	2012
\$ 43,116,237	\$ 44,028,857	\$ 44,152,367	\$ 40,707,911	\$ 44,327,193	\$ 42,253,033
(30,878,585)	(35,545,624)	(29,110,669)	(28,284,795)	(31,992,962)	(28,813,561)
(1,190,541)	(1,257,735)	(1,248,160)	(1,154,379)	(1,099,021)	(1,104,020)
11,047,111	7,225,498	13,793,538	11,268,737	11,235,210	12,335,452
-	2,501,420	5,480,166	3,442,758	1,071,409	344,845
-	(2,794,322)	(4,943,468)	(3,013,773)	(642,205)	-
-	(292,902)	536,698	428,985	429,204	344,845
1,853,089	832,708	265,803	204,908	102,137	94,418
-	-	-	(277,389)	-	-
-	-	65,110	442,237	-	-
238,560	112,411	43,285	13,940	11,002	8,470
2,091,649	945,119	374,198	383,696	113,139	102,888
(15,733,030)	(8,971,021)	(7,627,276)	(8,080,522)	(9,243,027)	(5,954,942)
(6,554,932)	(6,885,016)	(8,177,659)	(3,531,847)	(8,574,618)	(8,736,422)
(7,647,211)	(7,398,066)	(6,835,858)	(5,931,827)	(5,724,131)	(5,502,063)
-	-	-	(125,391,340)	-	-
-	83,200,000	-	119,021,872	-	-
-	-	-	-	-	-
-	(82,416,000)	-	-	-	-
-	(889,198)	-	(2,007,569)	-	-
(84,659)	18,689	100,492	1,139	(347,296)	449
119,314	99,384	(183,611)	89,745	44,668	67,457
276,300	276,300	368,400	368,400	368,400	368,400
5,582,880	6,528,726	7,716,862	7,077,968	6,579,972	3,488,992
3,928,677	3,613,380	3,921,553	5,036,950	4,850,569	4,794,831
(20,112,661)	(12,822,822)	(10,717,097)	(13,347,031)	(12,045,463)	(11,473,298)
(6,973,901)	(4,945,107)	3,987,337	(1,265,613)	(267,910)	1,309,887
46,295,607	39,321,706	34,376,599	38,363,936	37,098,323	36,830,413
\$ 39,321,706	\$ 34,376,599	\$ 38,363,936	\$ 37,098,323	\$ 36,830,413	\$ 38,140,300



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

	2003	2004	2005
<b>PRINCIPAL REVENUE SOURCES</b>			
<b>AIRLINE REVENUE</b>			
Landing Fees	\$ 5,043,951	\$ 5,528,586	\$ 5,221,661
Landing Fee Surcharge	171,565	172,939	170,834
Apron Fees	782,704	805,182	839,471
Fixed Based Operations	-	-	661,406
Terminal Rents	6,034,518	6,058,515	7,561,456
Loading Bridge Rentals	414,277	377,110	408,297
<b>TOTAL AIRLINE REVENUE</b>	<b>12,447,015</b>	<b>12,942,332</b>	<b>14,863,125</b>
Percent of Total Revenues	34.3%	33.1%	34.7%
<b>NON-AIRLINE REVENUES</b>			
Parking	8,710,698	10,039,495	10,718,645
Rental Car	2,672,448	2,937,657	3,414,418
Other	7,970,848	8,172,856	8,511,744
<b>TOTAL NON-AIRLINE REVENUES</b>	<b>19,353,994</b>	<b>21,150,008</b>	<b>22,644,807</b>
Percent of Total Revenues	53.3%	54.1%	52.8%
<b>NON-OPERATING REVENUES</b>			
PFCs	3,871,885	4,378,871	4,314,667
Grant Income	-	-	-
Interest	366,157	375,317	789,591
Insurance Recovery	-	-	-
Decrease in fair value of investments	-	-	-
Other	276,300	276,300	276,300
<b>TOTAL NON-OPERATING REVENUES</b>	<b>4,514,342</b>	<b>5,030,488</b>	<b>5,380,558</b>
Percent of Total Revenues	12.4%	12.9%	12.5%
<b>TOTAL REVENUES</b>	<b>\$ 36,315,351</b>	<b>\$ 39,122,828</b>	<b>\$ 42,888,490</b>
Enplaned Passengers	1,435,848	1,556,796	1,550,402
<b>TOTAL REVENUE PER ENPLANED PASSENGER</b>	<b>\$ 25.29</b>	<b>\$ 25.13</b>	<b>\$ 27.66</b>
<b>SIGNATORY AIRLINES RATES AND CHARGES</b>			
Landing Fee (per 1,000 lbs MGLW)	\$ 2.62	\$ 2.53	\$ 2.36
Landing Fee Surcharge (per 1,000 lbs MGLW)	0.08	0.08	0.08
Apron Fees (per sq. foot)	0.99	1.02	1.04
Annual Terminal Rental Rates (per sq. foot)	73.58	78.10	81.98
Annual Loading Bridge Rental (per bridge)	34,523.00	26,936.00	29,164.00
Airline Cost per Enplanement: Airport Operations	8.67	8.31	9.16

The Authority negotiated a new ten year airline agreement which governed the calculation of rates and fees charged to signatory airlines effective January 1, 2011. A new five year agreement became effective January 1, 2011.

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,**

2006	2007	2008	2009	2010	2011	2012
\$ 3,711,782	\$ 3,328,473	\$ 4,422,523	\$ 4,770,538	\$ 3,843,738	\$ 3,964,651	\$ 4,041,201
167,426	166,975	168,250	170,810	169,427	168,015	168,400
854,022	916,131	893,046	879,251	807,430	847,651	810,760
1,886,304	2,645,682	2,916,524	3,040,483	3,261,577	3,979,252	3,031,163
5,970,930	6,096,652	6,422,724	5,273,885	4,530,851	4,358,719	3,980,775
564,292	542,738	542,738	508,181	533,360	501,336	528,303
13,154,756	13,696,651	15,365,805	14,643,148	13,146,383	13,819,624	12,560,602
28.6%	27.9%	29.0%	27.9%	26.3%	27.4%	26.0%
10,639,526	11,093,567	10,886,182	10,818,593	10,428,141	10,478,603	10,787,568
3,517,740	3,785,642	3,649,493	3,902,274	4,263,770	4,718,960	4,723,808
12,804,704	14,058,910	15,773,820	12,886,824	13,114,264	14,977,162	14,628,484
26,961,970	28,938,119	30,309,495	27,607,691	27,806,175	30,174,725	30,139,860
58.7%	58.9%	57.2%	52.6%	55.6%	59.9%	62.3%
4,165,815	4,081,962	3,716,492	4,077,806	5,043,851	4,832,209	4,843,563
-	-	2,501,420	5,480,166	3,442,758	1,112,504	344,845
1,193,635	1,810,589	836,612	265,017	196,224	102,137	94,418
184,000	2,929	-	-	-	-	-
-	297,413	-	-	-	-	-
276,300	276,300	276,300	368,400	368,400	368,400	368,400
5,819,750	6,469,193	7,330,824	10,191,389	9,051,233	6,415,250	5,651,226
12.7%	13.2%	13.8%	19.4%	18.1%	12.7%	11.7%
\$ 45,936,476	\$ 49,103,963	\$ 53,006,124	\$ 52,442,228	\$ 50,003,791	\$ 50,409,599	\$ 48,351,688
1,447,553	1,440,385	1,380,483	1,318,819	1,264,381	1,242,399	1,244,976
\$ 31.73	\$ 34.09	\$ 38.40	\$ 39.76	\$ 39.55	\$ 40.57	\$ 38.84
\$ 1.82	\$ 1.81	\$ 2.71	\$ 3.11	\$ 2.45	\$ 2.61	\$ 2.92
0.08	0.08	0.08	0.10	0.10	0.11	0.11
1.05	1.10	1.48	1.46	1.51	1.75	1.78
82.58	83.42	84.00	79.61	72.70	69.55	68.46
37,619.00	36,183.00	36,978.00	36,299.00	35,532.00	33,422.00	35,220.00
7.78	7.67	8.91	8.80	7.82	7.92	7.64

<1> The revenue basis to which these rates apply and their principal payers can be found on pages 92-93, 94-95 and 96-97

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

	2003	2004	2005
Ratio of Authority issued Revenue Bond Debt Service to Total Expenses			
Principal	\$ 3,619,936	\$ 4,305,000	\$ 5,711,504
Interest <1>	7,361,251	7,384,667	7,577,183
Total Debt Service	\$ 10,981,187	\$ 11,689,667	\$ 13,288,687
Total Expenses	\$ 40,000,957	\$ 41,597,185	\$ 46,265,880
Ratio of Debt Service to Total Expenses	27.45%	28.10%	28.72%
Debt Service per Enplaned Passenger			
Net Debt Service	\$ 6,816,764	\$ 7,812,290	\$ 9,182,693
Enplaned Passengers	1,435,848	1,556,796	1,550,402
Debt Service per Enplaned Passenger	\$ 4.75	\$ 5.02	\$ 5.92
Outstanding Debt (Authority and County) per Enplaned Passenger			
Outstanding debt by type:			
County of Albany Debt Issued for the Authority <2>	\$ 9,668,325	\$ 8,560,352	\$ 7,519,274
General Airport Revenue Bond (GARB)	134,615,512	130,949,190	131,855,484
NYS EFC	8,292,297	8,100,927	7,515,515
Total Outstanding Debt	\$ 152,576,134	\$ 147,610,469	\$ 146,890,273
Enplaned Passengers	1,435,848	1,556,796	1,550,402
Outstanding Debt per Enplaned Passenger	\$ 106	\$ 95	\$ 95
Debt Limit per Enplaned Passenger			
Debt Limit <3>	\$ 175,000,000	\$ 285,000,000	\$ 285,000,000
Enplaned Passengers	1,435,848	1,556,796	1,550,402
Debt Limit per Enplaned Passenger	\$ 122	\$ 183	\$ 184

<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,**

2006	2007	2008	2009	2010	2011	2012
\$ 5,879,556	\$ 6,554,932	\$ 6,885,016	\$ 8,177,659	\$ 3,531,847	\$ 8,574,618	\$ 8,736,422
7,249,097	7,693,877	7,513,131	6,976,417	6,107,912	7,240,701	6,779,556
\$ 13,128,653	\$ 14,248,809	\$ 14,398,147	\$ 15,154,076	\$ 9,639,759 <4>	\$ 15,815,319	\$ 15,515,978
\$ 49,626,193	\$ 52,766,374	\$ 57,555,709	\$ 55,694,894	\$ 52,594,556	\$ 54,003,450	\$ 51,114,902
26.46%	27.00%	25.02%	27.21%	18.33%	29.29%	30.36%
\$ 8,721,259	\$ 10,010,625	\$ 10,230,911	\$ 11,428,288	\$ 5,913,971	\$ 10,962,543	\$ 11,054,389
1,447,553	1,440,385	1,380,483	1,318,819	1,264,381	1,242,399	1,244,976
\$ 6.02	\$ 6.95	\$ 7.41	\$ 8.67	\$ 4.68	\$ 8.82	\$ 8.88
\$ 6,527,880	\$ 5,543,982	\$ 4,580,151	\$ 3,418,256	\$ 2,454,409	\$ 1,510,678	\$ 584,256
148,071,630	143,175,122	137,253,661	136,681,250	132,560,000	125,340,000	117,950,000
6,920,238	6,310,821	5,694,808	4,627,000	4,045,887	3,635,000	3,215,000
\$ 161,519,748	\$ 155,029,925	\$ 147,528,620	\$ 144,726,506	\$ 139,060,296	\$ 130,485,678	\$ 121,749,256
1,447,553	1,440,385	1,380,483	1,318,819	1,264,381	1,242,399	1,244,976
\$ 112	\$ 108	\$ 107	\$ 110	\$ 110	\$ 105	\$ 98
\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
1,447,553	1,440,385	1,380,483	1,318,819	1,264,381	1,242,399	1,244,976
\$ 197	\$ 198	\$ 206	\$ 216	\$ 225	\$ 229	\$ 229

<4>Debt service does not include \$5,145,000 of principal retired and certain accrued interest on \$107,395,000 of bonds refunded in 2010 for which the Authority contributed \$8,398,522 in cash on hand to reduce the amount of refunding bonds issued and scheduled debt service due in 2010.

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

	2003	2004	2005
<b>NET REVENUES</b>			
Operating Revenues	\$ 31,801,009	\$ 34,092,340	\$ 37,507,962
Interest Income	366,157	375,317	789,591
Investments Received	-	-	-
TSA (LEO) Reimbursement	-	-	-
Improvement Charges	276,300	276,300	276,300
<b>Total Revenues</b>	<b>\$ 32,443,466</b>	<b>\$ 34,743,957</b>	<b>\$ 38,573,853</b>
LESS: Total Operating Expenses	(21,511,641)	(22,593,481)	(27,148,236)
LESS: Albany County Debt Service	(1,678,326)	(1,515,706)	(1,407,817)
<b>Net Revenues</b>	<b>\$ 9,253,499</b>	<b>\$ 10,634,770</b>	<b>\$ 10,017,800</b>
<b>DEBT SERVICE</b>			
1997 Revenue Bonds	\$ 6,729,880	\$ 6,778,459	\$ 6,907,143
Less: PFC Revenues used for Debt Service	(4,164,423)	(3,877,378)	(4,105,994)
1998 B & C Revenue Bonds	2,357,686	2,362,420	2,363,016
1999 NYS EFC Revenue Bonds	712,041	693,011	676,755
Less: 1999 NYS EFC Interest Subsidy	(241,545)	(223,448)	(215,167)
2000 NYS EFC Revenue Bonds	292,226	295,693	287,232
Less: 2000 NYS EFC Interest Subsidy	(46,936)	(41,773)	(36,254)
2000 B Revenue Bonds	960,790	958,518	960,735
2003 A Revenue Bonds	151,647	765,337	752,027
2004 NYS EFC Revenue Bonds	-	41,490	43,487
Less: 2004 NYS EFC Interest Subsidy	-	(4,172)	(5,994)
2006 A & B Revenue Bonds	-	-	-
2006 C Revenue Bonds	-	-	-
2008 A Refunding Bonds	-	-	-
2010 A Refunding Bonds	-	-	-
2010 B Refunding Bonds	-	-	-
Less: Interest paid from bond proceeds	-	-	-
<b>Net Debt Service</b>	<b>\$ 6,751,366</b>	<b>\$ 7,748,157</b>	<b>\$ 7,626,986</b>
<b>DEBT SERVICE COVERAGE &lt;1&gt;</b>	<b>1.37</b>	<b>1.37</b>	<b>1.31</b>
<b>&lt;1&gt; Does not include required amounts held in Bond Reserve Accounts as follows:</b>			
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	237,494
2000 B Revenue Bonds	926,700	926,700	926,700
2003 A Revenue Bonds	514,100	514,100	514,100
2004 NYS EFC Bonds	-	38,831	38,831
2006 A & B Revenue Bonds	-	-	-
2006 C Revenue Bonds	-	-	-
2008 A Refunding Bonds	-	-	-
2010 A Refunding Bonds	-	-	-
<b>Total Bond Reserve Accounts</b>	<b>\$ 12,937,946</b>	<b>\$ 12,976,777</b>	<b>\$ 12,976,777</b>

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,**

2006	2007	2008	2009	2010	2011	2012
\$ 40,116,726	\$ 42,634,760	\$ 45,675,304	\$ 42,250,595	\$ 40,952,560	\$ 43,994,350	\$ 42,700,503
1,193,635	1,225,878	597,990	233,567	184,276	83,120	76,334
-	170,813	-	(79,087)	-	-	-
-	-	-	-	428,984	429,204	344,845
276,300	276,300	276,300	368,400	368,400	368,400	368,400
\$ 41,586,661	\$ 44,307,751	\$ 46,549,594	\$ 42,773,475	\$ 41,934,220	\$ 44,875,074	\$ 43,490,082
(29,877,731)	(31,974,921)	(34,231,189)	(29,625,492)	(29,886,704)	(32,675,747)	(30,797,979)
(1,311,243)	(1,263,510)	(1,202,184)	(1,156,056)	(1,080,407)	(1,022,352)	(967,198)
\$ 10,397,687	\$ 11,069,320	\$ 11,116,221	\$ 11,991,927	\$ 10,967,109	\$ 11,176,975	\$ 11,724,905
\$ 6,941,298	\$ 6,989,961	\$ 388,433	\$ -	\$ -	\$ -	\$ -
(4,407,394)	(4,238,184)	(4,167,236)	(3,725,788)	(2,806,622)	(4,852,776)	(4,461,589)
2,360,300	2,358,007	2,360,653	2,444,052	1,455,142	-	-
664,221	651,283	634,745	617,141	577,873	443,618	451,094
(201,777)	(188,258)	(174,600)	(157,301)	(143,792)	(26,907)	(25,819)
281,054	276,551	275,149	279,829	-	-	-
(30,635)	(25,319)	(18,996)	(12,846)	-	-	-
955,940	960,402	957,753	957,471	511,813	-	-
748,049	743,885	748,863	748,637	746,692	748,577	744,250
43,282	46,064	41,985	41,289	40,893	39,362	38,642
(5,325)	(4,716)	(4,009)	(3,341)	(2,673)	(2,004)	(1,336)
330,294	1,099,763	1,099,926	1,099,188	1,102,531	1,099,788	1,101,051
-	290,356	402,054	402,048	401,838	401,429	400,822
-	-	6,348,023	6,902,639	3,963,413	-	-
-	-	-	-	2,707,162	9,628,519	9,621,151
-	-	-	-	62,112	923,852	925,376
(330,294)	(290,356)	-	-	-	-	-
\$ 7,349,013	\$ 8,669,439	\$ 8,892,743	\$ 9,593,018	\$ 8,616,382	\$ 8,403,458	\$ 8,793,642
1.41	1.28	1.25	1.25	1.27	1.33	1.33
\$ 8,370,000	\$ 8,370,000	\$ -	\$ -	\$ -	\$ -	\$ -
2,447,415	2,447,415	2,447,415	2,447,415	-	-	-
442,237	442,237	442,237	442,237	277,389	277,389	277,389
237,494	237,494	237,494	237,494	-	-	-
926,700	926,700	926,700	926,700	-	-	-
514,100	514,100	514,100	514,100	514,100	514,100	514,100
38,831	38,831	38,831	38,831	38,831	38,831	38,831
1,128,600	1,128,600	1,128,600	1,128,600	1,128,600	1,128,600	1,128,600
404,263	404,263	404,263	404,263	404,263	404,263	404,263
-	-	8,232,976	8,232,976	-	-	-
-	-	-	-	9,523,517	9,523,517	9,523,517
\$ 14,509,640	\$ 14,509,640	\$ 14,372,616	\$ 14,372,616	\$ 11,886,700	\$ 11,886,700	\$ 11,886,700

<1>Debt service does not include \$5,145,000 of principal retired and certain accrued interest on \$107,395,000 of bonds refunded in 2010 for which the Authority contributed \$8,398,522 in cash on hand to reduce the amount of refunding bonds issued and scheduled debt service due in 2010.

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

	2010	2000	2000 vs. 1990	1990	1990 vs. 1980	1980
<b><u>PRIMARY TRADE AREA</u></b>						
State of New York						
Albany County	304,204	294,565	0.7%	292,594	2.3%	285,909
Columbia County	63,096	63,094	0.2%	62,982	5.9%	59,487
Fulton County	55,531	55,073	1.6%	54,191	-1.7%	55,153
Greene County	49,221	48,195	7.7%	44,739	9.5%	40,861
Montgomery County	50,219	49,708	-4.4%	51,981	-2.7%	53,439
Rensselaer County	159,429	152,538	-1.2%	154,429	1.6%	151,966
Saratoga County	219,607	200,635	10.7%	181,276	17.9%	153,759
Schenectady County	154,727	146,555	-1.8%	149,285	-0.4%	149,946
Schoharie County	32,749	31,582	-0.9%	31,859	7.2%	29,710
Warren County	65,707	63,303	6.9%	59,209	7.9%	54,854
Washington County	63,216	61,042	2.9%	59,330	8.3%	54,795
State of Massachusetts						
Berkshire County	131,219	134,953	-3.2%	139,352	-4.0%	145,170
State of Vermont						
Bennington County	37,125	36,994	3.2%	35,845	7.1%	33,470
<b>PRIMARY TRADE AREA</b>	<b>1,386,050</b>	<b>1,338,237</b>	<b>1.6%</b>	<b>1,317,072</b>	<b>3.8%</b>	<b>1,268,519</b>
<b><u>SECONDARY TRADE AREA</u></b>						
State of New York						
Delaware County	47,980	48,055	1.8%	47,225	0.9%	46,824
Dutchess County	297,488	280,150	8.0%	259,462	5.9%	245,055
Essex County	39,370	38,851	4.6%	37,152	2.7%	36,176
Hamilton County	4,836	5,379	1.9%	5,279	4.9%	5,034
Herkimer County	64,519	64,427	-2.1%	65,797	-0.6%	66,174
Otsego County	62,259	61,676	1.9%	60,517	2.4%	59,075
Ulster County	182,493	177,749	7.5%	165,304	4.5%	158,158
State of Connecticut						
Litchfield County	189,927	182,193	4.7%	174,092	11.1%	156,769
State of Massachusetts						
Franklin County	71,372	71,535	2.1%	70,092	9.0%	64,317
Hampden County	463,490	456,228	0.0%	456,310	3.0%	443,018
Hampshire County	158,080	152,251	3.9%	146,568	5.6%	138,813
State of Vermont						
Addison County	36,821	35,974	9.2%	32,953	12.1%	29,406
Rutland County	61,642	63,400	2.0%	62,142	6.5%	58,347
Windham County	44,513	44,216	6.3%	41,588	12.6%	36,933
Windsor County	56,670	57,418	6.2%	54,055	5.9%	51,030
<b>SECONDARY TRADE AREA</b>	<b>1,781,460</b>	<b>1,739,502</b>	<b>3.6%</b>	<b>1,678,536</b>	<b>5.2%</b>	<b>1,595,129</b>
<b>TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION</b>	<b>3,167,510</b>	<b>3,077,739</b>	<b>2.7%</b>	<b>2,995,608</b>	<b>4.6%</b>	<b>2,863,648</b>
State of New York	19,378,102	18,976,457	5.5%	17,990,455	2.5%	17,558,165
United States	308,745,538	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**

Rank	Employer	Industry	Employees	
			2012	2003
1	New York State	State Government	51,409	64,091
2	St. Peter's Health Care Services	Health Care	11,749	3,321
3	U.S. Government	Federal Government	7,901	8,600
4	General Electric Company	Energy, Research, Industrial	7,000	9,000
5	Albany Medical Center	Health Care	6,560	5,257
6	Golub Corporation	Retail Grocery, Headquarters, and Dist. Center	6,392	6,834
7	University of Albany	Educational Services	4,700	N/A
8	Hannaford Brothers	Retail Grocery	3,580	2,100
9	Verizon	Telecommunications Service	3,000	3,030
10	Bechtel Marine Propulsion Corp.	Research and development	2,900	2,650
11	County of Albany	Government	2,738	2,928
12	Lockheed-Martin	Security Technology	2,600	N/A
13	Ellis Medicine	Health Care	2,517	1,375
14	Glens Falls Hospital	Health Care	2,335	1,811
15	Center for Disability Services	Health Care	2,090	N/A
16	Rensselaer Polytechnic Institute	Educational Services	1,872	1,720
17	Rensselaer County	Local Government	1,802	1,802
18	Shenendehowa School District	Educational Services	1,800	1,565
19	Empire Blue Cross/Blue Shield	Health Insurance	1,700	1,794
20	City of Schenectady School District	Educational Services	1,633	1,542
21	City of Albany	Local Government	1,488	1,450
22	Global Foundries	Semiconductor Manufacturing	1,465	N/A
23	Albany City School District	Educational Services	1,453	1,500
24	Saratoga County	Local Government	1,416	1,264
25	Saratoga Hospital & Nursing Home	Health Care	1,387	N/A
26	Stewart's Ice Cream Co., Inc.	Dairy Products	1,352	2,840
27	St Mary's Hospital	Health Care	1,318	N/A
28	Schenectady County	Local Government	1,305	1,300
29	Columbia Memorial Hospital	Health Care	1,203	N/A
30	State Farm Insurance Company	Insurance Company	1,136	1,877
31	National Grid	Electric and Gas Utility	1,100	1,575
32	KeyCorp	Banking/Financial services	1,100	1,800
33	MVP	Health Insurance	1,100	N/A

N/A - Not Available

Sources: Various



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

Name	County	Public/Private	Enrollment	
			2012	2003
Excelsior College	Albany	Private	33,057	9,740
State University of New York at Albany	Albany	Public	18,126	14,405
Hudson Valley Comm. College	Rensselaer	Public	12,787	7,404
Empire State College	Albany	Public	11,104	603
Rensselaer Polytechnic Institute	Rensselaer	Private	7,417	7,997
Schenectady Comm. College	Schenectady	Public	5,128	2,560
College Of Saint Rose	Albany	Private	5,102	3,857
Adirondack Comm. College	Warren	Public	3,536	2,401
Siena College	Albany	Private	3,305	3,099
The Sage Colleges	Rensselaer	Private	2,635	2,217
Skidmore College	Saratoga	Private	2,484	2,389
Fulton-Montgomery Comm. College	Fulton-Montgomery	Public	2,400	1,554
Union College	Schenectady	Private	2,240	2,427
Williams College	Berkshire, MA	Private	2,150	2,000
Massachusetts College of Liberal Arts	Berkshire, MA	Public	1,925	1,457
Columbia-Greene Comm. College	Columbia-Greene	Public	1,840	1,168
Albany College Of Pharmacy	Albany	Private	1,536	794
Albany Law School	Albany	Private	793	821
Maria College	Albany	Private	775	559
Albany Medical College	Albany	Private	758	630
Bryant & Stratton Business Institute	Albany	Private	689	358
Bennington College	Bennington, VT	Private	600	583
Mildred Elley College	Albany	Private	541	505
Southern Vermont College	Bennington, VT	Public	500	500
Bard College at Simon's Rock	Berkshire, MA	Private	420	400
Union Graduate College	Schenectady	Private	400	N/A
Ellis Hospital School of Nursing	Albany	Private	155	85
New School of Radio and Television	Albany	Private	80	125
			122,483	70,638

N/A - Not Available  
Sources: Various

**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		
		2003	2012
Acres (+/-):		1,200	1,171
Runways:	1/19 North/South ILS / VOR / GPS	7,200 X 150 ft.	8,500 X 150 ft.
	10/28 East/West VOR / GPS	7,200 X 150 ft.	7,200 X 150 ft.
Terminal:	Airlines - sq ft	92,287	90,528
	Tenants - sq ft	41,691	44,323
	Public/Common - sq ft	98,421	104,521
	Mechanical - sq ft	52,928	50,916
	Total - sq ft	<u>285,327</u>	<u>290,288</u>
	Number of passenger gates	21	21
	Number of loading bridges	13	16
	Number of Concessionaires in Terminal	7	6
	Number of Rental Car Agencies in Terminal	5	6
Apron:	Commercial Airlines - sq ft	749,853	810,901
	Cargo Airlines - sq ft	181,730	210,600
	FBO - sq ft	640,000	640,000
Parking:	Spaces assigned		
	Garage	1,907	1,912
	Short-term	316	341
	Long-term	1,012	1,098
	Economy	1,769	2,272
	Rental Cars	307	307
	Employees	514	537
	Total	<u>5,825</u>	<u>6,467</u>
Cargo:	Air Cargo Building - sq ft	50,500	50,500
	Former U.S. Post Office* - sq ft	N/A	5,595
Employees:	Authority	31.0	23.0
	Airport Operations	205.0	157.0
	Fixed Based Operator	N/A	32.0
	Total	<u>236.0</u>	<u>212.0</u>

N/A-Not applicable

\* - Former U.S. Post Office Air Cargo facility is rented to a land transport cargo tenant

**Albany International Airport  
Enplaned Passengers  
2003-2012**

AIRLINE	2012	Percent of Total 2012	2011	Percent of Total 2011	2010
Southwest Airlines	504,987	40.5%	511,735	41.2%	511,636
US Airways Express (Republic)	104,199	8.4%	76,919	6.2%	90,263
United Express (Express Jet)	98,820	7.9%	36,282	2.9%	26,609
US Airways	87,207	7.0%	81,980	6.6%	83,513
Delta Connection (Pinnacle)	85,535	6.9%	100,678	8.1%	54,130
Delta Airlines	72,590	5.8%	46,606	3.7%	18,251
United Airlines	51,913	4.2%	64,408	5.2%	66,191
United Express (Colgan)	49,998	4.0%	33,298	2.7%	
US Airways Express (Piedmont)	33,403	2.7%	16,393	1.3%	29,701
US Airways Express (Air Wisconsin)	28,835	2.3%	51,029	4.1%	35,060
United Express (Go Jet)	18,078	1.5%	7,489	0.6%	47,605
United Express (Commutair)	18,075	1.5%			
Cape Air	16,429	1.3%	16,284	1.3%	8,677
United Express (Mesa)	14,014	1.1%	21,460	1.7%	25,230
Delta Connection (Express Jet)	12,054	1.0%			
Delta Connection (Chautauqua)	10,743	0.9%	576	0.0%	4,437
Delta Connection (Compass)	10,992	0.9%	2,665	0.2%	18,447
Continental (Express Jet)	5,900	0.5%	40,463	3.3%	63,067
Delta Connection (Comair)	5,278	0.4%	1,762	0.1%	26,189
Continental Connection (Colgan)	4,612	0.4%	28,434	2.3%	30,702
Air Canada	4,392	0.4%	4,482	0.4%	4,782
Continental Connection (Commutair)	3,843	0.3%	23,615	1.9%	8,001
Delta Connection (Sky West)	1,534	0.1%			
US Airways Express (Colgan Air)	1,230	0.1%	6,902	0.6%	8,408
Delta Connection (Mesaba)	146	0.0%	12,302	1.0%	30,699
US Airways Express (Mesa)	79	0.0%	846	0.1%	5,368
US Airways Express (PSA)	47	0.0%			1,993
US Airways Express (Chautaugua)	41	0.0%			
United Express (Shuttle America)	2	0.0%	47	0.0%	
Delta Connection (ASA)			37,155	3.0%	48,212
United Express (ASA)			18,491	1.5%	12,284
Delta Connection (Shuttle America)			60	0.0%	
United Express (Trans States)			38	0.0%	4,733
Northwest Airlines					193
Northwest AirlinK (Pinnacle)					
Northwest AirlinK (Mesaba)					
Delta Connection (Freedom)					
Continental Airlines					
American Eagle					
Delta Connection (Big Sky)					
Delta Connection (Sky West)					
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)					
Sub Total	1,244,976	99.9%	1,242,399	99.9%	1,264,381
Charters	904	0.1%	1,131	0.1%	1,493
TOTAL	1,245,880	100.0%	1,243,530	100.0%	1,265,874

Source: Albany County Airport Authority

**Albany International Airport  
Enplaned Passengers  
2003-2012**

2009	2008	2007	2006	2005	2004	2003
511,094	501,437	516,216	488,646	415,074	350,941	349,981
62,626	50,137	43,507	42,782	1,167		
104,799	130,192	130,070	139,668	204,510	276,933	279,497
		87	45,323	178,495	226,913	183,102
75,828	70,027	76,867	60,074	71,048	75,655	94,965
52,723	39,701	41,945	29,035	16,504	1,004	3,241
31,665	36,777	38,992	54,486	10,250		
52,875	58,784	60,273	37,694			
8,013	2,237					
24,623						
5,061	66	540	345			
57,528	66,314	100,472	99,570	100,089	93,692	82,988
40,369	50,476	41,514	45,496	50,485	10,799	22,583
40,255	35,090					
4,153	7,077	7,760	7,986	6,659	6,598	6,322
9,201	5,463	5,805	12,096	31,078	95,545	85,493
7,092	10,011	13,661	14,211	12,214	27,361	23,261
3,971	16,906	19,536	12,825	28,112	11,675	703
2,270	1,985	17,298	31,586	14,767	7,275	
		1,508	8,415	15,664	939	8,431
		61	25,482	21,011		
72,330	75,522	79,584	56,186	6,408		
33,266	49,426	51,007	46,200	37,489	38,461	1,158
63,724	85,038	98,125	98,733	111,415	108,287	112,686
21,995	9,939	14,937	12,516	34,682	37,576	23,521
21,435	17,109		2,461			
11,116	25,233	26,112	9,696			
807						
	35,344	43,828	47,147	53,568	68,899	61,590
	192	5106				
		5,574				
			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
					26,423	58,409
					70	20,573
						2,939
						2,204
1,318,819	1,380,483	1,440,385	1,447,553	1,550,402	1,556,796	1,435,848
1,600	1,988	2,436	2,611	2,134	1,860	1,539
1,320,419	1,382,471	1,442,821	1,450,164	1,552,536	1,558,656	1,437,387

**Albany International Airport  
Airline Landed Weight (lbs.)  
2003-2012**

<u>Commercial Carriers</u>	2012	Percent of Total 2012	2011	Percent of Total 2011	2010
Southwest Airlines	569,014,000	35.4%	571,920,000	34.7%	572,100,000
US Airways Express (Republic)	136,105,502	8.5%	111,779,265	6.8%	123,518,991
United Express (Express Jet)	103,135,949	6.4%	37,630,283	2.3%	28,116,619
Delta Connection (Pinnacle)	91,611,511	5.7%	110,381,509	6.7%	60,855,208
Delta Airlines	91,360,813	5.7%	53,982,509	3.3%	20,349,608
US Airways	84,659,102	5.3%	81,480,800	4.9%	80,754,302
United Airlines	71,647,362	4.5%	86,114,744	5.2%	89,909,713
United Express (Colgan)	49,228,000	3.1%	35,898,000	2.2%	
US Airways Express (Piedmont)	46,331,413	2.9%	35,475,009	2.2%	48,466,505
US Airways Express (Air Wisconsin)	36,049,000	2.2%	67,351,000	4.1%	49,914,000
Cape Air	21,296,654	1.3%	25,995,749	1.6%	21,385,706
United Express (Go Jet)	20,368,000	1.3%	9,695,000	0.6%	59,831,000
United Express (Commutair)	19,233,003	1.2%			
United Express (Mesa)	15,745,000	1.0%	26,532,000	1.6%	30,218,000
Delta Connection (Express Jet)	13,969,006	0.9%			
Delta Connection (Compass)	13,314,317	0.8%	3,298,107	0.2%	20,613,616
Delta Connection (Chautauqua)	12,977,453	0.8%	1,021,174	0.1%	5,105,879
Continental Connection (Colgan)	11,780,000	0.7%	39,308,000	2.4%	40,405,906
Continental Connection (Express Jet)	9,457,726	0.6%	42,769,610	2.6%	63,076,374
Air Canada	8,797,995	0.5%	8,200,404	0.5%	11,122,003
Delta Connection (Comair)	5,624,606	0.3%	2,820,000	0.2%	29,995,506
Continental Connection (Commutair)	5,515,502	0.3%	29,176,504	1.8%	10,453,508
US Airways Express (Colgan)	4,617,006	0.3%	19,266,005	1.2%	25,450,508
Charters	4,119,338	0.3%	4,145,995	0.3%	5,722,930
Delta Connection (Sky West)	1,504,000	0.1%			
United Express (Shuttle America)	289,241	0.0%	72,309	0.0%	
Delta Connection (Mesaba)	225,299	0.0%	15,802,598	1.0%	37,117,103
US Airways Express (PSA)	134,000	0.0%			2,997,000
US Airways Express (Mesa)	73,500	0.0%	808,500	0.0%	6,100,505
United Express (Sky West)	47,000	0.0%			
US Airways Express (Chautauqua)	42,549	0.0%			
Delta Connection (ASA)			42,377,404	2.6%	54,193,008
United Express (ASA)			19,552,000	1.2%	12,831,000
Continental Airlines			1,361,544	0.1%	
Delta Connection (Shuttle America)			74,958	0.0%	
United Express (Trans States)			42,548	0.0%	5,616,465
Northwest Airlines					196,200
Northwest Airlin (Pinnacle)					
Northwest Airlin (Mesaba)					
Delta Connection (Freedom)					
Delta Connection (Big Sky)					
American Eagle					
Delta Connection (Sky West)					
United Express (Sky West)					
Independence Air					
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					
	1,448,273,847	90.0%	1,484,333,528	86.2%	1,516,417,163
<u>Cargo Carriers</u>					
United Parcel Service	98,839,841	6.1%	100,395,604	6.1%	98,503,762
Federal Express	51,171,000	3.2%	51,337,000	3.1%	42,670,000
Wiggins Airways	7,378,000	0.5%	7,514,000	0.5%	7,684,009
Ameriflight	3,961,299	0.2%	4,054,101	0.2%	4,142,604
Air Now				0.0%	
DHL				0.0%	
Misc Cargo Carriers	5,401	0.0%	45,901	0.0%	
	161,355,541	10.0%	163,346,606	9.9%	153,000,375
Grand Total	1,609,629,388	100.0%	1,647,680,134	96.2%	1,669,417,538

Source: Albany County Airport Authority

**Albany International Airport  
Airline Landed Weight (lbs.)  
2003-2012**

2009	2008	2007	2006	2005	2004	2003
592,288,000	606,268,000	606,612,000	563,734,000	518,932,000	422,446,000	414,586,000
88,692,047	68,929,242	64,857,593	57,054,164	1,735,487		
		130,000	54,154,000	230,357,000	290,395,000	240,572,000
120,409,823	165,434,995	157,816,799	159,841,799	271,790,013	401,439,400	394,749,800
101,716,477	87,446,407	92,214,768	75,168,921	91,972,289	102,180,283	128,838,073
80,372,091	55,772,703	52,059,000	38,001,587	24,971,997	1,500,603	5,401,801
42,065,000	50,290,000	51,747,000	63,638,000	16,168,000		
21,337,751	5,932,101					
74,035,000	74,102,000	74,504,000	54,002,000			
5,254,000						
5,573,926	85,097	695,111	808,430			
46,934,000	40,672,000					
61,830,055	72,763,757	105,515,474	106,856,144	105,272,684	101,763,400	91,519,085
10,707,003	12,317,199	12,698,992	13,080,797	11,387,601	12,765,400	12,333,797
46,718,101	64,628,000	48,663,000	51,025,000	57,221,903	12,429,000	25,128,000
9,694,500	4,933,500	11,073,502	18,625,199	77,754,400	241,745,800	233,578,600
25,958,476	31,632,517	40,199,202	39,567,647	38,327,497	59,713,215	50,090,797
4,230,983	4,069,000	5,422,107	8,909,783	5,642,000	3,895,000	3,829,801
		72,313	34,131,266	28,635,553		
3,269,000	2,838,000	24,432,000	47,622,000	19,741,000	10,006,692	
26,215,500	16,317,000	19,771,510	14,847,000	43,589,575	17,189,289	434,256
		1,829,609	10,293,329	16,884,899	1,000,800	7,005,602
77,199,700	79,578,000	84,128,000	63,177,000	7,529,000		
1,560,000						
32,549,986	52,548,013	53,654,292	57,696,448	49,747,465	55,178,000	1,457,000
74,479,110	98,588,000	124,050,000	132,614,109	157,034,120	179,518,300	170,795,158
23,443,397	10,227,296	16,625,206	14,681,201	41,407,000	50,337,000	27,965,000
22,951,402	19,266,996		3,315,699			
13,956,071	29,389,767	39,934,580	17,287,881			
	325,280	11,843,996				
	36,951,763	45,339,119	33,744,507	39,339,116	57,728,600	49,784,424
		7,800,000				
			21,400,000	30,745,000		
			526,860	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
					32,430,000	73,782,258
					169,502	36,544,199
						3,948,000
						2,982,059
						198,594
1,613,441,399	1,691,306,633	1,753,689,173	1,755,804,771	2,022,847,644	2,184,457,023	1,986,404,359
98,163,713	97,346,000	97,764,985	99,582,507	101,730,004	98,271,500	97,406,000
42,947,679	42,687,000	41,735,000	43,869,000	43,352,004	42,988,000	42,980,000
7,520,270	7,667,000	7,812,267	8,134,500	9,554,000	9,924,708	10,281,300
5,646,338	245,000					
184,014	2,397,398	2,323,206	3,793,000	2,765,000	2,952,500	2,676,000
	26,503,603	50,877,892	51,589,707	33,802,604	25,733,300	26,067,900
		8,752,406	11,340,584	14,651,722	16,964,914	16,221,342
154,462,014	176,846,001	209,265,756	218,309,298	205,855,334	196,834,922	195,632,542
1,767,903,413	1,868,152,634	1,962,954,929	1,974,114,069	2,228,702,978	2,381,291,945	2,182,036,901

**Albany International Airport  
Aircraft Operations  
2003-2012**

<u>Commercial Carriers</u>	2012	Percent of Total 2012	2011	Percent of Total 2011	2010
Southwest Airlines	9,018	19.3%	9,152	18.2%	9,182
Cape Air	6,218	13.3%	7,590	15.1%	6,244
United Express (Express Jet)	4,716	10.1%	1,716	3.4%	1,286
US Airways Express (Republic)	3,700	7.9%	3,034	6.0%	3,360
Delta Connection (Pinnacle)	3,438	7.4%	4,440	8.8%	2,360
US Airways Express (Piedmont)	2,668	5.7%	2,100	4.2%	2,754
United Express (Colgan)	1,780	3.8%	1,158	2.3%	
US Airways (Air Wisconsin)	1,534	3.3%	2,866	5.7%	2,124
US Airways	1,426	3.1%	1,388	2.8%	1,348
Delta Airlines	1,318	2.8%	786	1.6%	342
Air Canada	1,060	2.3%	988	2.0%	1,340
United Airlines	1,028	2.2%	1,232	2.5%	1,280
United Express (Commutair)	998	2.1%			
Delta Connection (Chautauqua)	612	1.3%	48	0.1%	246
United Express (Go Jet)	608	1.3%	288	0.6%	1,786
United Express (Mesa)	470	1.0%	792	1.6%	988
Delta Connection (Express Jet)	442	0.9%			
Continental Connection (Express Jet)	432	0.9%	1,962	3.9%	2,964
Delta Connection (Compass)	356	0.8%	88	0.2%	550
US Airways Express (Colgan)	324	0.7%	1,368	2.7%	1,866
Continental Connection (Commutair)	298	0.6%	1,582	3.1%	606
Delta Connection (Comair)	214	0.5%	120	0.2%	1,238
Continental Connection (Colgan)	188	0.4%	1,268	2.5%	1,246
Charters	67	0.1%	69	0.1%	56
Delta Connection (Sky West)	64	0.1%			
Delta Connection (Mesaba)	6	0.0%	462	0.9%	1,088
United Express (Shuttle America)	4	0.0%	4	0.0%	
US Airways Express (PSA)	4	0.0%			102
US Airways Express (Mesa)	2	0.0%	18	0.0%	166
US Airways Express (Chautauqua)	2	0.0%			
United Express (Sky West)	2	0.0%			
Delta Connection (ASA)			1,222	2.4%	1,624
United Express (ASA)			832	1.7%	546
Delta Connection (Shuttle America)			2	0.0%	
United Express (Trans States)			2	0.0%	264
Northwest Airlines					
Northwest Airlin (Pinnacle)					
Northwest Airlin (Mesaba)					
Delta Connection (Freedom)					
Continental Airlines					
American Eagle					
Delta Connection (Big Sky)					
Delta Connection (Sky West)					
US Airways Express (Trans States)					
Independence Air					
United Express (Air Wisconsin)					
United Express (Chautauqua)					
United Express (Atlantic Coast)					
US Airways Express (Allegheny)					
Delta Connection (Atlantic Coast)					
US Airways Express (Midway)					
	42,997	92.0%	46,577	92.7%	46,956
<u>Cargo Carriers</u>					
Wiggins Airways	1,740	3.7%	1,687	3.4%	1,770
United Parcel Service	936	2.0%	950	1.9%	934
Ameriflight	526	1.1%	524	1.0%	542
Federal Express	518	1.1%	520	1.0%	516
Air Now					
Airborne Express					
Misc Cargo Carriers	2	0.0%	6	0.0%	
	3,722	8.0%	3,687	7.3%	3,762
Grand Total	46,719	100.0%	50,264	100.0%	50,718

Source: Albany County Airport Authority

**Albany International Airport  
Aircraft Operations, Con't  
2003-2012**

2009	2008	2007	2006	2005	2004	2003
9,510	9,698	9,868	9,324	8,480	7,018	6,922
6,230	1,732					
2,396	1,872	1,780	1,580	48		
4,538	3,102	2,838	2,162	1,469	88	316
1,788	2,140	2,202	2,712	688		
2,070	2,944	2,692	2,782	5,410	7,296	6,806
		10	906	3,922	4,504	3,488
1,290	1,484	1,530	1,582	1,370	1,568	1,472
1,538	1,474	1,632	1,250	1,530	1,712	1,988
264	4	34	38			
2,210	2,212	2,224	1,612			
956						
2,902	3,382	4,986	5,094	5,116	4,940	4,440
1,904	2,646	3,566	3,432	2,966	6,356	5,976
562	324	1,332	2,244	9,368	29,094	28,152
1,974	2,368	1,856	1,970	1,796	374	768
1,514	1,312					
42	40	52	48	76	78	50
		2	944	792		
134	108	872	1,738	766	494	
122	614	538	404	1,870	784	32
		86	484	794	210	444
			640	920		
2,414	2,428	2,658	2,296	254		
1,530	2,470	2,522	2,712	2,312	2,408	62
1,356	1,696	2,090	2,130	2,656	2,842	2,848
1,004	438	712	628	1,762	2,142	1,190
764	740		142			
496	1,380	2,162	970			
22						
	1,774	2,150	2,454	2,672	3,434	3,425
	38	1,410				
		208				
		8		262	530	224
			28	3,644	2,162	
				928	1,788	410
				602	524	
					1,380	3,632
					10	2,156
						188
						90
49,530	48,420	52,020	52,306	62,473	81,736	75,079
1,768	1,804	1,870	1,914	2,248	2,334	2,418
928	926	928	960	978	1,042	948
642	32					
528	526	514	540	534	530	530
40	496	456	884	612	642	576
	524	1,014	1,026	674	516	522
	1,606	2,928	3,620	3,828	4,330	4,158
3,906	5,914	7,710	8,944	8,874	9,394	9,152
53,436	54,334	59,730	61,250	71,347	91,130	84,231



**Albany International Airport  
Aircraft Operations  
2003-2012**

Year	Airlines	Cargo	General Aviation	Military	Total
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	52,258	8,944	49,633	6,830	117,665
2007	51,968	7,710	45,688	5,409	110,775
2008	48,380	5,882	34,048	5,214	93,524
2009	49,488	3,906	34,579	6,540	94,513
2010	46,900	3,762	30,698	7,137	88,497
2011	46,508	3,687	25,980	4,226	80,401
2012	42,932	3,722	24,322	4,543	75,519
Annual Compounded Growth 2003-2012	-42.8%	-59.3%	-51.2%	-4.8%	-45.6%

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

**MAJORS / NATIONALS**

Delta Airlines  
Southwest Airlines  
United Airlines  
US Airways

**REGIONAL / COMMUTERS**

Air Georgian d/b/a Air Canada  
Air Wisconsin d/b/a US Airways Express  
CommutAir d/b/a United Express  
Compass d/b/a Delta Connection  
Express Jet Airlines d/b/a Delta Connection  
Express Jet Airlines d/b/a United Express  
Go Jet d/b/a United Express  
Hyannis Air Service d/b/a Cape Air & Nantucket Airlines  
Mesa d/b/a United Express  
Piedmont d/b/a US Airways Express  
Pinnacle d/b/a Delta Connection  
Republic d/b/a US Airways Express

**ALL-CARGO CARRIERS**

Federal Express  
United Parcel Service  
Ameriflight  
Wiggins Airways

**Albany International Airport  
Major Carrier Airline Service**

SCHEDULED JET AIRLINE SERVICE

CARRIER	NON-STOP SERVICE	ONE-STOP, SAME-PLANE SERVICE
Delta - Express Jet - Pinnacle	Atlanta (ATL) Detroit (DTW) Minneapolis (MSP)	
Southwest	Baltimore (BWI) Chicago Midway (MDW) Fort Lauderdale (FLL) Las Vegas (LAS) Orlando (MCO) Tampa (TPA)	Burbank (BUR) Charleston (CHS) Chicago Midway (MDW) Columbus (CMH) Denver (DEN) Detroit (DTW) Minneapolis (MSP) Oakland (OAK) Raleigh/Durham (RDU) Tampa (TPA)
United - Express Jet - Go Jet - Mesa	Chicago O'Hare (ORD) Cleveland (CLE) New York Newark (EWR) Washington Dulles (IAD)	
US Airways - Air Wisconsin - Republic	Charlotte (CLT) Philadelphia (PHL) Washington National (DCA)	Columbus (CMH) Little Rock (LIT) New Orleans (MSY) Pittsburgh (PIT) Providenciales (PLS)

As of March 2013

Source: Official Airline Guide Schedule Tapes, February 2013

**Albany International Airport  
Commuter Airline Service**

## SCHEDULED COMMUTER AIRLINE SERVICE

<u>CARRIER</u>	<u>NON-STOP SERVICE</u>	<u>ONE-STOP, SAME-PLANE SERVICE</u>
Air Canada	Toronto (YYZ)	
Cape Air	Boston (BOS) Massena (MSS) Ogdensburg (OGS)	
United Express - Commutair	New York Newark (EWR)	
US Airways Express - Piedmont	Philadelphia (PHL)	

As of March 2013

Source: Official Airline Guide Schedule Tapes, February 2013

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

Market	Length	Rank	2012 Passengers	Rank	2011 Passengers	Rank	2003 Passengers
Orlando	MH	1	201,620	1	206,840	1	223,180
Southeast Florida (1)	MH	2	162,130	3	149,320	3	162,340
Baltimore	SH	3	157,420	2	163,470	2	216,260
Tampa	MH	4	123,720	5	111,750	5	118,440
Chicago	MH	5	122,130	4	117,390	4	117,480
Las Vegas	LH	6	88,120	6	93,490	6	100,920
Washington, DC (2)	SH	7	68,330	10	52,550	9	70,120
Atlanta	MH	8	67,020	9	53,830	7	75,030
Los Angeles	LH	9	56,880	7	57,660	8	74,330
Denver	MH	10	56,790	8	54,800	14	45,600
San Francisco	LH	11	52,560	12	46,710		N/A
Charlotte	SH	12	52,030	11	51,880		N/A
Phoenix	LH	13	41,480	13	42,700	11	62,220
Dallas/Ft. Worth	MH	14	37,650	14	40,510	18	37,370
Houston	MH	15	37,260	17	37,390	19	37,070
Fort Myers	MH	16	36,070	16	38,900		Inc. in Tampa
Raleigh/Durham	SH	17	34,360	15	39,530	12	55,130
Minneapolis	MH	18	33,870	19	34,520	20	34,920
San Diego	LH	19	32,740	20	32,840	13	46,190
Detroit	SH	20	31,900	18	35,490	18	33,930

## \* 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 &amp; D Passenger Survey of Airline Passenger Traffic, U.S. DOT, Databank 12

# Compliance





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

To the Members  
 Albany County Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities and fiduciary funds of the Albany County Airport Authority (the Authority), a component of the County of Albany, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated March 20, 2013.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marvin and Company, P.C.*

Latham, NY  
March 20, 2013



**Albany County Airport Authority  
Schedule of Expenditures of Federal and  
New York State Department of Transportation Financial Assistance  
December 31, 2012**

Federal Project Number	NYS Project Number	Federal * Percent Participation	Description Of Project	CFDA Number	Total Grant Amount		Year Ended 12/31/12 Expenditures	
					Federal	NYS	Federal	NYS
<i><b>CAPTITAL CONTRIBUTIONS:</b></i>								
107-09	1913.04	95.00%	Safety Equip/RW 19 Obst (Tree) Removals and Property Acq Phase 4	20.106	\$ 2,141,800	\$ 56,363	\$ 32,761	\$ 927
109-11	1913.07	95.00%	Runway 10-28, Taxiways "C", "K", "J", "H", "M", "N" and Air Cargo Pavement Rehabilitation	20.106	3,570,106	93,950	222,991	5,868
110-11	1913.09	95.00%	NW Quadrant Drainage and Security Improvements	20.106	457,928	12,050	295,338	7,771
111-12	1A00.00	90.00%	Terminal Aircraft Ramp Rehabilitation Design & Construction	20.106	1,418,360	78,798	1,419,708	78,873
112-12	1A00.01	90.00%	Airfield Lighting Electrical Vault Rehabilitation	20.106	903,105	50,173	140,456	7,803
113-12	1A00.02	90.00%	Runway 19 Approach Obstruction Removal	20.106	184,768	10,265	208,307	13,573
114-12	1A00.03	90.00%	Airfield Winter Operations/Sand Storage Building	20.106	175,685	9,760	109,229	6,068
115-12	1A00.04	90.00%	Airfield Glycol Collection, Treatment and Disposal System Improvement	20.106	2,466,512	137,028	678,252	37,681
Homeland Security	1913.08	95.00%	Homeland Security-In-Line Baggage Handling System Improvements	97.067	1,377,500	36,250	1,003,214	26,400
N/A	1913.14	90.00%	Hangar 211 Renovation and Expansion	N/A	-	3,780,000	-	103,119
TOTAL CAPITAL CONTRIBUTIONS					<u>\$12,695,764</u>	<u>\$ 4,264,637</u>	<u>\$ 4,110,256</u>	<u>\$ 288,084</u>
<i><b>NON-OPERATING GRANTS:</b></i>								
N/A	N/A	N/A	TSA Law Enforcement Officer Cooperative Agreement	97.090	\$ 344,845	\$ -	\$ 344,845	\$ -
103-09	N/A	100.00%	Runway 28 Obstruction (Water Tanks) Removal PHASE 4	20.106	6,737,601	N/A	(13,216)	-
TOTAL NON-OPERATING GRANTS					<u>\$ 7,082,446</u>	<u>\$ -</u>	<u>\$ 331,629</u>	<u>\$ -</u>
GRAND TOTAL					<u>\$19,778,210</u>	<u>\$ 4,264,637</u>	<u>\$ 4,441,885</u>	<u>\$ 288,084</u>

(\*) The remaining percentage is shared equally between the State of New York and the Authority.  
See accompanying Notes to Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance.

**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, 2012**

**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.



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Members  
 Albany County Airport Authority

**Report on Compliance for Each Major Federal Program**

We have audited Albany County Airport Authority (the Authority), a component of the County of Albany, New York’s, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2012. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

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### **Opinion on Each Major Federal Program**

In our opinion, Albany County Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Marvin and Company, P.C.*

Latham, NY  
March 20, 2013



- Kevin J. McCoy, CPA
- Thomas W. Donovan, CPA
- Frank S. Venezia, CPA
- James E. Amell, CPA
- Carol A Hausamann, CPA
- Benjamin R. Lasher, CPA
- Daniel J. Litz, CPA
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- Kevin P. O'Leary, CPA
- Timothy A Reynolds, CPA
- Leo A. Rigby, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE STATE TRANSPORTATION ASSISTANCE  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY NEW YORK STATE  
CODIFICATION OF RULES AND REGULATIONS**

To the Members  
Albany County Airport Authority

**Report on Compliance**

We have audited Albany County Airport Authority (the Authority), a component of the County of Albany, New York's, compliance 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 could have a direct and material effect on its state transportation assistance program for the year ended December 31, 2012.

**Management's Responsibility**

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to the state transportation assistance program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Authority's compliance for the state transportation assistance program based on our audit of the types of compliance requirements referred to above. 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 *Preliminary Draft Part 43 of NYCRR*. Those standards and *Preliminary Draft Part 43 of NYCRR* 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 has 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 on compliance for the state transportation assistance program. However, our audit does not provide a legal determination of the Authority's compliance.

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## Opinion

In our opinion, Albany County Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its state transportation assistance program for the year ended December 31, 2012.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the state transportation assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the state transportation assistance program and to test and report on internal control over compliance in accordance with NYCRR, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state transportation assistance program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* (NYCRR). Accordingly, this report is not suitable for any other purpose.

*Marvin and Company, P.C.*

Latham, NY  
March 20, 2013

**Albany County Airport Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012**

**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), including the New York State Department of Transportation (NYSDOT) matching grants for this program was the major program for the year ended December 31, 2012.
8. The dollar threshold used to distinguish between Type A and B programs was \$300,000.
9. The Albany County Airport Authority was considered a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

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

NONE



Kevin J. McCoy, CPA  
 Thomas W. Donovan, CPA  
 Frank S. Venezia, CPA  
 James E. Amell, CPA  
 Carol A Hausamann, CPA  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION**

To the Members  
 Albany County Airport Authority

**Report on Compliance**

We have audited Albany County Airport Authority (the Authority), a component of the County of Albany, New York's, compliance 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 could have a direct and material effect on its Passenger Facility Charge Program for the year ended December 31, 2012.

**Management's Responsibility**

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to the Passenger Facility Charge Program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Authority's compliance for the Passenger Facility Charge Program based on our audit of the types of compliance requirements referred to above. 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 has 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 on compliance for the Passenger Facility Charge Program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion**

In our opinion, Albany County Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its Passenger Facility Charge Program for the year ended December 31, 2012.

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## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the Passenger Facility Charge Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Passenger Facility Charge Program and to test and report on the internal control over compliance in accordance with the Guide, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Passenger Facility Charge Program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Passenger Facility Charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide). Accordingly, this report is not suitable for any other purpose.

*Marvin and Company, P.C.*

Latham, NY  
March 20, 2013

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

For the Year Ended December 31, 2012

Quarter Ended	PFC Charges Received	Interest Earned	Total Received	Expenditures on Approved Projects	
Beginning Balance	\$ 65,655,926	\$ 2,687,445	\$ 68,343,371	\$ 63,992,149	\$ 4,351,222
3/31/2012	1,109,279	2,100	1,111,379	1,216,797	
6/30/2012	1,146,835	2,037	1,148,872	1,216,797	
9/30/2012	1,427,519	2,140	1,429,659	1,216,797	
12/31/2012	1,111,234	2,193	1,113,427	811,198	
Total 2012	<u>4,794,867</u>	<u>8,470</u>	<u>4,803,337</u>	<u>4,461,589</u>	<u>341,748</u>
Total Program to Date	<u>\$ 70,450,793</u>	<u>\$ 2,695,915</u>	<u>\$ 73,146,708</u>	<u>\$ 68,453,738</u>	
PFC Funds to be used for future debt service payments:					<u>\$ 4,692,970</u>

PFC and Interest Received	12/31/2011 PFC Receivable	12/31/2012 PFC Receivable	PFC Net Income Per Financials
\$ 4,803,337	\$ (326,095)	\$ 366,321	\$ 4,843,563

**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, 2012. 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. Effective September 1, 2009, the Authority implemented an approved change the PFC collection from \$3.00 per passenger to \$4.50 per passenger, with a current estimated collection period through 2020.

**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, 2012**

**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

## **Biographies of the Members of the Albany County Airport Authority**

**Rev. Kenneth J. Doyle, Acting Chair** is a native of Troy, New York. He attended the Mater Christi Seminary in Albany, New York and later graduated with a Master of Arts in philosophy from Basselin College, Catholic University of America in Washington, D.C. Father Doyle is a graduate of the Theological College, Catholic University of American, Washington D.C. He was ordained in 1966. Father Doyle later graduated from Albany Law School and was admitted to the New York State Bar in 1978. Father Doyle has undertaken a number of assignments for the Roman Catholic Church including instructor in religion at Cardinal McCloskey High School, Albany, NY; Assistant Editor of the Evangelist diocesan newspaper; Bureau Chief National Catholic News Service, Rome, Italy; Director of Government Relations, New York State Catholic Conference; Albany, New York and Director for Media Relations, United States Catholic Conference, Washington, DC. Father Doyle currently serves as Pastor, Parish of Mater Christi, Albany, New York and as Chancellor for Public Information, Roman Catholic Diocese of Albany.

**Anthony Gorman, Secretary** is a lifelong resident of Capital Region and lives in Colonie. He is a graduate of The Albany Academy and Georgetown University. Anthony Gorman has been principal in The Gorman Group, a highway construction company, since 1972. He has been continuously active in numerous charitable and civic groups for the last 25 years. He currently is a trustee at The Fort Orange Club in Albany.

**Dorsey M. Whitehead, Treasurer**, is a native of Rocky Mount, North Carolina, is a graduate of Virginia State University, Webster University and Northwestern University. A much decorated military retiree, he flew and instructed both fixed and rotary wing aircraft. Dorsey is also a retiree of the New York State Senate as a Legislative Analyst. He serves on several boards and belongs to numerous fraternal, civic and service organizations. Dorsey volunteers with the American Cancer Society and the Watervliet Arsenal Retirement Services Office. He resides in Albany and enjoys bridge, tennis, gardening and reading.

**Lyon M. Greenberg, M.D.** is a Dartmouth College and John Hopkins Medical School graduate and the founding partner of the Capital Region Otolaryngology Head and Neck Group in Albany, New York since 1964. Dr. Greenberg has held numerous positions on medical committees, including President of the Upstate New York Alumni Association at Johns Hopkins University; National Program Chairman, Section on Otolaryngology, American Academy of Pediatrics; Executive Committee, Section on Otolaryngology, American Academy of Pediatrics; CME Chairman, Section on Otolaryngology, American Academy of Pediatrics; Legislative Chairman, New York State Society of Otolaryngologists; Secretary/Treasurer of The Child's Hospital; President of New York State Society of Otolaryngologists; member of the founding Committee of the American Society of Pediatric Otolaryngology; President of the Eastern New York Dartmouth Alumni Club; Vice-President of Congregation Beth-Abraham Jacob and Member of the Dr. David Axelrod Committee at the School of Public Health SUNY. Dr. Greenberg has

received numerous awards over his career including The Willard W. Eggleston Memorial Botany Prize (1954) (Dartmouth College); Outstanding Service Award (1973) (Dartmouth College); Air Defense Command Commendation, U.S.A.F. (1962); Air Force Commendation Medal, U.S.A.F. (1962) and The Class of 1954 Award (2004) (Dartmouth College). Dr. Greenberg currently resides in Slingerlands with his wife Marcia and has four grown children.

**Patricia M. Reilly** enjoyed a 30-year career in New York State and Local government. As the Department of Motor Vehicles' Deputy Commissioner for Customer Service, she was an architect of DMV's "Reinvent" program, which won national praise for its forward thinking on the role of customer service in government. She also served as the Chief Legislative Representative for the New York City Council in Albany, where she represented the Speaker before the Legislative and the Executive branch. Finally, she served as Nassau County's Executive Director of the Traffic and Parking Violations Agency and was cited in a Newsday editorial for turning around an agency that was labeled by the Nassau County Comptroller as "the worst run agency in the worst run county in America". Ms. Reilly holds a BA and MA from St. John's University and taught Public Administration in their Government and Politics Department for 10 years. She currently is a consultant and resides in Slingerlands.

**Paula T. Wilkerson**, originally from Virginia, has been a resident of Albany County for the past 30 years. Throughout her professional career, Paula has devoted her life to public service. Most recently, her career has included management and leadership positions with the New York State Legislature, and the City and County of Albany. Paula also served for many years in the not for profit community. Currently, she is employed by the New York State Office of the State Comptroller. She is a graduate of the State University of New York Empire State College with a degree in Business Management and Economics and currently resides in the City of Albany.

**Robert S. Hite, Esq.** has resided and maintained a practice of law in Albany County for more than 32 years. He served as a Member of the New York State Public Employment Relations board from 2007 to 2010, and he presently serves as a labor arbitrator as part of his professional practice.

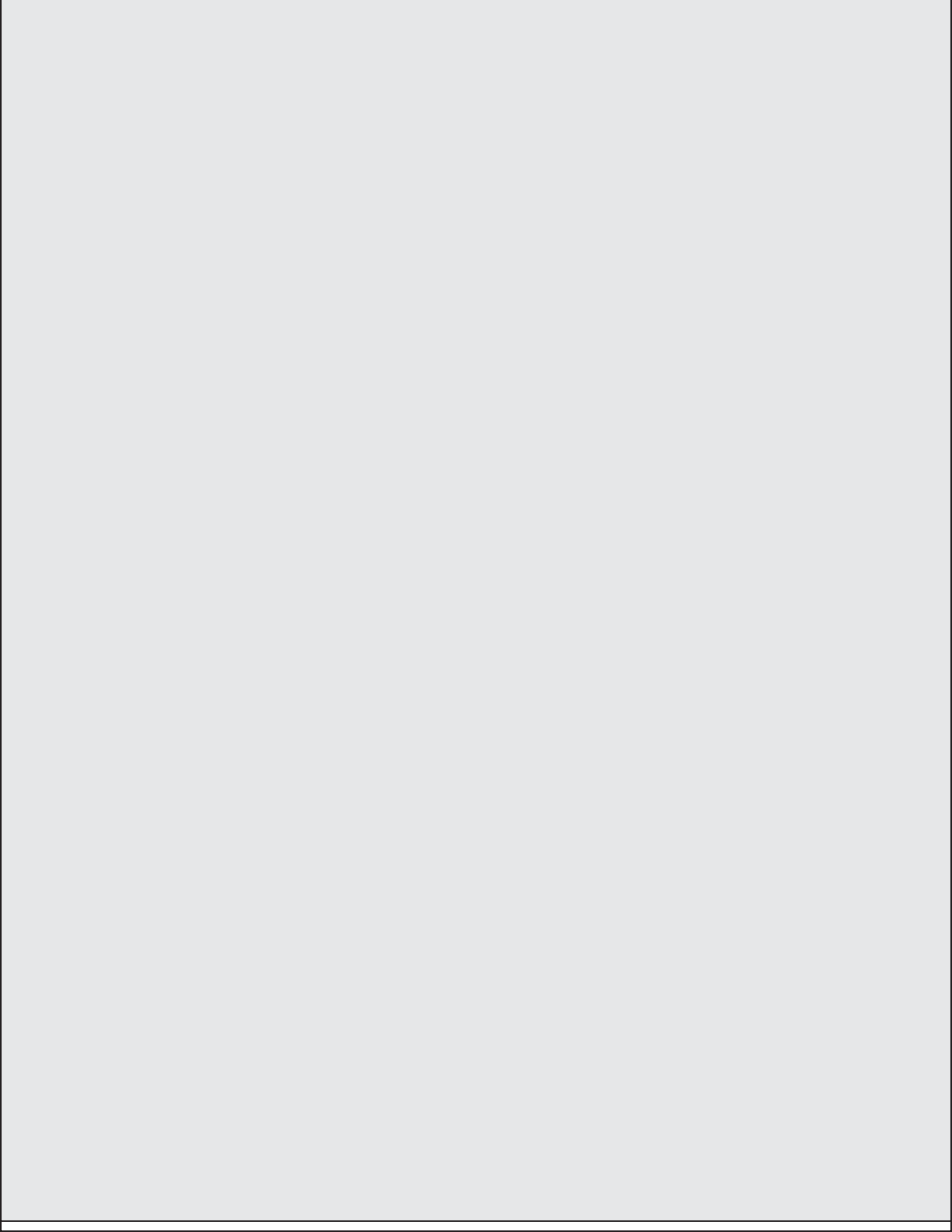
## **Biographies of the Albany County Airport Authority Senior Staff**

**John A. O'Donnell, PE**, is the Chief Executive Officer of the Authority and is responsible for the oversight of the affairs of the Authority. Prior to his appointment in 2003, Mr. O'Donnell served as Chief Operating Officer (2000-2003) and Director of Project Development (1996-2000) for the Authority. Prior to the Authority, Mr. O'Donnell served as Director of Consultant Services for the Office of General Services for the State of New York and Assistant to the Chief Engineer of Callahan Industries.

**William J. O'Reilly, CPA**, is the Chief Financial Officer of the Authority and is responsible for financial planning, budgeting, operating and capital accounting procedures and controls, and financial policies and procedures. Mr. O'Reilly was previously employed from 1986-2008 with the Office of the State Comptroller for the State of New York where he held positions in accounting, auditing, public authority administration, cash and debt management, and budget and policy analysis.

**Peter F. Stuto, Esq.**, Airport Counsel, is responsible for the day to day legal affairs of the Authority. Mr. Stuto was most recently Senior Assistant Counsel in the Office of the Majority Counsel of the New York State Assembly. Mr. Stuto has held positions of financial consultant with Merrill Lynch, attorney with Hiscock & Barclay, and Floor Counsel to New York State Senate Minority Leader.









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