



NEW YORK'S TECH VALLEY AIRPORT



Albany County Airport Authority Comprehensive Annual Financial Report For the Years Ended December 31, 2017 and 2016

A component unit of the County of Albany,
located in the Town of Colonie, New York

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Albany County Airport Authority

As of December 31, 2017

Authority Board Members



Rev. Kenneth J. Doyle
Chair

Term Expires: December 31, 2019



Patricia M. Reilly
Vice-Chair

Term Expires: December 31, 2016



Anthony Gorman
Treasurer

Term Expires: December 31, 2020



Samuel A. Fresina
Member

Term Expires: December 31, 2020



Lyon M. Greenberg, MD
Secretary

Term Expires: December 31, 2017



Steven H. Heider
Member

Term Expires: December 31, 2017



Kevin R. Hicks, Sr.
Member

Term Expires: December 31, 2020

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
Years Ended December 31, 2017 and 2016

Prepared by the
Finance Department

William J. O'Reilly, CPA
Chief Financial Officer

Margaret Herrmann
Chief Accountant

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

www.albanyairport.com

CUSIP #012123XXX

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Introduction





ALBANY COUNTY AIRPORT AUTHORITY
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ADMINISTRATION BUILDING
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Chairman's Message

March 19, 2018

In 2017, the US Domestic Airlines experienced continued favorable industry conditions and surveys by the Airline Association, Airlines for America (the A4A), showing that more American's are flying than ever before with 90% having flown in their lifetime and almost 50% in the last year. As of March 2018, the US Airline Industry has over 3 million daily departing airline seats which is a new record. The replacement of smaller aircraft with larger aircraft has been a driving factor according to the A4A. Larger aircraft have been the Airline Industry response to address issues of pilot availability, fuel efficiency, and congestion of airspace and airfields.

In 2017, Albany International Airport served over 2.8 million passengers and announced the arrival of two new airlines providing new direct service to regional markets in Pittsburgh, Buffalo and Myrtle Beach, South Carolina. Southwest Airlines has also recently announced that in the 4th quarter of 2018 they will expand longer haul direct service from Albany to include daily non-stop flights to both Denver and Las Vegas. In 2017, Albany International Airport provided daily non-stop service to eighteen cities and one-stop service to another sixteen cities many with multiple daily flights providing excellent coast to coast network service with an excellent variety of daily departure and arrival times through a diversified base of airlines. Based upon scheduled airline service and expected demand at Albany International Airport, the Airport will serve more passengers in 2018 than it did in 2017 reflecting five consecutive years of growth and will continue to be New York's busiest Airport between New York City and Buffalo in 2018.

In 2017, the Authority's continuous investment in the Airport included projects underway to replace passenger boarding bridges, increase passenger surface parking lots, install new runway lighting, and significant fuel farm improvements. New projects for 2018 include improvements to escalators, concessions, the public address systems, way finding, replacement of all parking control equipment, and upgrades to general and commercial aviation hangars intended to improve passenger and use experiences and satisfaction.

The close of 2017 marked the completion of the second year of a the current five-year Airport Use and Lease Agreement and Common Cargo Carrier Airfield Use Agreement with its six Signatory Airlines and two Signatory Cargo Carriers. These agreements ensure the Airport's most important aviation business relationships are soundly in place for years to come and are expected to continue to produce attractive airline rates and charges and net revenue for the Airport to share with the Airlines. In 2017, the prudent management of the Airport budget allowed the Airport cost per enplaned passenger to settle at \$6.57 which was less than the budgeted amount of \$6.74. This cost was achieved in part by the generation of \$4.9 million in net revenue in 2017, half of which is shared between the signatory airlines and signatory cargo carries under the Signatory Airline and Cargo Carrier Agreements.

During 2018, the Airport Authority will continue to both operate and improve Airport, in accordance with its adopted budget and capital plans. 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 the skills and dedication of all the employees at Albany International Airport.

Rev. Kenneth J. Doyle
Chairman



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March 19, 2018

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, 2017 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 accounting principles general accepted in the United States of America (GAAP). 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 2017 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, 2017 and 2016 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 unmodified (“clean”) opinion and that the Authority’s financial statements for the year ended December 31, 2017 and December 31, 2016 are presented in conformity with GAAP. The independent auditor’s report is the first component of the Financial Section.

UNIFORM GUIDANCE AUDIT

The independent audit of the financial statements is part of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards commonly called the “Uniform Guidance”, 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 Uniform Guidance 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, 2017 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 and Chair in 2014. 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 component unit.

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 2016 the Airport ranked 77th in total enplanements and 101st in total cargo weight. The Airport also ranked 236th in total aircraft operations in 2017.

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 4thrd 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 disciplines of nanoscience, nanoengineering, nanobioscience, and nanoeconomics. With over \$16 billion in public and private investments, CNSE's Albany NanoTech Complex has attracted over 250 global corporate partners - and is the most advanced research complex at any university in the world. Just across the nearby river Rensselaer Polytechnic is one to the Center for Biotechnology and Interdisciplinary Studies. This technology research center ranks among the world's most advanced research. Computer chip manufacturer GlobalFoundries broke ground on a \$4.2 billion computer chip manufacturing complex in the town of Malta located 20 miles north of the Airport in July of 2009. In 2012 the plant became operational and in 2016 GlobalFoundries announced a multibillion investment to retrofit the plant to produce the next phase of chips starting the second half of 2018. Global Foundries reports that its Capital Region Foundry is the most advanced foundry facility in this country. The combination of technology businesses and comparatively low unemployment rates, position Albany for continued 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 fares 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 \$65 billion from 2001 through 2009 and produced profits of \$75.9 billion in 2010 through 2017.

Some of the potential factors that can impact the airlines and therefore the number of flights and enplanements at this Airport are: the availability and costs of aviation fuel and other necessary supplies; changes in demand; national and international disasters and hostilities; service and fare competition; mergers; high fixed costs; high capital requirements; the cost and availability of financing; technological changes; the cost and availability of employees; strikes and employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; regulation by the federal government; environmental risks and regulations; noise abatement concerns; federal and state bankruptcy and insolvency laws; acts of terrorism; world health concerns such as Severe Acute Respiratory Syndrome and influenza A (H1N1“Swine Flu);” availability of satisfactory travel substitution such as video conference; and other risks.

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 2006 Airline Use and Lease Agreement expired on December 31, 2015. The Authority and the Airlines entered into a new agreement that began January 1, 2016 that continues the same rates and charges model. The Agreement includes a majority-in-interest (MII) provision that allows for airline disapproval of capital projects, subject to a number of exceptions, if they would add to airline rates and charges. The MII disapproval occurs if a project is disapproved by more than 50% of the signatory airlines representing not less than 50 percent of the maximum gross landed weight of all signatory airlines during the most recent six months or Airlines representing more than 50% of the total signatory terminal rentals for the most recent six months in for projects in the Terminal. The Authority must also notify the Signatory Airlines of any project in excess of \$1,000,000, net of any state and federal grants in the Airfield or Terminal.

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 2017 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 2018 assumed enplanements would be 1,414,000 which is in line with the 2017 projected enplanement levels 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 \$7.17, excluding FBO costs per enplaned passengers, and debt service coverage should be 1.69 (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 \$51.5 million 2018 operating budget, which is on the Authority's web site.

CAPITAL FINANCIAL PLANNING

The current \$120.5 million 2015-2019 capital improvement program has been approved by the Authority and the County in 2014. On May 1, 2017 the Authority amended the capital plan to increase and reallocate amounts within categories and increased the total to \$142.5 million. The amended plan consists of \$34.5 million for airfield projects, \$21.0 million for terminal improvements and expansion, \$75.0 million for landside development and \$12 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 in the 2015-2019 capital plan is additional parking capacity. All of the Airfield projects, certain terminal projects and major equipment purchases will require future Federal entitlement funding equal to \$67.3 million and equal slightly less than 50% of the capital plan funding. The Authority is evaluating its capital funding options for the garage, but has included a potential borrowing for it in its capital plan.

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 2017, or scheduled for completion in 2018, have their projected additional operating costs and related revenues incorporated into the Authority's 2018 operating budget and project funding in place with no anticipated additional borrowing.

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. In adopting its 2018 budget, the Authority projected 2018 enplanements would be 1,414,000 approximately the same as the actual 1,417,835 passengers for 2017. The Authority has set its rates and charges for 2018 under the Airline Use and Lease Agreement to meet all projected obligations. For 2018, signatory landing fees have been set at \$3.33 per 1,000 pounds, an increase from \$3.13 budgeted in 2017; apron fees at \$1.38 per square foot, an increase from \$1.36 in 2017; and the terminal rental rate at \$81.57 per square foot, an increase from \$80.78 in 2017.

As of December 31, 2017, the Authority had \$23.1 million in unrestricted funds available which included \$11.0 million in an operating and maintenance reserve, more than sufficient to meet two months of operating expenditures totaling \$5.7 million, and \$11.0 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 \$11.0 million in debt service reserve funds, plus \$10.5 million in Passenger Facility Funds on-hand, that when combined, exceeds the total annual debt service principal and estimated interest payments of \$13.0 million due in 2018. The Authority does not anticipate experiencing any cash flow deficiencies during 2018 requiring short-term cash flow financing or increases during the year to the rates and charges billed to the Airlines. The Authority does plan the issuance of at least \$12 million in new bonds and it will advance one or more applications to utilize PFC funds collected or to be collected.

DEBT CAPACITY

The Albany County Airport Authority Act sets the Authority's debt limit at \$285 million. At December 31, 2017, there is \$77.3 million of debt outstanding issued directly by the Authority to be reduced by \$9.1 million of principal payments during 2018. Debt service coverage was 1.61 for 2017 and is projected to be 1.69 for 2018 based on the adopted budget. Currently the Authority's entire debt portfolio is fixed rate debt. The Authority has not issued debt to obtain new proceeds since 2006.

AUTHORITY'S INITIATIVES

The Airport moved forward with various activities during 2017 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 and promoted underserved markets and secured two new airlines with service to three regional markets.
- In 2017 the Authority completed the refunding of \$16.5 million in bonds resulting in \$2.2 cash flow and \$1.4 million in present value savings.
- During 2017 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.
- In 2017 the Authority produced \$4.9 million in revenue to share with the Airlines.
- In 2017 the Authority experienced its 4th consecutive year on growth in enplanements.

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, 2016. This was the twenty second 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 2017 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 2017. 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 2018 budget has been submitted to the GFOA to determine its eligibility for an award.

ACKNOWLEDGMENTS

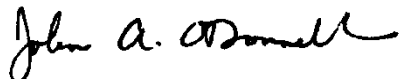
It is the strong continuing commitment of the Authority Board to the highest standards of financial reporting, disclosure and professionalism that the preparation of this report has been accomplished and for that we extend our sincere appreciation. We also give credit for the dedication, service and 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, 2017 including the Independent Auditor's Report on the basic financial statements. The Auditor's Report provides an unmodified opinion. Based on our knowledge the information provided in the basic financial statements is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact which, if omitted, would cause the basic financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents in all material respects the financial condition and results of operations of the Authority as of, and for, the periods presented in the basic financial statements.

Respectfully submitted:



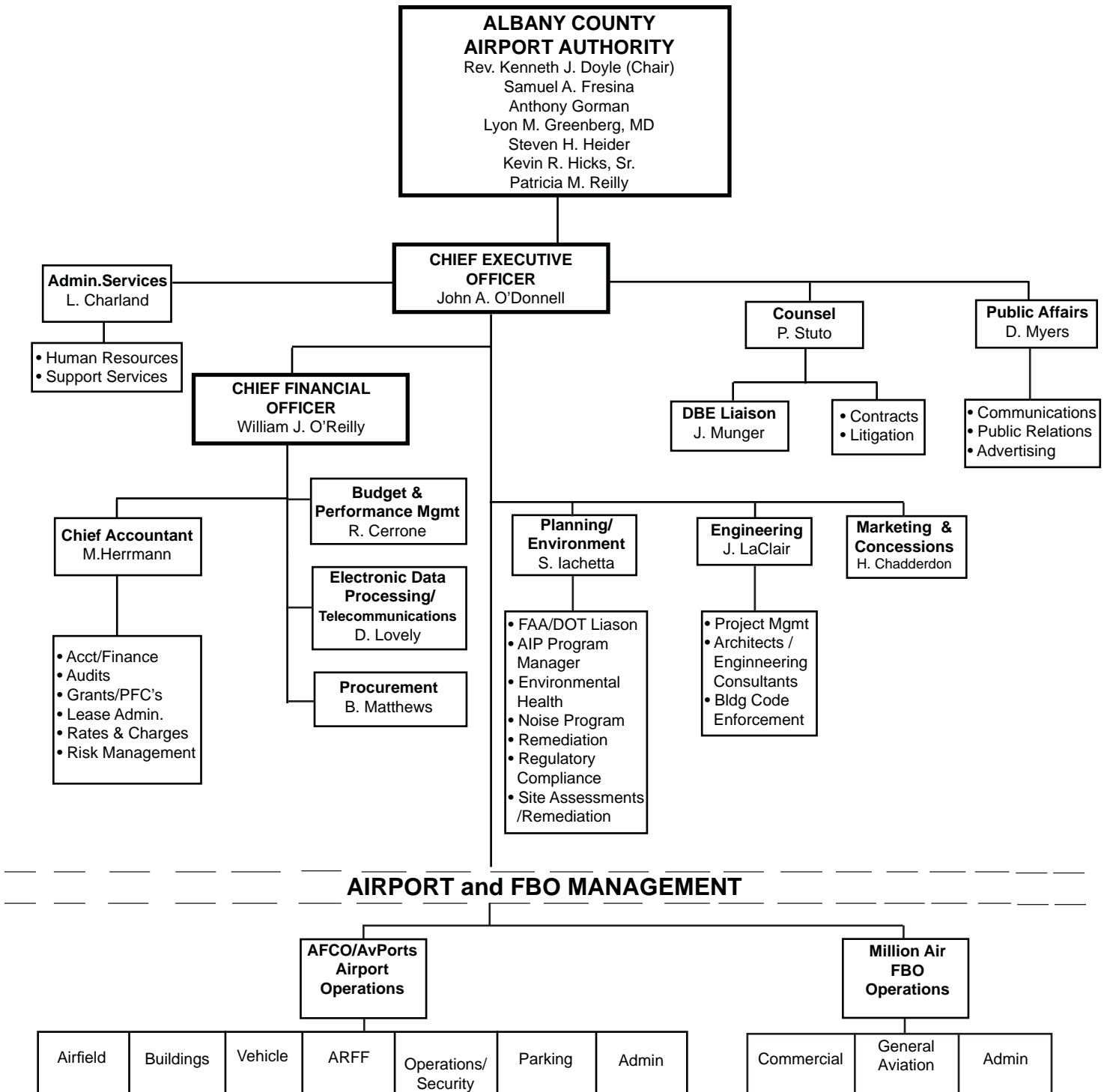
John A. O'Donnell
Chief Executive Officer



William J. O'Reilly, CPA
Chief Financial Officer

ALBANY INTERNATIONAL AIRPORT ORGANIZATIONAL CHART

As of December 31, 2017





Government Finance Officers Association

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, 2016

Christopher P. Morvill

Executive Director/CEO



21 non-stop destinations are served from Albany with a total of 62 daily departures

SERVICE PROVIDED BY

Carrier	Daily (March 2018)		Percent of Total	
	Departures	Seats	Departures	Seats
Southwest	15	2,241	24.19%	43.19%
American	14	1,137	22.58%	21.91%
United	12	616	19.35%	11.87%
Delta	8	744	12.90%	14.34%
Cape Air	6	54	9.68%	1.04%
OneJet	3	81	4.84%	1.56%
jet Blue	2	300	3.23%	5.78%
Boutique Air	2	16	3.23%	0.31%
Total	62	5,189	100.00%	100.00%

Source: Official Airlines Guides Schedules, March 2018

Financial



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 unit of the County of Albany, New York, as of and for the years ended December 31, 2017 and 2016, 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.

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, 2017 and 2016, 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, OPEB Trust Schedule of Funding Progress, schedules of proportionate share of net pension liability (asset) and schedule of authority contributions on pages 19 through 34, 70 and 71 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 1 through 14, the schedules of debt service requirements to maturity and of governmental payments and services on pages 74 and 75, the statistical section on pages 78 through 102, and the biographies of the Authority's members and senior staff on pages 117 through 120 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal and New York State Department of Transportation Financial Assistance for the year ended December 31, 2017, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by the New York State Department of Transportation *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations* and are also not a required part of the basic financial statements. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended December 31, 2017, 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 basic 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 relate 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 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 19, 2018 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 the Albany County Airport Authority's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY
March 19, 2018

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, 2017 with selected comparative information for the year ended December 31, 2016 and December 31, 2015. 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*; and the *Statements of Changes in Fiduciary Fund Net Position* for the Authority's Fiduciary Fund which also has a December 31st year end.

The *Statements of Net Position* depict the Authority's financial position at December 31, 2017 and December 31, 2016, the end of the Authority's previous 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 year ended December 31, 2017 and 2016. 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 year ended December 31, 2017 and 2016. The Statements classify cash receipts and cash payments by Operating Activities, Noncapital Financing 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 December 31, 2017 and December 31, 2016. It indicates the assets available for future payments for retiree benefits and any current liabilities that are owed at this time.

The *Statements of Changes in Fiduciary Fund Net Position*, on the other hand, provides a view of current period additions to and deductions from the net position held in the Trust during the year ended December 31, 2017 and 2016.

AIRPORT ACTIVITIES HIGHLIGHTS

The County of Albany owns the Albany International Airport (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.

→ 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.

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 and beverage, retail and rental cars; public parking fees including surface and garage parking; and FBO activities from general aviation activities.

AIRPORT REVENUES

Five major factors impact airport revenues: commercial operations, enplanements, FBO operations, concessions and parking:

COMMERCIAL OPERATIONS

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

	2017	2016	2015
Enplanements	1,417,835	1,407,434	1,297,749
<i>% increase/(decrease)</i>	<i>0.7%</i>	<i>8.5%</i>	<i>5.5%</i>
Aircraft Landed Weight (lbs)	1,575,581,523	1,590,691,408	1,412,705,423
<i>% increase/(decrease)</i>	<i>-0.9%</i>	<i>12.6%</i>	<i>3.3%</i>
Operations (take-offs and landings)			
Commercial (inc corporate operations)	47,168	47,346	43,570
General Aviation	14,018	14,328	13,950
Military	2,974	3,057	2,481
Total	64,160	64,731	60,001
<i>% increase/(decrease)</i>	<i>-0.9%</i>	<i>7.9%</i>	<i>-2.1%</i>

Regular scheduled daily passenger flights departing from Albany remained steady at 57 in December 2017 and December 2016 and increased from 55 in September 2015.

	2017		2016		2015	
	Carriers	Flights	Carriers	Flights	Carriers	Flights
Jet Service						
Major Carriers	5	22	5	23	5	24
Regional Carriers	7	25	10	19	7	15
Commuter Service						
Regional Carriers	3	10	3	15	3	16
Foreign Carriers	-	-	-	-	-	-
Total	15	57	18	57	15	55

Published available seats for 2017 decreased by 10,324 or 0.6% while the passenger load factor increased to 83% from 82%, resulting in an increase in enplanements for 2017. The published available seats and the yearly load factors for the last three years are below:

	2017	2016	2015
Total Available Seats	1,704,994	1,715,318	1,527,294
Passenger Load Factor	83%	82%	85%

Landing fee revenues are not sensitive to the number of operations or landed weight because the agreements with the airlines and cargo carriers provides for the Signatory Passenger and Cargo Airlines to fund the operating costs of the Airfield after receiving credit for all airfield revenue. Accordingly, landing fee revenue is sensitive to changes in the annual cost of operating the airfield that fluctuate with the weather and maintenance needs. The change in airline operations and gross landed weight by airline for 2017 compared to 2016 and 2016 compared to 2015 is as follows:

	2017 vs. 2016		2016 vs. 2015	
	Change in Operations	Change in Landed Weight	Change in Operations	Change in Landed Weight
American (formerly US Airways)	(4)	1,598,622	1,974	57,197,408
Boutique Air	978	4,934,982	-	-
Cape Air	(1,308)	(4,479,907)	(180)	(616,492)
Delta	(86)	1,150,662	150	(1,695,127)
JetBlue	(30)	(2,328,165)	1,388	98,699,808
OneJet	424	3,336,049	-	-
Southwest	(36)	(6,168,399)	268	22,114,000
United	164	(14,537,728)	(152)	2,438,388
Charters	22	1,384,000	16	(152,000)
Total	124	(15,109,884)	3,464	177,985,985

As of December 31, 2017, two regularly scheduled express mail and various special cargo carriers serve this Airport.

	2017	2016	2015
Mail and Express Cargo Tons	18,739	18,692	19,373
% increase/(decrease)	0.3%	-3.5%	-0.7%

ENPLANEMENTS

Enplanements for 2017 compared to 2016 increased by 10,401 passengers, compared to an increase of 109,685 for 2016 vs. 2015. The changes in enplanements by airline, including their express carriers is as follows:

	2017 Market Share	Total 2017 Enplanements	2017 vs. 2016	Total 2016 Enplanements	2016 vs. 2015
American (formerly US Airways)	21.6%	306,571	8,271	298,300	23,838
Boutique Air	0.1%	1,852	1,852	-	-
Cape Air	0.9%	12,966	(3,124)	16,090	(29)
Delta	15.8%	223,945	1,571	222,374	(2,820)
JetBlue	6.4%	90,744	3,708	87,036	81,544
OneJet	0.1%	989	989	-	-
Southwest	40.0%	566,801	(2,300)	569,101	11,918
United	15.0%	212,851	(1,253)	214,104	(5,195)
XTRA Airways	0.1%	1,116	687	429	429
Total	100.0%	1,417,835	10,401	1,407,434	109,685

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 2017, 2016 and 2015:

	2017	2017 vs. 2016	2016	2016 vs. 2015	2015
Revenues	\$ 8,572,457	3.3%	\$ 8,300,218	-3.1%	\$ 8,570,119
Expenses (inc. cost of sales and administration)	\$ 7,237,327	7.1%	\$ 6,759,573	-13.5%	\$ 7,813,160
Retail Gallons Sold					
Jet A	996,302	-3.4%	1,031,066	6.6%	967,345
AvGas	62,710	-9.3%	69,156	-1.8%	70,438
Commercial AvGas	109,593	-28.2%	152,586	-12.2%	173,843
Glycol Gallons - Consortium	95,079	12.2%	84,737	-1.5%	86,068
Glycol Gallons - Sprayed	62,560	43.5%	43,583	16.1%	37,536
Jet A Fuel Into-Plane Gallons	19,495,122	4.8%	18,602,032	10.5%	16,835,885

CONCESSIONS

Concession revenues for 2017 were \$8,070,379, a 7.0% increase from 2016. Concession revenues for 2016 were 3.7% higher than 2015.

Concession revenue highlights for 2017 compared to 2016 and 2015 are as follows:

	2017	2017 vs. 2016	2016	2016 vs. 2015	2015
Rental Car Revenues					
Sales	\$ 51,978,497	6.3%	\$ 48,885,882	-3.0%	\$ 50,417,217
Authority Revenues	\$ 5,427,741	7.3%	\$ 5,057,260	0.1%	\$ 5,053,412
Food & Beverage					
Sales	\$ 8,158,604	1.2%	\$ 8,063,285	13.6%	\$ 7,100,827
Authority Revenues	\$ 803,939	2.4%	\$ 785,197	17.6%	\$ 667,539
Retail					
Sales	\$ 3,810,221	4.1%	\$ 3,661,638	21.7%	\$ 3,009,051
Authority Revenues	\$ 802,534	2.0%	\$ 787,075	11.3%	\$ 707,000
Total Authority Concession Revenues	\$ 8,070,379	7.0%	\$ 7,540,431	3.7%	\$ 7,268,718
Concession Revenue per Enplanement	\$ 5.69	6.2%	\$ 5.36	-4.3%	\$ 5.60

PARKING

The Airport directly manages all on-airport parking operations which at December 31, 2017 consisted of 222 short-term garage/surface, 1,912 long-term garage, 1,789 long-term surface, and 2,763 remote shuttle served parking spaces. Revenue for 2017 compared to 2016 and 2015 are as follows:

	2017	2017 vs. 2016	2016	2016 vs. 2015	2015
Public Parking					
Revenues	\$ 14,985,272	0.8%	\$ 14,870,476	16.1%	\$ 12,810,052
# of Vehicles Parked	638,570	-1.4%	647,332	4.7%	618,304
Parking Revenue per Enplanement	\$ 10.57	0.0%	\$ 10.57	7.0%	\$ 9.87

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 for the year ended December 31 is below:

	2017	2016	2015
Operating revenues	\$ 48,027,136	\$ 45,738,665	\$ 44,237,604
Operating expenses	(33,395,012)	(32,113,613)	(31,370,311)
Revenues in excess of expenses			
before depreciation	14,632,124	13,625,052	12,867,293
Depreciation	(14,761,280)	(14,396,008)	(13,893,673)
Loss before non-operating income			
and expenses	(129,156)	(770,956)	(1,026,380)
Non-operating income and (expenses), net	1,358,669	886,851	188,080
Income/(loss) before capital contributions	1,229,513	115,895	(838,300)
Capital contributions	4,616,709	2,389,827	8,942,652
Net position			
Increase in net position	5,846,222	2,505,722	8,104,352
Total net position, beginning of year	210,454,518	207,948,796	199,845,370
Total net position, end of year	<u>\$ 216,300,740</u>	<u>\$ 210,454,518</u>	<u>\$ 207,948,796</u>

The Authority's operating revenues and expenses include the sales and cost of sales of fuel purchased and sold to general aviation customers through the FBO and also revenues for deicing activities. Gallons of jet fuel sold were 967,345, 1,031,066, and 996,302 for 2015 to 2017, respectively. The FBO provides fueling services for all commercial airlines at the Airport. Some of the 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 2015 through 2017 were 37,536, 43,583 and 62,560 gallons, respectively. The table below summarizes FBO revenues, expenses and net revenues for 2017, 2016 and 2015:

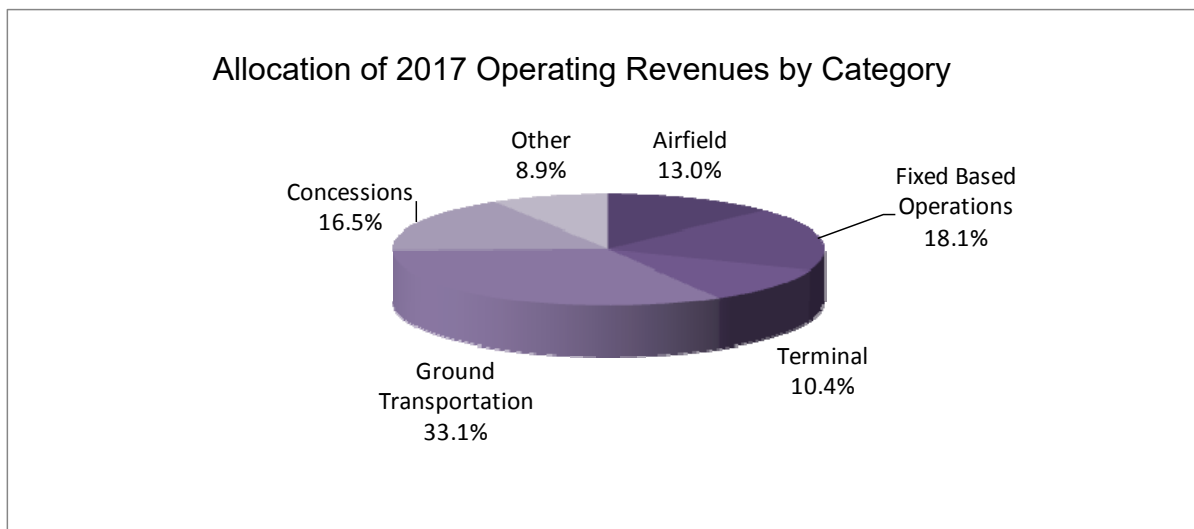
	2017	2016	2015
FBO revenues	\$ 8,572,457	\$ 8,300,218	\$ 8,570,119
FBO expenses	7,237,327	6,759,573	7,813,160
FBO net revenues	<u>\$ 1,335,130</u>	<u>\$ 1,540,645</u>	<u>\$ 756,959</u>

OPERATING REVENUES AND NON-OPERATING INCOME HIGHLIGHTS

Total revenues for 2017 were \$2.2 million or 4.3% greater than 2016. Fixed Based Operations revenues increased in 2017 due to higher airfield and terminal revenues, deicing revenues, ground transportation and concession revenues increased due to higher rental car revenues.

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.

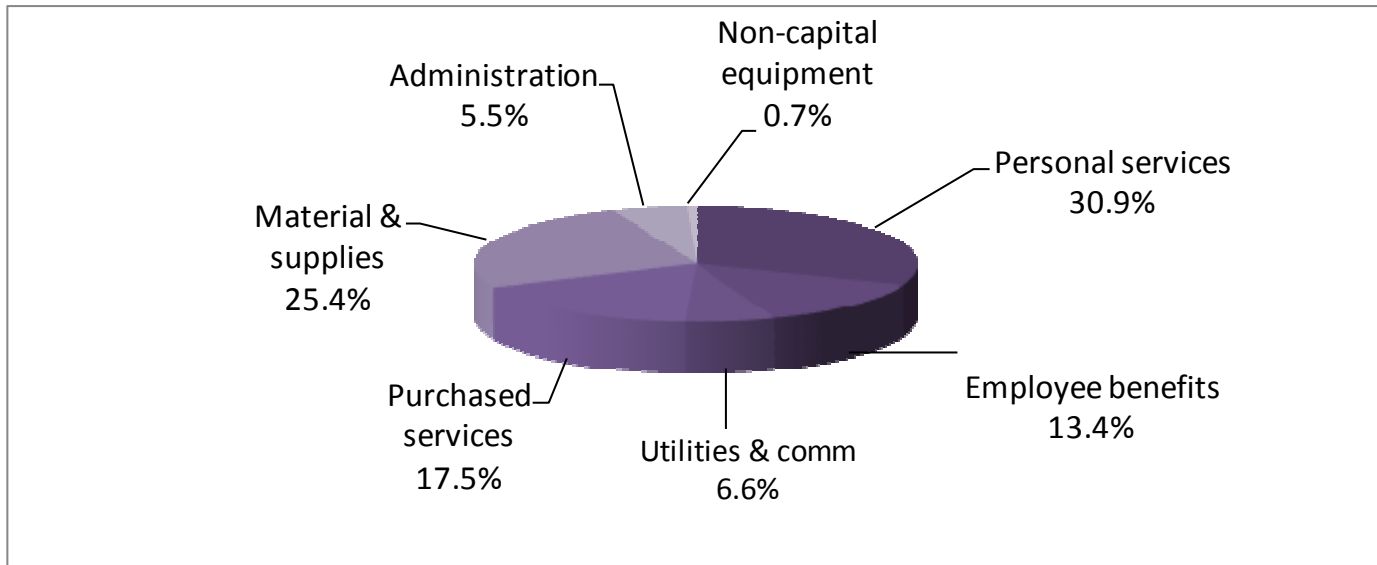


	2017	2016	2015
Operating Revenues			
Airfield	\$ 6,678,085	\$ 5,882,274	\$ 6,457,974
Fixed Based Operations	8,572,457	8,300,218	8,570,119
Terminal	5,019,779	4,777,241	5,000,721
Ground Transportation	15,325,640	15,163,022	13,089,872
Concessions	8,070,379	7,540,431	7,268,718
Other	4,360,796	4,075,479	3,850,200
Non-Operating Income			
Passenger Facility Charges	5,431,444	5,385,946	5,080,183
Grant Income	138,700	222,772	292,000
Improvement Charges	368,400	368,400	368,400
Interest Income	10,676	12,280	20,739
Total	\$ 53,976,356	\$ 51,728,063	\$ 49,998,926
<i>Percentage of Increase</i>	<i>4.3%</i>	<i>3.5%</i>	<i>1.9%</i>

OPERATING EXPENSES AND NON-OPERATING EXPENSES HIGHLIGHTS

Total expenses for 2017 increased \$1.1 million or 2.2% as compared to the 2016. Higher costs for Fixed Based Operations deicing supplies, higher overtime, higher snow removal supplies and services all accounted for the increase in expenses during 2017 as compared to 2016.

Allocation of 2017 Operating Expenses by Category



	2017	2016	2015
Operating Expenses			
Personal services	\$ 10,187,245	\$ 9,913,293	\$ 9,250,876
Employee benefits	4,827,227	4,296,313	4,268,547
Utilities & communications	2,004,109	2,112,135	2,403,839
Purchased services	5,891,496	5,621,321	5,268,213
Material & supplies	9,020,199	8,171,161	8,684,849
Administration	1,284,572	1,770,835	1,104,200
Non-capital equipment	180,164	228,555	389,787
Depreciation	14,761,280	14,396,008	13,893,673
Non-Operating Expenses			
Interest	4,514,271	5,002,200	5,463,254
Amortization of Bond insurance premiums	76,280	100,347	109,988
Total	\$ 52,746,843	\$ 51,612,168	\$ 50,837,226
<i>Percentage of Increase/(Decrease)</i>	<i>2.2%</i>	<i>1.5%</i>	<i>-2.8%</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 \$216.3 million at December 31, 2017, a \$5.8M increase from December 31, 2016.

A condensed summary of the Authority's total net position at December 31, 2017 and December 31, 2016 and 2015 is set forth below:

	2017	2016	2015
ASSETS			
Capital assets	\$ 245,397,366	\$ 249,869,538	\$ 260,437,317
Other assets	55,013,670	53,736,552	46,790,027
Total Assets	<u>300,411,036</u>	<u>303,606,090</u>	<u>307,227,344</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,722,111</u>	<u>5,918,434</u>	<u>6,547,308</u>
LIABILITIES			
Current (payable from unrestricted assets)	6,017,006	7,063,124	4,654,674
Current (payable from restricted assets)	11,366,663	9,721,183	9,733,622
Noncurrent liabilities	70,583,675	81,509,179	90,548,839
Total Liabilities	<u>87,967,344</u>	<u>98,293,486</u>	<u>104,937,135</u>
DEFERRED INFLOWS OF RESOURCES	<u>865,063</u>	<u>776,520</u>	<u>888,721</u>
NET POSITION			
Net investment in capital assets	172,661,198	170,626,920	171,751,795
Restricted	22,238,003	21,191,423	19,387,387
Unrestricted	21,401,539	18,636,175	16,809,614
Net Position	<u>\$ 216,300,740</u>	<u>\$ 210,454,518</u>	<u>\$ 207,948,796</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 (79.8% at December 31, 2017). The Authority uses these capital assets to provide services to the airlines, passengers and to service providers and users located at the Airport; consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is net of related debt, the resources required to repay this debt annually are paid from operations, since it is unlikely that the capital assets will be liquidated to pay liabilities.

Restricted net position (10.3% at December 31, 2017), 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 \$21.4 million (9.9% at December 31, 2017) 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, 2016 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, 2017, signatories in the Agreement include six commercial, nineteen 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. The Authority can impose a "Capital Charge Coverage" equal to 25% of its required debt service and also apply the Airline Share of Revenue sharing to meet debt service coverage if needed. Capital Charge Coverage provides for revenues less expenses, to be not less than one-hundred twenty-five percent (125%) of annual debt service. If needed to meet debt service coverage, the Airline Revenue Sharing is first suspended. The Authority may also impose "Extraordinary Coverage Protection", if necessary to meet the covenant debt service coverage ratio. 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:

	2017	2016	2015
Landing Fees (per 1,000 lbs. MGLW)	\$ 3.12	\$ 2.73	\$ 3.27
Terminal Rental Rate (per square foot)	\$ 79.86	\$ 81.11	\$ 74.63
Apron Fees (per square foot)	\$ 1.33	\$ 1.19	\$ 1.52
Loading Bridge (annual rate)	\$ 47,237	\$ 40,383	\$ 44,761
Airline Cost per Enplanement	\$ 6.57	\$ 6.00	\$ 7.12
Rate Settlement/Revenue Sharing Credits	\$ 2,439,847	\$ 3,137,355	\$ 1,683,274

The Authority has from time to time adopted Air Service Development Incentive programs which can provide qualifying airlines with credits that maybe used to offset Airport rates in charges after the qualification period ends. In 2017 and 2016 the Authority provided air service development incentive credits to Airlines totaling \$67,041 and \$539,720 respectively. The incentive credits are reported as an expense in the financial statements in the year earned and is funded from the Authority's portion of Revenue Sharing under the Agreement.

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. 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's 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.

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 2017, 2016 and 2015:

	2017	2016	2015
Cash flows from (used):			
Operating activities	\$ 12,937,136	\$ 16,164,746	\$ 11,790,097
Noncapital financing activities	138,700	222,772	292,000
Investing activities	29,152	27,221	32,427
Capital and related financing activities	(13,223,722)	(8,528,941)	(9,883,169)
Net increase/(decrease) in cash	(118,734)	7,885,798	2,231,355
Beginning of period	48,024,342	40,138,544	37,907,189
End of period	<u>\$ 47,905,608</u>	<u>\$ 48,024,342</u>	<u>\$ 40,138,544</u>

The Authority's available cash and cash equivalents decreased during 2017 by \$118,734. Cash and cash equivalents as of December 31, 2017, 2016 and 2015 are composed of:

	2017	2016	2015
Funds available for unrestricted operations	\$ 23,090,998	\$ 22,020,622	\$ 17,654,367
Restricted for:			
Capital projects	2,484,987	4,735,041	2,774,677
PFCs available for debt service payments	10,439,296	8,692,358	6,929,341
Revenue bond reserves	10,909,819	11,703,502	11,694,581
Other restrictions	980,508	872,819	1,085,578
Total	<u>\$ 47,905,608</u>	<u>\$ 48,024,342</u>	<u>\$ 40,138,544</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 2015 – 2019 was approved by the County on December 1, 2014. The original plan provided for total spending of up to \$120.5 million over five years of which \$61 million is eligible for 95% grant funding. On May 8, 2017, the County of Albany approved an amendment to the capital plan to reallocate certain projects and increase total authorized by \$22 million to a new total of \$142.5 million. The plan does not represent a firm commitment of the Authority. The Authority has included every known possible project that could conceivably occur during the five year period for disclosure purposes. During the remainder of the 2014-2019 capital plan, as amended, the Authority may issue additional debt for projects not eligible for grant funding. There is no assurance that future Federal or State grant funds will be awarded to the Authority as anticipated in the plan. At December 31, 2017, the Authority has \$8.5 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 2015 – 2019 capital plan including the activity through December 31, 2017:

	Total 2015- 2019 Plan	Total 2015- 12-31-17 Activity
Approved Projects		
Airfield	\$ 34,520,000	\$ 6,576,836
Terminal	14,000,000	7,892,214
Landside	60,000,000	15,310,303
Major Equipment	12,000,000	3,081,686
Total	<u>\$120,520,000</u>	<u>\$ 32,861,039</u>
Projected Funding Sources		
Federal Funds	\$ 61,020,000	\$ 1,710,207
State Funds	6,250,000	5,287,319
Debt Issuances	34,500,000	-
Authority Funds	18,750,000	25,863,513
Total	<u>\$120,520,000</u>	<u>\$ 32,861,039</u>

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.

In accordance with Section 2785 of the New York Public Authorities Law, the Authority may issue Bonds, Notes and Other Obligations up to \$285 million outstanding at any time plus certain amounts issued for refunding purposes. The total Authority principal debt outstanding at December 31, 2017 for General Airport Revenue Bonds (GARB) was \$77,318,000 as compared to \$88,216,000 as of December 31, 2016. 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, 2017 and 2016 is summarized in the following table:

	Issued	Outstanding at 12-31-16	Outstanding at 12-31-17
Authority Revenue Bonds			
1999 NYS EFC	\$ 7,895,303	\$ 1,546,000	\$ 1,128,000
2003 GARB Series A	8,885,000	2,685,000	-
2006 GARB Series A & B	14,230,000	8,795,000	-
2006 GARB Series C	6,330,000	5,010,000	-
2010 Refunding Series A & B	109,855,000	70,180,000	62,845,000
2017 Refunding Series A & B	14,395,000	-	13,345,000
Total Authority Debt Obligations	<u>\$ 147,195,303</u>	<u>\$ 88,216,000</u>	<u>\$ 77,318,000</u>

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 to the Financial Statements. The reported amount of bonds issued by the Authority that was outstanding as of December 31, 2016, additions and/or deletions during 2017, and the balances reported at December 31, 2017 with adjustments to the reported value required by generally accepted accounting principles is summarized in the following table:

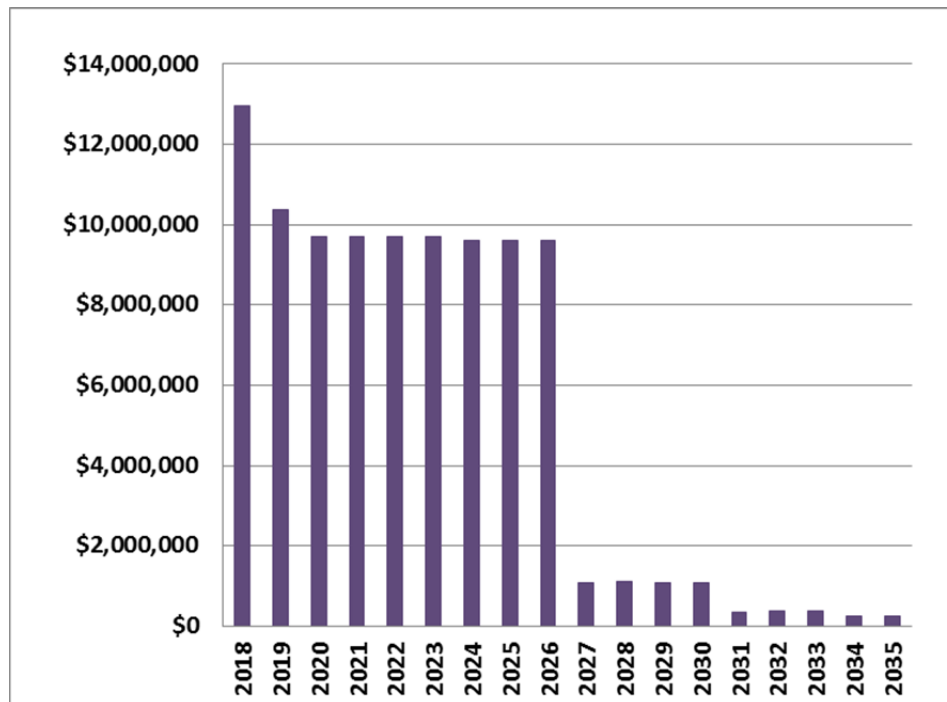
	Outstanding at 12-31-16	Additions	Deletions	Outstanding at 12-31-17
Authority Revenue Bonds/Debt Obligations				
Bonds Payable				
Series 1999 NYS EFC	\$ 1,546,000	\$ -	\$ (418,000)	\$ 1,128,000
Series 2003A GARB	2,685,000	-	(2,685,000)	-
Series 2006A & B GARB	8,795,000	-	(8,795,000)	-
Series 2006C GARB	5,010,000	-	(5,010,000)	-
Series 2010A Refunding	70,180,000	-	(7,335,000)	62,845,000
Series 2017A & B Refunding	-	14,395,000	(1,050,000)	13,345,000
Total Bonds Payable	88,216,000	14,395,000	(25,293,000)	77,318,000
Deferred Loss on Refunding	(4,862,137)	(412,455)	1,190,280	(4,084,312)
Unamortized Premiums/Discounts (net)	1,483,693	1,431,250	(666,338)	2,248,605
Net Bonds Payable	<u>\$ 84,837,556</u>	<u>\$ 15,413,795</u>	<u>\$ (24,769,058)</u>	<u>\$ 75,482,293</u>

REFUNDING BONDS ISSUED IN 2017

On April 13, 2017 the Authority completed the marketing and pricing for the sale of its Series 2017 Bonds in the total par amount of \$14,395,000 of which \$7,795,000 were sold as Series 2017A Non-AMT (not subject to any Federal Tax) and \$6,600,000 were sold as Series 2017B AMT (subject to the Federal Alternative Minimum Tax). The Series 2017 Bonds were used, along with other funds of the Authority, to fully refund the Authority’s Series 2003A, Series 2006A, Series 2006B, and Series 2006C Bonds in the aggregate amount of \$16,490,000 (the Refunded Bonds).

At December 31, 2017 the Authority maintained debt service reserve funds in the amount of \$11.1 million and Passenger Facility Charge Funds in the amount of \$10.4 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 \$55.8 million in aggregate par amount of bonds outstanding.

The graph and table below presents combined annual debt service to maturity as of December 31, 2017:



Year/Debt Service					
2018	\$12,966,335	2024	\$ 9,600,881	2030	\$ 1,085,431
2019	10,385,696	2025	9,594,631	2031	358,863
2020	9,686,381	2026	9,608,463	2032	363,056
2021	9,694,381	2027	1,089,575	2033	361,450
2022	9,699,881	2028	1,096,950	2034	253,800
2023	9,707,881	2029	1,084,925	2035	244,400

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, 2017, the Authority has collected PFCs, including interest earnings thereon, totaling \$98,317,928, or 84.1% 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 86.7% of its enplanements. Additional information about PFC activity can be found under "Note 2 – Summary of Significant Accounting Policies" in the Notes to the Financial Statements.

CREDIT RATINGS AND BOND INSURANCE

The table below presents the enhanced and underlying ratings on each of the Authority's outstanding bonds.

Series *	Bond Insurer	Moody's/Fitch/S&P/Kroll Enhanced Rating	Moody's/Fitch/S&P Underlying Rating
Series 2010A	AGMC	A2/NR/AA/AA+	A3/A-/A-
2017A	uninsured	N/A	A3/A-/A-
2017B	uninsured	N/A	A3/A-/A-

* 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. Standard and Poor's upgraded their enhanced rating of AGMC from "AA-" to "AA" on March 18, 2014. On March 24, 2017, Standard and Poor's raised the Authority's underlying credit rating from "BBB+" to "A-". On January 23, 2018 AGMC received a rating of AA+ from Kroll Bond Rating Agency. The Authority's underlying credit ratings are: Moody's Investors Service "A3", Fitch Ratings "A-" and Standard and Poor's "A-".

RESERVES AND DEBT SERVICE COVERAGE

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, 2017 the reserve requirement was \$5.6 million and for which the Authority had \$11.0 million on hand. The Authority also had \$11.0 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, 2017 the debt service reserve funds totaled \$11.1 million.

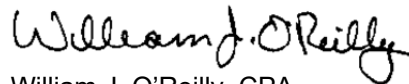
FINANCIAL STATEMENTS

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

The Authority's basic financial statements are 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 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

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Albany County Airport Authority
Statements of Net Position
As of December 31, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 23,090,998	\$ 22,020,622
Accounts receivable - net	2,262,330	2,076,893
Due from County of Albany	303,478	262,136
Prepaid expenses	1,061,507	678,418
Total Unrestricted Assets	<u>26,718,313</u>	<u>25,038,069</u>
Restricted Assets:		
Capital Funds:		
Cash and cash equivalents	2,484,987	4,735,041
Grant funds receivable	1,688,826	869,839
Passenger Facility Charge Funds:		
Cash and cash equivalents	10,439,296	8,692,358
Passenger Facility Charges receivable	563,712	489,467
Revenue Bond Funds:		
Cash and cash equivalents	10,909,819	11,703,502
Investments	277,389	277,389
Accrued interest receivable	1,809	1,809
ANCLUC Funds:		
Cash and cash equivalents	196,857	196,857
Concession Improvement Funds:		
Cash and cash equivalents	783,651	675,962
Total Restricted Assets	<u>27,346,346</u>	<u>27,642,224</u>
Total Current Assets	<u>54,064,659</u>	<u>52,680,293</u>
NON-CURRENT ASSETS		
Bond Insurance Premiums	369,098	553,285
Net Assets held in trust for OPEB	308,505	216,131
Prepaid expenses	271,408	286,843
Capital Assets:		
Land and easements	48,812,345	48,005,527
Buildings, improvements and equipment, net of depreciation	193,044,204	199,684,753
Construction in progress	3,540,817	2,179,258
Total Capital Assets	<u>245,397,366</u>	<u>249,869,538</u>
Total Non-Current Assets	<u>246,346,377</u>	<u>250,925,797</u>
Total Assets	<u>300,411,036</u>	<u>303,606,090</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Refunding	4,084,309	4,862,134
Pension Expenses	637,802	1,056,300
Total Deferred Outflows of Resources	<u>4,722,111</u>	<u>5,918,434</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Statements of Net Position
As of December 31, 2017 and December 31, 2016

	December 31, 2017	December 31, 2016
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Payable from Unrestricted Assets:		
Accounts payable	\$ 609,926	\$ 594,249
Accrued expenses	5,407,080	6,468,875
Total Payable from Unrestricted Assets	6,017,006	7,063,124
Payable from Restricted Assets:		
Construction contracts payable	1,478,791	332,956
Construction contract retainages	317,993	230,268
Accrued interest payable	150,879	169,959
Current maturities of long - term debt	9,419,000	8,988,000
Total Payable From Restricted Assets	11,366,663	9,721,183
Total Current Liabilities	17,383,669	16,784,307
<u>NON-CURRENT LIABILITIES</u>		
Bonds and other debt obligations	70,147,604	80,711,693
Net pension liability - proportionate share	436,071	797,486
Total Non-Current Liabilities	70,583,675	81,509,179
Total Liabilities	87,967,344	98,293,486
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Concession Improvement funds	783,651	675,962
Pension	81,412	100,558
Total Deferred Inflows of Resources	865,063	776,520
<u>NET POSITION</u>		
Net investment in capital assets	172,661,198	170,626,920
Restricted:		
Bond reserve funds	11,038,138	11,812,741
Passenger facility charge funds	11,003,008	9,181,825
Other restricted funds	196,857	196,857
Total Restricted:	22,238,003	21,191,423
Unrestricted	21,401,539	18,636,175
Net Position	216,300,740	210,454,518

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
 Statements of Revenues, Expenses and Changes in Net Position
 For the Years Ended December 31, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Operating Revenues		
Airfield	\$ 6,678,085	\$ 5,882,274
Fixed Based Operations	8,572,457	8,300,218
Terminal	5,019,779	4,777,241
Concessions	8,070,379	7,540,431
Ground transportation	15,325,640	15,163,022
Other revenue	4,360,796	4,075,479
Total Operating Revenues	<u>48,027,136</u>	<u>45,738,665</u>
Operating Expenses		
Airfield	3,166,201	3,072,752
Fixed Based Operations	6,597,625	6,170,676
Terminal	5,202,732	5,542,086
Loading bridges	309,227	272,130
Landside	5,653,834	4,885,754
Public safety	3,356,287	3,354,937
Aircraft Rescue and Fire Fighting	1,922,809	2,022,328
Vehicle maintenance	1,373,378	1,164,857
Administration	5,812,919	5,628,093
Total Operating Expenses	<u>33,395,012</u>	<u>32,113,613</u>
Revenues in excess of expenses before depreciation	14,632,124	13,625,052
Depreciation	<u>14,761,280</u>	<u>14,396,008</u>
Loss Before Non-Operating Income and Expenses	<u>(129,156)</u>	<u>(770,956)</u>
Non-Operating Income and (Expenses)		
Passenger Facility Charges	5,431,444	5,385,946
Grant income	138,700	222,772
Improvement charges	368,400	368,400
Interest income	10,676	12,280
Interest expense	(4,261,394)	(5,002,200)
Bond issuance costs	(252,877)	-
Amortization of bond insurance premiums	(76,280)	(100,347)
Total Non-Operating Income and (Expenses)	<u>1,358,669</u>	<u>886,851</u>
Income before Capital Contributions	1,229,513	115,895
Capital Contributions	<u>4,616,709</u>	<u>2,389,827</u>
Net Position		
Increase in Net Position	5,846,222	2,505,722
Net Position, Beginning of Year	<u>210,454,518</u>	<u>207,948,796</u>
Net Position, End of Year	<u>\$ 216,300,740</u>	<u>\$ 210,454,518</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Statements of Cash Flows
For the Years Ended December 31, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash Flows From Operating Activities		
Cash received from providing services	\$ 47,814,646	\$ 45,592,581
Cash paid to suppliers	(33,640,390)	(28,236,989)
Cash paid to employees	(1,237,120)	(1,190,846)
Net Cash Provided By Operating Activities	<u>12,937,136</u>	<u>16,164,746</u>
Cash Flows From Noncapital Financing Activities		
Grant income	138,700	222,772
Net Cash Provided By Noncapital Financing Activities	<u>138,700</u>	<u>222,772</u>
Cash Flows From Investing Activities		
Interest received	10,676	12,280
Interest on passenger facility charges	18,476	14,941
Net Cash Provided by Investing Activities	<u>29,152</u>	<u>27,221</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(9,055,546)	(4,244,291)
Principal payments made on bonds and notes payable	(8,803,000)	(8,567,000)
Payments to refunding agent	(16,794,552)	-
Proceeds from issuance of bonds	15,826,250	-
Cost of issuance	(336,179)	-
Interest paid	(3,673,229)	(4,394,462)
Concession improvement funds	107,689	(212,759)
Improvement charges	368,400	368,400
Capital Grants	3,797,722	3,164,885
Passenger facility charges	5,338,723	5,356,286
Net Cash Used By Capital and Related Financing Activities	<u>(13,223,722)</u>	<u>(8,528,941)</u>
Net increase/(decrease) in cash and cash equivalents	(118,734)	7,885,798
Cash and cash equivalents, beginning of year	48,024,342	40,138,544
Cash and cash equivalents, end of year	<u>\$ 47,905,608</u>	<u>\$ 48,024,342</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:		
Loss before non-operating income and expenses	\$ (244,416)	\$ (770,956)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	14,761,280	14,396,008
Decrease/(increase) in assets:		
Accounts receivable	(185,437)	(146,084)
Due from County of Albany	(41,342)	30,457
Net Assets held in trust for OPEB	(4,167)	(34,155)
Prepaid expenses	(367,654)	228,369
Deferred pension expenses	37,937	52,657
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(1,019,065)	2,408,450
Net Cash Provided By Operating Activities	<u>\$ 12,937,136</u>	<u>\$ 16,164,746</u>
Noncash Capital and Related Financing Activities:		
Capital Assets and related receivables	\$ (818,987)	\$ 775,058
Total Noncash Capital and Related Financing Activities	<u>\$ (818,987)</u>	<u>\$ 775,058</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, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,058,413	\$ 1,900,888
Total Assets	<u>2,058,413</u>	<u>1,900,888</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
 <u>LIABILITIES</u>		
Total Liabilities	<u>-</u>	<u>-</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
 <u>NET POSITION</u>		
Net Position - Restricted for OPEB	<u>\$ 2,058,413</u>	<u>\$ 1,900,888</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority OPEB Trust
 Statements of Changes in Fiduciary Fund Net Position
 For the Years Ended December 31, 2017 and December 31, 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Additions to Net Position Attributed to:		
Contributions		
Employer	\$ 155,615	\$ 86,738
Interest Income	1,910	1,821
Total Additions	<u>157,525</u>	<u>88,559</u>
Deductions from Net Position Attributed to:		
Retirement benefits	-	-
Administrative expenses	-	-
Total Deductions	<u>-</u>	<u>-</u>
Increase in Net Position	<u>157,525</u>	<u>88,559</u>
Net Position - Restricted for OPEB, Beginning of Year	<u>1,900,888</u>	<u>1,812,329</u>
Net Position - Restricted for OPEB, End of Year	<u>\$ 2,058,413</u>	<u>\$ 1,900,888</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Notes to Financial Statements

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ALBANY COUNTY AIRPORT AUTHORITY

Notes to Financial Statements

December 31, 2017 and December 31, 2016

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 Albany International Airport (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 (see Note 15), other than the redevelopment project described in the enabling legislation, known as the Terminal Improvement Program, 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, 2018. 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 three year term expiring August 31, 2019. 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 position 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. 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 position, 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 March 26, 2014. Any bank or trust company with a full service office in the County is authorized for the deposit of monies.

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 position.

Revenue Bond Funds - These assets represent Series 2010 and 2017 general airport revenue bond (GARB) proceeds and Series 1999 Environmental Facilities Corporation (EFC) bond proceeds held in Bond Reserve Accounts. Bond reserve accounts for the Series 2010 and Series 2017 Bonds equal 125% of the average annual debt service due on bonds at the time of issuance.

ANCLUC 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 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 include land, improvements to land, easements, buildings, building improvements, vehicles, equipment and all other tangible assets that are used in operations and have useful lives extending beyond a single reporting period. Capital Assets assumed by the Authority on March 15, 1994 are carried at historical cost, net of accumulated depreciation. Acquisitions of new assets costing \$50,000 or more 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	5-30
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 2016 or 2017.

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

Bond insurance (an issuance cost) is 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 Position*, 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. The Authority did not report any Special Items in 2016 or 2017.

Extraordinary Items - Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. The Authority did not report any Extraordinary Items in 2016 or 2017.

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, 2017, the Authority has collected PFCs including interest earnings thereon totaling \$98,317,928.

PFC funds, along with related interest earnings, are recorded as restricted net position 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 31, 2017, the Authority has applied \$85.4 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 Authority applies GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) to recognize the net pension asset (liability), deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the cost-sharing, multiple employer, defined benefit pension plan. The Authority also applies GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (GASB 71) to report additional deferred outflows. The Authority participation in the plans is mandated by State law and includes the New York State and Local Employees' Retirement System (ERS) and the Optional Voluntary Defined Contribution (VDC) (the Systems). The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. More information on pension activity for the Systems is included in Note 12.

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 Net Pension (Note 12) and Other Post-Employment Benefits (OPEB) (Note 13) have the potential to vary more significantly over time than other estimates.

Adoption of New Accounting Standards:

Governmental Accounting Standards Board Statements No. 80 *Blending Requirements for Certain Component Units*, No. 81 *Irrevocable Split-Interest Agreements*, and No. 82 *Pension Issues*, became effective for the fiscal year ended December 31, 2017. The adoption of these accounting standards did not have a significant effect on the Authority's financial statements.

NOTE 3 - Cash, Cash Equivalents and Investments

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

	Book Balance		Bank Balance	
	2017	2016	2017	2016
Cash and Cash Equivalents				
Cash on hand	\$ 6,750	\$ 6,750		
Cash in bank accounts	48,017,592	48,017,592	\$ 49,603,591	\$ 49,879,432
Total Cash and Cash Equivalents	<u>48,024,342</u>	<u>48,024,342</u>		
Investments				
U.S. Treasury SLGS note maturing 2019 at 3.093%	277,389	277,389		
Total Investments	<u>277,389</u>	<u>277,389</u>		
Total cash, cash equivalents and investments	<u>\$ 48,301,731</u>	<u>\$ 48,301,731</u>		

The U.S. Treasury State and Local Government Note represent the investment of the required debt reserve for the bonds issued to the 1999 NYS Environmental Facilities Corporation (NYS EFC) bonds discussed in Note 8. The Note is not marketable and is reported at cost. The interest earned is received by a trustee appointed by NYS EFC and remitted by the trustee to the Authority. The underlying bonds are not subject early redemption and the Note remains under the management of NYS EFC trustee.

The Authority's deposits were secured by insurance from the Federal Depository Insurance Corporation (FDIC) covering \$500,000 on December 31, 2017 and December 31, 2016 plus \$49,603,591 and \$49,879,432 of pledged collateral held by a third party trustee bank at December 31, 2017 and 2016, respectively. The FDIC bank insurance program Permanent Rule provides up to \$250,000 in coverage for the Authority's Savings Accounts and up to \$250,000 for the Authority's Demand Accounts. Collective balances in excess of these amounts are collateralized at 102% of the prior day closing bank balance.

NOTE 4 - Receivables

Accounts receivable is recorded net of allowances for probable uncollectible accounts.

	As of 12-31-17	As of 12-31-16
Airlines	\$ 1,260,815	\$ 1,151,451
Concessions	93,137	182,387
Other	999,154	743,055
Sub-Total	2,353,106	2,076,893
Less Allowances	(90,776)	-
Net Accounts Receivable	<u>\$ 2,262,330</u>	<u>\$ 2,076,893</u>

NOTE 5 - ANCLUC Funds

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

	As of 12-31-17	As of 12-31-16
Opening Balance	\$ 196,857	\$ 196,857
Interest received	-	-
Ending Balance	<u>\$ 196,857</u>	<u>\$ 196,857</u>

NOTE 6 - Due from County of Albany

The net amount from the county consists of the following:

	As of 12-31-17	As of 12-31-16
Reimbursement of expenses due from County	\$ 303,478	\$ 262,136
	<u>\$ 303,478</u>	<u>\$ 262,136</u>

The County provides certain services to the Authority including sheriff officers for public safety, code enforcement inspections, sewer district charges, and salt for the winter roadways. The total expenditures incurred by the Authority during the years ended December 31, 2017 and 2016 for these services totaled \$2,824,527 and \$2,286,147, respectively.

NOTE 7 - Capital Assets

Capital Assets balances and activity for the years ended December 31, 2017 and 2016 were as follows:

	Total			Total			Total
	12-31-15	Additions	Deletions	12-31-16	Additions	Deletions	12-31-17
Capital Assets that are not depreciated:							
Land and Easements	\$ 48,005,527			\$ 48,005,527	\$ 806,818		\$ 48,812,345
Construction in Progress	11,916,635	\$ 3,828,228	\$ (13,565,605)	2,179,258	10,289,108	\$ (8,927,549)	3,540,817
Total	59,922,162	3,828,228	(13,565,605)	50,184,785	11,095,926	(8,927,549)	52,353,162
Capital Assets that are depreciated:							
Buildings	203,520,852			203,520,852			203,520,852
Improvements, other than buildings	209,679,248	13,565,605		223,244,853	7,806,626		231,051,479
Machinery and Equipment	15,343,878			15,343,878	314,105		15,657,983
Sub-total	428,543,978	13,565,605	-	442,109,583	8,120,731	-	450,230,314
Less accumulated depreciation:							
Buildings	(109,745,534)	(6,621,010)		(116,366,544)	(6,593,798)		(122,960,342)
Improvements	(106,870,381)	(7,195,463)		(114,065,844)	(7,577,058)		(121,642,902)
Machinery and Equipment	(11,412,908)	(579,534)	-	(11,992,442)	(590,424)	-	(12,582,866)
Sub-total	(228,028,823)	(14,396,007)	-	(242,424,830)	(14,761,280)	-	(257,186,110)
Total depreciable Capital Assets, net	200,515,155	(830,402)	-	199,684,753	(6,640,549)	-	193,044,204
Total Capital Assets, Net	\$ 260,437,317	\$ 2,997,826	\$ (13,565,605)	\$ 249,869,538	\$ 4,455,377	\$ (8,927,549)	\$ 245,397,366

NOTE 8 - Long-Term Indebtedness

A summary of the changes in the Authority's long-term indebtedness outstanding during 2017 and 2016 were as follows:

	Outstanding			Outstanding			Outstanding
	at 12-31-15	Additions	Deletions	at 12-31-16	Additions	Deletions	at 12-31-17
Authority Revenue Bonds/Debt Obligations							
Bonds Payable							
Series 1999 NYS EFC	\$ 1,958,000	\$ -	\$ (412,000)	\$ 1,546,000	\$ -	\$ (418,000)	\$ 1,128,000
Series 2003A GARB	3,030,000	-	(345,000)	2,685,000	-	(2,685,000)	-
Series 2006A & B GARB	9,455,000	-	(660,000)	8,795,000	-	(8,795,000)	-
Series 2006C GARB	5,180,000	-	(170,000)	5,010,000	-	(5,010,000)	-
Series 2010A Refunding	77,160,000	-	(6,980,000)	70,180,000	-	(7,335,000)	62,845,000
Series 2017A & B Refunding					14,395,000	(1,050,000)	13,345,000
Total Bonds Payable	96,783,000	-	(8,567,000)	88,216,000	-	(25,293,000)	77,318,000
Unamortized Premiums	2,155,497	-	(671,804)	1,483,693	1,431,250	(666,338)	2,248,605
Total Long-term Indebtedness	\$ 98,938,497	\$ -	\$ (9,238,804)	\$ 89,699,693	\$ 1,431,250	\$ (25,959,338)	\$ 79,566,605

Authority Outstanding Debt Issues:**Series 1999A 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 Series 1999A EFC Airport Revenue Bonds consists of the following:

	As of December 31, 2017	As of December 31, 2016
Series 1999A Airport Revenue Bond Issue:		
Principal paid annually on October 1, in payments of \$429,000 in 2018 to \$699,000 in 2019 with interest at 3.182% to 3.382% due semi-annually on April 15 and October 15	\$ 1,128,000	\$ 1,546,000
Less amortization of:		
Deferred Loss	(1,719)	(3,089)
Series 1999A Revenue Bond net carrying amount	1,126,281	1,542,911
Less current portion including amortization	427,965	416,630
Long - Term Portion	<u>\$ 698,316</u>	<u>\$ 1,126,281</u>

Maturities of the long-term Series 1999A 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, 2017:

Year Ended	Principal	Interest	Int. Subsidy
2018	\$ 429,000	\$ 27,445	\$ (9,241)
2019	699,000	18,567	(4,802)
TOTAL	<u>\$ 1,128,000</u>	<u>\$ 46,012</u>	<u>\$ (14,044)</u>

Series 2003A 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%.

On March 31, 2017 the Series 2003A bonds that remained outstanding in the principal amount of \$2,685,000 were refunded by a portion of the Series 2017A (non AMT) Refunding bonds maturing over the same period as the original term on the bonds then outstanding.

Series 2006A&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 Series 2006A (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%.

On March 31, 2017 the Series 2003A bonds that remained outstanding in the principal amount of \$6,315,000 were refunded by a portion of the Series 2017A (non AMT) Refunding bonds maturing over the same period as the original term on the bonds then outstanding.

The Series 2006B (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%.

On March 31, 2017 the Series 2003B bonds that remained outstanding in the principal amount of \$2,480,000 were refunded by a portion of the Series 2017B (AMT) Refunding bonds maturing over the same period as the original term on the bonds then outstanding.

Series 2006C 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%.

On March 31, 2017 the Series 2006C bonds that remained outstanding in the principal amount of \$5,010,000 were refunded by a portion of the Series 2017B (AMT) Refunding bonds maturing over the same period as the original term on the bonds then outstanding.

Series 2010A 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 Series 1998B Airport Revenue Bonds, the Series 2000B Airport Revenue Bonds, and the Series 2008A Airport Revenue Bonds. The net carrying amount on the Series 2010A General Airport Revenue Refunding Bonds consists of the following:

	As of December 31, 2017	As of December 31, 2016
Series 2010A General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$7,625,000 in 2018 to \$690,000 in 2030 with interest at 4.00% to 5.00% due semi-annually on June 15 and December 15	\$ 62,845,000	\$ 70,180,000
Plus amortization of:		
Bond Premium	954,555	1,483,693
Less amortization of:		
Deferred Loss on Refunding	(3,709,602)	(4,859,048)
Bond Insurance	(369,098)	(445,378)
Series 2010A GARB net carrying amount	59,720,855	66,359,267
Less current portion including amortization	7,034,200	6,638,412
Long - Term Portion	<u>\$ 52,686,655</u>	<u>\$ 59,720,855</u>

Maturities of the long-term Series 2010A 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, 2017:

Year Ended	Principal	Interest	Total
2018	\$ 7,625,000	\$ 2,932,831	\$ 10,557,831
2019	5,555,000	2,557,581	8,112,581
2020	5,835,000	2,281,231	8,116,231
2021	6,115,000	1,991,981	8,106,981
2022	6,410,000	1,703,731	8,113,731
2023-2027	29,315,000	3,858,181	33,173,181
2028-2030	1,990,000	180,550	2,170,550
TOTAL	<u>\$ 62,845,000</u>	<u>\$ 15,506,088</u>	<u>\$ 78,351,088</u>

The Facilities financed with Series 2010A included portions of the terminal, the New York State Police Aviation Facility, the FAA Control Tower, parking facilities and other Airport improvements. Lease agreements with the State of New York and the Federal Aviation Administration provide revenue to support a portion of the debt service and remain in effect through 2030 and 2019 respectively.

Series 2017A&B General Airport Revenue Refunding Bonds

In March of 2018, the Authority closed on the sale of two General Airport Revenue Refunding Bond issues totaling \$14,395,000.

The Authority issued \$7,795,000 (non AMT) of Series 2017A General Airport Revenue Refunding Bonds to refund the Series 2003A and Series 2006A Airport Revenue Bonds. The net carrying amount on the Series 2017A General Airport Revenue Bonds consists of the following:

	As of December 31, 2017	As of December 31, 2016
Series 2017A General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$405,000 in 2018 to \$110,000 in 2033 with interest at 3.00% to 5.00% due semi-annually on June 15 and December 15	\$ 7,470,000	\$ -
Plus amortization of:		
Bond Premium	943,983	-
Less amortization of:		
Deferred Loss on Refunding	(209,933)	-
Series 2017A GARB net carrying amount	8,204,050	-
Less current portion including amortization	517,249	-
Long - Term Portion	<u>\$ 7,686,801</u>	<u>\$ -</u>

Maturities of the long-term Series 2017A 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, 2017:

Year Ended	Principal	Interest	Total
2018	\$ 405,000	\$ 352,375	\$ 757,375
2019	90,000	340,225	430,225
2020	585,000	336,625	921,625
2021	880,000	307,375	1,187,375
2022	925,000	263,375	1,188,375
2023-2027	3,985,000	603,625	4,588,625
2028-2032	490,000	68,519	558,519
2033	110,000	3,850	113,850
TOTAL	<u>\$ 7,470,000</u>	<u>\$ 2,275,969</u>	<u>\$ 9,745,969</u>

Series 2017A&B General Airport Revenue Refunding Bonds, Con't

The Authority issued \$6,600,000 (AMT) of Series 2017B General Airport Revenue Refunding Bonds to refund the Series 2006B and Series 2006C Airport Revenue Bonds. The net carrying amount on the Series 2017B General Airport Revenue Bonds consists of the following:

	As of December 31, 2017	As of December 31, 2016
Series 2017B General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$960,000 in 2018 to \$235,000 in 2035 with interest at 3.00% to 5.00% due semi-annually on June 15 and December 15	\$ 5,875,000	\$ -
Plus amortization of:		
Bond Premium	350,067	-
Less amortization of:		
Deferred Loss on Refunding	(163,058)	-
Series 2017B GARB net carrying amount	6,062,009	-
Less current portion including amortization	986,234	-
Long - Term Portion	\$ 5,075,775	\$ -

Maturities of the long-term Series 2017B 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, 2017:

Year Ended	Principal	Interest	Total
2018	\$ 960,000	\$ 243,925	\$ 1,203,925
2019	915,000	215,125	1,130,125
2020	470,000	178,525	648,525
2021	245,000	155,025	400,025
2022	255,000	142,775	397,775
2023-2027	1,330,000	509,625	1,839,625
2028-2032	1,010,000	250,156	1,260,156
2033-2035	690,000	55,800	745,800
TOTAL	\$ 5,875,000	\$ 1,750,956	\$ 7,625,956

The facility financed by these refunding 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. During 2016 and 2017 the Authority rented the hangar space to transient general aviation aircraft storage tenants, an aircraft and ground handling equipment maintenance company and a commercial airline.

The table below provides a summary of Authority Revenue 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			
Series 1999 NYS EFC	\$ 427,965	\$ 698,316	\$ 1,126,281
Series 2010A Refunding	7,034,200	52,686,655	59,720,855
Series 2017A Refunding	517,249	7,686,801	8,204,050
Series 2017B Refunding	986,234	5,075,775	6,062,009
Total Long-term Indebtedness	\$ 8,965,648	\$ 66,147,547	\$ 75,113,195

Refunding of Debt

On April 13, 2017 the Authority issued its Series 2017 Bonds in the total par amount of \$14,395,000 of which \$7,795,000 were sold as Series 2017A Non-AMT (not subject to any Federal Tax) and \$6,600 were sold as Series 2017B AMT (subject to the Federal Alternative Minimum Tax). The Series 2017 Bonds were used, along with other funds of the Authority, to fully refund the Authority's Series 2003A, Series 2006A, Series 2006B, and Series 2006C Bonds in the aggregate amount of \$16,490,000 (the Refunded Bonds). The result will produce an estimated gain of \$2,167,050 million in future cash flow savings, with an estimated present value of \$1,438,263. The difference between the reacquisition price of the refunded bonds and the net carrying values of the refunded bonds generated a deferred accounting loss of \$412,456. The deferred accounting loss will be amortized into interest expense over the life of the bonds using the Bonds Outstanding Method of Amortization which is a systematic and rational approach that approximates the Effective Interest Method.

The impact of the refunding is summarized below:

Description	Series 2017 Bonds Issued	Bonds Refunded	Cash Flow Gain	Present Value Gain
Refunding Bonds	\$14,395,000	\$16,490,000	\$2,167,050	\$1,438,263

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, 2017, the Authority had \$77.3 million of principal debt outstanding issued which does not include 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;
- the Authority did not utilize any derivative or variable rate debt products in 2017 or 2016.

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 from the date of inception and from Federal and State grants as follows:

	Inception To Date	Year Ended 2017	Year Ended 2016
County of Albany	\$ 46,824,500	\$ -	\$ -
Federal	137,056,026	4,144,523	2,035,679
State	71,653,217	472,186	354,148
Total	<u>\$ 255,533,743</u>	<u>\$ 4,616,709</u>	<u>\$ 2,389,827</u>

Unrestricted net position consists of the following:

	2017	2016
Designation of unrestricted net position		
Operations and maintenance reserve	\$ 11,021,931	\$ 12,383,961
Renewal and replacement reserve	500,000	500,000
Total designations	11,521,931	12,883,961
Undesignated unrestricted net position	9,764,348	5,752,214
Total unrestricted net position	<u>\$ 21,286,279</u>	<u>\$ 18,636,175</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

Six 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, 2016 with an option for one five year renewal to extend the Agreement to December 31, 2025. The Authority charges signatory rates to carriers who have executed the Agreement and non-signatory rates to all other airlines and Airport users.

In general, the rate formulas under the Airline and Cargo Carrier Agreements in effect provide that at the end of each year the total financial requirements for each of the Airport cost centers be determined by applying revenues related to that cost center before the rate required to be paid by Signatory Airlines and Cargo Carriers is determined. The landing fee calculation uses a residual cost methodology. The terminal rate is based upon calculation of the total cost per square foot subject to annual settlement based upon actual cost. 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.

The Agreements provide a net income sharing mechanism by which the Signatory Airlines and Cargo Carriers receive a percentage of the Airport's net income (as defined in the Agreements) during the term of the agreement in the form of a rate credit offset. The Agreements also provide for extraordinary coverage protection where the Signatory Airlines and Cargo carriers have agreed to provide additional revenue to the Airport should net revenues be less than the required amount under the Master Bond Resolution.

In 2017, the net revenue sharing was fifty percent to the airlines and fifty percent to the Authority. Under this formula, the airlines and cargo carriers received a charge of \$19,458 for the rates and charges settlements and they also received \$2,443,678 for their share of the revenue sharing; totaling \$2,463,136. In 2016, the airlines and cargo carriers were given total credits of \$3,137,355 for their share of the final settlement and revenue sharing. In 2015, the total credits were \$1,683,274.

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. These agreements include: advertising, food and beverage, retail, on-airport rental cars, vending machines, baggage delivery services, baggage cart management, ATMs, vending machines and foreign currency exchange. 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 2017 of \$11,694,658 by \$1,348,383. In 2016 the revenues exceeded the MAG amounts due of \$11,174,508 by \$1,323,697. 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:

2018	\$ 10,329,311
2019	4,352,346
2020	3,895,801
2021	3,580,747
2022	2,950,313
2023-2031	12,017,097
Total	<u>\$ 37,125,615</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 - Contributory and noncontributory requirements depend upon the point in time at which an employee last joined the System. Most members of the ERS who joined the System on or before July 26, 1976 are enrolled in a non-contributory plan. Employees who last joined ERS subsequent to July 26, 1976

are enrolled in a contributory Plan. Tier 3 through Tier 5 employees must contribute 3 percent of their salary. Tier 3 and Tier 4 employees with more than ten years of membership or credited service within the System are not required to contribute. Tier 6 member contribution rates vary from 3 percent to 6 percent depending on salary. Tier 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

The Authority is required to contribute at an actuarially determined rate. The required contributions for the years ended December 31, 2017, 2016 and 2015 were \$252,468, \$260,201, and \$305,211 respectively, or approximately 15.5%, 16.0% and 19.9%, 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.

Pension Liability - At December 31, 2017, the Authority reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the System. The net pension asset/(liability) was measured as of March 31, 2017. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset/(liability) was based on a projection of the Authority's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the Authority. The net pension (liability) is included in the non-current liabilities on the Statement of Net Position for December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
	April 1, 2016	April 1, 2015
Actuarial valuation date		
Net pension asset/(liability)	(\$436,071)	(\$797,486)
Authority's portion of the Plan's total net pension asset/(liability)	0.0046409%	0.0049687%

Payables to the pension plan - ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Payments to the ERS due February 1, 2018 were prepaid at a discounted amount of \$252,468 during the Authority's year ended December 31, 2017. Accordingly, the Authority did not owe any payables to the Pension System as of December 31, 2017 or 2016.

Pension Expense - For the year ended December 31, 2017, the Authority recognized its proportionate share of pension expense of \$249,719. For December 31, 2016, the Authority's pension expense was \$284,899.

Collective Pension Expense - Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period. The collective pension expense for the periods ended December 31, 2017 and 2016 were \$290,406 and \$312,872 respectively.

Deferred Outflows and Inflows of Resources Related to Pension - The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for December 31, 2017 and 2016:

	Outflows of Resources 2017	Outflows of Resources 2016	Inflows of Resources 2017	Inflows of Resources 2016
Differences between expected and actual experiences	\$ 10,928	\$ 4,030	\$ 66,220	\$ 94,529
Changes of assumptions	148,978	212,665	-	-
Net difference between projected and actual earnings on pension plan investments	87,101	473,112	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	138,327	106,278	15,192	6,029
Contributions subsequent to the measurement date	252,468	260,215	-	-
Total	<u>\$ 637,802</u>	<u>\$ 1,056,300</u>	<u>\$ 81,412</u>	<u>\$ 100,558</u>

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows as of December 31, 2017 and 2016:

Year ended:	2017	2016
2017	\$ -	\$ 179,438
2018	123,154	179,438
2019	123,154	179,438
2020	103,450	157,213
2021	(45,837)	-
Thereafter	-	-

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. 2017 was the second year of the current year experience study cycle and recommends that the current assumptions be maintained. The actuarial valuation used the same actuarial assumptions for December 31, 2017 and 2016 and are as follows:

Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Inflation rate	2.5%
Salary Scale	3.8%
Interest Rate	7% compounded annually, net of investment expense
Projected Cost of Living Adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

Pensioner mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. 2017 was the second year of the current year experience study cycle and recommends that the current assumptions be maintained.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset class	Target allocation	Long-Term expected real rate of return
Domestic equity	36.0%	4.50%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation-Indexed bonds	4.0%	1.50%
	100.0%	

Discount rate - The discount rate used to calculate the total pension asset/(liability) was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption - The following presents the Authority's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$1,392,725	\$436,071	(\$372,778)

Optional Voluntary Defined Contribution (VDC) Plan - Under state legislation enacted in 2012, Authority Employees first hired after June 30, 2013 who earn least \$75,000 per year or more are eligible to join the New York State Voluntary Defined Contribution (VDC) Plan instead of the ERS Plan. The VDC Plan is administered by the State University of New York Optional Retirement Plan (SUNY OPR). SUNY OPR has contracted with TIAA-CREF to administer the VDC Plan. The VDC plan is portable among employers and eligible employees vest 366 days after first joining the plan or other employer funded contract with any of the VDC investment providers. The Authority's contribution rate is 8% of participating employee salary for the duration of employment. Participating employee contribution rates range from 5.75% to 6% based upon salary level. During the initial vesting period the Authority must contribute 4% interest to a vesting employee's contribution deduction not yet remitted to the Plan. The Authority has one employee who joined the plan in October 2015. The Authority's employer contributions to the VDC plan through December 31, 2017 and 2016 were \$8,721 and \$10,452 respectively.

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 unaudited 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 2017 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 2017 and gradually decline to 5% in 2021 and thereafter.
- The actuarial cost method chosen was the “Entry Age Actuarial Cost Method”.
- The Unfunded Actuarial Accrued Liability and Annual Required Contribution were 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.....	\$ 203,346
Interest on Net OPEB Obligation.....	(6,570)
Adjustment to the Annual Required Contribution.....	<u>10,850</u>
Annual OPEB Cost (Expense).....	207,626
Age Adjusted Contributions Made.....	<u>(300,000)</u>
Change in Net OPEB Obligation (NOO).....	(92,374)
Net OPEB Obligation (NOO) (Asset) – Beginning of Year.....	<u>(216,131)</u>
Net OPEB Obligation (NOO) (Asset) – End of Year.....	<u><u>\$ (308,505)</u></u>

During 2017 the Authority made \$300,000 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.....	12/31/2017
Actuarial Value of Assets (a).....	\$2,058,413
Actuarial Accrued Liability (b).....	\$3,654,356
Unfunded Actuarial Accrued Liability (UAAL) (b-a).....	\$1,595,943
Funded Ratio (a/b).....	56.33%
Covered Payroll (c).....	\$1,908,791
UAAL as a Percentage of Covered Payroll ((b-a)/c).....	83.61%

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

	2017	2016	2015
Annual OPEB cost	\$ 207,626	\$ 181,410	\$ 176,253
Age adjusted contribution	\$ 300,000	\$ 215,565	\$ 196,418
Percentage of annual OPEB cost contributed	144.5%	118.8%	111.4%
Net OPEB obligation (asset)	\$ (308,505)	\$ (216,131)	\$ (181,976)

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, 2017 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, 2017. There was no reduction in insurance coverage during 2017. Changes in the balance of claims paid directly by the Authority during the past two years are as follows:

	Year Ended 2017	Year Ended 2016
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	90,549	4,249
Claims paid	(90,549)	(4,249)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

NOTE 15 - Commitments and Contingencies

FBO Operations – As of September 1, 2013 the Authority entered into an agreement with REW Investments, Inc., (Million Air) to manage the fixed based operations on airport. The Agreement has been modified and extended through August 31, 2019. Under the agreement Million Air is obligated to manage 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 \$165,000 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, 2018. 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 not less than \$410,000. 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, 2017, the Authority has outstanding contractual commitments for completion of certain capital improvement projects totaling \$8.5 million of which an estimated \$5.7 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 55.7% of accounts receivable and airline revenues represent 24.5% of operating revenues for the year ended December 31, 2017.

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, 2017 and 2016 in compliance with: 1) requirements stated in the Single Audit Act of 1996 and Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; 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 the opinion of the Authority's counsel, the resolution of these claims will not have a material adverse effect on the financial position of the Authority.

NOTE 16 – Subsequent Events and Related Party Transactions

Land Acquisition – During 2017 the Authority and County of Albany came to an agreement in principle for the Authority to acquire from the County two parcels of land comprising approximately 13 acres for \$2,655,000 for future airport development. The land is presently developed with an ice hockey community recreational facility and an access road. The Airport currently uses a portion of the undeveloped portion of the parcels for Airport Valet Parking operations. Under the agreement the County would continue to operate the ice hockey facility as a community recreational facility for five years paying rent of \$1 per year. The acquired land parcels will be added to the Airport Layout Plan and become part of the Airport. The agreement to acquire the property is based upon consideration that approximated appraised fair value. The agreement to allow the County to continue to operate the hockey facility for five years for annual rent fee of one dollar is a

bargain price at less than fair value to the Airport but management believes it is permissible under federal regulations. The Authority intends to fund the acquisition of these parcels by using funds restricted for capital spending and other unrestricted funds if necessary. The Authority intends to issue additional debt to fund other committed and planned projects that it might otherwise have funded from cash on hand if this land acquisition did not occur. The agreement calls for the Authority lease with the County to be extended by 13 years to facilitate the Authority's contemplated borrowing plans as a result of this land acquisition.

Grant Claim – On January 3, 2018, the Authority certified a claim with the State of New York for Federal Emergency Management Administration disaster Aid in the amount of \$198,945 related to snow removal costs resulting from Super Storm Stella occurring March 13-14, 2017. If approved in full, the Authority would receive payment of \$149,209 to reimburse 75% of the storm related expenses claimed. The financial statements have made no provision for the inclusion of this potential grant income because the payment is considered possible but less than probable.

Required
Supplemental
Information



Albany County Airport Authority
 Schedule for the Authority's Proportionate Share of Net Pension Liability
 New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2017	2016	2015
Proportion percentage of net pension liability	0.00464%	0.00497%	0.00525%
Proportion amount of net pension liability	\$ 436,071	\$ 797,486	\$ 177,342
Covered-employee payroll	\$ 1,632,832	\$ 1,640,182	\$ 1,599,482
Authority's proportionate share of net pension liability as a percentage of covered-employee payroll	26.71%	48.62%	11.09%
Plan fiduciary net position as a percentage of total pension liability	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

Albany County Airport Authority
 Schedule for the Authority Contributions
 New York State and Local Employees' Retirement System

As of December 31,	2017	2016	2015
Contractually required contribution	\$ 252,468	\$ 260,215	\$ 305,211
Contributions in relation to the contractually required contribution	(252,468)	(260,215)	(305,211)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,674,841	\$ 1,608,253	\$ 1,650,458
Contributions as a percentage of covered payroll	15.07%	16.18%	18.49%

Data prior to 2015 is unavailable.

Albany County Airport Authority OPEB Trust
 Schedule of Funding Progress
 December 31, 2017

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, 2017	\$2,058,413	\$3,654,356	(\$1,595,943)	56.33%	\$1,908,791	83.61%
December 31, 2016	\$1,900,888	\$3,331,358	(\$1,430,470)	57.06%	\$1,825,392	78.37%
December 31, 2015	\$1,812,329	\$3,131,944	(\$1,319,615)	57.87%	\$1,743,009	75.71%
December 31, 2014	\$1,707,380	\$3,131,218	(\$1,423,838)	54.53%	\$1,667,061	85.41%
December 31, 2013	\$1,595,499	\$3,075,878	(\$1,480,379)	51.87%	\$1,705,000	86.83%
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%

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Other
Supplemental
Information



Albany County Airport Authority
Debt Service Requirements to Maturity

GENERAL AIRPORT REVENUE BONDS AND EFC BONDS

YEAR	Principal	Interest	Interest Subsidy	Authority Total
2018	\$ 9,419,000	\$ 3,556,576	\$ (9,241)	\$ 12,966,335
2019	7,259,000	3,131,498	(4,802)	10,385,696
2020	6,890,000	2,796,381	-	9,686,381
2021	7,240,000	2,454,381	-	9,694,381
2022	7,590,000	2,109,881	-	9,699,881
2023	7,975,000	1,732,881	-	9,707,881
2024	8,230,000	1,370,881	-	9,600,881
2025	8,565,000	1,029,631	-	9,594,631
2026	8,980,000	628,463	-	9,608,463
2027	880,000	209,575	-	1,089,575
2028	925,000	171,950	-	1,096,950
2029	950,000	134,925	-	1,084,925
2030	990,000	95,431	-	1,085,431
2031	305,000	53,863	-	358,863
2032	320,000	43,056	-	363,056
2033	330,000	31,450	-	361,450
2034	235,000	18,800	-	253,800
2035	235,000	9,400	-	244,400
TOTAL	\$ 77,318,000	\$ 19,579,025	\$ (14,044)	\$ 96,882,981

Albany County Airport Authority
Governmental Payments and Services
For the Years Ended December 31, 2017 and 2016

	2017	2016
UNITED STATES - Department of Agriculture		
Dept. of Agriculture - Wildlife Management Program	\$ 36,662	\$ 34,769
STATE OF NEW YORK		
Department of Civil Service - Health Insurance	602,863	529,699
State and Local Employees' Retirement System	252,468	260,215
Unemployment Insurance	4,456	4,571
Dept. of Taxation & Finance-Sales Tax	272,190	289,816
Dept. of Taxation & Finance-Petroleum Business Tax	94,179	124,848
Dept. of Labor Bureau of Public Work	5,713	-
DEC-Oil Spill Fee	32,046	12,351
DEC-SPDES Program Fees & Permits	2,520	2,425
Total State of New York	1,266,435	1,223,925
COUNTY OF ALBANY		
Direct Costs:		
Sheriff	2,109,844	2,216,172
Purchase of Land	420,000	-
Code Enforcement	48,073	45,904
Dept. of Public Works - Salt for Roadways	41,610	19,071
Sewer District Charges	5,000	5,000
Total County of Albany	2,624,527	2,286,147
LATHAM WATER DISTRICT - Water Service	112,665	97,577
TOWN OF COLONIE, RECEIVER OF TAXES		
Sewer Taxes	86,748	81,921
Verdoy Fire Dept.	1,649	1,648
Albany County Tax	5,561	5,633
Town of Colonie Tax	3,701	3,653
School Taxes - North Colonie	25,801	25,490
Total Town of Colonie, Receiver of Taxes	123,460	118,345
VILLAGE OF COLONIE		
Wastewater Conveyance	7,500	7,500
CAPITAL DISTRICT TRANSPORTATION AUTHORITY		
Employee Ground Transportation	20,000	-
TOTAL PAYMENTS TO OTHER GOVERNMENTAL ENTITIES	\$4,314,709	\$3,886,608

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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,

	2008	2009	2010	2011
REVENUES				
Airfield	\$ 6,828,222	\$ 7,303,064	\$ 6,249,734	\$ 6,620,031
Fixed Based Operations	10,193,452	7,579,581	8,339,501	10,816,078
Terminal	7,689,690	6,513,311	5,760,454	5,549,272
Concessions	5,480,004	6,044,347	6,135,012	6,531,954
Ground transportation	11,122,678	10,818,594	10,695,016	10,737,419
Other	4,361,254	3,991,942	3,772,841	3,739,595
	<u>45,675,300</u>	<u>42,250,839</u>	<u>40,952,558</u>	<u>43,994,349</u>
OTHER REVENUES				
Interest income	836,612	265,017	196,224	102,137
Passenger Facility Charges	3,716,492	4,077,806	5,043,851	4,832,209
Grant income	2,501,420	5,480,166	3,442,758	1,112,504
Improvement charges	276,300	368,400	368,400	368,400
	<u>7,330,824</u>	<u>10,191,389</u>	<u>9,051,233</u>	<u>6,415,250</u>
TOTAL REVENUES	<u>53,006,124</u>	<u>52,442,228</u>	<u>50,003,791</u>	<u>50,409,599</u>
EXPENSES				
Salaries and benefits	12,706,397	12,036,671	12,532,967	12,608,658
Services and supplies	21,524,796	17,588,812	17,354,401	20,064,093
Depreciation	13,626,882	14,067,322	13,585,503	13,406,698
	<u>47,858,075</u>	<u>43,692,805</u>	<u>43,472,871</u>	<u>46,079,449</u>
OTHER EXPENSES				
Grant expense	2,794,322	4,943,468	3,013,773	683,300
Interest expense	6,751,363	6,845,764	5,961,984	6,971,497
Bond Issuance Costs	-	-	-	-
Amortization of bond issuance costs	125,335	130,653	145,928	269,204
Decrease in fair value of investments	26,614	82,204	-	-
	<u>9,697,634</u>	<u>12,002,089</u>	<u>9,121,685</u>	<u>7,924,001</u>
TOTAL EXPENSES	<u>57,555,709</u>	<u>55,694,894</u>	<u>52,594,556</u>	<u>54,003,450</u>
Capital Contributions	8,379,148	6,524,938	5,883,974	7,063,708
Special Item	-	-	(553,347)	-
Extraordinary Item	-	-	(169,007)	-
INCREASE (DECREASE) IN NET POSITION	<u>\$ 3,829,563</u>	<u>\$ 3,272,272</u>	<u>\$ 2,570,855</u>	<u>\$ 3,469,857</u>
NET POSITION AT YEAR END COMPOSED OF:				
Net investment in capital assets	\$ 159,048,126	\$ 161,268,212	\$ 164,991,633	<1> \$ 167,205,678
Restricted	18,634,971	18,703,079	16,539,805	16,487,232
Unrestricted	9,981,222	10,965,300	11,037,746	12,346,131
	<u>\$ 187,664,319</u>	<u>\$ 190,936,591</u>	<u>\$ 192,569,184</u>	<u>\$ 196,039,041</u>

<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.

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,

	2012	2013	2014	2015	2016	2017
\$	6,517,132	\$ 6,382,280	\$ 6,320,065	\$ 6,457,974	\$ 5,882,274	\$ 6,678,085
	9,732,965	9,641,415	10,348,396	8,570,119	8,300,218	8,572,457
	5,220,736	5,146,616	4,816,946	5,000,721	4,777,241	5,019,779
	6,490,578	6,390,371	7,027,934	7,268,718	7,540,431	8,070,379
	11,035,611	10,998,265	11,575,593	13,089,872	15,163,022	15,325,640
	3,703,440	3,656,336	3,505,150	3,850,200	4,075,479	4,360,796
	42,700,462	42,215,283	43,594,084	44,237,604	45,738,665	48,027,136
	94,418	84,959	54,043	20,739	12,280	10,676
	4,843,563	4,693,348	4,777,691	5,080,183	5,385,946	5,431,444
	344,845	366,420	292,938	292,000	222,772	138,700
	368,400	368,400	368,400	368,400	368,400	368,400
	5,651,226	5,513,127	5,493,072	5,761,322	5,989,398	5,949,220
	48,351,688	47,728,410	49,087,156	49,998,926	51,728,063	53,976,356
	12,858,828	13,385,948	13,375,148	13,519,423	14,209,606	15,014,472
	17,939,145	18,275,162	18,948,402	17,850,888	17,904,007	18,380,540
	13,537,373	13,716,881	13,957,515	13,893,673	14,396,008	14,761,280
	44,335,346	45,377,991	46,281,065	45,263,984	46,509,621	48,156,292
	-	-	-	-	-	-
	6,615,097	6,255,548	5,870,629	5,463,254	5,002,200	4,261,394
	-	-	-	-	-	252,877
	164,459	156,676	133,008	109,988	100,347	76,280
	-	-	-	-	-	-
	6,779,556	6,412,224	6,003,637	5,573,242	5,102,547	4,590,551
	51,114,902	51,790,215	52,284,702	50,837,226	51,612,168	52,746,843
	4,385,124	4,009,502	6,414,378	8,942,652	2,389,827	4,616,709
	(980,110)	-	-	-	-	-
	-	-	-	-	-	-
\$	641,800	\$ (52,303)	\$ 3,216,832	\$ 8,104,352	\$ 2,505,722	\$ 5,846,222
\$	166,644,993	\$ 165,997,945	\$ 167,432,611	\$ 171,751,795	\$ 170,626,920	\$ 172,661,198
	16,852,644	17,049,812	17,573,958	19,387,387	21,191,423	22,238,003
	13,183,204	13,580,781	14,838,801	16,809,614	18,636,175	21,401,539
\$	196,680,841	\$ 196,628,538	\$ 199,845,370	\$ 207,948,796	\$ 210,454,518	\$ 216,300,740

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

	2008	2009	2010	2011
Cash Flows From Operating Activities				
Cash received from providing services	\$ 44,028,857	\$ 44,152,367	\$ 40,707,911	\$ 44,327,193
Cash paid to suppliers	(35,545,624)	(29,110,669)	(28,284,795)	(31,992,962)
Cash paid to employees	(1,257,735)	(1,248,160)	(1,154,379)	(1,099,021)
Net Cash Provided By Operating Activities	<u>7,225,498</u>	<u>13,793,538</u>	<u>11,268,737</u>	<u>11,235,210</u>
Cash Flows from Noncapital Financing Activities				
Grant Income	2,501,420	5,480,166	3,442,758	1,071,409
Grant Expense	(2,794,322)	(4,943,468)	(3,013,773)	(642,205)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(292,902)</u>	<u>536,698</u>	<u>428,985</u>	<u>429,204</u>
Cash Flows From Investing Activities				
Interest received	832,708	265,803	204,908	102,137
Purchase of Investments	-	-	(277,389)	-
Sale of Investments	-	65,110	442,237	-
Interest on Passenger Facility Charges	112,411	43,285	13,940	11,002
Net Cash Provided by Investing Activities	<u>945,119</u>	<u>374,198</u>	<u>383,696</u>	<u>113,139</u>
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(8,971,021)	(7,627,276)	(8,080,522)	(9,243,027)
Principal payments on bonds and notes payable	(6,885,016)	(8,177,659)	(3,531,847)	(8,574,618)
Interest paid	(7,398,066)	(6,835,858)	(5,931,827)	(5,724,131)
Payment to refunding agent	-	-	(125,391,340)	-
Proceeds from debt issuance	83,200,000	-	119,021,872	-
Payment of 1997 refunding bonds	(82,416,000)	-	-	-
Less: Cost of Issuance	(889,198)	-	(2,007,569)	-
ANCLUC funds	18,689	100,492	1,139	(347,296)
Concession Improvement funds	99,384	(183,611)	89,745	44,668
Improvement charges	276,300	368,400	368,400	368,400
Capital contributions	6,528,726	7,716,862	7,077,968	6,579,972
Passenger facility charges	3,613,380	3,921,553	5,036,950	4,850,569
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(12,822,822)</u>	<u>(10,717,097)</u>	<u>(13,347,031)</u>	<u>(12,045,463)</u>
Net increase (decrease)	(4,945,107)	3,987,337	(1,265,613)	(267,910)
Cash and cash equivalents, beginning of year	<u>39,321,706</u>	<u>34,376,599</u>	<u>38,363,936</u>	<u>37,098,323</u>
Cash and cash equivalents, end of year	<u>\$ 34,376,599</u>	<u>\$ 38,363,936</u>	<u>\$ 37,098,323</u>	<u>\$ 36,830,413</u>

Source: Authority's audited financial statements

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

	2012	2013	2014	2015	2016	2017
\$	42,253,033	\$ 42,311,459	\$ 43,862,468	\$ 44,211,164	\$ 45,595,258	\$ 47,814,646
	(28,813,561)	(30,404,614)	(30,679,673)	(31,277,486)	(28,239,666)	(33,640,390)
	(1,104,020)	(1,149,945)	(1,114,606)	(1,143,581)	(1,190,846)	(1,237,120)
	12,335,452	10,756,900	12,068,189	11,790,097	16,164,746	12,937,136
	344,845	366,420	292,938	292,000	222,772	138,700
	-	-	-	-	-	-
	344,845	366,420	292,938	292,000	222,772	138,700
	94,418	85,056	54,043	20,739	12,280	10,676
	-	-	-	-	-	-
	-	-	-	-	-	-
	8,470	9,293	9,257	11,688	14,941	18,476
	102,888	94,349	63,300	32,427	27,221	29,152
	(5,954,942)	(7,804,302)	(8,249,851)	(12,534,202)	(4,244,291)	(9,055,546)
	(8,736,422)	(8,598,074)	(8,102,182)	(8,266,000)	(8,567,000)	(8,803,000)
	(5,502,063)	(5,409,940)	(5,136,989)	(4,700,250)	(4,394,462)	(3,673,229)
	-	-	-	-	-	(16,794,552)
	-	-	-	-	-	15,826,250
	-	-	-	-	-	-
	-	-	-	-	-	(336,179)
	449	490	395	(1,334)	-	-
	67,457	337,258	(359,380)	101,374	(212,759)	107,689
	368,400	368,400	368,400	368,400	368,400	368,400
	3,488,992	4,411,353	4,826,042	10,209,459	3,164,885	3,797,722
	4,794,831	4,727,885	4,745,288	4,939,384	5,356,286	5,338,723
	(11,473,298)	(11,966,930)	(11,908,277)	(9,883,169)	(8,528,941)	(13,223,722)
	1,309,887	(749,261)	516,150	2,231,355	7,885,798	(118,734)
	36,830,413	38,140,300	37,391,039	37,907,189	40,138,544	48,024,342
\$	38,140,300	\$ 37,391,039	\$ 37,907,189	\$ 40,138,544	\$ 48,024,342	\$ 47,905,608

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

	2008	2009	2010	2011
PRINCIPAL REVENUE SOURCES				
AIRLINE REVENUE				
Landing Fees	\$ 4,422,523	\$ 4,770,538	\$ 3,843,738	\$ 3,964,651
Landing Fee Surcharge	168,250	170,810	169,427	168,015
Apron Fees	893,046	879,251	807,430	847,651
Fixed Based Operations	2,916,524	3,040,483	3,261,577	3,979,252
Terminal Rents	6,422,724	5,273,885	4,530,851	4,358,719
Loading Bridge Rentals	542,738	508,181	533,360	501,336
TOTAL AIRLINE REVENUE	15,365,805	14,643,148	13,146,383	13,819,624
Percent of Total Revenues	29.0%	27.9%	26.3%	27.4%
NON-AIRLINE REVENUES				
Parking	10,886,182	10,818,593	10,428,141	10,478,603
Rental Car	3,649,493	3,902,274	4,263,770	4,718,960
Other	15,773,820	12,886,824	13,114,264	14,977,162
TOTAL NON-AIRLINE REVENUES	30,309,495	27,607,691	27,806,175	30,174,725
Percent of Total Revenues	57.2%	52.6%	55.6%	59.9%
NON-OPERATING REVENUES				
PFCs	3,716,492	4,077,806	5,043,851	4,832,209
Grant Income	2,501,420	5,480,166	3,442,758	1,112,504
Interest	836,612	265,017	196,224	102,137
Other	276,300	368,400	368,400	368,400
TOTAL NON-OPERATING REVENUES	7,330,824	10,191,389	9,051,233	6,415,250
Percent of Total Revenues	13.8%	19.4%	18.1%	12.7%
TOTAL REVENUES	\$ 53,006,124	\$ 52,442,228	\$ 50,003,791	\$ 50,409,599
Enplaned Passengers	1,380,483	1,318,819	1,264,381	1,242,399
TOTAL REVENUE PER ENPLANED PASSENGER	\$ 38.40	\$ 39.76	\$ 39.55	\$ 40.57
SIGNATORY AIRLINES RATES AND CHARGES				
Landing Fee (per 1,000 lbs MGLW)	\$ 2.71	\$ 3.11	\$ 2.45	\$ 2.61
Landing Fee Surcharge (per 1,000 lbs MGLW)	0.08	0.10	0.10	0.11
Apron Fees (per sq. foot)	1.48	1.46	1.51	1.75
Annual Terminal Rental Rates (per sq. foot)	84.00	79.61	72.70	69.55
Annual Loading Bridge Rental (per bridge)	36,978.00	36,299.00	35,532.00	33,422.00
Airline Cost per Enplanement: Airport Operations	8.91	8.80	7.82	7.92

The Authority entered a ten year airline agreement which governs the calculation of rates and fees charged to signatory airlines effective January 1, 2006, renewed in 2011 and

<1> The revenue basis to which the signatory rates and charges apply and the principal airline revenue payers can be found on pages 94-99

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,

2012	2013	2014	2015	2016	2017
\$ 4,041,201	\$ 4,035,420	\$ 3,934,458	\$ 4,090,831	\$ 3,838,764	\$ 4,436,193
168,400	-	-	-	-	-
810,760	797,936	811,176	826,683	571,813	349,858
3,031,163	3,289,020	3,135,354	2,645,138	2,064,220	4,212,800
3,980,775	3,925,842	3,697,979	3,701,504	3,471,855	3,613,674
528,303	471,669	437,980	626,660	565,362	614,076
12,560,602	12,519,887	12,016,947	11,890,816	10,512,014	13,226,601
26.0%	26.2%	24.5%	23.8%	20.3%	24.5%
10,787,568	10,724,464	11,311,640	12,810,052	14,870,476	14,985,272
4,723,808	4,679,586	4,854,354	5,053,412	5,057,259	5,427,741
14,628,484	14,291,346	15,411,143	14,483,324	15,298,915	14,387,522
30,139,860	29,695,396	31,577,137	32,346,788	35,226,650	34,800,535
62.3%	62.2%	64.3%	64.7%	68.1%	64.5%
4,843,563	4,693,348	4,777,691	5,080,183	5,385,947	5,431,444
344,845	366,420	292,938	292,000	222,772	138,700
94,418	84,959	54,043	20,739	12,280	10,676
368,400	368,400	368,400	368,400	368,400	368,400
5,651,226	5,513,127	5,493,072	5,761,322	5,989,399	5,949,220
11.7%	11.6%	11.2%	11.5%	11.6%	11.0%
\$ 48,351,688	\$ 47,728,410	\$ 49,087,156	\$ 49,998,926	\$ 51,728,063	\$ 53,976,356
1,244,976	1,215,076	1,230,376	1,297,749	1,407,005	1,417,835
\$ 38.84	\$ 39.28	\$ 39.90	\$ 38.53	\$ 36.76	\$ 38.07
\$ 2.92	\$ 2.92	\$ 3.06	\$ 3.27	\$ 2.73	\$ 3.12
0.11	-	-	-	-	-
1.78	1.58	1.59	1.52	1.19	1.33
68.46	66.56	68.13	74.63	81.11	79.86
35,220.00	31,445.00	31,284.00	44,761.00	40,383.00	47,237.00
7.64	7.60	7.22	7.12	6.00	6.57

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

	2008	2009	2010
Ratio of Authority issued Revenue Bond Debt Service to Total Expenses			
Principal	\$ 6,885,016	\$ 8,177,659	\$ 3,531,847
Interest <1>	7,513,131	6,976,417	6,107,912
Total Debt Service	\$ 14,398,147	\$ 15,154,076	\$ 9,639,759 <3>
Total Expenses	\$ 57,555,709	\$ 55,694,894	\$ 52,594,556
Ratio of Debt Service to Total Expenses	25.02%	27.21%	18.33%
Debt Service per Enplaned Passenger			
Net Debt Service	\$ 10,230,911	\$ 11,428,288	\$ 5,913,971
Enplaned Passengers	1,380,483	1,318,819	1,264,381
Debt Service per Enplaned Passenger	\$ 7.41	\$ 8.67	\$ 4.68
Outstanding Debt (Authority and County) per Enplaned Passenger			
Outstanding debt by type:			
County of Albany Debt Issued for the Authority <2>	\$ 4,580,151	\$ 3,418,256	\$ 2,454,409
General Airport Revenue Bond (GARB)	137,253,661	136,681,250	132,560,000
NYS EFC	5,694,808	4,627,000	4,045,887
Subtotal	147,528,620	144,726,506	139,060,296
Unamortized Premiums/Discounts (net)	-	-	6,354,402
Total Outstanding Debt and Premiums	\$ 147,528,620	\$ 144,726,506	\$ 145,414,698
Enplaned Passengers	1,380,483	1,318,819	1,264,381
Outstanding Debt per Enplaned Passenger	\$ 107	\$ 110	\$ 115
Debt Limit per Enplaned Passenger			
Debt Limit	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
Enplaned Passengers	1,380,483	1,318,819	1,264,381
Debt Limit per Enplaned Passenger	\$ 206	\$ 216	\$ 225

<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 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.

Source: Authority's audited financial statements and statistics reports

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

	2011	2012	2013	2014	2015	2016	2017
\$	8,574,618	\$ 8,736,422	\$ 8,598,074	\$ 8,102,182	\$ 8,266,000	\$ 8,567,000	\$ 8,803,000
	7,240,701	6,779,556	5,361,990	5,077,305	4,797,018	4,477,430	4,066,615
\$	15,815,319	\$ 15,515,978	\$ 13,960,064	\$ 13,179,487	\$ 13,063,018	\$ 13,044,430	\$ 12,869,615
\$	54,003,450	\$ 51,114,902	\$ 51,790,215	\$ 52,284,702	\$ 50,837,226	\$ 51,612,168	\$ 52,746,843
	29.29%	30.36%	26.96%	25.21%	25.70%	25.27%	24.40%
\$	10,962,543	\$ 11,054,389	\$ 9,260,064	\$ 8,966,388	\$ 9,769,698	\$ 9,436,220	\$ 9,259,359
	1,242,399	1,244,976	1,215,076	1,230,376	1,297,749	1,407,005	1,417,835
\$	8.82	\$ 8.88	\$ 7.62	\$ 7.29	\$ 7.53	\$ 6.71	\$ 6.53
\$	1,510,678	\$ 584,256	\$ 81,182	\$ -	\$ -	\$ -	\$ -
	125,340,000	117,950,000	110,315,000	102,690,000	94,825,000	86,670,000	76,190,000
	3,635,000	3,215,000	2,755,000	2,359,000	1,958,000	1,546,000	1,128,000
	130,485,678	121,749,256	113,151,182	105,049,000	96,783,000	88,216,000	77,318,000
	5,419,410	4,500,194	3,663,730	2,886,785	2,155,497	1,483,693	2,248,604
\$	135,905,088	\$ 126,249,450	\$ 116,814,912	\$ 107,935,785	\$ 98,938,497	\$ 89,699,693	\$ 79,566,604
	1,242,399	1,244,976	1,215,076	1,230,376	1,297,749	1,407,005	1,417,835
\$	109	\$ 101	\$ 96	\$ 88	\$ 76	\$ 64	\$ 56
\$	285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
	1,242,399	1,244,976	1,215,076	1,230,376	1,297,749	1,407,005	1,417,835
\$	229	\$ 229	\$ 235	\$ 232	\$ 220	\$ 203	\$ 201

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

	2008	2009	2010	2011
NET REVENUES				
Operating Revenues	\$ 45,675,304	\$ 42,250,595	\$ 40,952,560	\$ 43,994,350
Interest Income	597,990	233,567	184,276	83,120
Investments Received	-	(79,087)	-	-
Air Service Development	-	-	-	-
TSA (LEO) Reimbursement	-	-	428,984	429,204
Improvement Charges	276,300	368,400	368,400	368,400
Total Revenues	\$ 46,549,594	\$ 42,773,475	\$ 41,934,220	\$ 44,875,074
LESS: Total Operating Expenses <1>	(34,231,189)	(29,625,492)	(29,886,704)	(32,675,747)
LESS: Albany County Debt Service	(1,202,184)	(1,156,056)	(1,080,407)	(1,022,352)
LESS: Air Service Incentive Cost to Airport	-	-	-	-
Net Revenues	\$ 11,116,221	\$ 11,991,927	\$ 10,967,109	\$ 11,176,975
DEBT SERVICE				
1997 Revenue Bonds	\$ 388,433	\$ -	\$ -	\$ -
Less: PFC Revenues used for Debt Service	(4,167,236)	(3,725,788)	(2,806,622)	(4,852,776)
1998 B & C Revenue Bonds	2,360,653	2,444,052	1,455,142	-
1999 NYS EFC Revenue Bonds	634,745	617,141	577,873	443,618
Less: 1999 NYS EFC Interest Subsidy	(174,600)	(157,301)	(143,792)	(26,907)
2000 NYS EFC Revenue Bonds	275,149	279,829	-	-
Less: 2000 NYS EFC Interest Subsidy	(18,996)	(12,846)	-	-
2000 B Revenue Bonds	957,753	957,471	511,813	-
2003 A Revenue Bonds	748,863	748,637	746,692	748,577
2004 NYS EFC Revenue Bonds	41,985	41,289	40,893	39,362
Less: 2004 NYS EFC Interest Subsidy	(4,009)	(3,341)	(2,673)	(2,004)
2006 A & B Revenue Bonds	1,099,926	1,099,188	1,102,531	1,099,788
2006 C Revenue Bonds	402,054	402,048	401,838	401,429
2008 A Refunding Bonds	6,348,023	6,902,639	3,963,413	-
2010 A Refunding Bonds	-	-	2,707,162	9,628,519
2010 B Refunding Bonds	-	-	62,112	923,852
2017 A Refunding Bonds	-	-	-	-
2017 B Refunding Bonds	-	-	-	-
Net Debt Service	\$ 8,892,743	\$ 9,593,018	\$ 8,616,382	\$ 8,403,458
DEBT SERVICE COVERAGE <2>	1.25	1.25	1.27	1.33
<2> Does not include required amounts held in Bond Reserve Accounts as follows:				
1998 B & C Revenue Bonds	\$ 2,447,415	\$ 2,447,415	\$ -	\$ -
1999 NYS EFC Bonds	442,237	442,237	277,389	277,389
2000 NYS EFC Bonds	237,494	237,494	-	-
2000 B Revenue Bonds	926,700	926,700	-	-
2003 A Revenue Bonds	514,100	514,100	514,100	514,100
2004 NYS EFC Bonds	38,831	38,831	38,831	38,831
2006 A & B Revenue Bonds	1,128,600	1,128,600	1,128,600	1,128,600
2006 C Revenue Bonds	404,263	404,263	404,263	404,263
2008 A Refunding Bonds	8,232,976	8,232,976	-	-
2010 A Refunding Bonds	-	-	9,523,517	9,523,517
2017 A & B Refunding Bonds	-	-	-	-
Total Bond Reserve Accounts	\$ 14,372,616	\$ 14,372,616	\$ 11,886,700	\$ 11,886,700

<1> Beginning in 2015, Total Operating Expenses include contributions actually paid to employee benefit trusts, as provided for under the master bond resolution rather than the expense under GASB No. 68 and No. 71.

<2> 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.

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,

2012	2013	2014	2015	2016	2017
\$ 42,700,503	\$ 42,215,294	\$ 43,594,101	\$ 44,237,599	\$ 45,738,668	\$ 48,027,140
76,334	59,013	51,374	10,784	12,280	10,676
-	-	-	-	-	-
-	75,000	-	-	-	-
344,845	291,420	292,938	292,000	222,772	138,700
368,400	368,400	368,400	368,400	368,400	368,400
\$ 43,490,082	\$ 43,009,127	\$ 44,306,813	\$ 44,908,783	\$ 46,342,120	\$ 48,544,916
(30,797,979)	(31,661,110)	(32,323,557)	(31,452,654)	(31,521,233)	(33,373,689)
(967,198)	(511,616)	(81,180)	-	-	-
-	-	-	(50,732)	(539,720)	(67,041)
\$ 11,724,905	\$ 10,836,401	\$ 11,902,076	\$ 13,405,397	\$ 14,281,167	\$ 15,104,186
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4,461,589)	(4,700,000)	(4,213,099)	(3,293,320)	(3,608,210)	(3,610,256)
-	-	-	-	-	-
451,094	452,309	453,637	452,972	457,308	455,397
(25,819)	(24,265)	(22,283)	(19,808)	(16,856)	(13,277)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
744,250	742,130	474,876	464,391	463,473	118,080
38,642	72,452	-	-	-	-
(1,336)	(668)	-	-	-	-
1,101,051	1,099,875	1,102,502	1,103,706	1,098,489	275,865
400,822	400,013	403,996	402,588	400,980	99,867
-	-	-	-	-	-
9,621,151	9,622,600	9,627,239	9,625,169	10,540,689	10,549,011
925,376	927,326	925,329	924,104	-	-
-	-	-	-	-	583,089
-	-	-	-	-	913,764
\$ 8,793,642	\$ 8,591,772	\$ 8,752,197	\$ 9,659,802	\$ 9,335,873	\$ 9,371,540
1.33	1.26	1.36	1.39	1.53	1.61
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
277,389	277,389	277,389	277,389	277,389	277,389
-	-	-	-	-	-
-	-	-	-	-	-
514,100	514,100	514,100	514,100	514,100	-
38,831	-	-	-	-	-
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	-
-	-	-	-	-	-
9,523,517	9,523,517	9,523,517	9,523,517	9,523,517	9,523,517
-	-	-	-	-	1,261,495
\$ 11,886,700	\$ 11,847,869	\$ 11,847,869	\$ 11,847,869	\$ 11,847,869	\$ 11,062,401

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

	2016	2010	2010 vs. 2000	2000	2000 vs. 1990	1990
<u>PRIMARY TRADE AREA</u>						
State of New York						
Albany County	308,846	304,204	3.3%	294,565	0.7%	292,594
Columbia County	60,989	63,096	0.0%	63,094	0.2%	62,982
Fulton County	53,828	55,531	0.8%	55,073	1.6%	54,191
Greene County	47,508	49,221	2.1%	48,195	7.7%	44,739
Montgomery County	49,276	50,219	1.0%	49,708	-4.4%	51,981
Rensselaer County	160,070	159,429	4.5%	152,538	-1.2%	154,429
Saratoga County	227,053	219,607	9.5%	200,635	10.7%	181,276
Schenectady County	154,553	154,727	5.6%	146,555	-1.8%	149,285
Schoharie County	31,317	32,749	3.7%	31,582	-0.9%	31,859
Warren County	64,567	65,707	3.8%	63,303	6.9%	59,209
Washington County	61,800	63,216	3.6%	61,042	2.9%	59,330
State of Massachusetts						
Berkshire County	126,903	131,219	-2.8%	134,953	-3.2%	139,352
State of Vermont						
Bennington County	36,191	37,125	0.4%	36,994	3.2%	35,845
PRIMARY TRADE AREA	1,382,901	1,386,050	3.6%	1,338,237	1.6%	1,317,072
<u>SECONDARY TRADE AREA</u>						
State of New York						
Delaware County	45,523	47,980	-0.2%	48,055	1.8%	47,225
Dutchess County	294,473	297,488	6.2%	280,150	8.0%	259,462
Essex County	38,102	39,370	1.3%	38,851	4.6%	37,152
Hamilton County	4,542	4,836	-10.1%	5,379	1.9%	5,279
Herkimer County	62,613	64,519	0.1%	64,427	-2.1%	65,797
Otsego County	60,097	62,259	0.9%	61,676	1.9%	60,517
Ulster County	179,225	182,493	2.7%	177,749	7.5%	165,304
State of Connecticut						
Litchfield County	182,571	189,927	4.2%	182,193	4.7%	174,092
State of Massachusetts						
Franklin County	70,382	71,372	-0.2%	71,535	2.1%	70,092
Hampden County	468,467	463,490	1.6%	456,228	0.0%	456,310
Hampshire County	161,816	158,080	3.8%	152,251	3.9%	146,568
State of Vermont						
Addison County	36,959	36,821	2.4%	35,974	9.2%	32,953
Rutland County	59,310	61,642	-2.8%	63,400	2.0%	62,142
Windham County	43,145	44,513	0.7%	44,216	6.3%	41,588
Windsor County	55,496	56,670	-1.3%	57,418	6.2%	54,055
SECONDARY TRADE AREA	1,762,721	1,781,460	2.4%	1,739,502	3.6%	1,678,536
TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION	3,145,622	3,167,510	2.9%	3,077,739	2.7%	2,995,608
State of New York	19,849,399	19,378,102	2.1%	18,976,457	5.5%	17,990,455
United States	325,719,178	308,745,538	9.4%	282,171,936	13.5%	248,709,873

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

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

Rank	Employer	Industry	Employees	
			2017	2008
1	New York State	State Government	51,800	53,800
2	St. Peter's Health Partners	Health Care	12,130	3,587
3	Albany Medical Center	Health Care	8,652	5,670
4	Golub Corporation	Retail Grocery, Headquarters, and Dist. Center	8,208	6,555
5	U.S. Government	Federal Government	7,901	6,900
6	General Electric Company	Energy, Research, Industrial	7,000	7,000
7	Hannaford Brothers	Retail Grocery	5,000	3,580
8	University of Albany	Educational Services	4,700	N/A
9	Ellis Medicine	Health Care	3,479	1,645
10	Stewart's Shops Corp.	Dairy Products/Convenience Stores	3,099	1,335
11	Bechtel Marine Propulsion Corp.	Research and development	3,000	2,600
12	Glens Falls Hospital	Health Care	2,736	2,347
13	Center for Disability Services	Health Care	2,651	2,198
14	County of Albany	Government	2,497	2,921
15	Global Foundries	Semiconductor Manufacturing	2,400	N/A
16	Saratoga Hospital & Nursing Home	Health Care	2,187	1,148
17	Rensselaer Polytechnic Institute	Educational Services	1,968	1,898
18	City of Schenectady School District	Educational Services	1,808	1,800
19	Shenendehowa School District	Educational Services	1,680	1,900
20	Rensselaer County	Local Government	1,657	1,600
21	St Mary's Healthcare	Health Care	1,610	N/A
22	Empire Blue Cross/Blue Shield	Health Insurance	1,600	1,689
23	Albany City School District	Educational Services	1,600	1,270
24	City of Albany	Local Government	1,488	1,493
25	Schenectady County	Local Government	1,412	1,500
26	Northern Rivers Family Services	Children and Family Services	1,250	N/A
27	National Grid	Electric and Gas Utility	1,100	1,350
28	Regeneron Pharmaceuticals Inc.	Health Services	1,100	N/A
29	Saratoga County	Local Government	1,099	1,100
30	Momentive Performance Materials	Manufacturing	1,000	N/A

N/A - Not Available

Sources: Various

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

Name	County	Public/Private	Enrollment	
			2017	2008
Excelsior College	Albany	Private	40,103	30,334
State University of New York at Albany	Albany	Public	18,143	17,635
Hudson Valley Comm. College	Rensselaer	Public	11,587	12,300
SUNY Empire State College	Albany	Public	11,315	10,938
Rensselaer Polytechnic Institute	Rensselaer	Private	7,113	6,289
Schenectady Comm. College	Schenectady	Public	6,407	4,756
College Of Saint Rose	Albany	Private	4,442	5,062
SUNY Adirondack	Warren	Public	3,934	3,571
Siena College	Albany	Private	3,239	3,222
SUNY College of Agriculture & Tech at Cobleskill	Schoharie	Public	2,807	N/A
The Sage Colleges	Rensselaer	Private	2,713	3,300
SUNY Polytechnic	Albany	Public	2,705	N/A
Skidmore College	Saratoga	Private	2,686	2,679
Fulton-Montgomery Comm. College	Fulton-Montgomery	Public	2,634	2,203
Union College	Schenectady	Private	2,203	2,212
Williams College	Berkshire, MA	Private	2,150	2,150
Massachusetts College of Liberal Arts	Berkshire, MA	Public	1,925	1,925
Empire Education Corp	Albany	Private	1,702	N/A
Columbia-Greene Comm. College	Columbia-Greene	Public	1,645	1,805
Albany College Of Pharmacy	Albany	Private	1,247	1,426
Albany Medical College	Albany	Private	822	758
Maria College	Albany	Private	779	749
Mildred Elley	Albany	Private	683	410
Southern Vermont College	Bennington, VT	Public	475	413
Bryant & Stratton Business Institute	Albany	Private	448	620
Union Graduate College	Schenectady	Private	438	400
Bard College at Simon's Rock	Berkshire, MA	Private	420	420
Bennington College	Bennington, VT	Private	400	600
Albany Law School	Albany	Private	394	738
Samaritan Hospital School of Nursing	Rensselaer	Private	133	N/A
Memorial Hospital School of Nursing	Albany	Private	129	N/A
Ellis Hospital School of Nursing	Albany	Private	119	155
New School Center for Media	Albany	Private	80	80
			136,020	117,150

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		
		<u>2008</u>	<u>2017</u>
Acres (+/-):		1,082	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	92,107	91,202
	Tenants - sq ft	41,639	45,612
	Public/Common - sq ft	104,837	102,965
	Mechanical - sq ft	51,702	50,506
	Total - sq ft	<u>290,285</u>	<u>290,285</u>
	Number of passenger gates	21	21
	Number of loading bridges	16	16
	Number of Concessionaires in Terminal	7	6
	Number of Rental Car Agencies in Terminal	5	6
Apron:	Commercial Airlines - sq ft	810,901	810,901
	Cargo Airlines - sq ft	210,600	210,600
	FBO - sq ft	640,000	640,000
Parking:	Spaces assigned		
	Garage	1,907	1,912
	Short-term	353	222
	Long-term	1,117	1,789
	Economy	2,783	2,763
	Rental Cars	307	307
	Employees	514	365
	Total	<u>6,981</u>	<u>7,358</u>
Cargo:	Air Cargo Building - sq ft	50,500	50,500
Employees:	Authority	34.0	22.0
	Airport Operations	171.0	159.50
	Fixed Based Operator	37.0	36.0
	Total	<u>242.0</u>	<u>217.50</u>

**Albany International Airport
Enplaned Passengers
2008-2017**

AIRLINE	2017	Percent of Total 2017	2016	Percent of Total 2016	2015
Southwest Airlines	566,801	40.0%	569,101	40.4%	557,183
Delta Airlines	173,086	12.2%	158,638	11.3%	160,607
American Airlines (formerly US Airways)	115,904	8.2%	115,298	8.2%	101,734
Jet Blue	90,744	6.4%	87,036	6.2%	5,492
United Airlines	83,366	5.9%	95,299	6.8%	85,743
United Express (Commutair)	80,981	5.7%	72,990	5.2%	62,159
American Eagle (Piedmont)	56,509	4.0%	32,788	2.3%	10,851
American Eagle (PSA)	38,262	2.7%	23,360	1.7%	1,170
American Eagle (Envoy)	37,949	2.7%	33,591	2.4%	
American Eagle (Air Wisconsin)	34,044	2.4%	52,701	3.7%	68,805
Delta Connection (SkyWest)	27,157	1.9%	4,336	0.3%	
American Eagle (Republic)	19,831	1.4%	38,616	2.7%	91,520
Delta Connection (Endeavor)	19,527	1.4%	39,496	2.8%	29,856
United Express (SkyWest)	17,881	1.3%	14,603	1.0%	4,862
United Express (Go Jet)	13,964	1.0%	5,185	0.4%	15,459
Cape Air	12,966	0.9%	16,090	1.1%	16,119
United Express (Mesa)	8,122	0.6%	10,653	0.8%	25,002
United Express (Transtates)	4,644	0.3%	4,059	0.3%	1,162
American Eagle (Transtates)	3,980	0.3%			
Delta Connection (Go Jet)	3,651	0.3%	4,768	0.3%	
United Express (Express Jet)	3,593	0.3%	10,964	0.8%	16,517
Boutique Air	1,852	0.1%			
XTRA Airways	1,116	0.1%			
OneJet	989	0.1%			
Delta Connection (Express Jet)	524	0.0%	13,525	1.0%	26,626
United Express (Republic)	185	0.0%	286	0.0%	8,354
United Express (Shuttle America)	115	0.0%	65	0.0%	41
American Eagle (SkyWest)	92	0.0%	1,946	0.1%	
Delta Connection (Shuttle America)			1,611	0.1%	6,473
Delta Connection (Compass)					1,632
American Eagle (Mesa)					382
Delta Connection (Chautauqua)					
United Express (Chautauqua)					
Air Canada					
United Express (Colgan)					
Continental (Express Jet)					
Delta Connection (Comair)					
Continental Connection (Colgan)					
Continental Connection (Commutair)					
US Airways Express (Colgan Air)					
Delta Connection (Mesaba)					
US Airways Express (Chautauqua)					
Delta Connection (ASA)					
United Express (ASA)					
Northwest Airlines					
Northwest Airlink (Pinnacle)					
Northwest Airlink (Mesaba)					
Delta Connection (Freedom)					
Continental Airlines					
American Eagle					
Delta Connection (Big Sky)					
Sub Total	1,417,835	100.0%	1,407,005	100.0%	1,297,749
Charters	0	0.0%	429	0.0%	461
TOTAL	1,417,835	100.0%	1,407,434	100.0%	1,298,210

Source: Albany County Airport Authority

**Albany International Airport
Enplaned Passengers
2008-2017**

2014	2013	2012	2011	2010	2009	2008
525,585	504,095	504,987	511,735	511,636	511,094	501,437
112,905	68,589	72,590	46,606	18,251		
84,127	89,607	87,207	81,980	83,513	104,799	130,192
69,742	30,881	51,913	64,408	66,191	75,828	70,027
51,507	22,692	18,075				
12,474	14,080	33,403	16,393	29,701	52,723	39,701
1,168	6,935	47		1,993	2,270	1,985
62,440	43,099	28,835	51,029	35,060	31,665	36,777
		1,534				
86,721	98,369	104,199	76,919	90,263	62,626	50,137
42,722	78,580	85,535	100,678	54,130		
5,258						
13,390	32,044	18,078	7,489	47,605	52,875	58,784
16,802	16,752	16,429	16,284	8,677	8,013	2,237
11,165	17,467	14,014	21,460	25,230	24,623	
			38	4,733	33,266	49,426
756						
21,713	81,039	98,820	36,282	26,609		
38,219	26,924	12,054				
30,259	36,109					
	214	2	47			
64			60			
4,265	18,941	10,992	2,665	18,447		
21,135	10,216	79	846	5,368	3,971	16,906
14,558	2,878	10,743	576	4,437	5,061	66
3,401	12,129					
	3,436	4,392	4,482	4,782	4,153	7,077
		49,998	33,298			
		5,900	40,463	63,067	57,528	66,314
		5,278	1,762	26,189	40,369	50,476
		4,612	28,434	30,702	40,255	35,090
		3,843	23,615	8,001	9,201	5,463
		1,230	6,902	8,408	7,092	10,011
		146	12,302	30,699		
		41				
			37,155	48,212	72,330	75,522
			18,491	12,284		
				193	63,724	85,038
					21,995	9,939
					21,435	17,109
					11,116	25,233
					807	
						35,344
						192
1,230,376	1,215,076	1,244,976	1,242,399	1,264,381	1,318,819	1,380,483
1,009	911	904	1,131	1,493	1,600	1,988
1,231,385	1,215,987	1,245,880	1,243,530	1,265,874	1,320,419	1,382,471

**Albany International Airport
Airline Landed Weight (lbs.)
2008-2017**

<u>Commercial Carriers</u>	2017	Percent of Total 2017	2016	Percent of Total 2016	2015
Southwest Airlines	579,923,601	33.3%	586,092,000	33.3%	563,978,000
Delta Airlines	197,829,323	11.3%	183,615,710	10.4%	182,901,118
American Airlines (formerly US Airways)	142,955,406	8.2%	139,386,707	7.9%	114,046,440
Jet Blue	102,628,355	5.9%	104,956,520	6.0%	6,256,712
United Airlines	96,782,482	5.6%	126,927,674	7.2%	107,841,768
United Express (Commutair)	96,037,006	5.5%	83,099,012	4.7%	73,147,505
American Eagle (Piedmont)	61,141,955	3.5%	39,101,103	2.2%	12,780,307
American Eagle (PSA)	48,282,802	2.8%	29,126,003	1.7%	1,476,401
American Eagle (Envoy)	48,111,665	2.8%	42,416,420	2.4%	
American Eagle (Air Wisconsin)	38,399,000	2.2%	63,497,000	3.6%	78,396,000
Delta Connection (Sky West)	29,942,300	1.7%	4,573,100	0.3%	
American Eagle (Republic)	24,958,355	1.4%	50,137,054	2.8%	102,046,749
Delta Connection (Endeavor)	21,488,406	1.2%	42,351,100	2.4%	32,467,901
United Express (SkyWest)	18,891,990	1.1%	14,888,118	0.8%	4,856,000
Cape Air	15,933,102	0.9%	20,413,009	1.2%	21,029,502
United Express (Go Jet)	14,472,000	0.8%	5,427,000	0.3%	16,214,000
United Express (Mesa)	8,860,000	0.5%	11,524,000	0.7%	26,666,000
Boutique Air	4,934,982	0.3%			
United Express (Transtates)	4,305,591	0.2%	4,156,332	0.2%	1,241,634
American Eagle (Transtates)	4,146,748	0.2%			
United Express (Express Jet)	4,112,026	0.2%	11,818,840	0.7%	16,833,427
Delta Connection (Go Jet)	3,791,201	0.2%	5,261,399	0.3%	201,000
OneJet	3,336,049	0.2%			
XTRA Airways	2,376,000	0.1%			
Delta Connection (Express Jet)	911,502	0.1%	15,960,701	0.9%	30,950,102
United Express (Republic)	291,898	0.0%	522,057	0.0%	9,052,000
Delta Connection (Republic)	291,888	0.0%			
Delta Connection (Shuttle America)	147,268	0.0%	1,489,218	0.1%	6,601,260
United Express (Shuttle America)	144,623	0.0%	72,311	0.0%	144,624
American Eagle (SkyWest)	134,000	0.0%	2,867,000	0.2%	
Charters			1,012,000	0.1%	1,164,000
Delta Connection (Compass)					1,824,972
American Eagle (Mesa) formerly US Airways Express					588,003
Delta Connection (Chautauqua)					
United Express (Chautauqua)					
Air Canada					
United Express (Colgan)					
Continental Connection (Colgan)					
Continental Connection (Express Jet)					
Delta Connection (Comair)					
Continental Connection (Commutair)					
US Airways Express (Colgan)					
Delta Connection (Mesaba)					
US Airways Express (Chautauqua)					
Delta Connection (ASA)					
United Express (ASA)					
Continental Airlines					
Northwest Airlines					
Northwest Airlink (Pinnacle)					
Northwest Airlink (Mesaba)					
Delta Connection (Freedom)					
American Eagle					
Delta Connection (Big Sky)					
	1,575,561,524	90.4%	1,590,691,388	90.4%	1,412,705,425
<u>Cargo Carriers</u>					
United Parcel Service	102,618,000	5.9%	103,574,000	5.9%	100,192,000
Federal Express	50,420,000	2.9%	51,084,000	2.9%	50,886,000
Wiggins Airways	10,166,496	0.6%	9,992,302	0.6%	7,471,500
Ameriflight	4,233,647	0.2%	4,100,650	0.2%	4,273,641
Air Now					
DHL					
Misc Cargo Carriers					
	167,438,143	9.6%	168,750,952	9.6%	162,823,141
Grand Total	1,742,999,667	100.0%	1,759,442,340	100.0%	1,575,528,566

Source: Albany County Airport Authority

**Albany International Airport
Airline Landed Weight (lbs.)
2008-2017**

2014	2013	2012	2011	2010	2009	2008
564,078,000	556,334,000	569,014,000	571,920,000	572,100,000	592,288,000	606,268,000
127,177,598	87,394,799	91,360,813	53,982,509	20,349,608		
91,538,758	92,454,358	84,659,102	81,480,800	80,754,302	120,409,823	165,434,995
85,883,301	41,049,688	71,647,362	86,114,744	89,909,713	101,716,477	87,446,407
62,790,000	25,018,500	19,233,003				
14,116,804	16,170,306	46,331,413	35,475,009	48,466,505	80,372,091	55,772,703
1,157,201	8,104,000	134,000		2,997,000	3,269,000	2,838,000
69,325,000	54,426,000	36,049,000	67,351,000	49,914,000	42,065,000	50,290,000
		1,504,000				
31,496,000	136,527,617	136,105,502	111,779,265	123,518,991	88,692,047	68,929,242
46,824,798	85,479,997	91,611,511	110,381,509	60,855,208		
5,511,000		47,000				
21,029,500	21,276,102	21,296,654	25,995,749	21,385,706	21,337,751	5,932,101
15,075,000	38,659,000	20,368,000	9,695,000	59,831,000	74,035,000	74,102,000
12,328,000	19,832,000	15,745,000	26,532,000	30,218,000	5,254,000	
			42,548	5,616,465	32,549,986	52,548,013
22,487,074	87,352,775	103,135,949	37,630,283	28,116,619		
1,072,000	268,000					
41,728,699	30,800,102	13,969,006				
104,824,601	45,756,000					
72,310			74,958			
	462,795	289,241	72,309			
2,756,784	2,500,198	4,119,338	4,145,995	5,722,930	4,230,983	4,069,000
4,996,736	22,259,441	13,314,317	3,298,107	20,613,616		
24,402,000	12,862,500	73,500	808,500	6,100,505	26,215,500	16,317,000
13,828,429	2,850,784	12,977,453	1,021,174	5,105,879	5,573,926	85,097
3,574,118	14,211,365					
	6,092,200	8,797,995	8,200,404	11,122,003	10,707,003	12,317,199
		49,228,000	35,898,000			
		11,780,000	39,308,000	40,405,906	46,934,000	40,672,000
		9,457,726	42,769,610	63,076,374	61,830,055	72,763,757
		5,624,606	2,820,000	29,995,506	46,718,101	64,628,000
		5,515,502	29,176,504	10,453,508	9,694,500	4,933,500
		4,617,006	19,266,005	25,450,508	25,958,476	31,632,517
		225,299	15,802,598	37,117,103		
		42,549				
			42,377,404	54,193,008	77,199,700	79,578,000
			19,552,000	12,831,000		
			1,361,544		1,560,000	
				196,200	74,479,110	98,588,000
					23,443,397	10,227,296
					22,951,402	19,266,996
					13,956,071	29,389,767
						36,951,763
						325,280
1,368,073,711	1,408,142,527	1,448,273,847	1,484,333,528	1,516,417,163	1,613,441,399	1,691,306,633
101,441,920	99,121,840	98,839,841	100,395,604	98,503,762	98,163,713	97,346,000
51,480,000	50,651,000	51,171,000	51,337,000	42,670,000	42,947,679	42,687,000
7,493,598	7,250,511	7,378,000	7,514,000	7,684,009	7,520,270	7,667,000
4,066,902	3,996,509	3,961,299	4,054,101	4,142,604	5,646,338	245,000
					184,014	2,397,398
						26,503,603
		5,401	45,901			
164,482,420	161,019,860	161,355,541	163,346,606	153,000,375	154,462,014	176,846,001
1,532,556,131	1,569,162,387	1,609,629,388	1,647,680,134	1,669,417,538	1,767,903,413	1,868,152,634

**Albany International Airport
Aircraft Operations
2008-2017**

<u>Commercial Carriers</u>	2017	Percent of Total 2017	2016	Percent of Total 2016	2015
Southwest Airlines	8,864	20.0%	8,900	20.2%	8,632
United Express (Commutair)	4,946	11.1%	4,396	10.0%	3,960
Cape Air	4,652	10.5%	5,960	13.5%	6,140
Delta Airlines	3,040	6.9%	2,792	6.3%	2,718
American Eagle (Piedmont)	2,946	6.6%	1,902	4.3%	754
American Airlines (formerly US Airways)	2,060	4.6%	2,010	4.6%	1,576
American Eagle (Air Wisconsin)	1,634	3.7%	2,702	6.1%	3,336
American Eagle (PSA)	1,506	3.4%	864	2.0%	40
American Eagle (Envoy)	1,446	3.3%	1,510	3.4%	
Jet Blue	1,446	3.3%	1,476	3.3%	88
United Airlines	1,330	3.0%	1,636	3.7%	1,428
Delta Connection (Sky West)	1,134	2.6%	190	0.4%	
Boutique Air	978	2.2%			
Delta Connection (Endeavor)	802	1.8%	1,514	3.4%	1,048
American Eagle (Republic)	666	1.5%	1,346	3.1%	2,760
United Express (SkyWest)	610	1.4%	530	1.2%	176
United Express (Go Jet)	432	1.0%	162	0.4%	484
OneJet	424	1.0%			
United Express (Mesa)	264	0.6%	344	0.8%	796
United Express (Transtates)	196	0.4%	190	0.4%	58
American Eagle (Transtates)	190	0.4%			
United Express (Express Jet)	188	0.4%	540	1.2%	768
Delta Connection (Go Jet)	112	0.3%	144	0.3%	6
XTRA Airways	38	0.1%			
Delta Connection (Express Jet)	26	0.1%	502	1.1%	940
Delta Connection (Republic)	8	0.0%			
United Express (Republic)	8	0.0%	14	0.0%	292
American Eagle (SkyWest)	4	0.0%	122	0.3%	
Delta Connection (Shuttle America)	4	0.0%	70	0.2%	300
United Express (Shuttle America)	4	0.0%	2	0.0%	4
Charters			16	0.0%	48
Delta Connection (Compass)					50
American Eagle (Mesa)					16
Delta Connection (Chautauqua)					
United Express (Chautauqua)					
Air Canada					
United Express (Colgan)					
Continental Connection (Express Jet)					
US Airways Express (Colgan)					
Continental Connection (Commutair)					
Delta Connection (Comair)					
Continental Connection (Colgan)					
Delta Connection (Mesaba)					
US Airways Express (Chautauqua)					
Delta Connection (ASA)					
United Express (ASA)					
Northwest Airlines					
Northwest Airlink (Pinnacle)					
Northwest Airlink (Mesaba)					
Delta Connection (Freedom)					
Continental Airlines					
American Eagle					
Delta Connection (Big Sky)					
	39,958	90.1%	39,834	90.3%	36,418
<u>Cargo Carriers</u>					
Wiggins Airways	2,390	5.4%	2,350	5.3%	1,758
United Parcel Service	974	2.2%	982	2.2%	952
Ameriflight	534	1.2%	456	1.0%	550
Federal Express	508	1.1%	476	1.1%	514
Air Now					
Airborne Express					
Misc Cargo Carriers					
	4,406	9.9%	4,264	9.7%	3,774
Grand Total	44,364	100.0%	44,098	100.0%	40,192

Source: Albany County Airport Authority

**Albany International Airport
Aircraft Operations, Con't
2008-2017**

2014	2013	2012	2011	2010	2009	2008
8,710	8,670	9,018	9,152	9,182	9,510	9,698
3,380	1,286	998				
6,140	6,212	6,218	7,590	6,244	6,230	1,732
1,842	1,250	1,318	786	342		
832	954	2,668	2,100	2,754	4,538	3,102
1,380	1,462	1,426	1,388	1,348	2,070	2,944
2,950	2,316	1,534	2,866	2,124	1,788	2,140
46	344	4		102	134	108
1,186	590	1,028	1,232	1,280	1,538	1,474
		64				
1,696	3,482	3,438	4,440	2,360		
2,838	3,688	3,700	3,034	3,360	2,396	1,872
226		2				
450	1,154	608	288	1,786	2,210	2,212
368	592	470	792	988	956	
			2	264	1,530	2,470
1,022	3,946	4,716	1,716	1,286		
32	8					
1,350	852	442				
1,016	1,476					
2			2			
	16	4	4			
58	41	67	69	56	42	40
134	596	356	88	550		
664	350	2	18	166	122	614
650	134	612	48	246	264	4
168	668					
	734	1,060	988	1,340	1,290	1,484
		1,780	1,158			
		432	1,962	2,964	2,902	3,382
		324	1,368	1,866	1,904	2,646
		298	1,582	606	562	324
		214	120	1,238	1,974	2,368
		188	1,268	1,246	1,514	1,312
		6	462	1,088		
		2				
			1,222	1,624	2,414	2,428
			832	546		
					1,356	1,696
					1,004	438
					764	740
					496	1,380
					22	
						1,774
						38
37,140	40,821	42,997	46,577	46,956	49,530	48,420
1,760	1,706	1,740	1,687	1,770	1,768	1,804
964	942	936	950	934	928	926
526	518	526	524	542	642	32
520	468	518	520	516	528	526
					40	496
						524
		2	6			1,606
3,770	3,634	3,722	3,687	3,762	3,906	5,914
40,910	44,455	46,719	50,264	50,718	53,436	54,334

**Albany International Airport
Aircraft Operations
2008-2017**

Year	Airlines	Cargo	General Aviation	Military	Total
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
2013	40,780	3,676	23,873	4,436	72,765
2014	37,082	3,770	18,124	2,316	61,292
2015	36,370	3,774	17,376	2,481	60,001
2016	39,834	4,264	17,576	3,057	64,731
2017	39,962	4,406	16,818	2,974	64,160
Annual Compounded Change 2008-2017	-17.4%	-25.1%	-50.6%	-43.0%	-31.4%

Source: Albany County Airport Authority

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

MAJORS / NATIONALS

American Airlines
Delta Air Lines
Jet Blue Airways
Southwest Airlines
United Airlines

REGIONAL / COMMUTERS

Air Wisconsin Airlines d/b/a American Eagle
Boutique Air
CommutAir d/b/a United Express
Endeavor d/b/a Delta Connection
Envoy d/b/a American Eagle
Express Jet Airlines d/b/a United Express
Go Jet Airlines d/b/a Delta Connection
Go Jet Airlines d/b/a United Express
Hyannis Air Service d/b/a Cape Air & Nantucket Airlines
Mesa Air d/b/a United Express
OneJet
Piedmont Airlines d/b/a American Eagle
PSA d/b/a American Eagle
Republic Airlines d/b/a American Eagle
Sky West d/b/a Delta Connection
Sky West d/b/a United Express
Transtates d/b/a American Eagle
Transtates d/b/a United 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
American Airlines - Envoy - Piedmont - PSA - Republic	Charlotte (CLT) Chicago (ORD) Philadelphia (PHL) Washington National (DCA)	
Delta Air Lines - Endeavor - SkyWest	Atlanta (ATL) Detroit (DTW) Minneapolis (MSP)	
JetBlue	Fort Lauderdale (FLL) Orlando (MCO)	
OneJet	Buffalo (BUF) Pittsburgh (PIT)	
Southwest Airlines	Baltimore (BWI) Chicago (MDW) Denver (DEN) Fort Lauderdale (FLL) Fort Myers (RSW) Orlando (MCO) Tampa (TPA)	Austin (AUS) Cincinnati (CVG) Cleveland (CLE) Columbus (CMH) Houston (HOU) Las Vegas (LAS) Los Angeles (LAX) Louisville (SDF) Memphis (MEM) Minneapolis (MSP) Nashville (BNA) New Orleans (MSY) San Antonio (SAT) San Juan (SJU) St. Louis (STL)
United Airlines - Commutair - Expressjet - SkyWest - Transtates	Chicago (ORD) New York/Newark (EWR) Washington Dulles (IAD)	Columbus (CMH)

As of March 2018

Source: Official Airline Guide Schedule, February 2018

**Albany International Airport
Commuter Airline Service**

SCHEDULED COMMUTER AIRLINE SERVICE

CARRIER	NON-STOP SERVICE	ONE-STOP, SAME-PLANE SERVICE
Boutique Air	Massena (MSS)	
Cape Air	Boston (BOS) Ogdensburg (OGS)	

As of March 2018

Source: Official Airline Guide Schedule, February 2018

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

Market	Length	Rank	2017 Passengers	Rank	2016 Passengers	Rank	2008 Passengers
Orlando	MH	1	296,285	1	296,106	1	266,580
Southeast Florida (1)	MH	2	227,504	2	213,539	5	123,270
Tampa	MH	3	137,016	3	142,869	4	127,970
Chicago (2)	MH	4	130,276	6	124,476	3	136,810
Atlanta	MH	5	93,078	5	87,539	10	59,140
Denver	MH	6	90,749	10	69,202	8	61,620
Baltimore	SH	7	86,650	4	93,511	2	228,110
Washington, DC (3)	SH	8	102,142	8	75,053	9	59,460
Las Vegas	LH	9	72,821	7	82,968	6	94,810
Los Angeles	LH	10	66,298	11	66,471	7	67,270
Charlotte	SH	11	66,065	9	73,287	17	45,140
San Francisco	LH	12	55,963	12	58,112	20	37,880
Phoenix	LH	13	51,895	14	48,031	11	53,090
Fort Myers	MH	14	49,176	13	48,306	15	45,730
Minneapolis	MH	15	40,879	15	42,585		N/A
San Diego	LH	16	38,212	18	36,696	18	39,630
Seattle/Tacoma	LH	17	37,595	17	37,690		N/A
Raleigh/Durham	SH	18	35,566	19	35,139	13	50,920
Detroit	MH	19	33,680		N/A		N/A
Dallas/Fort Worth	MH	20	31,454	20	33,894	14	46,900

* 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 Midway and O'Hare

(3) Includes National and Dulles

N/A - Not Available

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

Compliance





**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 unit of the County of Albany, New York, as of and for the year ended December 31, 2017, 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 19, 2018.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY
March 19, 2018

Albany County Airport Authority
Schedule Of Federal Financial and NYS DOT Assistance
December 31, 2017

Federal Project Number	NYS Project Number	Federal * Percent Participation	Description Of Project	CFDA Number	Total Grant Amount		Year Ended 12/31/17 Expenditures	
					Federal	State	Federal	State
<i><u>CAPITAL CONTRIBUTIONS:</u></i>								
129-16	1A00.18	90.00%	Security Fiber Optic Cable System	20.106	\$ 1,123,784	\$ 62,432	\$ 340,887	\$ 18,938
130-16	1A00.19	90.00%	Airfield Emergency Generator	20.106	216,124	12,007	36,459	2,026
131-16	1A00.20	90.00%	Passenger Boarding Bridges A4, B11 and C2	20.106	3,036,119	168,673	2,744,635	152,512
132-17	1A00.21	90.00%	Passenger Boarding Bridge B9	20.106	1,013,342	56,297	27,411	1,523
133-17	1A00.22	90.00%	Airport Drainage Study	20.106	90,000	5,000	34,782	1,932
134-17	1A00.23	90.00%	RWY 01-19 & Taxiway A,B,D,E,F,L,M,P,Q & R Edge Lighting Systems	20.106	3,763,329	209,074	960,349	53,353
N/A	1A00.99	N/A	Fuel Farm Security and Safety Improvement		-	241,902	-	241,902
TOTAL CAPITAL CONTRIBUTION					\$ 9,242,698	\$ 755,385	\$ 4,144,523	\$ 472,186
<i><u>NON-OPERATING GRANTS:</u></i>								
N/A	N/A	N/A	TSA Law Enforcement Officer Cooperative Agreement	97.090	\$ 138,700	\$ -	\$ 138,700	\$ -
TOTAL NON-OPERATING GRANTS					\$ 138,700	\$ -	\$ 138,700	\$ -
GRAND TOTAL					\$ 9,381,398	\$ 755,385	\$ 4,283,223	\$ 472,186

(*) 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, 2017

1. Scope of Audit Pursuant to the Uniform Guidance

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 (the Schedule) 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.

2. Basis of Accounting

The accompanying Schedule includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance and did not claim any indirect costs and has not claimed any indirect costs.

4. Federal Reimbursements

Federal reimbursements are based upon specific expenditures. Therefore, the amounts reported here represent grant income earned rather than cash received.



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

To the Members
Albany County Airport Authority

Report on Compliance for Each Major Federal Program

We have audited the Albany County Airport Authority's (the Authority), a component unit of the County of Albany, New York's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY
March 19, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION FINANCIAL ASSISTANCE PROGRAM AND 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 the Albany County Airport Authority (the Authority), a component unit 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, 2017.

Management's Responsibility

Management is responsible for compliance with the 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 the *Preliminary Draft Part 43 of NYCRR*. Those standards and the *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.

Opinion

In our opinion, the 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, 2017.

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 the 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 the 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 the 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 the 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 the *Preliminary Draft Part 43 of the New York State Codification of Rules and Regulations*. Accordingly, this report is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY
March 19, 2018

**Albany County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified 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 unmodified 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, 2017.
8. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
9. The Albany County Airport Authority was considered a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

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

NONE



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE PASSENGER FACILITY CHARGE PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION**

To the Members
Albany County Airport Authority

Report on Compliance

We have audited the Albany County Airport Authority (the Authority), a component unit 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, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its 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, the 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, 2017.

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 the 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 the Passenger Facility Charge Program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Passenger Facility Charge Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Marvin and Company, P.C.

Latham, NY
March 19, 2018

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

For the Year Ended December 31, 2017

Quarter Ended	PFC Charges Received	Interest Earned	Total Received	Expenditures on Approved Projects	
Beginning Balance	\$90,219,634	\$2,741,095	\$92,960,729	\$84,268,371	\$8,692,358
3/31/2017	1,186,443	4,286	1,190,729	1,083,078	
6/30/2017	1,409,625	4,517	1,414,142	1,083,078	
9/30/2017	1,394,186	4,727	1,398,913	1,083,078	
12/31/2017	1,348,468	4,946	1,353,414	361,026	
Total 2017	5,338,722	18,476	5,357,198	3,610,260	1,746,938
Total Program to Date	\$95,558,356	\$2,759,571	\$98,317,927	\$87,878,631	
PFC Funds to be used for future debt service payments:					<u>\$10,439,296</u>

PFC and Interest Received	12/31/2016 PFC Receivable	12/31/2017 PFC Receivable	PFC Net Income Per Financials
\$ 5,357,198	\$ (489,467)	\$ 563,713	\$ 5,431,444

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, 2017. 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, 2017**

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 unmodified 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, 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; 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; Pastor, Parish of Mater Christi, Albany, New York and Chancellor for Public Information, Roman Catholic Diocese of Albany. Father Doyle currently resides in 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.

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.

Kevin Hicks, Sr. is a lifelong resident of Albany County. He is the retired President and Political Director of the Empire State Regional Council of Carpenters, representing over 20,000 Union Carpenters in New York State. During this tenure he served as a Board member of the Eastern Occupational Health and Safety Board. He is also President Emeritus of the Greater Capitol Region Building Trades Council and a former Board member of the New York State Building Trades Council. Kevin is a decorated United States Army Veteran of the Vietnam War. He presently serves as the Legislative Liaison for the Tri-County Council of Vietnam Veterans. In addition to serving on the Albany County Airport Authority, he also serves as a Board member on the Guilderland Industrial Development Agency. He remains active in many civic and Veterans organizations in the capital district. Kevin currently lives in Guilderland with his wife Deborah.

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.

Steven Heider, retired Chief of Police for the Town of Colonie Police Department, is nearly a lifelong resident of Colonie. He served as the Town's fifth Police Chief, retiring in 2015 after serving on the force for 42 ½ years. During his tenure as Colonie Police Chief, the Town of Colonie was rated the #1 community with the lowest crime rating in the country for two consecutive years. A graduate of Colonie Central High School, Hudson Valley Community College and Russell Sage College, he began his career in 1973 and continues today to be involved in many community activities. Throughout his long career he has served on many committees and boards to promote public safety and to advocate for those that lacked the resources to do so throughout the Capital Region and beyond. He also served as President of the New York State Association of Chiefs of Police, Inc., and is the secretary and treasurer of the Northeastern Chiefs of Police Conference. The retired Chief is also a former member of the Village of Colonie Planning board and the former First Vice Chairman for the Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network, of which he is still an active advisor to their policy board. In addition to the Albany County Airport Authority board, he also serves on the boards of the Colonie Youth Center Inc., and the Scatub Insurance Agency located in Scotia, New York.

Samuel Fresina is president of the New York State Professional Fire Fighters Association. He was elected in 2016, after his career as a full-time, professional fire fighter in the City of Albany. Previous to his current position, he served as the NYSPFFA's secretary-treasurer and executive vice president. Born and raised in Albany,

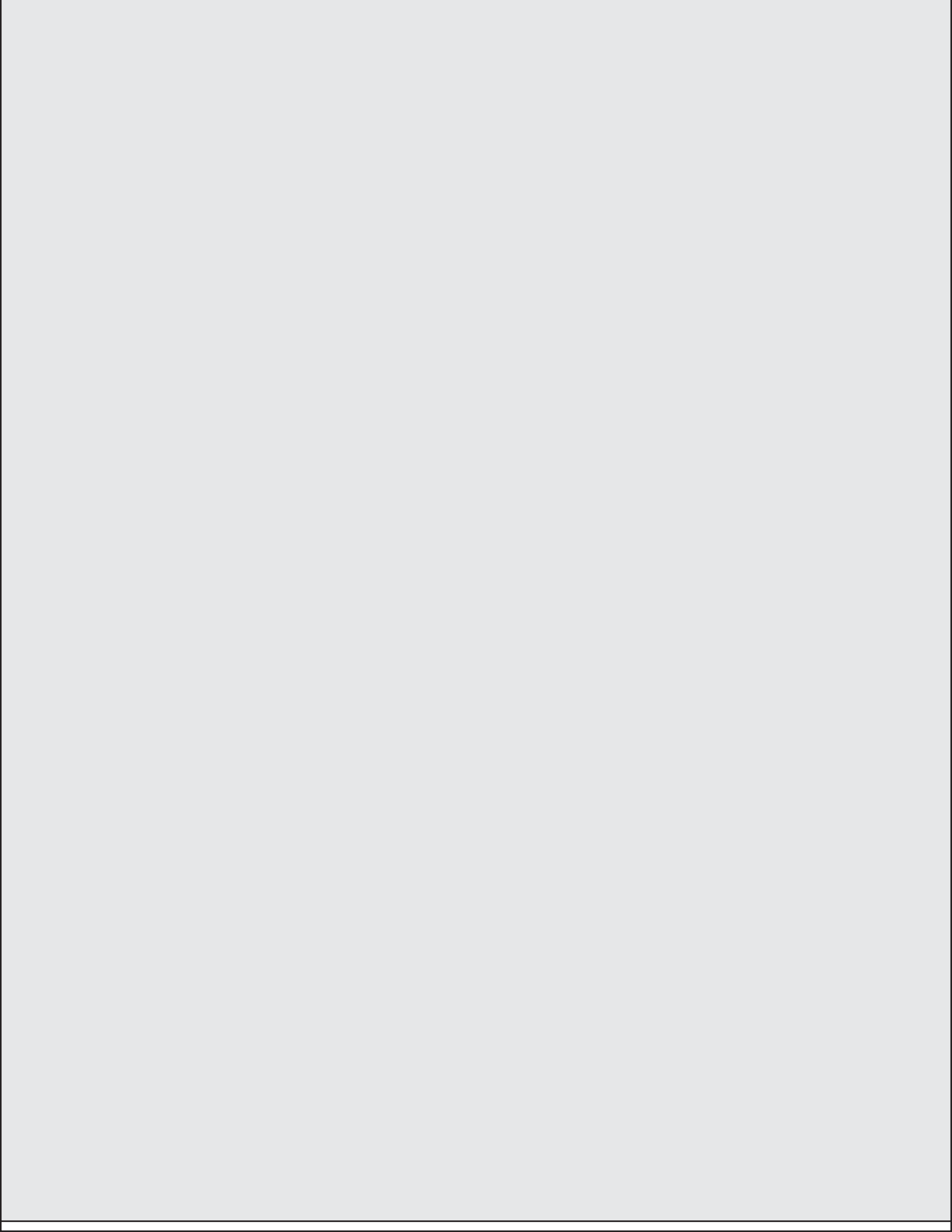
NY, Sam graduated from the Christian Brothers Academy in 1985 to enlist in the U.S. Air Force, where he served as a crash/rescue and structural fire fighter. After four years of military service (two abroad) he received an honorable discharge to become a professional firefighter in Albany. During his two decades of service to Albany residents in firehouses around the city, Sam became actively involved in the union— first as a shop steward for Local 2007, then trustee on the union's executive board, before being elected president of the local in 1997, a position he retained for fourteen years. Additionally, Sam has served as vice president of the Capital District affiliate of the AFL-CIO and, since 2004, has worked as a field services representative for the International Association of Fire Fighters (IAFF). He also currently serves on the advisory board for the New York State Comptroller.

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 Design Consultant Services for the Office of General Services for the State of New York and Assistant to the Chief Engineer at Callanan 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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