



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

TEL: 518-242-2222
ADMIN FAX: 518-242-2641
FINANCE FAX: 518-242-2640
SITE: www.albanyairport.com

ACAA Approved
11/25/2019

**Minutes of the Audit Committee Meeting
of the Albany County Airport Authority**

March 18, 2019

Pursuant to notice duly given and posted, the Audit Committee meeting of the Albany County Airport Authority was called to order on Monday, March 18, 2019 at 11:00 a.m. in the 3rd Floor Conference room in the Terminal, located at the Albany International Airport by Audit Committee Chair Lyon Greenberg with the following present:

MEMBERS PRESENT

Lyon M. Greenberg, MD (Committee Chair)
Tony Gorman (Committee Member VIA Telephone)
Rev. Kenneth Doyle (Ex Officio)
Samuel Fresina (Not a Committee Member)

MEMBERS ABSENT

Kevin Hicks (Committee Member)

STAFF

John A. O'Donnell
Bill O'Reilly
Peter Stuto
Liz Charland
Margaret Herrmann
Doug Myers
Steve Iachetta
Ray Casey, Airport Consultant

ATTENDEES

Christopher J. Healy, CPA, Marvin & Co.
Heather Lewis, CPA, Director, Marvin & Co.

1. Approval of Minutes

Father Doyle moved to approve the minutes of the November 26, 2018 Audit Committee meeting. The motion was adopted unanimously.

2. Heather Lewis, CPA from Marvin & Co. reported on the following:

Audit of Financial Statements – “Independent Auditor’s Report”

Internal Control over Financial Reporting and on 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”

Compliance and Internal Control Over Compliance – Federal Programs – “Independent Auditor’s report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.”

Compliance and Internal Control Over Compliance – State DOT Programs – “Independent Auditor’s report on Compliance for the New York State Department of Transportation Financial Assistance Program and Report on Internal Control over Compliance

Compliance and Internal Control Over Compliance – Federal Programs – “Independent Auditor’s report on Compliance for the Passenger Facility Charge Program and Report on Internal Control over Compliance Required by the Federal Aviation Administration.

Examination of Compliance with Investment Guidelines – “Independent Accountant’s Report”

Ms. Lewis stated that there are no issues to report and that all items are up-to-date.

2.1 Review Comprehensive Annual Financial Report for the year-ended 2018 with Draft Auditor’s Reports

Bill O’Reilly reviewed the Authority’s Comprehensive Annual Financial Report for 2018.

2.2. Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report.

Bill O’Reilly reviewed the Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report.

2.3. Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;

Bill O’Reilly reviewed the Albany County Airport Authority Annual Investment Report for 2018.

2.4. Performance Measurement Report for 2018

Bill O’Reilly reviewed the Performance Measurement Report for 2018.

2.5. Other Post Employment Benefit Trust Financial Statements for 2018

Bill O'Reilly reviewed the unaudited Financial Statements for 2018 for the Other Post Employment Benefit Trust

Father Doyle inquired if Ms. Lewis and Mr. Healy wanted to meet with the Board in private. Ms. Lewis indicated there was no reason to meet with the Board privately.

Dr. Greenberg made a motion to recommend the following items be forwarded to the full board with the recommendation of approval:

- 2.1 Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;
- 2.2 Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- 2.3 Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- 2.4 Performance Measurement Report for 2018; and
- 2.5 Financial Statements for 2018 for the Other Post Employment Benefit Trust.

The motion was adopted unanimously.

There being no further business, the meeting was adjourned at 11:15 a.m.



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ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

AGENDA

March 18, 2019

- 1. Acceptance of Minutes: November 26, 2018**
 - 2.1 Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports.**
 - 2.2 Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report.**
 - 2.3 Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report.**
 - 2.4 Performance Measurement Report for 2018.**
 - 2.5 Financial Statements – Other Post Employment Benefit Trust**

NOTICE

ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

MEETING NOTICE

Notice is hereby given of the following Audit Committee Meeting of the Albany County Airport Authority:

The Albany County Airport Authority will hold an Audit Committee meeting on Monday, March 18, 2019 at 11:00 a.m. The meeting will be held in the 3rd Floor Conference Room located in the Main Terminal at the Albany International Airport, Albany, NY.

TU 1t (4042562)

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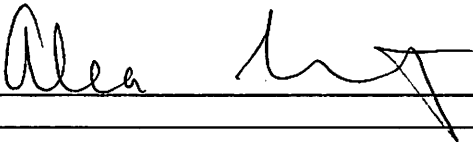
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737 ALBANY SHAKER RD
ADMINISTRATIVE BLDG SUITE 204
ATTN: KATIE KANE
ALBANY, NY 12211

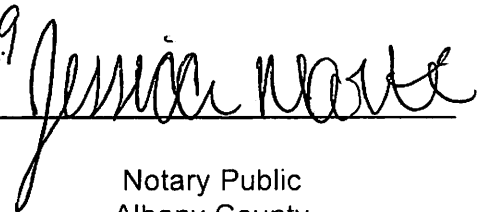
Account Number: 061026000
Order Number: 0004042562
Order Invoice Text: AUDIT COMMITTEE

A Loveridge / T Tones / S Rawling / R Bernard / T Duquette of the city of Albany, being duly sworn, says that he/she is principal Clerk of THE TIMES UNION, a daily newspaper printed in the county of Albany, Town of Colonie, and Published in the County of Albany, Town of Colonie and the city of Albany, aforesaid and that notice of which a printed copy is annexed has been regularly published in the said ALBANY TIMES UNION on the following dates

02-25-2019

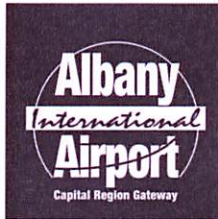


Sworn to before me, this 26 day of February 2019



JESSICA M. MARTIN
NOTARY PUBLIC - STATE OF NEW YORK
Registration No. 01MA6384279
Qualified in Saratoga County
Commission Expires December 10, 2022

Notary Public
Albany County



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ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

MEETING NOTICE

*Posted:
facebook
lobby
website/2/21/19
MKC*

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Liz Charland

From: Liz Charland
Sent: Thursday, February 21, 2019 10:45 AM
To: 'TU Legals'
Subject: Committee Meeting Notice

Importance: High

Please publish one time as soon as possible. Thank you. - Liz

ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

MEETING NOTICE

Notice is hereby given of the following Audit Committee Meeting of the Albany County Airport Authority:

The Albany County Airport Authority will hold an Audit Committee meeting on Monday, March 19, 2019 at 11:00 a.m. The meeting will be held in the 3rd Floor Conference Room located in the Main Terminal at the Albany International Airport, Albany, NY.

Liz Charland

From: Liz Charland
Sent: Thursday, February 21, 2019 10:50 AM
To: 'Saratogian Newspapers'; 'The Colonie Spotlight'; 'The Gazette'; 'The Troy Record'
Subject: Audit Committee Meeting Monday, March 19, 2019 at 11:00 a.m.

Please publish one time in the Community Section. Thank you. - Liz

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Liz Charland

From: Liz Charland
Sent: Thursday, February 21, 2019 10:44 AM
To: Rev. Kenneth Doyle (Personal); Lyon Greenberg, MD; 'Kevin Hicks'; Tony Gorman
Cc: Samuel A. Fresina; Pat Reilly; 'Steven H. Heider'; 'Steven H. Heider'
Subject: Audit Committee Meeting - Monday March 19, 2019 at 11:00 a.m.

Audit Committee Members:

Rev. Kenneth Doyle, Ex Officio
Lyon M. Greenberg, M.D., Chair
Kevin R. Hicks, Sr.
Anthony Gorman

ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

MEETING NOTICE

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Liz Charland

From: Liz Charland
Sent: Thursday, February 21, 2019 10:46 AM
To: 'Bart Johnson'; 'Bob Heitz'; 'Brandon Russell, Majority Counsel'; 'County Executive Daniel P. McCoy'; 'Dave Collins'; 'Douglas A. Bullock, Albany County Mass Transit Committee Chair'; 'Eric Anderson'; 'Frank Mauriello, Albany County Minority Leader'; 'Fred Acunto'; 'George Penn (Albany County)'; 'Jill Bryce'; 'John DelBalso'; 'Kelly Boyea (Albany County)'; 'Majority Leader Dennis Feeney'; 'Mike DeMasi'; 'Pam Allen'; 'Pete Rea (prea@dot.state.ny.us)'; 'Spotlight News'; 'WRGB News'
Subject: Audit Committee Meeting Monday, March 19, 2019 at 11:00 a.m.

ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

MEETING NOTICE

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Liz Charland

From: Liz Charland
Sent: Thursday, February 21, 2019 10:57 AM
To: Bill O'Reilly; Bobbi Matthews; Doug Myers; Dwayne Lovely; Helen Chadderdon; Jenn Munger; John A. O'Donnell; John LaClair; Liz Charland; Margaret Herrmann; Peter Stuto; Steve Iachetta
Subject: Audit Committee Meeting - March 19, 2019 at 11:00 a.m.

ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

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ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

AGENDA

March 18, 2019

- 1. Acceptance of Minutes: November 26, 2018**
- 2.1 Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports.**
- 2.2 Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report.**
- 2.3 Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report.**
- 2.4 Performance Measurement Report for 2018.**
- 2.5 Financial Statements – Other Post Employment Benefit Trust**



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**Minutes of the Audit Committee Meeting
of the Albany County Airport Authority**

**Audit Committee
Approved
03-18-2019**

November 26, 2018

Pursuant to notice duly given and posted, the Audit Committee meeting of the Albany County Airport Authority was called to order on Monday, November 26, 2018 at 11:00 a.m. in the ACAA Conference Room located in the Administration Building at the Albany International Airport by Audit Committee Chair Lyon M. Greenberg with the following present:

MEMBERS PRESENT

Lyon M. Greenberg, MD, (Committee Chair)
Tony Gorman (Committee Member)
Kevin Hicks (Committee Member)
Rev. Kenneth Doyle (Ex Officio)
Steven Heider (Not a Committee Member)

MEMBERS ABSENT

STAFF

John A. O'Donnell
William J. O'Reilly
Liz Charland
Margaret Herrmann

Peter F. Stuto
Rima Cerrone
Doug Meyers

ATTENDEES

None

1. Approval of Minutes

Mr. Gorman moved to approve the minutes of the March 18, 2018 Audit Committee meeting. The motion was adopted unanimously.

2. Review of Results of Proposals for Auditor for 2018 Audit

Mr. O'Reilly advised the Audit Committee that Section 2824 (4) of the Public Authorities Law requires that the Audit Committee needs to recommend to the Board the hiring of an independent auditor, the compensation to be paid, and to

provide direct oversight of the performance of their audit. The prior audit contract, including option years, have expired. He advised that the Finance Department issued a Request for Proposals (RFP) and received nine proposals which were distributed November 5, 2018 to the members of the Audit Committee with a Summary and Evaluation Score Sheet for each member's review.

Dr. Greenberg, Chair of the Audit Committee asked Mr. O'Reilly if he had any reason to change auditors. Mr. O'Reilly advised he had no reasons in particular to change.

Mr. O'Donnell advised that with a new firm we would have a fresh look and with our current firm they know what to look for.

Fr. Doyle asked if Mr. O'Reilly and Mr. O'Donnell were comfortable with either a new firm or the existing firm. They both advised that they were comfortable with either firm.

Mr. Hicks indicated that he would prefer a fresh look from a new auditor.

Mr. Gorman indicated that he prefers continuity with the existing firm.

Dr. Greenberg moved to approve Marvin and Company, P.C. for Professional Auditing Services for the years ended December 31, 2018, 2019 and 2020 with options for 2 subsequent fiscal years subject to approval of both parties be sent to the full board for approval. The motion was approved by majority with Mr. Hicks voting against.

There being no further business, the meeting was adjourned at 11:15 a.m.



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ALBANY COUNTY AIRPORT AUTHORITY

AUDIT COMMITTEE

AGENDA

November 26, 2018

- 1. Approval of Minutes:**
 - 1.1 March 19, 2018**
- 2. Review of Results of Proposals for Auditor for 2018 Audit**

AGENDA ITEM NO. 2.1

**Comprehensive Annual Financial Report for
the year-ended 2018 with draft auditor
reports;**

AGENDA ITEM NO: 2.1

AUDIT COMMITTEE

MEETING DATE: March 18, 2019

**ALBANY COUNTY AIRPORT AUTHORITY
REQUEST FOR AUTHORIZATION**

DEPARTMENT: Finance

Contact Person: *Audit Committee
William J. O'Reilly, Chief Financial Officer*

*Audit Committee Approved
with recommendation to
full board for approval
03-18-2019*

PURPOSE OF REQUEST:

Review and acceptance of the Authority's:

- Twenty-second Comprehensive Annual Financial Report as of and for the year ended December 31, 2018 (with the draft audit and compliance reports of Marvin and Company, P.C., certified public accountants);
- the Authority's 2018 Rates and Charges Settlement Report to the Signatory Airlines and Signatory Cargo Carriers with draft Consultant Report;
- the Authority's Annual Investment Report in accordance with its Cash Management and Investment Policy and Section 2925 of the Public Authorities Law (with draft audit compliance report of Marvin and Company, P.C., certified public accountants);
- The Annual review and approval of the Cash Management and Investment Policy in accordance with Section 2925 of the Public Authorities Law;
- Review of mission statement and performance measures and acceptance of measurement report for 2018 required by Section 2800 of the Public Authorities Law; and
- Financial Statements for 2018 for the Other Post Employment Benefit Trust

BACKUP MATERIALS:

- **Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;**
- Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- Performance Measurement Report for 2018; and
- Financial Statements – Other Post Employment Benefit Trust

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:

The Audit Committee will review the above documents at their March 18, 2019 meeting and will present their recommendations for approval by the Board.



ALBANY COUNTY AIRPORT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Years Ended December 31, 2018 and 2017

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





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Chairman's Message

March 18, 2019

U.S. Domestic Airlines experienced continued favorable industry conditions during 2018 while surveys by the airline association, Airlines for America (A4A), showed that airports in North America have achieved a record high in overall passenger satisfaction.

"The combination of creative freedom and new-generation aircraft has led to another hugely significant development in recent years: the hundreds of new city pairs that airlines have launched and continue to add to their networks. These directly link communities by air as they've never before been connected, making the movement of people and goods easier, and stimulating economies," said Ken Walker, Editor-in-Chief of Air Transport World.

Indeed, Albany has been a benefactor of that growth with the recent addition of Frontier Airlines and Allegiant Air. Newly announced non-stop destinations include Ft. Myers, Orlando-Sanford, St. Petersburg, Punta Gorda, Raleigh-Durham, Myrtle Beach and Savannah. As a result, in 2018, Albany International Airport served over 2.9 million passengers with the anticipation that overall enplanements will continue to increase during the coming year.

Increased air service and passenger growth have strained the airport's parking capability. The addition of valet parking helped to reduce the pressure on our long-term ground lots but sufficient parking in close proximity to the terminal continues to be an issue. In 2018, the Airport Authority was awarded a \$22 million grant by Governor Cuomo to design and construct a new 1,000-car parking garage, provide terminal improvements and parking access improvements to help accommodate the airport's increasing number of travelers.

The new garage will feature easy access from Albany-Shaker Road, wayfinding equipment that will direct traffic to available parking spaces and license plate readers for ticketless transactions. The five-story garage will be connected directly to the terminal. Site preparation was well underway by the end of the year with a scheduled completion date of March 2020. Improvements within the now 20-year-old terminal including new escalators, public address system, LED lighting, restrooms and charging stations for electronic devices. Well-traveled concourses will see carpeting replaced with flowing terrazzo flooring. The airport's food court will undergo a transformation and improvements will be made to the TSA security checkpoint. The Airport Authority has earmarked another \$31 million in funds to support significant improvements.

Chick-fil-A opened its food court location in October and has proven to be the most popular airport food venue. 2019 will see the addition of Burger King and Wolfgang Puck pizza in the food court. The Albany Empire Deli will also open in a location before the security checkpoint.

The close of 2018 marked the completion of the third year of a the current five-year Airport Use and Lease Agreement and Common Cargo Carrier Airfield Use Agreement with its seven 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 2018, 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 \$7.17. This cost was achieved in part by the generation of \$5.1 million in net revenue in 2018, half of which is shared between the signatory airlines and signatory cargo carriers under the Signatory Airline and Cargo Carrier Agreements.

During 2019, the Airport Authority will continue to both operate and improve Airport facilities and operations, 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

DRAFT



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March 18, 2019

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, 2018 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 basic financial statements for 2018 and 2017. 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, 2018 and 2017 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, 2018 and December 31, 2017 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 audit under the Federal Uniform Guidance for the year ended December 31, 2018 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 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. On November 5, 2018, the termination date of the lease was extended from May 16, 2036 to December 31, 2049.

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 1,200 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 2017 the Airport ranked 80th in total enplanements and 104st in total cargo weight. The Airport also ranked 232nd in total aircraft operations in 2018.

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. The College of Nanoscale Science and Engineering at the SUNY Polytechnic Institute campus in Albany 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. Nearby Rensselaer Polytechnic is home to the Center for Biotechnology and Interdisciplinary Studies. This technology research center ranks among the world's most advanced research. Computer chip manufacturer GlobalFoundries built a major chip fab plant 20 miles north of the Airport that became operational in 2012. 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, 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. During the continue economic recovery, the airlines were able to raise airfares and charge additional fees for new and existing services such as internet access and baggage. According to Airlines for America, an industry trade association, U.S. Airlines lost \$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 goals 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 and the Airlines entered into a five-year agreement that began January 1, 2016 that continues basically the same rates and charges model from the prior agreement with some modifications. 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 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 2018 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 2019 assumed enplanements would be 1,500,000 which is 3.4% growth from the 2018 budget. If the budget assumptions and activity projections prove to be reasonable, the projected airline cost per enplanement, net of revenue sharing, should approximate \$6.52, excluding FBO costs per enplaned passengers, and debt service coverage should be 1.75 (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 \$55.3 million 2019 operating budget, which is on the Authority's web site.

CAPITAL FINANCIAL PLANNING

The current \$120.5 million 2015-2019 capital improvement program was 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. During 2018 the Authority was awarded a \$22.1 million airport improvement project grant to provide a portion of the funding for three projects that include a new 1,000 space garage, terminal improvements, and a modernized parking access system with a combined estimated cost of \$53.3 million. The Authority intends to utilize \$2.6 million in Federal grants, \$7.1 million in Passenger Facility Charges (PFC) funds and \$21.4 million in bond proceeds of which \$16.8 million were allocated from the \$24.8 million Series 2018 bonds issued November 29, 2018. The Series 2018 bonds were issued to provide funding \$6.3 million in other capital projects of a substantially smaller nature. The Authority will apply to the Federal Aviation Administration to use approximate \$8.5 million of PFC funds on hand for eligible airport improvement project already underway or planned for 2019. Because the State grant funds are provided on an expenditure reimbursement basis, the Authority did obtain a \$10 million bank revolving line of credit to provide interim financing of expenditures eligible for grant reimbursement.

All the projects included in the five-year program are designed to meet the objectives as set forth in the Airport's 2015-2019 Capital Plan. 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 2018, or scheduled for completion in 2019, have their projected additional operating costs and related revenues incorporated into the Authority's 2019 operating budget and it is projected that capital projects will result in additional borrowing currently anticipated to be \$4.6 million. This additional borrowing could be included in a refunding of the Series 2010 bonds when they are callable on March 15, 2020 and contain the growth of debt outstanding based upon an anticipated lower debt service reserve required on the refunded bonds.

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 2019 budget, the Authority projected 2019 enplanements would be 1,500,000 which is 2.3% more than the actual 1,466,706 passengers for 2018. The Authority has set its rates and charges for 2019 under the Airline Use and Lease Agreement to meet all projected obligations. For 2019, signatory landing fees have been set at \$3.35 per 1,000 pounds, compared to \$3.33 budgeted in 2018; apron fees at \$1.48 per square foot, an increase from \$1.38 budgeted in 2018; and the terminal rental rate at \$83.59 per square foot, an increase from \$81.57 budgeted in 2018.

As of December 31, 2018, the Authority had \$27.1 million in unrestricted funds available which included \$12.7 million in an operating and maintenance reserve, more than sufficient to meet two months of operating expenditures totaling \$6.0 million, and \$13.5 million in its development fund which can be used to restore a deficiency in any other fund, and \$500,000 in an equipment repair & replacement reserve fund. In addition, the Authority has \$12.5 million in debt service reserve funds, plus \$13.6 million in Passenger Facility Funds on-hand, that when combined, exceeds the total annual debt service principal and estimated interest payments of \$11.9 million due in 2019. The Authority does not anticipate experiencing any cash flow deficiencies during 2019 requiring short-term cash flow financing or increases during the year to the rates and charges billed to the Airlines. The Authority does plan to 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, 2018, there is \$90.5 million of debt outstanding issued directly by the Authority to be reduced by \$7.4 million of principal payments during 2019. Debt service coverage was 1.44 for 2018 and is projected to be 1.80 for 2019 based on the adopted budget. Currently the Authority's entire debt portfolio is fixed rate debt.

AUTHORITY'S INITIATIVES

The Airport moved forward with various activities during 2018 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 Allegiant and Frontier.
- In 2018 the Authority was awarded a \$22.1 million discretionary grant from the State of New York for Airport improvements.
- During 2018 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 2018 the Authority produced \$5.2 million in net revenue to share with the Airlines.
- In 2018 the Authority experienced its 5th consecutive year on growth in enplanements.
- In 2018 the Authority received \$1.5 million in settlement proceeds from a lawsuit lead by the Attorneys General of forty-five states. These funds were used to refund debt service that would have otherwise been funded from PFCs, which can now be allocated to new projects, subject to FAA approval.

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, 2017. This was the twenty-third 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 2018 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 2018. 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 2019 budget has been submitted to the GFOA to determine its eligibility for an award.

ACKNOWLEDGMENTS

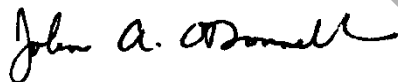
It is the strong continuing commitment of the Authority Board to the highest standards of financial reporting, disclosure and professionalism that the preparation of this report has been accomplished and for that we extend our sincere appreciation. We also give credit for the dedication, service and 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, 2018 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:



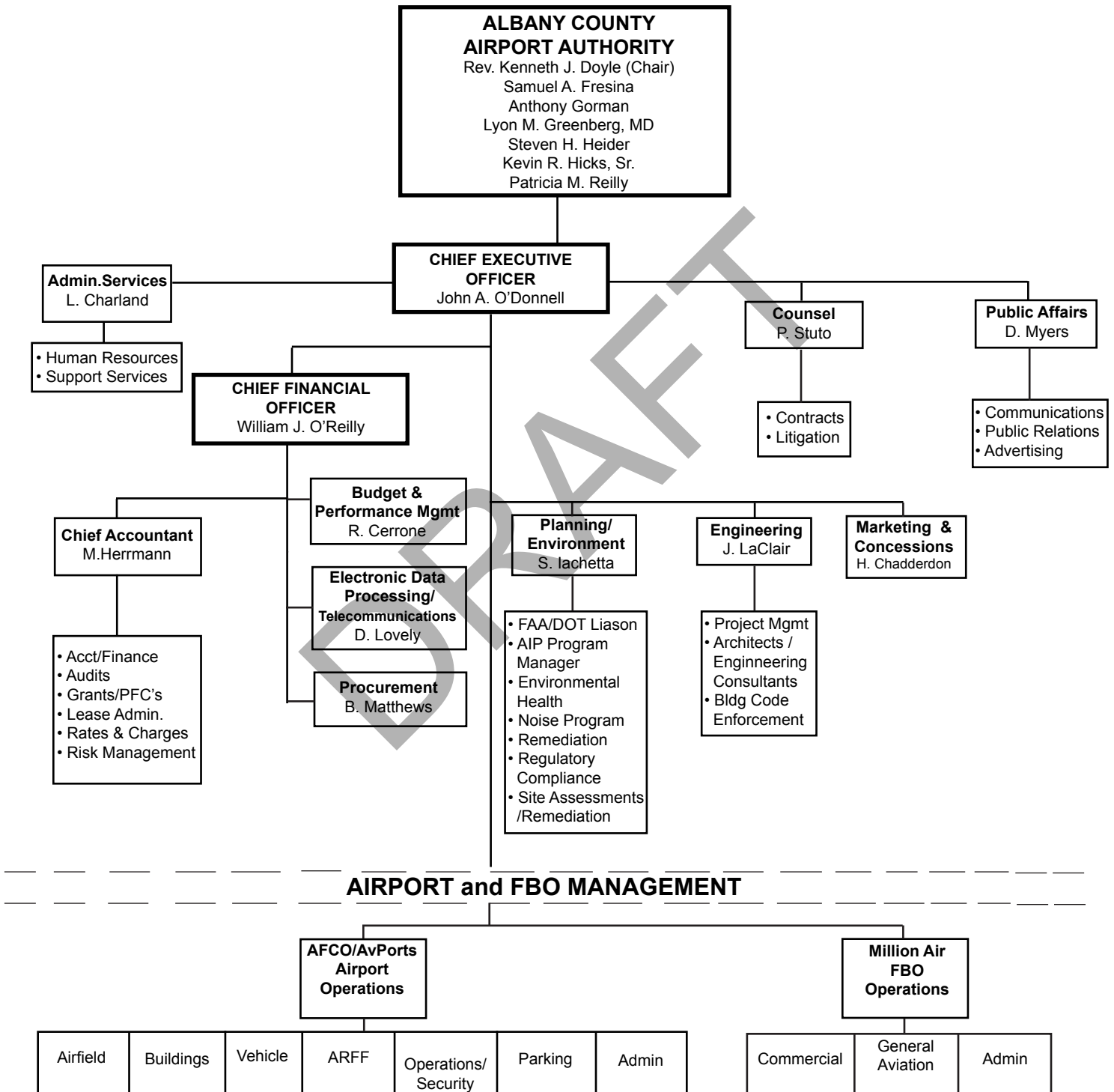
John A. O'Donnell
Chief Executive Officer



William J. O'Reilly, CPA
Chief Financial Officer

ALBANY INTERNATIONAL AIRPORT ORGANIZATIONAL CHART

As of December 31, 2018





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, 2017

Christopher P. Morill

Executive Director/CEO

DRAFT

Financial

DRAFT

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, 2018 and 2017, 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, 2018 and 2017, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Authority changed its method of accounting for Postemployment Benefits Other than Pensions in 2018 as required by the provisions of GASB Statement Number 75. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability and related ratios, schedule of actuarially determined contribution – deficiency/(excess), schedule of OPEB actuarial methods and assumptions, 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, 2018, 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, 2018, 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, 2019 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 XX, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's 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, 2018 with selected comparative information for the year ended December 31, 2017 and December 31, 2016. 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, 2018 and December 31, 2017, 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, 2018 and 2017. 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, 2018 and 2017. 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, 2018 and December 31, 2017. 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, 2018 and 2017.

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. On November 5, 2018 the term of the Lease was extended through December 31, 2049. 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:

	2018	2017	2016
Enplanements	1,466,706	1,417,835	1,407,434
% increase/(decrease)	3.4%	0.7%	8.5%
Aircraft Landed Weight (lbs)	1,616,386,930	1,575,561,524	1,590,691,388
% increase/(decrease)	2.6%	-1.0%	12.6%
Operations (take-offs and landings)			
Commercial (inc corporate operations)	48,294	47,168	47,346
General Aviation	13,009	14,018	14,328
Military	3,300	2,974	3,057
Total	64,603	64,160	64,731
% increase/(decrease)	0.7%	-0.9%	7.9%

Regular scheduled daily passenger flights departing from Albany decreased to 54 in December 2018 from December 2017 and December 2016. The number of flights for 2018 does not include the 5 flights a week for Frontier Airlines and the 8 flights a week for Allegiant Air which began in the late 3rd and 4th quarter of 2018.

	2018		2017		2016	
	Carriers	Flights	Carriers	Flights	Carriers	Flights
Jet Service						
Major Carriers	5	20	5	22	5	23
Regional Carriers	9	28	7	25	10	19
Commuter Service						
Regional Carriers	1	6	3	10	3	15
Foreign Carriers	-	-	-	-	-	-
Total	15	54	15	57	18	57

Published available seats for 2018 increased by 46,843 or 2.7% while the passenger load factor remained steady at 83%, resulting in an increase in enplanements for 2018. The published available seats and the yearly load factors for the last three years are below:

	2018	2017	2016
Total Available Seats	1,751,837	1,704,994	1,715,318
Passenger Load Factor	83%	83%	82%

Landing fee revenues are not sensitive to the number of operations or landed weight because the agreements with the airlines and cargo carriers provide 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 and costs of staffing. The change in airline operations and gross landed weight by airline for 2018 compared to 2017 and 2017 compared to 2016 is as follows:

	2018 vs. 2017		2017 vs. 2016	
	Change in Operations	Change in Landed Weight	Change in Operations	Change in Landed Weight
Allegiant Air	56	3,884,529	-	-
American Airlines	(512)	(9,553,083)	(4)	1,598,622
Boutique Air	(476)	(2,445,059)	978	4,934,982
Cape Air	(488)	(1,671,403)	(1,308)	(4,479,907)
Delta Air Lines	(52)	2,596,049	(86)	1,150,662
Elite Airways	92	2,182,000	-	-
Frontier Airlines	156	11,049,772	-	-
JetBlue	8	749,591	(30)	(2,328,165)
OneJet	320	7,779,370	424	3,336,049
Southwest Airlines	(278)	(7,999,201)	(36)	(6,168,399)
United Airlines	608	33,664,287	164	(14,537,728)
Other	10	588,555	22	1,384,000
Total	(556)	40,825,407	124	(15,109,884)

As of December 31, 2018, two regularly scheduled express mail and various special cargo carriers serve this Airport.

	2018	2017	2016
Mail and Express Cargo Tons	18,896	18,739	18,692
% increase/(decrease)	0.8%	0.3%	-3.5%

ENPLANEMENTS

Enplanements for 2018 compared to 2017 increased by 48,871 passengers, compared to an increase of 10,401 for 2017 vs. 2016. The changes in enplanements by airline, including their express carriers is as follows:

	2018 Market Share	Total 2018 Enplanements	2018 vs. 2017	Total 2017 Enplanements	2017 vs. 2016
Allegiant Air	0.2%	3,635	3,635	-	-
American Airlines	20.8%	304,735	(1,836)	306,571	8,271
Boutique Air	0.1%	827	(1,025)	1,852	1,852
Cape Air	0.8%	11,777	(1,189)	12,966	(3,124)
Delta Air Lines	15.5%	227,628	3,683	223,945	1,571
Elite Airways	0.1%	1,044	1,044	-	-
Frontier Airlines	0.8%	11,123	11,123	-	-
JetBlue	6.1%	89,609	(1,135)	90,744	3,708
OneJet	0.3%	3,964	2,975	989	989
Southwest Airlines	38.5%	565,731	(1,070)	566,801	(2,300)
United Airlines	16.7%	245,372	32,521	212,851	(1,253)
Other	0.1%	1,261	145	1,116	687
Total	100.0%	1,466,706	48,871	1,417,835	10,401

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 2018, 2017 and 2016:

	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
Revenues	\$ 10,427,352	21.6%	\$ 8,572,457	3.3%	\$ 8,300,218
Expenses (inc. cost of sales and administration)	\$ 8,640,624	19.4%	\$ 7,237,327	7.1%	\$ 6,759,573
Retail Gallons Sold					
Jet A	1,158,694	16.3%	996,302	-3.4%	1,031,066
AvGas	51,534	-17.8%	62,710	-9.3%	69,156
Commercial AvGas	95,909	-12.5%	109,593	-28.2%	152,586
Glycol Gallons - Consortium	109,710	15.4%	95,079	12.2%	84,737
Glycol Gallons - Sprayed	98,418	57.3%	62,560	43.5%	43,583
Jet A Fuel Into-Plane Gallons	21,013,458	7.8%	19,495,122	4.8%	18,602,032

CONCESSIONS

Concession revenues for 2018 were \$8,262,260, a 2.4% increase from 2017. Concession revenues for 2017 were 7.0% higher than 2016.

Concession revenue highlights for 2018 compared to 2017 and 2016 are as follows:

	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
Rental Car Revenues					
Sales	\$ 52,653,517	1.3%	\$ 51,978,497	6.3%	\$ 48,885,882
Authority Revenues	\$ 5,561,921	2.5%	\$ 5,427,741	7.3%	\$ 5,057,260
Food & Beverage					
Sales	\$ 8,504,756	4.2%	\$ 8,158,604	1.2%	\$ 8,063,285
Authority Revenues	\$ 902,530	12.3%	\$ 803,939	2.4%	\$ 785,197
Retail					
Sales	\$ 4,016,301	5.4%	\$ 3,810,221	4.1%	\$ 3,661,638
Authority Revenues	\$ 844,970	5.3%	\$ 802,534	2.0%	\$ 787,075
Total Authority Concession Revenues	\$ 8,262,260	2.4%	\$ 8,070,379	7.0%	\$ 7,540,431
Concession Revenue per Enplanement	\$ 5.63	-1.0%	\$ 5.69	6.2%	\$ 5.36

PARKING

The Airport directly manages all on-airport parking operations which at December 31, 2018 consisted of 181 short-term garage/surface, 1,912 long-term garage, 1,880 long-term surface, and 2,763 remote shuttle served parking spaces. Revenue for 2018 compared to 2017 and 2016 are as follows:

	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
Public Parking					
Revenues	\$ 15,248,081	1.8%	\$ 14,985,272	0.8%	\$ 14,870,476
# of Vehicles Parked	637,611	-0.2%	638,570	-1.4%	647,332
Parking Revenue per Enplanement	\$ 10.40	-1.6%	\$ 10.57	0.0%	\$ 10.57

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:

	2018	2017	2016
Operating revenues	\$ 50,829,368	\$ 48,027,136	\$ 45,738,665
Operating expenses	(37,350,127)	(33,395,012)	(32,113,613)
Revenues in excess of expenses			
before depreciation	13,479,241	14,632,124	13,625,052
Depreciation	(15,335,569)	(14,761,280)	(14,396,008)
Loss before non-operating income			
and expenses	(1,856,328)	(129,156)	(770,956)
Non-operating income and (expenses), net	2,439,125	1,358,669	886,851
Income/(loss) before capital contributions	582,797	1,229,513	115,895
Capital contributions, special and extraordinary items	4,467,862	4,616,709	2,389,827
Net position			
Increase in net position	5,050,659	5,846,222	2,505,722
Total net position, beginning of year	216,300,740	210,454,518	207,948,796
Cumulative change in accounting principle	(6,781,739)	-	-
Total net position, end of year	\$ 214,569,660	\$ 216,300,740	\$ 210,454,518

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 1,031,066, 996,302, and 1,158,694 for 2016 to 2018, 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 2016 through 2018 were 43,583, 62,560 and 98,418 gallons, respectively. The table below summarizes FBO revenues, expenses and net revenues for 2018, 2017 and 2016:

	2018	2017	2016
FBO revenues	\$ 10,427,352	\$ 8,572,457	\$ 8,300,218
FBO expenses	8,640,624	7,237,327	6,759,573
FBO net revenues	\$ 1,786,728	\$ 1,335,130	\$ 1,540,645

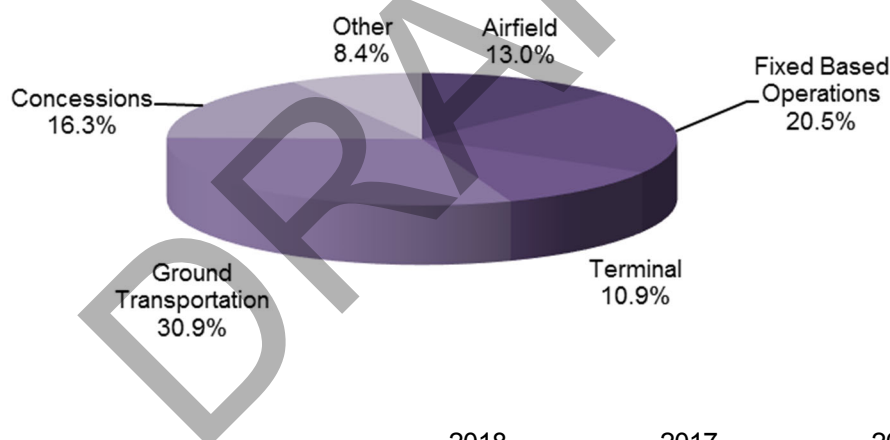
OPERATING REVENUES AND NON-OPERATING INCOME HIGHLIGHTS

Total revenues for 2018 were \$3.8 million or 7.1% greater than 2017. Fixed Based Operations revenues increased by \$1.9 million in 2018 due to higher volumes of Jet-A fuel sold to general aviation customer.

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 to the volume of landed weight in any given year and its allocation to signatory airlines and other aircraft.

Allocation of 2018 Operating Revenues by Category

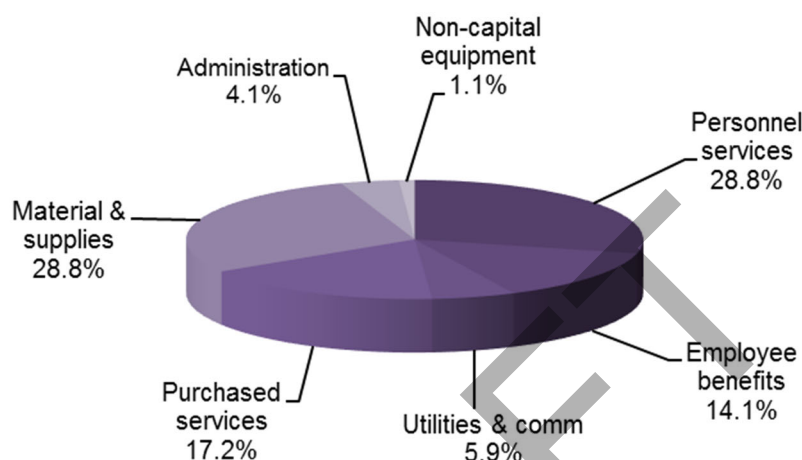


	2018	2017	2016
Operating Revenues			
Airfield	\$ 6,588,133	\$ 6,678,085	\$ 5,882,274
Fixed Based Operations	10,427,353	8,572,457	8,300,218
Terminal	5,538,045	5,019,779	4,777,241
Ground Transportation	15,721,089	15,325,640	15,163,022
Concessions	8,262,260	8,070,379	7,540,431
Other	4,292,488	4,360,796	4,075,479
Non-Operating Income			
Passenger Facility Charges	5,638,922	5,431,444	5,385,946
Grant Income	300,997	138,700	222,772
Improvement Charges	368,400	368,400	368,400
Insurance Recoveries	170,896	-	-
Interest Income	488,263	10,676	12,280
Total	\$ 57,796,846	\$ 53,976,356	\$ 51,728,063
<i>Percentage of Increase</i>	<i>7.1%</i>	<i>4.3%</i>	<i>3.5%</i>

OPERATING EXPENSES AND NON-OPERATING EXPENSES HIGHLIGHTS

Total expenses for 2018 increased \$4.5 million or 8.5% as compared to the 2017. Increased fuel sales resulted in \$0.9 million in increased costs for Fixed Based Operations. Other increased costs included building maintenance, snow removal, public safety and non-capital equipment during 2018 as compared to 2017.

Allocation of 2018 Operating Expenses by Category



	2018	2017	2016
Operating Expenses			
Personal services	\$ 10,749,751	\$ 10,187,245	\$ 9,913,293
Employee benefits	5,269,613	4,827,227	4,296,313
Utilities & communications	2,203,014	2,004,109	2,112,135
Purchased services	6,421,597	5,891,496	5,621,321
Material & supplies	10,744,507	9,020,199	8,171,161
Administration	1,547,235	1,284,572	1,770,835
Non-capital equipment	414,411	180,164	228,555
Depreciation	15,335,569	14,761,280	14,396,008
Non-Operating Expenses			
Insured expenses	170,896	-	
Interest	3,898,788	4,261,394	5,002,200
Bond issuance costs	390,361	252,877	
Amortization of Bond insurance premiums	68,308	76,280	100,347
Total	\$ 57,214,050	\$ 52,746,843	\$ 51,612,168
Percentage of Increase/(Decrease)	8.5%	2.2%	1.5%

SPECIAL ITEMS

During 2018, the Authority received \$1.5 million from its inclusion in a multi-state action led by 45-State Attorney Generals against a former derivative instrument counter-party related to manipulation of the former London Interbank Offered Rate index. During 2018, the Authority began a capital project that resulted in the early retirement of \$474.7 thousand in assets determined to be permanently impaired.

EXTRAORDINARY ITEM

During 2018, the Authority was required to convey twelve acres of land for a state highway project. The Authority recognized a gain of \$148.6 thousand on the disposition of the land.

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 \$214.6 million at December 31, 2018, a \$1.7M decrease from December 31, 2017.

A condensed summary of the Authority's total net position at December 31, 2018 and December 31, 2017 and 2016 is set forth below:

	2018	2017	2016
ASSETS			
Capital assets	\$ 237,254,042	\$ 245,397,366	\$ 249,869,538
Other assets	84,771,609	55,013,670	53,736,552
Total Assets	322,025,651	300,411,036	303,606,090
DEFERRED OUTFLOWS OF RESOURCES	3,849,411	4,722,111	5,918,434
LIABILITIES			
Current (payable from unrestricted assets)	7,117,842	6,017,006	7,063,124
Current (payable from restricted assets)	9,320,889	11,366,663	9,721,183
Noncurrent liabilities	93,450,771	70,583,675	81,509,179
Total Liabilities	109,889,502	87,967,344	98,293,486
DEFERRED INFLOWS OF RESOURCES	1,415,901	865,063	776,520
NET POSITION			
Net investment in capital assets	170,718,128	172,661,198	170,626,920
Restricted	26,650,235	22,238,003	21,191,423
Unrestricted	17,201,296	21,401,539	18,636,175
Net Position	\$ 214,569,659	\$ 216,300,740	\$ 210,454,518

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 (79.6% at December 31, 2018). 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 (12.4% at December 31, 2018), 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 \$17.2 million (8.0% at December 31, 2018) 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, 2018, signatories in the Agreement include seven 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:

	2018	2017	2016
Landing Fees (per 1,000 lbs. MGLW)	\$ 2.92	\$ 3.12	\$ 2.73
Terminal Rental Rate (per square foot)	\$ 86.48	\$ 79.86	\$ 81.11
Apron Fees (per square foot)	\$ 1.31	\$ 1.33	\$ 1.19
Loading Bridge (annual rate)	\$ 51,611	\$ 47,237	\$ 40,383
Airline Cost per Enplanement	\$ 6.57	\$ 6.57	\$ 6.00
Rate Settlement/Revenue Sharing Credits	\$ 2,587,646	\$ 2,439,847	\$ 3,137,355

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 2018 and 2017 the Authority provided air service development incentive credits to Airlines totaling \$244,691 and \$67,041 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 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 2018, 2017 and 2016:

	2018	2017	2016
Cash flows from (used):			
Operating activities	\$ 14,976,866	\$ 12,937,136	\$ 16,164,746
Noncapital financing activities	300,997	138,700	222,772
Investing activities	(11,661,475)	29,152	27,221
Capital and related financing activities	14,753,369	(13,223,722)	(8,528,941)
Net increase/(decrease) in cash	18,369,757	(118,734)	7,885,798
Beginning of period	47,905,608	48,024,342	40,138,544
End of period	\$ 66,275,365	\$ 47,905,608	\$ 48,024,342

The Authority's available cash and cash equivalents increased during 2018 by \$18,369,757. Cash and cash equivalents as of December 31, 2018, 2017 and 2016 are composed of:

	2018	2017	2016
Funds available for unrestricted operations	\$ 27,170,120	\$ 23,090,998	\$ 22,020,622
Restricted for:			
Capital projects	23,375,582	2,484,987	4,735,041
PFCs available for debt service payments	13,558,608	10,439,296	8,692,358
Revenue bond reserves	252,565	10,909,819	11,703,502
Other restrictions	1,918,490	980,508	872,819
Total	<u>\$ 66,275,365</u>	<u>\$ 47,905,608</u>	<u>\$ 48,024,342</u>

CAPITAL ACTIVITIES

The enabling legislation creating the Authority set forth that every five years the Authority must submit to the County legislature a capital plan for approval 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 the 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 2018 the Authority was awarded a \$22.1 million Upstate Airport Development and Revitalization Project grant from the State of New York (the project). The grant requires the Authority to provide additional funding to complete a modernization project. The project's estimated total cost is \$53.3 million, which the Authority intends to fund with \$22.2 million in State grants, \$2.6 million in federal funds, \$7.1 million in Passenger Facility Charge Funds and \$21.4 million in bond proceeds. The Authority obtained \$16.8 million in project proceeds from a portion of the \$22.6 million Series 2018 bond issued on November 29, 2018 for new projects. The Authority intends to obtain the final project funds needed, currently estimated at \$4.6 million, from an additional bond issuance that would likely be combined with a refunding issue of the Series 2010 bonds in early 2020 and would be reflected in the Authority's next five-year capital plan for 2020-2024. There is no assurance that future additional Federal or State grant funds will be awarded to the Authority as anticipated in the plan. At December 31, 2018, the Authority had \$21.1 million outstanding capital commitments.

The following is a summary of the approved 2015 – 2019 capital plan including the activity through December 31, 2018:

	Total 2015- 2019 Plan	Total 2015- 12-31-18 Activity
Approved Projects		
Airfield	\$ 34,520,000	\$ 9,818,993
Terminal	14,000,000	10,059,063
Landside	60,000,000	17,400,158
Major Equipment	12,000,000	4,213,279
Total	<u>\$ 120,520,000</u>	<u>\$ 41,491,493</u>
Projected Funding Sources		
Federal Funds	\$ 61,020,000	\$ 19,722,297
State Funds	6,250,000	6,115,210
Debt Issuances	34,500,000	2,735,700
Authority Funds	18,750,000	12,918,286
Total	<u>\$ 120,520,000</u>	<u>\$ 41,491,493</u>

DEBT ADMINISTRATION

The Authority's obligation for debts that are fixed and settled in cash include General Airport Revenue bonds and a revolving bank line of credit. The Authority issues Airport Revenue Bonds to provide funds for the acquisition and construction of major capital facilities. Airport Revenue Bonds are direct obligations and are pledged by the full faith and credit of the Authority. Certain outstanding bonds may be redeemed prior to their normal maturity dates in accordance with the terms of the related bond indentures. The Authority has never defaulted on any principal or interest payments.

The Authority has also obtained a \$10,000,000 revolving bank line of credit. Repayment of principal under the bank line of credit is secured by a pledge and assignment of certain grant payments receivable. Grant payments are not included in revenue as defined under the Master Bond Resolution and are not pledged to bondholders. Interest due on the line of credit is payable from the net revenues of the Authority not needed to pay bondholders.

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, 2018 for General Airport Revenue Bonds (GARB) was \$90,489,000 as compared to \$77,318,000 as of December 31, 2017. The aggregate par amount of bonds bank loans issued by the Authority and outstanding as of December 31, 2018 and 2017 is summarized in the following table:

	Issued	Outstanding at 12-31-17	Outstanding at 12-31-18
Authority Revenue Bonds and Other Debt			
1999 NYS EFC	\$ 7,895,303	\$ 1,128,000	\$ 699,000
2010 Refunding Series A & B	109,855,000	62,845,000	55,220,000
2017 Refunding Series A & B	14,395,000	13,345,000	11,980,000
2018 GARB Series A & B	22,590,000	-	22,590,000
Bank Line of Credit - 2018	10,000,000	-	-
Total Authority Debt Obligations	<u>\$ 164,735,303</u>	<u>\$ 77,318,000</u>	<u>\$ 90,489,000</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, 2017, additions and/or deletions during 2018, and the balances reported at December 31, 2018 with adjustments to the reported value required by generally accepted accounting principles is summarized in the following table:

	Outstanding at 12-31-17	Additions	Deletions	Outstanding at 12-31-18
Authority Revenue Bonds/Debt Obligations				
Bonds Payable				
Series 1999 NYS EFC	\$ 1,128,000	\$ -	\$ (429,000)	\$ 699,000
Series 2010A Refunding	62,845,000	-	(7,625,000)	55,220,000
Series 2017A & B Refunding	13,345,000	-	(1,365,000)	11,980,000
Series 2018A & B GARB	-	22,590,000	-	22,590,000
Total Bonds Payable	77,318,000	22,590,000	(9,419,000)	90,489,000
Deferred Loss on Refunding	(4,084,312)	-	1,052,396	(3,031,916)
Unamortized Premiums/Discounts (net)	2,248,605	2,275,926	(783,036)	3,741,495
Net Bonds Payable	75,482,293	24,865,926	(9,149,640)	91,198,579
Bank Line of Credit - 2018	-	-	-	-
Total Debt	\$ 75,482,293	\$ 24,865,926	\$ (9,149,640)	\$ 91,198,579

BONDS ISSUED IN 2018

On November 29, 2018 the Authority completed the marketing and pricing for the sale of its Series 2018 Bonds in the total par amount of \$22,590,000 of which \$14,770,000 were sold as Series 2018A Non-AMT (not subject to any Federal Tax) and \$7,820,000 were sold as Series 2018B AMT (subject to the Federal Alternative Minimum Tax). The Series 2018 Bonds were issued to provide a portion of the funds required for the Upstate Airport Development & Revitalization Project and other projects.

LINE OF CREDIT OBTAINED IN 2018

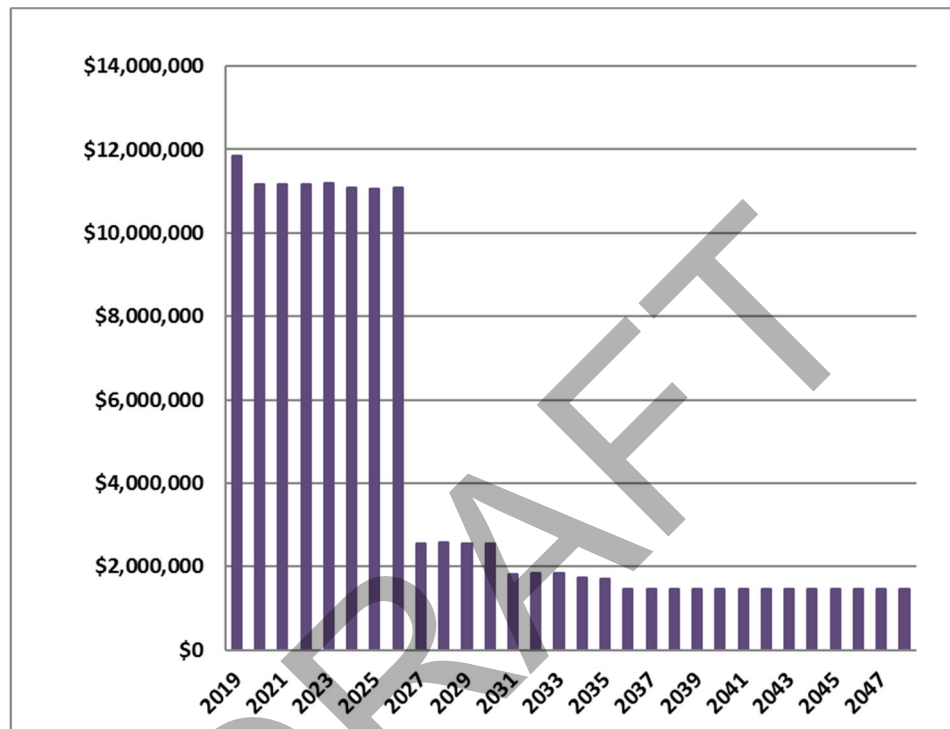
On December 31, 2018 the Authority obtained a \$10 million Bank Line of Credit (LOC) to provide contingent and temporary financing of grants receivable from the State under the \$22,131,900 Upstate Airport Development & Revitalization Project funding agreement with the State. The State grant funds are paid on a reimbursement basis. At December 31, 2018 there was no outstanding balance under the LOC (see Note 8).

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, 2018 the Authority maintained debt service reserve funds in the amount of \$12.5 million and Passenger Facility Charge Funds in the amount of \$13.6 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 \$64.4 million in aggregate par amount of bonds outstanding.

The graph and table below presents combined annual debt service to maturity as of December 31, 2018:



2019	\$11,860,396	2029	\$ 2,557,175	2039	\$ 1,473,500
2020	11,161,131	2030	2,554,931	2040	1,473,250
2021	11,166,131	2031	1,829,363	2041	1,475,750
2022	11,172,881	2032	1,833,056	2042	1,470,750
2023	11,181,131	2033	1,834,450	2043	1,473,500
2024	11,073,381	2034	1,728,050	2044	1,473,500
2025	11,065,381	2035	1,718,150	2045	1,470,750
2026	11,081,463	2036	1,471,500	2046	1,470,250
2027	2,563,575	2037	1,472,500	2047	1,471,750
2028	2,570,700	2038	1,471,500	2048	1,470,000

OTHER LONG-TERM DEBT

Under generally accepted accounting principles, the term “debt” includes bonds, notes, loans, leases and other obligations including the net unfunded obligations for employee benefits. During 2018, the Authority adopted Governmental Accounting Standards Board Statement Number 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 required the Authority to report its actuarially estimated net unfunded liability for retiree health insurance (OPEB) as a liability on the Statement of Net Position for 2018. The Authority restated its January 1, 2018 Net Position by decreasing it by \$6,781,739 and reported a net unfunded liability for OPEB of \$6,621,984 at December 31, 2018. (See Note 13). The Authority also reported \$152,292 and \$436,071 at December 31, 2018 and 2017 respectively for its proportionate share of the unfunded liability for employee pensions (See Note 12).

For additional information about the Authority’s long term debt, see “Note 8 – Long-Term Indebtedness” in the Notes to the Financial Statements.

PASSENGER FACILITY CHARGE (PFC)

The Authority initially received approval from the FAA to impose a PFC of \$3.00 per enplaned passenger beginning March 1, 1994, not to exceed \$40,726,364, principally to finance the Terminal Improvement Program. During 1996, the Authority requested and received approval to increase the amount of PFCs to \$116,888,308 to be collected through the year 2022. Effective September 1, 2009, the Authority implemented an approved change in the PFC collection from \$3.00 per passenger to \$4.50 per passenger, with a current estimated collection period through 2020. Through December 31, 2018, the Authority has collected PFCs, including interest earnings thereon, totaling \$104,272,152, or 89.2% 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 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/NR/A
2017B	uninsured	N/A	A3/NR/A
2018A	uninsured	N/A	A3/NR/A
2018B	uninsured	N/A	A3/NR/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 June 14, 2018, Standard and Poor’s raised the Authority’s underlying credit rating from “A-” 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, 2018 the reserve requirement was \$6.0 million and for which the Authority had \$12.7 million on hand. The Authority also had \$13.5 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, 2018 the debt service reserve funds totaled \$12.5 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

Albany County Airport Authority
Statements of Net Position
As of December 31, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
<u>ASSETS</u>		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 27,170,120	\$ 23,090,998
Accounts receivable - net	2,206,229	2,262,330
Due from County of Albany	248,724	303,478
Prepaid expenses	951,673	1,061,507
Total Unrestricted Assets	<u>30,576,746</u>	<u>26,718,313</u>
Restricted Assets:		
Capital Funds:		
Cash and cash equivalents	23,375,582	2,484,987
Grant funds receivable	1,660,986	1,688,826
Passenger Facility Charge Funds:		
Cash and cash equivalents	13,558,608	10,439,296
Passenger Facility Charges receivable	345,671	563,712
Revenue Bond Funds:		
Cash and cash equivalents	252,565	10,909,819
Investments	12,524,389	277,389
Accrued interest receivable	1,809	1,809
FAA Restricted Funds:		
Cash and cash equivalents	1,059,392	196,857
Concession Improvement Funds:		
Cash and cash equivalents	859,098	783,651
Total Restricted Assets	<u>53,638,100</u>	<u>27,346,346</u>
Total Current Assets	<u>84,214,846</u>	<u>54,064,659</u>
NON-CURRENT ASSETS		
Bond Insurance Premiums	300,790	369,098
Net Assets held in trust for OPEB	-	308,505
Prepaid expenses	255,973	271,408
Capital Assets:		
Land and easements	48,102,683	48,812,345
Buildings, improvements and equipment, net of depreciation	183,421,405	193,044,204
Construction in progress	5,729,954	3,540,817
Total Capital Assets	<u>237,254,042</u>	<u>245,397,366</u>
Total Non-Current Assets	<u>237,810,805</u>	<u>246,346,377</u>
Total Assets	<u>322,025,651</u>	<u>300,411,036</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Refunding	3,031,913	4,084,309
OPEB Expenses	34,725	-
Pension Expenses	782,773	637,802
Total Deferred Outflows of Resources	<u>3,849,411</u>	<u>4,722,111</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Statements of Net Position
As of December 31, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Payable from Unrestricted Assets:		
Accounts payable	\$ 1,054,285	\$ 609,926
Accrued expenses	6,063,557	5,407,080
Total Payable from Unrestricted Assets	<u>7,117,842</u>	<u>6,017,006</u>
Payable from Restricted Assets:		
Construction contracts payable	1,303,881	1,478,791
Construction contract retainages	232,105	317,993
Accrued interest payable	230,903	150,879
Current maturities of long - term debt	7,554,000	9,419,000
Total Payable From Restricted Assets	<u>9,320,889</u>	<u>11,366,663</u>
Total Current Liabilities	<u>16,438,731</u>	<u>17,383,669</u>
<u>NON-CURRENT LIABILITIES</u>		
Bonds and other debt obligations	86,676,495	70,147,604
Net OPEB liability	6,621,984	-
Net pension liability - proportionate share	152,292	436,071
Total Non-Current Liabilities	<u>93,450,771</u>	<u>70,583,675</u>
Total Liabilities	<u>109,889,502</u>	<u>87,967,344</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Concession Improvement funds	859,098	783,651
OPEB expenses	64,289	-
Pension expenses	492,514	81,412
Total Deferred Inflows of Resources	<u>1,415,901</u>	<u>865,063</u>
<u>NET POSITION</u>		
Net investment in capital assets	170,718,128	172,661,198
Restricted:		
Bond reserve funds	12,547,860	11,038,138
Passenger facility charge funds	13,904,279	11,003,008
Other restricted funds	198,096	196,857
Total Restricted:	<u>26,650,235</u>	<u>22,238,003</u>
Unrestricted	<u>17,201,296</u>	<u>21,401,539</u>
Net Position	<u>214,569,659</u>	<u>216,300,740</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
Operating Revenues		
Airfield	\$ 6,588,133	\$ 6,678,085
Fixed Based Operations	10,427,353	8,572,457
Terminal	5,538,045	5,019,779
Concessions	8,262,260	8,070,379
Ground transportation	15,721,089	15,325,640
Other revenue	4,292,488	4,360,796
Total Operating Revenues	<u>50,829,368</u>	<u>48,027,136</u>
Operating Expenses		
Airfield	3,400,074	3,166,201
Fixed Based Operations	8,004,735	6,597,625
Terminal	6,048,127	5,202,732
Loading bridges	349,282	309,227
Landside	5,927,475	5,653,834
Public safety	3,671,658	3,356,287
Aircraft Rescue and Fire Fighting	1,994,878	1,922,809
Vehicle maintenance	1,567,003	1,373,378
Administration	6,386,895	5,812,919
Total Operating Expenses	<u>37,350,127</u>	<u>33,395,012</u>
Revenues in excess of expenses before depreciation	13,479,241	14,632,124
Depreciation	15,335,569	14,761,280
Loss Before Non-Operating Income and Expenses	<u>(1,856,328)</u>	<u>(129,156)</u>
Non-Operating Income and (Expenses)		
Passenger Facility Charges	5,638,922	5,431,444
Grant income	300,997	138,700
Improvement charges	368,400	368,400
Interest income	488,263	10,676
Insurance Recoveries	170,896	-
Insured Expenses	(170,896)	-
Interest expense	(3,898,788)	(4,261,394)
Bond Insurance expense	(390,361)	(252,877)
Amortization of bond insurance premiums	(68,308)	(76,280)
Total Non-Operating Income and (Expenses)	<u>2,439,125</u>	<u>1,358,669</u>
Income before Capital Contributions	582,797	1,229,513
Capital Contributions, Special and Extraordinary Items		
Capital Contributions	3,297,047	4,616,709
Special Item - LIBOR settlement	1,496,915	-
Special Item - cost of permanently impaired assets	(474,695)	-
Extraordinary Item - sale of land	148,595	-
Total Capital Contributions, Special and Extraordinary Items	<u>4,467,862</u>	<u>4,616,709</u>
Net Position		
Increase in Net Position	5,050,659	5,846,222
Net Position, Beginning of Year	216,300,740	210,454,518
Cumulative change in accounting principle	(6,781,739)	-
Net Position, Beginning of Year, as restated	<u>209,519,001</u>	<u>210,454,518</u>
Net Position, End of Year	<u>\$ 214,569,660</u>	<u>\$ 216,300,740</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, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
Cash Flows From Operating Activities		
Cash received from providing services	\$ 50,885,469	\$ 47,841,699
Cash paid to suppliers	(34,607,021)	(33,667,443)
Cash paid to employees	(1,301,582)	(1,237,120)
Net Cash Provided By Operating Activities	<u>14,976,866</u>	<u>12,937,136</u>
Cash Flows From Noncapital Financing Activities		
Grant income	300,997	138,700
Net Cash Provided By Noncapital Financing Activities	<u>300,997</u>	<u>138,700</u>
Cash Flows From Investing Activities		
Purchase of Investments	(12,247,000)	-
Interest received	488,263	10,676
Interest on passenger facility charges	97,262	18,476
Net Cash Provided/(Used) by Investing Activities	<u>(11,661,475)</u>	<u>29,152</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(8,637,400)	(9,055,546)
Principal payments made on bonds and notes payable	(9,419,000)	(8,803,000)
Payments to refunding agent	-	(16,794,552)
Proceeds from issuance of bonds	24,865,926	15,826,250
Cost of issuance	(390,361)	(336,179)
Interest paid	(3,549,403)	(3,673,229)
Concession improvement funds	75,447	107,689
Improvement charges	368,400	368,400
Capital contributions	3,324,887	3,797,722
LIBOR Settlement	1,496,915	-
Sale of Land	858,257	-
Passenger facility charges	5,759,701	5,338,723
Net Cash Provided/(Used) By Capital and Related Financing Activities	<u>14,753,369</u>	<u>(13,223,722)</u>
Net Increase/(decrease) in cash and cash equivalents	18,369,757	(118,734)
Cash and cash equivalents, beginning of year	47,905,608	48,024,342
Cash and cash equivalents, end of year	<u>\$ 66,275,365</u>	<u>\$ 47,905,608</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Loss before non-operating income and expenses	\$ (1,856,328)	\$ (129,156)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation	15,335,569	14,761,280
Decrease/(increase) in assets:		
Accounts receivable	56,101	(185,437)
Due from County of Albany	54,754	(41,342)
Net Assets held in trust for OPEB	-	(92,374)
Prepaid expenses	125,269	(367,654)
Deferred OPEB expenses	178,314	-
Deferred pension expenses	(17,648)	37,937
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	1,100,835	(1,046,118)
Net Cash Provided By Operating Activities	<u>\$ 14,976,866</u>	<u>\$ 12,937,136</u>
Noncash Capital and Related Financing Activities:		
Capital Assets and related receivables	\$ 27,840	\$ (818,987)
Total Noncash Capital and Related Financing Activities	<u>\$ 27,840</u>	<u>\$ (818,987)</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, 2018 and December 31, 2017

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,220,686	\$ 2,058,413
Total Assets	<u>2,220,686</u>	<u>2,058,413</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>\$ 2,220,686</u>	<u>\$ 2,058,413</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, 2018 and December 31, 2017

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Additions to Net Position Attributed to:		
Contributions		
Employer	\$ 149,073	\$ 155,615
Interest Income	13,200	1,910
Total Additions	<u>162,273</u>	<u>157,525</u>
Deductions from Net Position Attributed to:		
Retirement benefits	-	-
Administrative expenses	-	-
Total Deductions	<u>-</u>	<u>-</u>
Increase in Net Position	<u>162,273</u>	<u>157,525</u>
Net Position - Restricted for OPEB, Beginning of Year	<u>2,058,413</u>	<u>1,900,888</u>
Net Position - Restricted for OPEB, End of Year	<u>\$ 2,220,686</u>	<u>\$ 2,058,413</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, 2018 and December 31, 2017

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. On November 5, 2018 the term of the Lease was extended through December 31, 2049.

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, 2021. 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 July 23, 2018. The policy allows the Authority to use any depository bank that is State or Federally chartered commercial bank that can meet the Authority's requirements for cash vault services, is a member of the National Automated Clearing House Association (NACHA), and is able to act as an Originating Depository Financial Institution (ODFI) for direct deposit of payments. Additionally, the bank must have a minimum long term credit rating of "A" without regard to subcategories from at least one of the Nationally Recognized Statistical Rating Organizations (NRSRO) and no rating below investment grade from any other NRSRO.

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, 2017 and 2018 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, Series 2017 and Series 2018 Bonds equal 125% of the average annual debt service due on bonds at the time of issuance.

FAA Restricted Funds - These assets represent proceeds from the disposition of property acquired with capital grants from the Federal Aviation Administration through the Airport Improvement Program and the Airport Noise Compatibility Grants under FAR150 or a combination of both. These Airport funds were generated through the disposition of 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 concessionaires’ leased areas 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 during the construction period for capital assets acquired with debt was capitalized in certain years prior to 2018. After 2007 the Authority did not incur or pay any interest that was eligible for capitalization.

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 non-operating 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. During 2018, the Authority received \$1.5 million from its inclusion in a multi-state action led by 45-State Attorney Generals against a former derivative instrument counter-party related to manipulation of the former London Interbank Offered Rate index. During

2018, the Authority began a capital project that resulted in the early retirement of \$474.7 thousand in assets determined to be permanently impaired.

Extraordinary Items - Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. During 2018, the Authority was required to convey twelve acres of land for a state highway project. The Authority recognized a gain of \$148.6 thousand on the disposition of the land.

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, 2018, the Authority has collected PFCs including interest earnings thereon totaling \$104,272,152.

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, 2018, the Authority has applied \$89.6 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 Plans:

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's participation in the plans are mandated by State law and includes the New York State and Local Employees' Retirement System (ERS) and the New York State Voluntary Defined Contribution (NYS VDC) plan (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:

During 2017 the Authority adopted Governmental Accounting Standards Board Statements No. 80 - *Blending Requirements for Certain Component Units*, and No. 81 - *Irrevocable Split-Interest Agreements*, and No. 82 *Pension Issues*, 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.

During 2018 the Authority adopted Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB No. 75 lays out the requirements for additional note disclosures and required supplementary information. As a result, beginning of year net position has been restated as follows:

Net position previously reported, January 1, 2018	\$ 216,300,740
Recognition of net OPEB liability, January 1, 2018	(6,473,234)
Eliminate net assets held in trust for OPEB, January 1, 2018	(308,505)
Net position, January 1, 2018, as restated	<u>\$ 209,519,001</u>

During 2018 the Authority adopted Governmental Accounting Standards Board Statement No. 85 – *Governmental Accounting Standards Board Omnibus 2017* (GASB 85). GASB 85 establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

During 2018 the Authority adopted Governmental Accounting Standards Board Statement No. 86 – *Certain Debt Extinguishment Issues* (GASB 86). GASB 86 primarily requires disclosure for in-substance defeasance of debt in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt and also provides guidance on accounting for prepaid insurance on debt that is extinguished by in-substance defeasance. This Statement also requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

During 2018 the Authority adopted Governmental Accounting Standards Board Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). GASB 88 requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. (see Note 8).

During 2018, the Authority prospectively adopted Governmental Accounting Standards Board Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Project* (GASB 89). GASB 89 requires interest cost incurred before the end of a construction period be included in current expense and not included in the cost of the capital asset. Under prospective adoption, interest included in the reported cost of capital assets prior to adoption of GASB 89 continues to be included in the cost of capital assets.

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	
	2018	2017	2018	2017
Cash and Cash Equivalents				
Cash on hand	\$ 6,750	\$ 6,750		
Cash in bank accounts	66,268,615	48,017,592	\$ 68,804,999	\$ 49,603,591
Total Cash and Cash Equivalents	66,275,365	48,024,342		
Investments	Cost			
U.S. Treasury SLGS note maturing				
2019 at 3.093%	277,389	277,389		
2019 at 2.54%	12,247,000	-		
Total Investments	12,524,389	277,389		
Total cash, cash equivalents and investments	\$ 78,799,754	\$ 48,301,731		

The U.S. Treasury State and Local Government Series (SLGS) Securities are special purpose securities issued by the U.S. Department of the Treasury that can only be purchased with Tax-Exempt Bond Proceeds.

The Authority's SLGS are time deposit with a maturity of less than one year and were purchased with the debt service reserve funds.

The Authority's deposits were secured by insurance from the Federal Depository Insurance Corporation (FDIC) covering \$500,000 on December 31, 2018 and December 31, 2017 plus \$71,407,389 and \$49,603,591 of pledged collateral held by a third party trustee bank at December 31, 2018 and 2017, 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 12-31-18	As of 12-31-17
Airlines	\$ 1,078,110	\$ 1,260,815
Concessions	32,771	93,137
Other	1,095,348	999,154
Sub-Total	2,206,229	2,353,106
Less Allowances	-	(90,776)
Net Accounts Receivable	\$ 2,206,229	\$ 2,262,330

NOTE 5 – FAA Restricted Funds

The Authority holds funds derived from the disposition of property acquired with grants received from the Federal Aviation Administration (FAA). These funds are restricted for use and limited to capital expenditures approved by the FAA. The following table presents the amounts and changes in such funds:

	2018	2017
Airport Noise Compatibility Grants (FAR150)		
Opening Balance	\$ 196,857	\$ 196,857
Interest Received during the year	1,239	-
Ending Balance	\$ 198,096	\$ 196,857
Airport Improvement Program Grants		
Opening Balance	\$ -	\$ -
Funds Received	855,000	
Interest Received during the year	6,296	
Ending Balance	\$ 861,296	\$ -
Total	\$ 1,059,392	\$ 196,857

NOTE 6 - Due from County of Albany

The net amount from the county consists of the following:

	As of 12-31-18	As of 12-31-17
Reimbursement of expenses due from County	\$ 248,724	\$ 303,478
	<u>\$ 248,724</u>	<u>\$ 303,478</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, 2018 and 2017 for these services totaled \$2,442,014 and \$2,624,527, respectively.

NOTE 7 - Capital Assets

Capital Assets balances and activity for the years ended December 31, 2017 and 2018 were as follows:

	Total 12-31-16	Additions	Deletions	Total 12-31-17	Additions	Deletions	Total 12-31-18
Capital Assets that are not depreciated:							
Land and Easements	\$ 48,005,527	\$ 806,818		\$ 48,812,345		\$ (709,662)	\$ 48,102,683
Construction in Progress	2,179,258	10,289,108	\$ (8,927,549)	3,540,817	2,189,137		5,729,954
Total	<u>50,184,785</u>	<u>11,095,926</u>	<u>(8,927,549)</u>	<u>52,353,162</u>	<u>2,189,137</u>	<u>(709,662)</u>	<u>53,832,637</u>
Capital Assets that are depreciated:							
Buildings	203,520,852			203,520,852	563,190		204,084,042
Improvements, other than buildings	223,244,853	7,806,626		231,051,479	5,215,345	(562,572)	235,704,252
Machinery and Equipment	15,343,878	314,105		15,657,983	408,929	(1,422,217)	14,644,695
Sub-total	<u>442,109,583</u>	<u>8,120,731</u>	<u>-</u>	<u>450,230,314</u>	<u>6,187,464</u>	<u>(1,984,789)</u>	<u>454,432,989</u>
Less accumulated depreciation:							
Buildings	(116,366,544)	(6,593,798)		(122,960,342)	(6,611,323)		(129,571,665)
Improvements	(114,065,844)	(7,577,058)		(121,642,902)	(8,120,690)	562,572	(129,201,020)
Machinery and Equipment	(11,992,442)	(590,424)		(12,582,866)	(603,556)	947,523	(12,238,899)
Sub-total	<u>(242,424,830)</u>	<u>(14,761,280)</u>	<u>-</u>	<u>(257,186,110)</u>	<u>(15,335,569)</u>	<u>1,510,095</u>	<u>(271,011,584)</u>
Total depreciable Capital Assets, net	<u>199,684,753</u>	<u>(6,640,549)</u>		<u>193,044,204</u>	<u>(9,148,105)</u>	<u>(474,694)</u>	<u>183,421,405</u>
Total Capital Assets, Net	<u>\$ 249,869,538</u>	<u>\$ 4,455,377</u>	<u>\$ (8,927,549)</u>	<u>\$ 245,397,366</u>	<u>\$ (6,958,968)</u>	<u>\$ (1,184,356)</u>	<u>\$ 237,254,042</u>

In 2018, certain parking equipment was abandoned due to new capital improvements that began in 2018 and were scheduled to start during 2019. Equipment valued at a cost of \$738,018 with a net book value of \$521,428 as of December 31, 2018 was immediately written to their remaining value after impairment of \$46,733 reflecting a remaining service life of one year using the service units method. Other assets in the amount of \$1,510,094 were written off as they are no longer in service.

NOTE 8 - Long-Term Indebtedness

A summary of the changes in the Authority's long-term indebtedness outstanding during 2017 and 2018 were as follows:

	Outstanding at 12-31-16	Additions	Deletions	Outstanding at 12-31-17	Additions	Deletions	Outstanding at 12-31-18
Authority Revenue Bonds/Debt Obligations							
Bonds Payable							
Series 1999 NYS EFC	\$ 1,546,000	\$ -	\$ (418,000)	\$ 1,128,000	\$ -	\$ (429,000)	\$ 699,000
Series 2010A Refunding	70,180,000	-	(7,335,000)	62,845,000	-	(7,625,000)	55,220,000
Series 2017A & B Refunding		14,395,000	(1,050,000)	13,345,000	-	(1,365,000)	11,980,000
Series 2018A & B GARB				-	22,590,000	-	22,590,000
Total Bonds Payable	88,216,000	14,395,000	(25,293,000)	77,318,000	22,590,000	(9,419,000)	90,489,000
Unamortized Premiums	1,483,693	1,431,250	(666,338)	2,248,605	2,275,926	(783,036)	3,741,495
Total Long-term Indebtedness	\$ 89,699,693	\$ 15,826,250	\$ (25,959,338)	\$ 79,566,605	\$ 24,865,926	\$ (10,202,036)	\$ 94,230,495

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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, 2018	As of December 31, 2017
Series 1999A Airport Revenue Bond Issue:		
Principal paid annually on October 1, in payments of \$699,000 in 2019 with interest at 3.382% due semi-annually April 18 and October 15	\$ 699,000	\$ 1,128,000
Less amortization of:		
Deferred Loss	(684)	(1,719)
Series 1999A Revenue Bond net carrying amount	698,316	1,126,281
Less current portion including amortization	698,316	427,965
Long - Term Portion	\$ -	\$ 698,316

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, 2018:

Year Ended	Principal	Interest	Int. Subsidy	Total
2019	\$ 699,000	\$ 18,567	\$ (4,802)	\$ 712,765
TOTAL	\$ 699,000	\$ 18,567	\$ (4,802)	\$ 712,765

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, 2018	As of December 31, 2017
Series 2010A General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$5,555,000 in 2019 to \$690,000 in 2030 with interest at 4.00% to 4.50% due semi-annually on June 15 and December 15	\$ 55,220,000	\$ 62,845,000
Plus amortization of:		
Bond Premium	480,662	954,555
Less amortization of:		
Deferred Loss on Refunding	(2,713,217)	(3,709,602)
Bond Insurance	(300,790)	(369,098)
Series 2010A GARB net carrying amount	52,686,655	59,720,855
Less current portion including amortization	5,017,912	7,034,200
Long - Term Portion	\$ 47,668,743	\$ 52,686,655

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, 2018:

Year Ended	Principal	Interest	Total
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	6,730,000	1,385,731	8,115,731
2024-2028	23,225,000	2,561,200	25,786,200
2029-2030	1,350,000	91,800	1,441,800
TOTAL	\$ 55,220,000	\$ 12,573,256	\$ 67,793,256

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 2017, 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 Airport Revenue Bonds and Series 2006A. The net carrying amount on the Series 2017A General Airport Revenue Bonds consists of the following:

	As of December 31, 2018	As of December 31, 2017
Series 2017A General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$90,000 in 2019 to \$110,000 in 2033 with interest at 3.00% to 5.00% due semi-annually on June 15 and December 15	\$ 7,065,000	\$ 7,470,000
Plus amortization of:		
Bond Premium	799,632	943,983
Less amortization of:		
Deferred Loss on Refunding	(177,831)	(209,933)
Series 2017A GARB net carrying amount	7,686,801	8,204,050
Less current portion including amortization	196,163	517,249
Long - Term Portion	\$ 7,490,638	\$ 7,686,801

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, 2018:

Year Ended	Principal	Interest	Total
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	975,000	217,125	1,192,125
2024-2028	3,105,000	406,175	3,511,175
2029-2033	505,000	52,694	557,694
TOTAL	\$ 7,065,000	\$ 1,923,594	\$ 8,988,594

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 Airport Revenue Bonds and Series 2006C. The net carrying amount on the Series 2017B General Airport Revenue Bonds consists of the following:

	As of December 31, 2018	As of December 31, 2017
Series 2017B General Airport Revenue Refunding Bond Issue:		
Principal paid annually on December 15, in payments of \$915,000 in 2019 to \$235,000 in 2035 with interest at 3.00% to 5.00% due semi-annually on June 15 and December 15	\$ 4,915,000	\$ 5,875,000
Plus amortization of:		
Bond Premium	300,959	350,067
Less amortization of:		
Deferred Loss on Refunding	(140,184)	(163,058)
Series 2017B GARB net carrying amount	5,075,775	6,062,009
Less current portion including amortization	936,948	986,234
Long - Term Portion	\$ 4,138,827	\$ 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, 2018:

Year Ended	Principal	Interest	Total
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	270,000	130,025	400,025
2024-2028	1,250,000	443,125	1,693,125
2029-2033	1,040,000	214,231	1,254,231
2034-2035	470,000	28,200	498,200
TOTAL	\$ 4,915,000	\$ 1,507,031	\$ 6,422,031

Series 2018A&B General Airport Revenue Bonds

In November of 2018, the Authority closed on the sale of two General Airport Revenue Bond issues totaling \$22,590,000.

The Authority issued \$14,770,000 (non AMT) of Series 2018A General Airport Revenue Bonds to fund a portion of the cost of the Upstate Airport Development & Revitalization Project at the Airport and other projects in the Authority's 2015-2019 capital plan. The net carrying amount on the Series 2018A General Airport Revenue Bonds consists of the following:

	As of December 31, 2018	As of December 31, 2017
Series 2018A General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$195,000 in 2034 to \$1,400,000 in 2048 with interest at 5.00% due semi-annually on June 15 and December 15	\$ 14,770,000	\$ -
Plus amortization of:		
Bond Premium	1,437,895	-
Series 2018A GARB net carrying amount	16,207,895	-
Less current portion including amortization	121,236	-
Long - Term Portion	\$ 16,086,659	\$ -

Maturities of the long-term Series 2018A 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, 2018:

Year Ended	Principal	Interest	Total
2019	-	\$ 771,322	771,322
2020	-	738,500	738,500
2021	-	738,500	738,500
2022	-	738,500	738,500
2023	-	738,500	738,500
2024-2028	-	3,692,500	3,692,500
2029-2033	-	3,692,500	3,692,500
2034-2038	\$ 3,400,000	3,422,750	6,822,750
2039-2043	5,000,000	2,366,750	7,366,750
2044-2048	6,370,000	986,250	7,356,250
TOTAL	\$ 14,770,000	\$ 17,886,072	\$ 32,656,072

Series 2018A&B General Airport Revenue Refunding Bonds, Con't

The Authority issued \$7,820,000 (AMT) of Series 2018B General Airport Revenue Bonds to fund projects in the Authority's 2015-2019 capital plan. The net carrying amount on the Series 2018B General Airport Revenue Bonds consists of the following:

	As of December 31, 2018	As of December 31, 2017
Series 2018B General Airport Revenue Bond Issue:		
Principal paid annually on December 15, in payments of \$295,000 in 2019 to \$515,000 in 2034 with interest at 5.00% due semi-annually on June 15 and December 15	\$ 7,820,000	\$ -
Plus amortization of:		
Bond Premium	817,829	-
Series 2018B GARB net carrying amount	8,637,829	-
Less current portion including amortization	403,159	-
Long - Term Portion	\$ 8,234,670	\$ -

Maturities of the long-term Series 2018B General Airport Revenue Bond issue will require the following principal and interest payments (excluding amortization of deferred items) based on the amounts outstanding at December 31, 2018:

Year Ended	Principal	Interest	Total
2019	\$ 295,000	\$ 408,378	\$ 703,378
2020	360,000	376,250	736,250
2021	375,000	358,250	733,250
2022	395,000	339,500	734,500
2023	415,000	319,750	734,750
2024-2028	2,405,000	1,266,500	3,671,500
2029-2033	3,060,000	602,750	3,662,750
2034	515,000	25,750	540,750
TOTAL	\$ 7,820,000	\$ 3,697,128	\$ 11,517,128

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	\$ 698,316	\$ -	\$ 698,316
Series 2010A Refunding	5,017,912	47,668,743	52,686,655
Series 2017A Refunding	213,992	7,443,761	7,657,753
Series 2017B Refunding	964,990	4,044,351	5,009,341
Series 2018A GARB	121,236	16,086,659	16,207,895
Series 2018B GARB	403,159	8,234,670	8,637,829
Total Long-term Indebtedness	\$ 7,419,605	\$ 83,478,184	\$ 90,897,789

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 \$6,600,000 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). 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

Bank Line of Credit

During 2018 the Authority accepted a \$22,131,900 grant from the State of New York under a State Aviation Project Funding Agreement (APFA). Pursuant to the APFA, State grant funds are being provided for funding a portion of Upstate Airport Development & Revitalization Project (the project). The project has an agreed upon completion date of March 31, 2020. The Authority expects to file monthly reimbursement claims for reimbursement of expenditures that are eligible for reimbursement under the APFA and it will initially pay from funds on hand that are available for capital project funding. On December 31, 2018 the Authority closed on a \$10,000,000 revolving bank line of credit (the Loan Agreement) with Community Bank, N.A. to provide contingent interim financing for grant reimbursement claims in the event the that the balance of accumulated grant reimbursements payable from the State becomes temporarily larger than anticipated.

There have been no payment draws, there is currently no outstanding loan balance, but the Authority expects to make an initial draw in March 2019 under the Loan Agreement. The Loan Agreement provides that a \$10,000,000 revolving line of credit is available until December 31, 2020 subject to the terms and conditions therein. The Authority's Loan Counsel has issued an opinion that from the date of the first draw until the loan is first fully repaid, interest paid under Loan Agreement is exempt from the Federal and State Income Tax but subject to the Federal Alternative Minimum Tax. The Authority intends upon the initial draw to maintain an outstanding minimum balance of \$50,000 until the termination of the Loan Agreement.

The Tax Exempt interest rate under the Loan Agreement is a rate per year equal to the sum of LIBOR One-Month Floating Rate and 1.75 percentage points, multiplied by 0.76. Should for any reason it be determined interest paid under the Loan Agreement is subject to Income Tax, the rate reverts to the LIBOR One-Month Floating Rate and 1.75 percentage points effective as of the date on which the interest payable was been determined to be taxable.

The Loan Agreement was approved by Resolution adopted by the Authority at its December 10, 2018 meeting which establishes that any payments made pursuant to the Loan Agreement are subordinate to payments required to be made to the Authority's bondholders under its Master Bond Resolution Adopted January 6, 1997, which excludes restricted grant income from the definition of Revenue. The Loan Agreement requires the Authority to continue to maintain a debt service coverage ratio established in the Master Bond Resolution for its bondholders.

The Authority also entered into a Pledge and Assignment of the APFA Grant Proceeds, contingent upon approval by the State, with respect to both the APFA and the grant funds due to the Authority from the State pursuant to the APFA. Under the APFA, the grant proceeds may only be used to repay principal under the financing agreement and any interest paid must be funded from other sources of funds. The Authority will fund any interest payments due under the Loan Agreement from net revenues of the Authority, which excludes grant proceeds.

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, 2018, the Authority had \$90.5 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 2018 or 2017.

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 2018	Year Ended 2017
County of Albany	\$ 46,824,500	\$ -	\$ -
Federal	133,033,620	2,268,616	4,144,523
State	72,447,732	1,028,431	472,186
Total	<u>\$ 252,305,852</u>	<u>\$ 3,297,047</u>	<u>\$ 4,616,709</u>

Unrestricted net position consists of the following:

	2018	2017
Designation of unrestricted net position		
Operations and maintenance reserve	\$ 12,683,238	\$ 11,021,931
Renewal and replacement reserve	500,875	500,000
Total designations	13,184,113	11,521,931
Undesignated unrestricted net position	4,017,183	9,879,608
Total unrestricted net position	<u>\$ 17,201,296</u>	<u>\$ 21,401,539</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

Seven 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 2018, 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 credit of \$362,369 for the rates and charges settlements and they also received \$2,587,645 for their share of the revenue sharing; totaling \$2,950,014. In 2017, the airlines and cargo carriers were given total credits of \$2,463,136 for their share of the final settlement and revenue sharing. In 2016, the total credits were \$3,137,355.

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 2018 of \$12,154,961 by \$1,489,084. In 2017 the revenues exceeded the MAG amounts due of \$11,694,658 by \$1,348,383. 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:

2019	\$ 9,530,556
2020	8,781,422
2021	8,275,930
2022	7,678,184
2023	7,665,915
2024-2030	32,555,820
Total	<u>\$ 74,487,827</u>

NOTE 12 - Pension Plans

Plan Descriptions - The Authority participates in the New York State and Local Employees' Retirement System (ERS) cost-sharing multiple-employee retirement system. The ERS provides 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, 2018, 2017 and 2016 were \$256,525, \$252,468, and \$260,215 respectively, or approximately 15.7%, 15.1% and 16.2%, 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, 2018, 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, 2018. 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, 2018 and 2017:

	2018	2017
Actuarial valuation date	April 1, 2017	April 1, 2016
Net pension asset/(liability)	(\$152,292)	(\$436,071)
Authority's portion of the Plan's total net pension asset/(liability)	0.0047187%	0.0046409%

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 \$256,525 during the Authority's year ended December 31, 2018. Accordingly, the Authority did not owe any payables to the Pension System as of December 31, 2018 or 2017.

Pension Expense - For the year ended December 31, 2018, the Authority recognized its proportionate share of pension expense of \$184,117. For December 31, 2017, the Authority's pension expense was \$249,719.

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, 2018 and 2017 were \$238,877 and \$290,406 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, 2018 and 2017:

	Outflows of Resources 2018	Outflows of Resources 2017	Inflows of Resources 2018	Inflows of Resources 2017
Differences between expected and actual experiences	\$ 54,318	\$ 10,928	\$ 44,886	\$ 66,220
Changes of assumptions	100,982	148,978	-	-
Net difference between projected and actual earnings on pension plan investments	221,192	87,101	436,611	-
Changes in proportion and differences between contributions and proportionate share of contributions	149,756	138,327	11,017	15,192
Contributions subsequent to the measurement date	256,525	252,468	-	-
Total	<u>\$ 782,773</u>	<u>\$ 637,802</u>	<u>\$ 492,514</u>	<u>\$ 81,412</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, 2019. 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, 2018 and 2017:

Year ended:	2018	2017
2018	\$ -	\$ 123,154
2019	87,365	123,154
2020	67,526	103,450
2021	(83,988)	(45,834)
2022	(37,169)	-
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 updated procedures used to roll forward the total pension asset/(liability) to the measurement date. 2018 was the third year of the current year experience study cycle and recommends that the current assumptions be maintained. The actuarial valuation for December 31, 2018 and 2017 are as follows:

Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
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
Decrement	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

* For FY 2018, each service value to be increased by 10%

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. 2018 was the third year of the current year experience study cycle and recommends that the current assumptions be maintained with the exception of the salary scale.

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%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategies	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation-Indexed bonds	4.0%	1.25%
	<u>100.0%</u>	

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%)
Proportionate Share	\$1,152,282	\$152,292	(\$693,660)

New York State Voluntary Defined Contribution (NYS 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 NYS VDC Plan instead of the ERS Plan. The NYS 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 NYS VDC Plan. The NYS 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 NYS 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 NYS VDC plan through December 31, 2018 and 2017 were \$8,960 and \$8,721 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 qualifying 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 adopted GASB Statement 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*-, prospectively which requires reporting, on an accrual basis, the liability associated with other postemployment benefits. The OPEB liability at transition was zero was being amortized over a thirty-year period. Effective January 1, 2018 the Authority adopted GASB Statement 75, which replaced GASB 45 and required the previously unrecognized liability for OPEB benefits to reported as a liability on the statement of Net Position and also changed the measurement focus to fair value measurement. 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 OPEB Plan is a single-employer defined benefit healthcare plan trust administered by the Authority. The Plan provides medical insurance benefits to eligible retirees who elect to receive it and their eligible dependents. Membership of the Plan consists of 36 plan members composed of; 21 Active, 14 retired and 1 deceased employee. The Plan is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was created by the Albany County Airport Authority to be managed by a sole trustee intended to be the Chief Financial Officer of the Authority who is the plan Trustee. The Plan is a component unit of the Albany County Airport Authority. The Trust has a fiduciary duty to provide plan benefits to eligible beneficiaries. As long as the Albany County Airport Authority provides the required benefits, the Trust's obligation is fulfilled and it may then reimburse the Albany County Airport Authority for the cost of the benefits provided, if requested to do so.

Eligibility

An employee hired on or after January 1, 2005 shall become eligible to retire under this plan upon attainment of age 55 as an active member and completion of 10 years of service. Those hired after January 1, 2017 must have 15 years of service and have reached the age of 55.

Contributions

Contributions to the Plan are likely to be entirely funded by the employer (the Authority). Participants hired prior to July 1, 2005 are not required to contribute to the plan. Participants hired on or after July 1, 2005 are required to contribute 10% of the cost of benefits to the plan, offset by the value of their unused sick leave up to 1,320 hours at the time of retirement. The Plan was established and may be amended by the Authority. The Authority has no obligation to fund the plan. Contributions made were provided for in the Authority's annual budgets for 2008 through 2018 along with interest earnings thereon. Any future contributions to the plan would be authorized by a future resolution of the Authority.

Net OPEB Liability

The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Investment Policy

The Authority has adopted an investment policy for the Trust that the Authority may amend from time to time. The Authority adopted an Investment Policy for effectively supervising, monitoring and evaluating the investment assets of the Plan. The investment policy allows for the plan assets to be comprised of:

Fixed Income	0%-60%
Cash Equivalent.....	5%-100%
Domestic Equity	0%-60%
International Equity	0%-60%
Other Equity	0%-20%

As of December 31, 2018 all plan assets were on deposit with M & T Bank, in an interest bearing demand deposit account, the entire balance of which was collateralized by obligations that are guaranteed by the U.S. Government and held by a 3rd party custodian. The Trustee believes the investment and management of the assets of the Plan have complied with the Trust investment policy adopted by the Authority.

Actuarially Determined Contribution (ADC)

The Airport's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with parameters of GASB Statement 74/75 which is composed of the service cost and amortization of the unfunded liability using a 30 year flat dollar amortization of such unfunded liability. The following table shows the components of the Airport's annual ADC for the fiscal year and the amount actually contributed to the plan:

	For the fiscal year ending December 31, 2018
Service Cost	217,039
30 year amortization of NOL at 3.75%	357,987
Actuarial determined contribution	575,026
Contributions in relation to the actuarially determined contribution	(300,000)
Contribution deficiency/(excess)	275,026
Covered Employee Payroll	1,966,055
Contributions as a % of covered employee payroll	15.26%

Funded Policy, Status and Progress

The contribution requirements of plan members and the Authority are established and may be amended through Authority resolutions. For the period ending on the December 31, 2018 Measurement Date, total Authority premiums implicit costs for the retiree medical program were \$150,927. The Authority also made a contribution to the OPEB Trust of \$149,073 for a total contribution during the measurement period of \$300,000 to be reported on the financial statement for the fiscal year ending December 31, 2018.

As of the December 31, 2018 Measurement Date, the plan was 25.1% funded. The Total OPEB Liability (TOL) for benefits was \$8,842,670, and the Fiduciary Net Position was \$2,220,686, resulting in a Net OPEB Liability (NOL) of \$6,621,984. The covered payroll (annual payroll of active employees covered by the plan) was \$1,966,055 and the ratio of the NOL to the covered payroll was 336.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is

increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

Changes in the OPEB Liability

Net OPEB Liability at beginning of period	\$ -
Change in Accounting Principals for GASB 75	6,473,234
Service cost	217,039
Interest	325,272
Change in assumptions	-
Differences between expected and actual experience	(80,361)
Net investment income	(13,200)
Employer contributions to the trust	(300,000)
Benefit payments withdrawn from the trust	150,927
Benefit payment excluding implicit cost	(150,927)
Net OPEB Liability at end of period	<u>\$ 6,621,984</u>

Changes in the Deferred Outflows/Inflows

	Outflows of Resources 2018	Inflows of Resources 2018
Beginning of the period	\$ -	\$ -
Created during the period	43,406	(80,361)
Recognized during the period	(8,681)	16,072
End of the period	<u>\$ 34,725</u>	<u>\$ (64,289)</u>

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/(liability) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows as of December 31, 2018:

Year ended:	
2019	\$ (7,391)
2020	(7,391)
2021	(7,391)
2022	(7,391)
2023	-
Thereafter	-

OPEB Expense Development

Components of the Airport's OPEB expenses for the fiscal year ending December 31, 2018:

Service Cost	\$	217,039
Interest on the Net OPEB Liability (asset), service cost, and benefit payments		325,272
Deferred (inflows)/outflows from plan design changes		-
Deferred (inflows)/outflows from plan experience		(16,072)
Deferred (inflows)/outflows from changes of assumptions		-
Projected earnings on OPEB plan investments		(56,606)
Total employer contribution		8,681
Net financial statement OPEB expense	\$	<u>478,314</u>

Money Weighted Rate of Return and Plan Cash Flows

Beginning value - December 31, 2017	\$	2,058,413
Annual contribution to OPEB Trust		149,073
Annual interest earnings		13,200
Ending Value - December 31, 2018	\$	<u>2,220,686</u>
Money weighted rate of return		0.64%

Discount rate

The discount rate used to calculate the total OPEB liability was 3.75%. The following table presents the results if the discount rate was 1% lower or 1% higher:

Impact of a 1% Change in the Discount Rate as of the December 31, 2018 Measurement Date

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB Liability	\$ 10,427,489	\$ 8,842,670	\$ 7,579,562
Fiduciary Net Position	2,220,686	2,220,686	2,220,686
	\$ 8,206,803	\$ 6,621,984	\$ 5,358,876
Service Cost	\$ 285,125	\$ 217,039	\$ 166,982

Healthcare Trend

The healthcare cost trend used to calculate the total OPEB liability was 5%. The following table presents the results if the healthcare cost rate was 1% lower or 1% higher:

Impact of a 1% Change in the Healthcare Cost Trend as of the December 31, 2018 Measurement Date

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 7,429,402	\$ 8,842,670	\$ 10,642,156
Fiduciary Net Position	2,220,686	2,220,686	2,220,686
	\$ 5,208,716	\$ 6,621,984	\$ 8,421,470
Service Cost	\$ 173,163	\$ 217,039	\$ 274,490

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, AFCA 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, 2018 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, 2018. There was no reduction in insurance coverage during 2018. Changes in the balance of claims paid directly by the Authority during the past two years are as follows:

	Year Ended 2018	Year Ended 2017
Unpaid claims, beginning of year	\$ -	\$ -
Claims incurred	96,477	90,549
Claims paid	(96,477)	(90,549)
Unpaid claims, end of year	\$ -	\$ -

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, 2021. 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 \$425,000. 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, 2018, the Authority has outstanding contractual commitments for completion of certain capital improvement projects totaling \$14.2 million of which an estimated \$10.3 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 48.9% of accounts receivable and airline revenues represent 24.7% of operating revenues for the year ended December 31, 2018.

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, 2018 and 2017 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.

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 a community ice hockey 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 obtaining discretionary Federal Grants at a future date after the completion of a Master Plan Study.

Upstate Airport Development & Revitalization Project – During 2018 the Authority was awarded a \$22,131,900 grant from the State of New York Department of Transportation. The preliminary project budget was estimated at \$42,181,900. The Grant Agreement requires the Authority to fund any project costs in excess of the preliminary project budget. Currently based upon plans, completed bids and estimates of the value of work of work to be bid for the project, the Authority believes the project will cost approximately \$53.3 million. The Authority intends to fund the \$11.5 million in estimated project costs in excess of the preliminary project budget through a combination of Passenger Facility Charge Funds on hand an additional borrowing of \$4.6 million. Actual projects costs will vary as the project progresses and the amounts the Authority may need to borrow can increase. The Authority intends to file a grant payment request of approximately \$550,000 in March 2019 which it will seek an advance on the revolving line of credit. The Authority intends to keep at least \$50,000 outstanding on the revolving line of credit until its termination in 2020.

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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,	2018	2017	2016	2015
Proportion percentage of net pension liability	0.00472%	0.00464%	0.00497%	0.00525%
Proportion amount of net pension liability	\$ 152,292	\$ 436,071	\$ 797,486	\$ 177,342
Covered payroll	\$ 1,682,703	\$ 1,623,832	\$ 1,640,182	\$ 1,599,482
Authority's proportionate share of net pension liability as a percentage of covered-employee payroll	9.05%	26.85%	48.62%	11.09%
Plan fiduciary net position as a percentage of total pension liability	98.24%	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,	2018	2017	2016	2015
Contractually required contribution	\$ 256,525	\$ 252,468	\$ 260,215	\$ 305,211
Contributions in relation to the contractually required contribution	(256,525)	(252,468)	(260,215)	(305,211)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,635,511	\$ 1,674,841	\$ 1,608,253	\$ 1,650,458
Contributions as a percentage of covered payroll	15.68%	15.07%	16.18%	18.49%

Data prior to 2015 is unavailable.

Albany County Airport Authority
Schedule of Changes in the Airport's Net OPEB Liability and Related Ratios
For the year ended December 31

	2018
Total OPEB Liability	8,842,670
Service Cost	217,039
Interest on total OPEB liability, service cost and benefit payments	325,272
Changes in benefit terms	-
Difference between expected & actual plan experience	(80,361)
Changes of assumptions	-
Benefit payments excluding implicit cost	(150,927)
Implicit cost amount	N/A
Total benefit payments including implicit cost	N/A
Net change in OPEB liability	311,023
Total OPEB liability - beginning of period	8,531,647
Total OPEB liability - end of period	8,842,670
Plan Fiduciary Net Position	2,220,686
Interest on fiduciary net position	13,200
Earnings from plan investments	300,000
Employer contribution to trust	(150,927)
Benefit payments from trust, including refunds of member contributions	-
Administrative expense	-
Other	-
Net change in plan fiduciary net position	162,273
Plan fiduciary net position - beginning of period	2,058,413
Plan fiduciary net position - end of period	2,220,686
Net OPEB liability	6,621,984
Plan Fiduciary net position as a % of total OPEB liability	25.11%
Covered employee payroll	1,966,055
Plan NOL as a % of covered employee payroll	336.82%
Single discount rate to calculate plan liabilities	3.75%

** Schedule is intended to show information for 10 years. Information will be provided as available until a full 10 years of data is included.

Albany County Airport Authority
Actuarially Determined Contribution – Deficiency / (Excess)
For the year ended December 31

	For the fiscal year ending December 31, 2018
Service Cost	217,039
30 year amortization of NOL at 3.75%	<u>357,987</u>
Actuarial determined contribution	575,026
Contributions in relation to the actuarially determined contribution	<u>(300,000)</u>
Contribution deficiency/(excess)	275,026
 Covered Employee Payroll	 1,966,055
 Contributions as a % of covered employee payroll	 15.26%
 Discount Rate	 3.75%
 Money Weighted Rate of Return	 0.64%

** Schedule is intended to show information for 10 years. Information will be provided as available until a full 10 years of data is included

Albany County Airport Authority

OPEB Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the written plan as currently approved by the Authority and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Investment rate of return	2.75%, net of OPEB plan investment expense, including inflation.
Municipal bond rate	3.64% as of December 31, 2018 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Actuarial Cost Method	Individual Entry Age Normal
Single equivalent discount rate	3.75%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of December 31, 2018 and for future periods
Salary Increases	3.00% annually as of December 31, 2018 and for future periods
Cost of living adjustments	Not Applicable
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2012 for males and females

OPEB Plan Membership

At January 1, 2018, OPEB plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits:	15
Active Employees:	<u>21</u>
Total:	36

Events Subsequent to the OPEB Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in OPEB Assumptions

From December 31, 2107 to December 31, 2018:

None

OBEB Contributions

The contribution requirements of plan members and the Airport are established and may be amended through Airport ordinances. The Airport contributed \$149,073 beyond the pay-as-you-go cost for the period ending on December 31, 2018 Measurement Date. For the year ending on December 31, 2018 Measurement Date total Airport premiums plus implicit costs for the retiree medical program were \$150,927. (\$9,147) of the \$150,927 was implicit cost.

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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
2019	\$ 7,554,000	\$ 4,311,198	\$ (4,802)	\$ 11,860,396
2020	7,250,000	3,911,131	-	11,161,131
2021	7,615,000	3,551,131	-	11,166,131
2022	7,985,000	3,187,881	-	11,172,881
2023	8,390,000	2,791,131	-	11,181,131
2024	8,665,000	2,408,381	-	11,073,381
2025	9,020,000	2,045,381	-	11,065,381
2026	9,460,000	1,621,463	-	11,081,463
2027	1,385,000	1,178,575	-	2,563,575
2028	1,455,000	1,115,700	-	2,570,700
2029	1,505,000	1,052,175	-	2,557,175
2030	1,570,000	984,931	-	2,554,931
2031	915,000	914,363	-	1,829,363
2032	960,000	873,056	-	1,833,056
2033	1,005,000	829,450	-	1,834,450
2034	945,000	783,050	-	1,728,050
2035	980,000	738,150	-	1,718,150
2036	780,000	691,500	-	1,471,500
2037	820,000	652,500	-	1,472,500
2038	860,000	611,500	-	1,471,500
2039	905,000	568,500	-	1,473,500
2040	950,000	523,250	-	1,473,250
2041	1,000,000	475,750	-	1,475,750
2042	1,045,000	425,750	-	1,470,750
2043	1,100,000	373,500	-	1,473,500
2044	1,155,000	318,500	-	1,473,500
2045	1,210,000	260,750	-	1,470,750
2046	1,270,000	200,250	-	1,470,250
2047	1,335,000	136,750	-	1,471,750
2048	1,400,000	70,000	-	1,470,000
TOTAL	\$ 90,489,000	\$ 37,605,649	\$ (4,802)	\$ 128,089,846

Albany County Airport Authority
Governmental Payments and Services
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNITED STATES - Department of Agriculture		
Dept. of Agriculture - Wildlife Management Program	\$ 27,095	\$ 36,662
STATE OF NEW YORK		
Department of Civil Service - Health Insurance	640,466	602,863
State and Local Employees' Retirement System	256,525	252,468
Unemployment Insurance	3,262	4,456
Dept. of Taxation & Finance-Sales Tax	222,559	272,190
Dept. of Taxation & Finance-Petroleum Business Tax	100,770	94,179
Dept. of Labor Bureau of Public Work	10,054	5,713
DEC-Oil Spill Fee	21,704	32,046
DEC-SPDES Program Fees & Permits	<u>2,300</u>	<u>2,520</u>
Total State of New York	1,257,640	1,266,435
COUNTY OF ALBANY		
Direct Costs:		
Sheriff	2,281,644	2,109,844
Purchase of Land	-	420,000
Code Enforcement	97,288	48,073
Dept. of Public Works - Salt for Roadways	58,082	41,610
Sewer District Charges	<u>5,000</u>	<u>5,000</u>
Total County of Albany	2,442,014	2,624,527
LATHAM WATER DISTRICT - Water Service	101,851	112,665
TOWN OF COLONIE, RECEIVER OF TAXES		
Sewer Taxes	91,686	86,748
Verdoy Fire Dept.	1,654	1,649
Albany County Tax	5,553	5,561
Town of Colonie Tax	3,772	3,701
School Taxes - North Colonie	<u>26,322</u>	<u>25,801</u>
Total Town of Colonie, Receiver of Taxes	128,987	123,460
VILLAGE OF COLONIE		
Wastewater Conveyance	<u>7,500</u>	<u>7,500</u>
CAPITAL DISTRICT TRANSPORTATION AUTHORITY		
Employee Ground Transportation	<u>25,000</u>	<u>20,000</u>
TOTAL PAYMENTS TO OTHER GOVERNMENTAL ENTITIES	<u>\$4,119,074</u>	<u>\$4,314,709</u>

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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 89-90

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

Revenue Capacity

Pages 91-94

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

Debt Capacity

Pages 95-98

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 99-101

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

Operating Information

Pages 102-113

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,

	2009	2010	2011	2012
REVENUES				
Airfield	\$ 7,303,064	\$ 6,249,734	\$ 6,620,031	\$ 6,517,132
Fixed Based Operations	7,579,581	8,339,501	10,816,078	9,732,965
Terminal	6,513,311	5,760,454	5,549,272	5,220,736
Concessions	6,044,347	6,135,012	6,531,954	6,490,578
Ground transportation	10,818,594	10,695,016	10,737,419	11,035,611
Other	3,991,942	3,772,841	3,739,595	3,703,440
	<u>42,250,839</u>	<u>40,952,558</u>	<u>43,994,349</u>	<u>42,700,462</u>
OTHER REVENUES				
Interest income	265,017	196,224	102,137	94,418
Passenger Facility Charges	4,077,806	5,043,851	4,832,209	4,843,563
Grant income	5,480,166	3,442,758	1,112,504	344,845
Insurance recovery	-	-	-	-
Investments received	-	-	-	-
Improvement charges	368,400	368,400	368,400	368,400
	<u>10,191,389</u>	<u>9,051,233</u>	<u>6,415,250</u>	<u>5,651,226</u>
TOTAL REVENUES	<u>52,442,228</u>	<u>50,003,791</u>	<u>50,409,599</u>	<u>48,351,688</u>
EXPENSES				
Salaries and benefits	12,036,671	12,532,967	12,608,658	12,858,828
Services and supplies	17,588,812	17,354,401	20,064,093	17,939,145
Depreciation	14,067,322	13,585,503	13,406,698	13,537,373
	<u>43,692,805</u>	<u>43,472,871</u>	<u>46,079,449</u>	<u>44,335,346</u>
OTHER EXPENSES				
Grant expense	4,943,468	3,013,773	683,300	-
Interest expense	6,845,764	5,961,984	6,971,497	6,615,097
Insured expenses	-	-	-	-
Bond Issuance Costs	-	-	-	-
Amortization of bond issuance costs	130,653	145,928	269,204	164,459
Decrease in fair value of investments	82,204	-	-	-
	<u>12,002,089</u>	<u>9,121,685</u>	<u>7,924,001</u>	<u>6,779,556</u>
TOTAL EXPENSES	<u>55,694,894</u>	<u>52,594,556</u>	<u>54,003,450</u>	<u>51,114,902</u>
Capital Contributions	6,524,938	5,883,974	7,063,708	4,385,124
Special Items	-	(553,347)	-	(980,110)
Extraordinary Item	-	(169,007)	-	-
INCREASE (DECREASE) IN NET POSITION	<u>\$ 3,272,272</u>	<u>\$ 2,570,855</u>	<u>\$ 3,469,857</u>	<u>\$ 641,800</u>
NET POSITION AT YEAR END COMPOSED OF:				
Net investment in capital assets	\$ 161,268,212	\$ 164,991,633	<1> \$ 167,205,678	\$ 166,644,993
Restricted	18,703,079	16,539,805	16,487,232	16,852,644
Unrestricted	10,965,300	11,037,746	12,346,131	13,183,204
	<u>\$ 190,936,591</u>	<u>\$ 192,569,184</u>	<u>\$ 196,039,041</u>	<u>\$ 196,680,841</u>

<1> The 2010 Investment in Capital Assets, net of Related Debt was adjusted by \$938,262 in accordance with GASB Statement No. 65

<2> The 2015 Unrestricted net assets was adjusted by \$926 in accordance with GASB Statement No. 68

<3> The 2018 Unrestricted net assets was adjusted by \$6,781,739 in accordance with GASB Statement No. 74

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,

2013	2014	2015	2016	2017	2018
\$ 6,382,280	\$ 6,320,065	\$ 6,457,974	\$ 5,882,274	\$ 6,678,085	\$ 6,588,133
9,641,415	10,348,396	8,570,119	8,300,218	8,572,457	10,427,353
5,146,616	4,816,946	5,000,721	4,777,241	5,019,779	5,538,045
6,390,371	7,027,934	7,268,718	7,540,431	8,070,379	8,262,260
10,998,265	11,575,593	13,089,872	15,163,022	15,325,640	15,721,089
3,656,336	3,505,150	3,850,200	4,075,479	4,360,796	4,292,488
42,215,283	43,594,084	44,237,604	45,738,665	48,027,136	50,829,368
84,959	54,043	20,739	12,280	10,676	488,263
4,693,348	4,777,691	5,080,183	5,385,946	5,431,444	5,638,922
366,420	292,938	292,000	222,772	138,700	300,997
-	-	-	-	-	170,896
-	-	-	-	-	-
368,400	368,400	368,400	368,400	368,400	368,400
5,513,127	5,493,072	5,761,322	5,989,398	5,949,220	6,967,478
47,728,410	49,087,156	49,998,926	51,728,063	53,976,356	57,796,846
13,385,948	13,375,148	13,519,423	14,209,606	15,014,472	
18,275,162	18,948,402	17,850,888	17,904,007	18,380,540	37,350,127
13,716,881	13,957,515	13,893,673	14,396,008	14,761,280	15,335,569
45,377,991	46,281,065	45,263,984	46,509,621	48,156,292	52,685,696
-	-	-	-	-	-
6,255,548	5,870,629	5,463,254	5,002,200	4,261,394	3,898,788
-	-	-	-	-	170,896
-	-	-	-	252,877	390,361
156,676	133,008	109,988	100,347	76,280	68,308
-	-	-	-	-	-
6,412,224	6,003,637	5,573,242	5,102,547	4,590,551	4,528,353
51,790,215	52,284,702	50,837,226	51,612,168	52,746,843	57,214,049
4,009,502	6,414,378	8,942,652	2,389,827	4,616,709	3,297,047
-	-	-	-	-	1,022,220
-	-	-	-	-	148,595
\$ (52,303)	\$ 3,216,832	\$ 8,104,352	\$ 2,505,722	\$ 5,846,222	\$ 5,050,659
\$ 165,997,945	\$ 167,432,611	\$ 171,751,795	\$ 170,626,920	\$ 172,661,198	\$ 170,718,128
17,049,812	17,573,958	19,387,387	21,191,423	22,238,003	26,650,235
13,580,781	14,838,801	16,809,614	18,636,175	21,401,539	17,201,297
\$ 196,628,538	\$ 199,845,370	\$ 207,948,796	\$ 210,454,518	\$ 216,300,740	\$ 214,569,660

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

	2009	2010	2011	2012
Cash Flows From Operating Activities				
Cash received from providing services	\$ 44,152,367	\$ 40,707,911	\$ 44,327,193	\$ 42,253,033
Cash paid to suppliers	(29,110,669)	(28,284,795)	(31,992,962)	(28,813,561)
Cash paid to employees	(1,248,160)	(1,154,379)	(1,099,021)	(1,104,020)
Net Cash Provided By Operating Activities	13,793,538	11,268,737	11,235,210	12,335,452
Cash Flows from Noncapital Financing Activities				
Grant Income	5,480,166	3,442,758	1,071,409	344,845
Grant Expense	(4,943,468)	(3,013,773)	(642,205)	-
Net Cash Provided (Used) by Noncapital Financing Activities	536,698	428,985	429,204	344,845
Cash Flows From Investing Activities				
Interest received	265,803	204,908	102,137	94,418
Purchase of Investments	-	(277,389)	-	-
Sale of Investments	65,110	442,237	-	-
Interest on Passenger Facility Charges	43,285	13,940	11,002	8,470
Net Cash Provided by Investing Activities	374,198	383,696	113,139	102,888
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(7,627,276)	(8,080,522)	(9,243,027)	(5,954,942)
Principal payments on bonds and notes payable	(8,177,659)	(3,531,847)	(8,574,618)	(8,736,422)
Interest paid	(6,835,858)	(5,931,827)	(5,724,131)	(5,502,063)
Payment to refunding agent	-	(125,391,340)	-	-
Proceeds from debt issuance	-	119,021,872	-	-
Payment of 1997 refunding bonds	-	-	-	-
Less: Cost of Issuance	-	(2,007,569)	-	-
ANCLUC funds	100,492	1,139	(347,296)	449
Concession Improvement funds	(183,611)	89,745	44,668	67,457
Improvement charges	368,400	368,400	368,400	368,400
LIBOR settlement	-	-	-	-
Sale of Land	-	-	-	-
Capital contributions	7,716,862	7,077,968	6,579,972	3,488,992
Passenger facility charges	3,921,553	5,036,950	4,850,569	4,794,831
Net Cash Provided (Used) By Capital and Related Financing Activities	(10,717,097)	(13,347,031)	(12,045,463)	(11,473,298)
Net increase (decrease)	3,987,337	(1,265,613)	(267,910)	1,309,887
Cash and cash equivalents, beginning of year	34,376,599	38,363,936	37,098,323	36,830,413
Cash and cash equivalents, end of year	\$ 38,363,936	\$ 37,098,323	\$ 36,830,413	\$ 38,140,300

Source: Authority's audited financial statements

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

2013	2014	2015	2016	2017	2018
\$ 42,311,459	\$ 43,862,468	\$ 44,211,164	\$ 45,595,258	\$ 47,814,646	\$ 50,885,469
(30,404,614)	(30,679,673)	(31,277,486)	(28,239,666)	(33,640,390)	(34,607,021)
(1,149,945)	(1,114,606)	(1,143,581)	(1,190,846)	(1,237,120)	(1,301,582)
10,756,900	12,068,189	11,790,097	16,164,746	12,937,136	14,976,866
366,420	292,938	292,000	222,772	138,700	300,997
-	-	-	-	-	-
366,420	292,938	292,000	222,772	138,700	300,997
85,056	54,043	20,739	12,280	10,676	488,263
-	-	-	-	-	(12,247,000)
-	-	-	-	-	-
9,293	9,257	11,688	14,941	18,476	97,262
94,349	63,300	32,427	27,221	29,152	(11,661,475)
(7,804,302)	(8,249,851)	(12,534,202)	(4,244,291)	(9,055,546)	(8,637,400)
(8,598,074)	(8,102,182)	(8,266,000)	(8,567,000)	(8,803,000)	(9,419,000)
(5,409,940)	(5,136,989)	(4,700,250)	(4,394,462)	(3,673,229)	(3,549,403)
-	-	-	-	(16,794,552)	-
-	-	-	-	15,826,250	24,865,926
-	-	-	-	-	-
-	-	-	-	(336,179)	(390,361)
490	395	(1,334)	-	-	-
337,258	(359,380)	101,374	(212,759)	107,689	75,447
368,400	368,400	368,400	368,400	368,400	368,400
-	-	-	-	-	1,496,915
-	-	-	-	-	858,257
4,411,353	4,826,042	10,209,459	3,164,885	3,797,722	3,324,887
4,727,885	4,745,288	4,939,384	5,356,286	5,338,723	5,759,701
(11,966,930)	(11,908,277)	(9,883,169)	(8,528,941)	(13,223,722)	14,753,369
(749,261)	516,150	2,231,355	7,885,798	(118,734)	18,369,757
38,140,300	37,391,039	37,907,189	40,138,544	48,024,342	47,905,608
\$ 37,391,039	\$ 37,907,189	\$ 40,138,544	\$ 48,024,342	\$ 47,905,608	\$ 66,275,365

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

	2009	2010	2011	2012
PRINCIPAL REVENUE SOURCES				
AIRLINE REVENUE				
Landing Fees	\$ 4,770,538	\$ 3,843,738	\$ 3,964,651	\$ 4,041,201
Landing Fee Surcharge	170,810	169,427	168,015	168,400
Apron Fees	879,251	807,430	847,651	810,760
Fixed Based Operations	3,040,483	3,261,577	3,979,252	3,031,163
Terminal Rents	5,273,885	4,530,851	4,358,719	3,980,775
Loading Bridge Rentals	508,181	533,360	501,336	528,303
TOTAL AIRLINE REVENUE	14,643,148	13,146,383	13,819,624	12,560,602
Percent of Total Revenues	27.9%	26.3%	27.4%	26.0%
NON-AIRLINE REVENUES				
Parking	10,818,593	10,428,141	10,478,603	10,787,568
Rental Car	3,902,274	4,263,770	4,718,960	4,723,808
Other	12,886,824	13,114,264	14,977,162	14,628,484
TOTAL NON-AIRLINE REVENUES	27,607,691	27,806,175	30,174,725	30,139,860
Percent of Total Revenues	52.6%	55.6%	59.9%	62.3%
NON-OPERATING REVENUES				
PFCs	4,077,806	5,043,851	4,832,209	4,843,563
Grant Income	5,480,166	3,442,758	1,112,504	344,845
Interest	265,017	196,224	102,137	94,418
Insurance Recovery	-	-	-	-
Other	368,400	368,400	368,400	368,400
TOTAL NON-OPERATING REVENUES	10,191,389	9,051,233	6,415,250	5,651,226
Percent of Total Revenues	19.4%	18.1%	12.7%	11.7%
TOTAL REVENUES	\$ 52,442,228	\$ 50,003,791	\$ 50,409,599	\$ 48,351,688
Enplaned Passengers	1,318,819	1,264,381	1,242,399	1,244,976
TOTAL REVENUE PER ENPLANED PASSENGER	\$ 39.76	\$ 39.55	\$ 40.57	\$ 38.84
SIGNATORY AIRLINES RATES AND CHARGES				
Landing Fee (per 1,000 lbs MGLW)	\$ 3.11	\$ 2.45	\$ 2.61	\$ 2.92
Landing Fee Surcharge (per 1,000 lbs MGLW)	0.10	0.10	0.11	0.11
Apron Fees (per sq. foot)	1.46	1.51	1.75	1.78
Annual Terminal Rental Rates (per sq. foot)	79.61	72.70	69.55	68.46
Annual Loading Bridge Rental (per bridge)	36,299.00	35,532.00	33,422.00	35,220.00
Airline Cost per Enplanement: Airport Operations	8.80	7.82	7.92	7.64

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 renegotiated effective January 1, 2016.

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

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,

2013	2014	2015	2016	2017	2018
\$ 4,035,420	\$ 3,934,458	\$ 4,090,831	\$ 3,838,764	\$ 4,436,193	\$ 4,239,274
-	-	-	-	-	-
797,936	811,176	826,683	571,813	649,858	654,321
3,289,020	3,135,354	2,645,138	2,064,220	3,912,800	4,619,254
3,925,842	3,697,979	3,701,504	3,471,855	3,613,674	4,077,678
471,669	437,980	626,660	565,362	614,076	670,939
12,519,887	12,016,947	11,890,816	10,512,014	13,226,601	14,261,466
26.2%	24.5%	23.8%	20.3%	24.5%	24.7%
10,724,464	11,311,640	12,810,052	14,870,476	14,985,272	15,248,081
4,679,586	4,854,354	5,053,412	5,057,259	5,427,741	5,561,921
14,291,346	15,411,143	14,483,324	15,298,915	14,387,522	15,757,900
29,695,396	31,577,137	32,346,788	35,226,650	34,800,535	36,567,902
62.2%	64.3%	64.7%	68.1%	64.5%	63.3%
4,693,348	4,777,691	5,080,183	5,385,947	5,431,444	5,638,922
366,420	292,938	292,000	222,772	138,700	300,997
84,959	54,043	20,739	12,280	10,676	488,263
-	-	-	-	-	170,896
368,400	368,400	368,400	368,400	368,400	368,400
5,513,127	5,493,072	5,761,322	5,989,399	5,949,220	6,967,478
11.6%	11.2%	11.5%	11.6%	11.0%	12.1%
\$ 47,728,410	\$ 49,087,156	\$ 49,998,926	\$ 51,728,063	\$ 53,976,356	\$ 57,796,846
1,215,076	1,230,376	1,297,749	1,407,005	1,417,835	1,466,706
\$ 39.28	\$ 39.90	\$ 38.53	\$ 36.76	\$ 38.07	\$ 39.41
\$ 2.92	\$ 3.06	\$ 3.27	\$ 2.73	\$ 3.12	\$ 2.92
-	-	-	-	-	-
1.58	1.59	1.52	1.19	1.33	1.31
66.56	68.13	74.63	81.11	79.86	86.48
31,445.00	31,284.00	44,761.00	40,383.00	47,237.00	51,611.00
7.60	7.22	7.12	6.00	6.57	6.57

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

	2009	2010	2011	2012
Ratio of Authority issued Revenue Bond Debt Service to Total Expenses				
Principal	\$ 8,177,659	\$ 3,531,847	\$ 8,574,618	\$ 8,736,422
Interest <1>	6,976,417	6,107,912	7,240,701	6,779,556
Total Debt Service	\$ 15,154,076	\$ 9,639,759	<3> \$ 15,815,319	\$ 15,515,978
Total Expenses	\$ 55,694,894	\$ 52,594,556	\$ 54,003,450	\$ 51,114,902
Ratio of Debt Service to Total Expenses	27.21%	18.33%	29.29%	30.36%
Debt Service per Enplaned Passenger				
Net Debt Service	\$ 11,428,288	\$ 5,913,971	\$ 10,962,543	\$ 11,054,389
Enplaned Passengers	1,318,819	1,264,381	1,242,399	1,244,976
Debt Service per Enplaned Passenger	\$ 8.67	\$ 4.68	\$ 8.82	\$ 8.88
Outstanding Debt (Authority and County) per Enplaned Passenger				
Outstanding debt by type:				
County of Albany Debt Issued for the Authority <2>	\$ 3,418,256	\$ 2,454,409	\$ 1,510,678	\$ 584,256
General Airport Revenue Bond (GARB)	136,681,250	132,560,000	125,340,000	117,950,000
NYS EFC	4,627,000	4,045,887	3,635,000	3,215,000
Subtotal	144,726,506	139,060,296	130,485,678	121,749,256
Unamortized Premiums/Discounts (net)	-	6,354,402	5,419,410	4,500,194
Total Outstanding Debt and Premiums	\$ 144,726,506	\$ 145,414,698	\$ 135,905,088	\$ 126,249,450
Enplaned Passengers	1,318,819	1,264,381	1,242,399	1,244,976
Outstanding Debt per Enplaned Passenger	\$ 110	\$ 115	\$ 109	\$ 101
Debt Limit per Enplaned Passenger				
Debt Limit	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
Enplaned Passengers	1,318,819	1,264,381	1,242,399	1,244,976
Debt Limit per Enplaned Passenger	\$ 216	\$ 225	\$ 229	\$ 229

<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,

2013	2014	2015	2016	2017	2018
\$ 8,598,074	\$ 8,102,182	\$ 8,266,000	\$ 8,567,000	\$ 8,803,000	\$ 9,419,000
5,361,990	5,077,305	4,797,018	4,477,430	3,730,422	3,697,735
\$ 13,960,064	\$ 13,179,487	\$ 13,063,018	\$ 13,044,430	\$ 12,533,422	\$ 13,116,735
\$ 51,790,215	\$ 52,284,702	\$ 50,837,226	\$ 51,612,168	\$ 52,746,843	\$ 57,214,049
26.96%	25.21%	25.70%	25.27%	23.76%	22.93%
\$ 9,260,064	\$ 8,966,388	\$ 9,769,698	\$ 9,436,220	\$ 8,923,166	\$ 8,784,907
1,215,076	1,230,376	1,297,749	1,407,005	1,417,835	1,466,706
\$ 7.62	\$ 7.29	\$ 7.53	\$ 6.71	\$ 6.29	\$ 5.99
\$ 81,182	\$ -	\$ -	\$ -	\$ -	\$ -
110,315,000	102,690,000	94,825,000	86,670,000	76,190,000	89,790,000
2,755,000	2,359,000	1,958,000	1,546,000	1,128,000	699,000
113,151,182	105,049,000	96,783,000	88,216,000	77,318,000	90,489,000
3,663,730	2,886,785	2,155,497	1,483,693	2,248,604	3,741,495
\$ 116,814,912	\$ 107,935,785	\$ 98,938,497	\$ 89,699,693	\$ 79,566,604	\$ 94,230,495
1,215,076	1,230,376	1,297,749	1,407,005	1,417,835	1,466,706
\$ 96	\$ 88	\$ 76	\$ 64	\$ 56	\$ 64
\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000	\$ 285,000,000
1,215,076	1,230,376	1,297,749	1,407,005	1,417,835	1,466,706
\$ 235	\$ 232	\$ 220	\$ 203	\$ 201	\$ 194

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

	2009	2010	2011	2012
NET REVENUES				
Operating Revenues	\$ 42,250,595	\$ 40,952,560	\$ 43,994,350	\$ 42,700,503
Interest Income <1>	233,567	184,276	83,120	76,334
Investments Received	(79,087)	-	-	-
Air Service Development	-	-	-	-
TSA (LEO) Reimbursement	-	428,984	429,204	344,845
Grant income	-	-	-	-
Improvement Charges	368,400	368,400	368,400	368,400
Total Revenues	\$ 42,773,475	\$ 41,934,220	\$ 44,875,074	\$ 43,490,082
LESS: Total Operating Expenses <2>	(29,625,492)	(29,886,704)	(32,675,747)	(30,797,979)
LESS: Albany County Debt Service	(1,156,056)	(1,080,407)	(1,022,352)	(967,198)
LESS: Air Service Incentive Cost to Airport	-	-	-	-
Net Revenues	\$ 11,991,927	\$ 10,967,109	\$ 11,176,975	\$ 11,724,905
DEBT SERVICE				
1997 Revenue Bonds	\$ -	\$ -	\$ -	\$ -
Less: PFC Revenues used for Debt Service	(3,725,788)	(2,806,622)	(4,852,776)	(4,461,589)
1998 B & C Revenue Bonds	2,444,052	1,455,142	-	-
1999 NYS EFC Revenue Bonds	617,141	577,873	443,618	451,094
Less: 1999 NYS EFC Interest Subsidy	(157,301)	(143,792)	(26,907)	(25,819)
2000 NYS EFC Revenue Bonds	279,829	-	-	-
Less: 2000 NYS EFC Interest Subsidy	(12,846)	-	-	-
2000 B Revenue Bonds	957,471	511,813	-	-
2003 A Revenue Bonds	748,637	746,692	748,577	744,250
2004 NYS EFC Revenue Bonds	41,289	40,893	39,362	38,642
Less: 2004 NYS EFC Interest Subsidy	(3,341)	(2,673)	(2,004)	(1,336)
2006 A & B Revenue Bonds	1,099,188	1,102,531	1,099,788	1,101,051
2006 C Revenue Bonds	402,048	401,838	401,429	400,822
2008 A Refunding Bonds	6,902,639	3,963,413	-	-
2010 A Refunding Bonds	-	2,707,162	9,628,519	9,621,151
2010 B Refunding Bonds	-	62,112	923,852	925,376
2017 A Refunding Bonds	-	-	-	-
2017 B Refunding Bonds	-	-	-	-
Net Debt Service	\$ 9,593,018	\$ 8,616,382	\$ 8,403,458	\$ 8,793,642
DEBT SERVICE COVERAGE <3> <4>	1.25	1.27	1.33	1.33
<3> Does not include required amounts held in Bond Reserve Accounts as follows:				
1998 B & C Revenue Bonds	\$ 2,447,415	\$ -	\$ -	\$ -
1999 NYS EFC Bonds	442,237	277,389	277,389	277,389
2000 NYS EFC Bonds	237,494	-	-	-
2000 B Revenue Bonds	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	-	-	-
2010 A Refunding Bonds	-	9,523,517	9,523,517	9,523,517
2017 A & B Refunding Bonds	-	-	-	-
2018 A & B Refunding Bonds	-	-	-	-
Total Bond Reserve Accounts	\$ 14,372,616	\$ 11,886,700	\$ 11,886,700	\$ 11,886,700

<1> Includes only interest allocated to the airline revenue centers under the Master Bond Resolution.

<2> 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 Statements No. 68, No. 71 and No. 75.

<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.

<4> 2018 debt service coverage does not include \$1,496,915 received for a settlement for an alleged manipulation of LIBOR.

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,

2013	2014	2015	2016	2017	2018
\$ 42,215,294	\$ 43,594,101	\$ 44,237,599	\$ 45,738,668	\$ 48,027,140	\$ 50,829,607
59,013	51,374	10,784	12,280	10,676	243,269
-	-	-	-	-	-
75,000	-	-	-	-	-
291,420	292,938	292,000	222,772	138,700	126,921
-	-	-	-	-	174,077
368,400	368,400	368,400	368,400	368,400	368,400
\$ 43,009,127	\$ 44,306,813	\$ 44,908,783	\$ 46,342,120	\$ 48,544,916	\$ 51,742,274
(31,661,110)	(32,323,557)	(31,452,654)	(31,521,233)	(33,373,689)	(36,935,812)
(511,616)	(81,180)	-	-	-	-
-	-	(50,732)	(539,720)	(67,041)	(244,691)
\$ 10,836,401	\$ 11,902,076	\$ 13,405,397	\$ 14,281,167	\$ 15,104,186	\$ 14,561,771
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4,700,000)	(4,213,099)	(3,293,320)	(3,608,210)	(3,610,256)	(2,834,913)
-	-	-	-	-	-
452,309	453,637	452,972	457,308	455,397	458,514
(24,265)	(22,283)	(19,808)	(16,856)	(13,277)	(9,241)
-	-	-	-	-	-
-	-	-	-	-	-
742,130	474,876	464,391	463,473	118,080	-
72,452	-	-	-	-	-
(668)	-	-	-	-	-
1,099,875	1,102,502	1,103,706	1,098,489	275,865	-
400,013	403,996	402,588	400,980	99,867	-
-	-	-	-	-	-
9,622,600	9,627,239	9,625,169	10,540,689	10,549,011	10,557,831
927,326	925,329	924,104	-	-	-
-	-	-	-	583,089	757,375
-	-	-	-	913,764	1,203,925
\$ 8,591,772	\$ 8,752,197	\$ 9,659,802	\$ 9,335,873	\$ 9,371,540	\$ 10,133,491
1.26	1.36	1.39	1.53	1.61	1.44
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
277,389	277,389	277,389	277,389	277,389	277,389
-	-	-	-	-	-
-	-	-	-	-	-
514,100	514,100	514,100	514,100	-	-
-	-	-	-	-	-
1,128,600	1,128,600	1,128,600	1,128,600	-	-
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	1,261,495
-	-	-	-	-	1,475,750
\$ 11,847,869	\$ 11,847,869	\$ 11,847,869	\$ 11,847,869	\$ 11,062,401	\$ 12,538,151

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

	2017	2010	2010 vs. 2000	2000	2000 vs. 1990	1990
<u>PRIMARY TRADE AREA</u>						
State of New York						
Albany County	309,612	304,204	3.3%	294,565	0.7%	292,594
Columbia County	60,604	63,096	0.0%	63,094	0.2%	62,982
Fulton County	53,877	55,531	0.8%	55,073	1.6%	54,191
Greene County	47,470	49,221	2.1%	48,195	7.7%	44,739
Montgomery County	49,258	50,219	1.0%	49,708	-4.4%	51,981
Rensselaer County	159,722	159,429	4.5%	152,538	-1.2%	154,429
Saratoga County	229,869	219,607	9.5%	200,635	10.7%	181,276
Schenectady County	155,565	154,727	5.6%	146,555	-1.8%	149,285
Schoharie County	31,420	32,749	3.7%	31,582	-0.9%	31,859
Warren County	64,532	65,707	3.8%	63,303	6.9%	59,209
Washington County	61,620	63,216	3.6%	61,042	2.9%	59,330
State of Massachusetts						
Berkshire County	127,751	131,219	-2.8%	134,953	-3.2%	139,352
State of Vermont						
Bennington County	36,054	37,125	0.4%	36,994	3.2%	35,845
PRIMARY TRADE AREA	1,387,354	1,386,050	3.6%	1,338,237	1.6%	1,317,072
<u>SECONDARY TRADE AREA</u>						
State of New York						
Delaware County	45,001	47,980	-0.2%	48,055	1.8%	47,225
Dutchess County	595,568	297,488	6.2%	280,150	8.0%	259,462
Essex County	37,956	39,370	1.3%	38,851	4.6%	37,152
Hamilton County	4,485	4,836	-10.1%	5,379	1.9%	5,279
Herkimer County	62,240	64,519	0.1%	64,427	-2.1%	65,797
Otsego County	60,094	62,259	0.9%	61,676	1.9%	60,517
Ulster County	179,417	182,493	2.7%	177,749	7.5%	165,304
State of Connecticut						
Litchfield County	182,177	189,927	4.2%	182,193	4.7%	174,092
State of Massachusetts						
Franklin County	70,926	71,372	-0.2%	71,535	2.1%	70,092
Hampden County	469,188	463,490	1.6%	456,228	0.0%	456,310
Hampshire County	161,197	158,080	3.8%	152,251	3.9%	146,568
State of Vermont						
Addison County	36,825	36,821	2.4%	35,974	9.2%	32,953
Rutland County	59,676	61,642	-2.8%	63,400	2.0%	62,142
Windham County	43,332	44,513	0.7%	44,216	6.3%	41,588
Windsor County	55,485	56,670	-1.3%	57,418	6.2%	54,055
SECONDARY TRADE AREA	2,063,567	1,781,460	2.4%	1,739,502	3.6%	1,678,536
TOTAL PRIMARY AND SECONDARY TRADE AREA POPULATION	3,450,921	3,167,510	2.9%	3,077,739	2.7%	2,995,608
State of New York	19,850,000	19,378,102	2.1%	18,976,457	5.5%	17,990,455
United States	326,474,013	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	
			2018	2009
1	New York State	State Government	51,800	53,800
2	St. Peter's Health Partners	Health Care	12,002	3,550
3	Albany Medical Center	Health Care	9,469	6,083
4	Golub Corporation	Retail Grocery, Headquarters, and Dist. Center	8,075	9,715
5	U.S. Government	Federal Government	7,901	6,900
6	General Electric Company	Energy, Research, Industrial	6,000	7,000
7	University of Albany	Educational Services	5,000	N/A
8	Hannaford Brothers	Retail Grocery	5,000	3,580
9	Ellis Medicine	Health Care	3,529	2,535
10	Stewart's Shops Corp.	Dairy Products/Convenience Stores	3,120	1,283
11	Bechtel Marine Propulsion Corp.	Research and development	3,000	2,600
12	Global Foundries	Semiconductor Manufacturing	3,000	N/A
13	Glens Falls Hospital	Health Care	2,684	2,341
14	County of Albany	Government	2,567	2,921
15	Saratoga Hospital & Nursing Home	Health Care	2,561	1,271
16	Center for Disability Services	Health Care	2,544	2,322
17	Regeneron Pharmaceuticals Inc.	Health Services	2,500	N/A
18	Rensselaer Polytechnic Institute	Educational Services	1,940	1,902
19	Rensselaer County	Local Government	1,700	1,600
20	Shenendehowa School District	Educational Services	1,680	1,900
21	Albany City School District	Educational Services	1,538	1,270
22	St Mary's Healthcare	Health Care	1,532	N/A
23	City of Schenectady School District	Educational Services	1,519	1,800
24	Empire Blue Cross/Blue Shield	Health Insurance	1,500	1,562
25	City of Albany	Local Government	1,488	1,493
26	Schenectady County	Local Government	1,412	1,500
27	Northern Rivers Family Services	Children and Family Services	1,200	N/A
28	Saratoga County	Local Government	1,099	1,100
29	National Grid	Electric and Gas Utility	1,000	1,158
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	
			2018	2009
Excelsior College	Albany	Private	34,022	33,057
State University of New York at Albany	Albany	Public	17,944	18,126
Hudson Valley Comm. College	Rensselaer	Public	10,896	12,787
SUNY Empire State College	Albany	Public	10,424	11,104
Rensselaer Polytechnic Institute	Rensselaer	Private	7,633	7,417
Schenectady Comm. College	Schenectady	Public	5,231	5,128
College Of Saint Rose	Albany	Private	3,950	5,102
SUNY Adirondack	Warren	Public	3,727	3,536
Siena College	Albany	Private	3,236	3,305
SUNY Polytechnic	Albany	Public	3,023	N/A
Skidmore College	Saratoga	Private	2,684	2,484
The Sage Colleges	Rensselaer	Private	2,633	2,635
Fulton-Montgomery Comm. College	Fulton-Montgomery	Public	2,451	2,400
SUNY College of Agriculture & Tech at Cobleskill	Schoharie	Public	2,332	N/A
Union College	Schenectady	Private	2,267	2,240
Williams College	Berkshire, MA	Private	2,117	2,150
Massachusetts College of Liberal Arts	Berkshire, MA	Public	1,588	1,925
Columbia-Greene Comm. College	Columbia-Greene	Public	1,578	1,840
Albany College Of Pharmacy	Albany	Private	1,329	1,536
Maria College	Albany	Private	855	775
Bennington College	Bennington, VT	Private	851	600
Albany Medical College	Albany	Private	828	758
Mildred Elley	Albany	Private	521	541
Albany Law School	Albany	Private	465	793
Clarkson University Capital Region Campus	Schenectady	Private	410	400
Bard College at Simon's Rock	Berkshire, MA	Private	400	420
Bryant & Stratton Business Institute	Albany	Private	371	689
Southern Vermont College	Bennington, VT	Public	361	500
Samaritan Hospital School of Nursing	Rensselaer	Private	147	N/A
Memorial Hospital School of Nursing	Albany	Private	131	N/A
Ellis Hospital School of Nursing	Albany	Private	127	155
New School Center for Media	Albany	Private	55	80
			<u>124,587</u>	<u>122,483</u>

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

		2009	2018
Acres (+/-):		1,156	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	91,744
	Tenants - sq. ft.	41,639	44,501
	Public/Common - sq. ft.	104,837	103,534
	Mechanical - sq. ft.	51,702	50,506
	Total - sq. ft.	290,285	290,285
	Number of passenger gates	21	21
	Number of loading bridges	16	16
	Number of Concessionaires in Terminal	6	6
	Number of Rental Car Agencies in Terminal	6	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	181
	Long-term	1,117	1,880
	Economy	2,783	2,763
	Rental Cars	307	307
	Employees	514	336
	Total	6,981	7,379
Cargo:	Air Cargo Building - sq. ft.	50,500	50,500
Employees:	Authority	28.5	22.0
	Airport Operations	161.0	157.25
	Fixed Based Operator	35.0	32.0
	Total	224.5	211.25

**Albany International Airport
Enplaned Passengers
2009-2018**

AIRLINE	2018	Percent of Total 2018	2017	Percent of Total 2017	2016
Southwest Airlines	565,731	38.6%	566,801	40.0%	569,101
Delta Airlines	164,105	11.2%	173,086	12.2%	158,638
American Airlines (formerly US Airways)	109,476	7.5%	115,904	8.2%	115,298
United Express (Commutair)	96,702	6.6%	80,981	5.7%	72,990
United Airlines	92,342	6.3%	83,366	5.9%	95,299
Jet Blue	89,609	6.1%	90,744	6.4%	87,036
American Eagle (Piedmont)	51,098	3.5%	56,509	4.0%	32,788
American Eagle (PSA)	48,234	3.3%	38,262	2.7%	23,360
American Eagle (Republic)	44,001	3.0%	19,831	1.4%	38,616
American Eagle (Envoy)	43,436	3.0%	37,949	2.7%	33,591
Delta Connection (SkyWest)	31,211	2.1%	27,157	1.9%	4,336
Delta Connection (Go Jet)	22,203	1.5%	3,651	0.3%	4,768
United Express (SkyWest)	15,390	1.0%	17,881	1.3%	14,603
Cape Air	11,777	0.8%	12,966	0.9%	16,090
United Express (Transtates)	11,255	0.8%	4,644	0.3%	4,059
Frontier Airlines	11,123	0.8%			
United Express (Air Wisconsin)	10,683	0.7%			
Delta Connection (Endeavor)	10,109	0.7%	19,527	1.4%	39,496
United Express (Express Jet)	9,312	0.6%	3,593	0.3%	10,964
American Eagle (Transtates)	8,177	0.6%	3,980	0.3%	
United Express (Mesa)	4,448	0.3%	8,122	0.6%	10,653
United Express (Republic)	4,078	0.3%	185	0.0%	286
OneJet	3,964	0.3%	989	0.1%	
Allegiant Air	3,635	0.2%			
Others	1,261	0.1%	1,116	0.1%	
United Express (Go Jet)	1,162	0.1%	13,964	1.0%	5,185
Elite Airways	1,044	0.1%			
Boutique Air	827	0.1%	1,852	0.1%	
American Eagle (Air Wisconsin)	313	0.0%	34,044	2.4%	52,701
Delta Connection (Express Jet)			524	0.0%	13,525
United Express (Shuttle America)			115	0.0%	65
American Eagle (SkyWest)			92	0.0%	1,946
Delta Connection (Shuttle America)					1,611
Delta Connection (Compass)					
American Eagle (Mesa)					
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					
Sub Total	1,466,706	100.0%	1,417,835	100.0%	1,407,005
Charters	0	0.0%	0	0.0%	429
TOTAL	1,466,706	100.0%	1,417,835	100.0%	1,407,434

Source: Albany County Airport Authority

**Albany International Airport
Enplaned Passengers
2009-2018**

2015	2014	2013	2012	2011	2010	2009
557,183	525,585	504,095	504,987	511,735	511,636	511,094
160,607	112,905	68,589	72,590	46,606	18,251	
101,734	84,127	89,607	87,207	81,980	83,513	104,799
62,159	51,507	22,692	18,075			
85,743	69,742	30,881	51,913	64,408	66,191	75,828
5,492						
10,851	12,474	14,080	33,403	16,393	29,701	52,723
1,170	1,168	6,935	47		1,993	2,270
91,520	86,721	98,369	104,199	76,919	90,263	62,626
			1,534			
	756					
4,862	5,258					
16,119	16,802	16,752	16,429	16,284	8,677	8,013
1,162				38	4,733	33,266
29,856	42,722	78,580	85,535	100,678	54,130	
16,517	21,713	81,039	98,820	36,282	26,609	
25,002	11,165	17,467	14,014	21,460	25,230	24,623
8,354	30,259	36,109				
15,459	13,390	32,044	18,078	7,489	47,605	52,875
68,805	62,440	43,099	28,835	51,029	35,060	31,665
26,626	38,219	26,924	12,054			
41		214	2	47		
6,473	64			60		
1,632	4,265	18,941	10,992	2,665	18,447	
382	21,135	10,216	79	846	5,368	3,971
	14,558	2,878	10,743	576	4,437	5,061
	3,401	12,129				
		3,436	4,392	4,482	4,782	4,153
			49,998	33,298		
			5,900	40,463	63,067	57,528
			5,278	1,762	26,189	40,369
			4,612	28,434	30,702	40,255
			3,843	23,615	8,001	9,201
			1,230	6,902	8,408	7,092
			146	12,302	30,699	
			41			
				37,155	48,212	72,330
				18,491	12,284	
					193	63,724
						21,995
						21,435
						11,116
						807
1,297,749	1,230,376	1,215,076	1,244,976	1,242,399	1,264,381	1,318,819
461	1,009	911	904	1,131	1,493	1,600
1,298,210	1,231,385	1,215,987	1,245,880	1,243,530	1,265,874	1,320,419

**Albany International Airport
Airline Landed Weight (lbs.)
2009-2018**

<u>Commercial Carriers</u>	2018	Percent of Total 2018	2017	Percent of Total 2017	2016
Southwest Airlines	571,924,399	32.0%	579,923,601	33.3%	586,092,000
Delta Airlines	185,285,718	10.4%	197,829,323	11.3%	183,615,710
American Airlines (formerly US Airways)	129,717,613	7.3%	142,955,406	8.2%	139,386,707
United Airlines	111,690,471	6.3%	96,782,482	5.6%	126,927,674
United Express (Commutair)	103,927,006	5.8%	96,037,006	5.5%	83,099,012
Jet Blue	103,377,946	5.8%	102,628,355	5.9%	104,956,520
American Eagle (PSA)	60,450,498	3.4%	48,282,802	2.8%	29,126,003
American Eagle (Republic)	54,108,619	3.0%	24,958,355	1.4%	50,137,054
American Eagle (Envoy)	53,400,168	3.0%	48,111,665	2.8%	42,416,420
American Eagle (Piedmont)	52,247,399	2.9%	61,141,955	3.5%	39,101,103
Delta Connection (Sky West)	34,467,201	1.9%	29,942,300	1.7%	4,573,100
Delta Connection (Go Jet)	24,185,598	1.4%	3,791,201	0.2%	5,261,399
United Express (SkyWest)	17,178,060	1.0%	18,891,990	1.1%	14,888,118
Cape Air	14,261,700	0.8%	15,933,102	0.9%	20,413,009
Delta Connection (Endeavor)	12,478,297	0.7%	21,488,406	1.2%	42,351,100
United Express (Air Wisconsin)	11,562,000	0.7%			
United Express (Transtates)	11,342,682	0.6%	4,305,591	0.2%	4,156,332
OneJet	11,115,418	0.6%	3,336,049	0.2%	
United Express (Express Jet)	11,104,057	0.6%	4,112,026	0.2%	11,818,840
Frontier Airlines	11,049,772	0.6%			
American Eagle (Transtates)	8,162,550	0.5%	4,146,748	0.2%	
United Express (Republic)	4,861,628	0.3%	291,898	0.0%	522,057
United Express (Mesa)	4,623,000	0.3%	8,860,000	0.5%	11,524,000
Allegiant Air	3,884,529	0.2%			
Charters	2,964,555	0.2%	2,376,000	0.1%	1,012,000
Boutique Air	2,489,923	0.1%	4,934,982	0.3%	
Elite Airways	2,182,000	0.1%			
United Express (Go Jet)	1,273,000	0.1%	14,472,000	0.8%	5,427,000
Delta Connection (Republic)	514,123	0.0%	291,888	0.0%	
American Eagle (Air Wisconsin)	423,000	0.0%	38,399,000	2.2%	63,497,000
Delta Connection (Express Jet)	67,000	0.0%	911,502	0.1%	15,960,701
American Eagle (SkyWest)	67,000	0.0%	134,000	0.0%	2,867,000
Delta Connection (Shuttle America)			147,268	0.0%	1,489,218
United Express (Shuttle America)			144,623	0.0%	72,311
Delta Connection (Compass)					
American Eagle (Mesa) formerly US Airways Express					
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)					
	1,616,386,930	90.6%	1,575,561,524	90.4%	1,590,691,388
<u>Cargo Carriers</u>					
United Parcel Service	102,199,838	5.7%	102,618,000	5.9%	103,574,000
Federal Express	51,876,000	2.9%	50,420,000	2.9%	51,084,000
Wiggins Airways	9,163,514	0.5%	10,166,496	0.6%	9,992,302
Ameriflight	4,670,805	0.3%	4,233,647	0.2%	4,100,650
Air Now					
<u>Misc Cargo Carriers</u>					
	167,910,157	9.4%	167,438,143	9.6%	168,750,952
Grand Total	1,784,297,087	100.0%	1,742,999,667	100.0%	1,759,442,340

Source: Albany County Airport Authority

**Albany International Airport
Airline Landed Weight (lbs.)
2009-2018**

2015	2014	2013	2012	2011	2010	2009
563,978,000	564,078,000	556,334,000	569,014,000	571,920,000	572,100,000	592,288,000
182,901,118	127,177,598	87,394,799	91,360,813	53,982,509	20,349,608	
114,046,440	91,538,758	92,454,358	84,659,102	81,480,800	80,754,302	120,409,823
107,841,768	85,883,301	41,049,688	71,647,362	86,114,744	89,909,713	101,716,477
73,147,505	62,790,000	25,018,500	19,233,003			
6,256,712						
1,476,401	1,157,201	8,104,000	134,000		2,997,000	3,269,000
102,046,749	31,496,000	136,527,617	136,105,502	111,779,265	123,518,991	88,692,047
12,780,307	14,116,804	16,170,306	46,331,413	35,475,009	48,466,505	80,372,091
			1,504,000			
201,000	1,072,000	268,000				
4,856,000	5,511,000		47,000			
21,029,502	21,029,500	21,276,102	21,296,654	25,995,749	21,385,706	21,337,751
32,467,901	46,824,798	85,479,997	91,611,511	110,381,509	60,855,208	
1,241,634				42,548	5,616,465	32,549,986
16,833,427	22,487,074	87,352,775	103,135,949	37,630,283	28,116,619	
9,052,000	104,824,601	45,756,000				
26,666,000	12,328,000	19,832,000	15,745,000	26,532,000	30,218,000	5,254,000
1,164,000	2,756,784	2,500,198	4,119,338	4,145,995	5,722,930	4,230,983
16,214,000	15,075,000	38,659,000	20,368,000	9,695,000	59,831,000	74,035,000
78,396,000	69,325,000	54,426,000	36,049,000	67,351,000	49,914,000	42,065,000
30,950,102	41,728,699	30,800,102	13,969,006			
6,601,260	72,310			74,958		
144,624		462,795	289,241	72,309		
1,824,972	4,996,736	22,259,441	13,314,317	3,298,107	20,613,616	
588,003	24,402,000	12,862,500	73,500	808,500	6,100,505	26,215,500
	13,828,429	2,850,784	12,977,453	1,021,174	5,105,879	5,573,926
	3,574,118	14,211,365				
		6,092,200	8,797,995	8,200,404	11,122,003	10,707,003
			49,228,000	35,898,000		
			11,780,000	39,308,000	40,405,906	46,934,000
			9,457,726	42,769,610	63,076,374	61,830,055
			5,624,606	2,820,000	29,995,506	46,718,101
			5,515,502	29,176,504	10,453,508	9,694,500
			4,617,006	19,266,005	25,450,508	25,958,476
			225,299	15,802,598	37,117,103	
			42,549			
				42,377,404	54,193,008	77,199,700
				19,552,000	12,831,000	
				1,361,544		1,560,000
					196,200	74,479,110
						23,443,397
						22,951,402
						13,956,071
1,412,705,425	1,368,073,711	1,408,142,527	1,448,273,847	1,484,333,528	1,516,417,163	1,613,441,399
100,192,000	101,441,920	99,121,840	98,839,841	100,395,604	98,503,762	98,163,713
50,886,000	51,480,000	50,651,000	51,171,000	51,337,000	42,670,000	42,947,679
7,471,500	7,493,598	7,250,511	7,378,000	7,514,000	7,684,009	7,520,270
4,273,641	4,066,902	3,996,509	3,961,299	4,054,101	4,142,604	5,646,338
						184,014
			5,401	45,901		
162,823,141	164,482,420	161,019,860	161,355,541	163,346,606	153,000,375	154,462,014
1,575,528,566	1,532,556,131	1,569,162,387	1,609,629,388	1,647,680,134	1,669,417,538	1,767,903,413

**Albany International Airport
Aircraft Operations
2009-2018**

	2018	Percent of Total 2018	2017	Percent of Total 2017	2016
<u>Commercial Carriers</u>					
Southwest Airlines	8,586	19.7%	8,864	20.0%	8,900
United Express (Commutair)	4,730	10.9%	4,946	11.1%	4,396
Cape Air	4,164	9.6%	4,652	10.5%	5,960
Delta Airlines	2,770	6.4%	3,040	6.9%	2,792
Allegiant Airlines	2,394	5.5%	2,946	6.6%	1,902
Elite Airways	2,292	5.3%	1,506	3.4%	864
Frontier Airlines	1,848	4.2%	2,060	4.6%	2,010
American Eagle (Piedmont)	1,568	3.6%	1,446	3.3%	1,510
American Airlines	1,466	3.4%	1,330	3.0%	1,636
American Eagle (Air Wisconsin)	1,454	3.3%	1,446	3.3%	1,476
United Express (Air Wisconsin)	1,444	3.3%	666	1.5%	1,346
American Eagle (PSA)	1,222	2.8%	1,134	2.6%	190
American Eagle (Envoy)	744	1.7%	424	1.0%	
Jet Blue	706	1.6%	112	0.3%	144
United Airlines	578	1.3%	610	1.4%	530
Delta Connection (Sky West)	518	1.2%	196	0.4%	190
Boutique Air	502	1.2%	978	2.2%	
Delta Connection (Endeavor)	496	1.1%	188	0.4%	540
American Eagle (Republic)	492	1.1%			
United Express (SkyWest)	374	0.9%	190	0.4%	
United Express (Go Jet)	360	0.8%	802	1.8%	1,514
OneJet	156	0.4%			
United Express (Mesa)	138	0.3%	264	0.6%	344
United Express (Transtates)	130	0.3%	8	0.0%	14
American Eagle (Transtates)	92	0.2%			
United Express (Express Jet)	56	0.1%			
Delta Connection (Go Jet)	48	0.1%	38	0.1%	16
Delta Connection (Express Jet)	38	0.1%	432	1.0%	162
Delta Connection (Republic)	18	0.0%	1,634	3.7%	2,702
United Express (Republic)	14	0.0%	8	0.0%	
American Eagle (SkyWest)	2	0.0%	26	0.1%	502
Delta Connection (Shuttle America)	2	0.0%	4	0.0%	122
United Express (Shuttle America)			4	0.0%	70
Charters			4	0.0%	2
Delta Connection (Compass)					
American Eagle (Mesa)					
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 Airlin (Pinnacle)					
Northwest Airlin (Mesaba)					
Delta Connection (Freedom)					
Continental Airlines					
	39,402	90.5%	39,958	90.1%	39,834
<u>Cargo Carriers</u>					
Wiggins Airways	2,154	4.9%	2,390	5.4%	2,350
United Parcel Service	886	2.0%	974	2.2%	982
Ameriflight	584	1.3%	534	1.2%	456
Federal Express	524	1.2%	508	1.1%	476
Air Now					
<u>Misc. Cargo Carriers</u>					
	4,148	9.5%	4,406	9.9%	4,264
Grand Total	43,550	100.0%	44,364	100.0%	44,098

Source: Albany County Airport Authority

**Albany International Airport
Aircraft Operations, Con't
2009-2018**

2015	2014	2013	2012	2011	2010	2009
8,632	8,710	8,670	9,018	9,152	9,182	9,510
3,960	3,380	1,286	998			
6,140	6,140	6,212	6,218	7,590	6,244	6,230
2,718	1,842	1,250	1,318	786	342	
754	832	954	2,668	2,100	2,754	4,538
40	46	344	4		102	134
1,576	1,380	1,462	1,426	1,388	1,348	2,070
1,428	1,186	590	1,028	1,232	1,280	1,538
88						
2,760	2,838	3,688	3,700	3,034	3,360	2,396
			64			
6	32	8				
176	226		2			
58				2	264	1,530
768	1,022	3,946	4,716	1,716	1,286	
1,048	1,696	3,482	3,438	4,440	2,360	
796	368	592	470	792	988	956
292	1,016	1,476				
48	58	41	67	69	56	42
484	450	1,154	608	288	1,786	2,210
3,336	2,950	2,316	1,534	2,866	2,124	1,788
940	1,350	852	442			
300	2			2		
4		16	4	4		
50	134	596	356	88	550	
16	664	350	2	18	166	122
	650	134	612	48	246	264
	168	668				
		734	1,060	988	1,340	1,290
			1,780	1,158		
			432	1,962	2,964	2,902
			324	1,368	1,866	1,904
			298	1,582	606	562
			214	120	1,238	1,974
			188	1,268	1,246	1,514
			6	462	1,088	
			2			
				1,222	1,624	2,414
				832	546	
						1,356
						1,004
						764
						496
						22
36,418	37,140	40,821	42,997	46,577	46,956	49,530
1,758	1,760	1,706	1,740	1,687	1,770	1,768
952	964	942	936	950	934	928
550	526	518	526	524	542	642
514	520	468	518	520	516	528
						40
			2	6		
3,774	3,770	3,634	3,722	3,687	3,762	3,906
40,192	40,910	44,455	46,719	50,264	50,718	53,436

**Albany International Airport
Aircraft Operations
2009-2018**

Year	Airlines	Cargo	General Aviation	Military	Total
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
2018	39,402	4,148	17,753	3,300	64,603
Annual Compounded Change 2009-2018	-20.4%	6.2%	-48.7%	-49.5%	-31.6%

Source: Albany County Airport Authority

Albany International Airport
Airlines Serving the Albany International Airport

MAJORS / NATIONALS

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

REGIONAL / COMMUTERS

Air Wisconsin d/b/a United Express
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
Hyannis Air Service d/b/a Cape Air & Nantucket Airlines
Mesa Air d/b/a United Express
Piedmont Airlines d/b/a American Eagle
PSA d/b/a American Eagle
Sky West d/b/a Delta Connection
Sky West 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
Allegiant Air	Orlando (SFB) Punta Gorda (PGD) Tampa (PIE)	
American Airlines - Envoy - Piedmont - PSA	Charlotte (CLT) Chicago (ORD) Philadelphia (PHL) Washington National (DCA)	
Delta Air Lines - Endeavor - GoJet - SkyWest	Atlanta (ATL) Detroit (DTW) Minneapolis (MSP)	
Frontier Airlines	Fort Myers (RSW) Orlando (MCO)	
JetBlue	Fort Lauderdale (FLL) Orlando (MCO)	
Southwest Airlines	Baltimore (BWI) Chicago (MDW) Denver (DEN) Fort Lauderdale (FLL) Fort Myers (RSW) Orlando (MCO) Tampa (TPA)	Atlanta (ATL) Austin (AUS) Dallas (DAL) Detroit (DTW) Indianapolis (IND) Las Vegas (LAS) Nashville (BNA) Panama City (ECP) Phoenix (PHX) Portland (PDX) San Juan (SJU) St Louis (STL) West Palm Beach (PBI)
United Airlines - Air Wisconsin - Commutair - Expressjet - Mesa - SkyWest	Chicago (ORD) New York/Newark (EWR) Washington Dulles (IAD)	Lincoln (LNK) Montreal (YUL) Syracuse (SYR)

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
Cape Air	Boston (BOS) Ogdensburg (OGS)	

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As of March 2018
Source: Official Airline Guide Schedule, February 2018

Albany International Airport
Primary Origination and Destination Passenger Markets

Market	Length	Rank	2018 Passengers	Rank	2017 Passengers	Rank	2009 Passengers
Orlando	MH	1	289,848	1	296,285	1	236,300
Southeast Florida (1)	MH	2	223,850	2	227,504	3	156,690
Tampa	MH	3	135,560	3	137,016	4	127,030
Chicago (2)	MH	4	123,743	4	130,276	5	115,790
Denver	MH	5	102,741	6	90,749	8	58,230
Atlanta	MH	6	100,911	5	93,078	10	54,030
Baltimore	SH	7	95,069	7	86,650	2	193,920
Washington, DC (3)	SH	8	94,978	8	102,142	9	55,020
Los Angeles	LH	9	74,093	10	66,298	7	68,630
Charlotte	SH	10	64,643	11	66,065	17	42,510
Las Vegas	LH	11	62,907	9	72,821	6	90,030
San Francisco	LH	12	55,054	12	55,963	14	46,770
Phoenix	LH	13	50,777	13	51,895	12	49,890
Fort Myers	MH	14	49,333	14	49,176	15	46,250
Minneapolis	MH	15	44,831	15	40,879		N/A
San Diego	LH	16	42,176	16	38,212	20	35,060
Raleigh/Durham	SH	17	38,911	18	35,566	13	47,740
Detroit	MH	18	35,900	19	33,680	19	36,040
Seattle/Tacoma	LH	19	35,433	17	37,595		N/A
Dallas/Fort Worth	MH	20	35,082	20	31,454	16	45,440

*** 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, 2018, 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 XX, 2019.

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 XX, 2019

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Albany County Airport Authority
Schedule Of Federal Financial and NYS DOT Assistance
December 31, 2018

Federal Project Number	NYS Project Number	Federal * Percent Participation	Description Of Project	CFDA Number	Total Grant Amount		Year Ended 12/31/18 Expenditures	
					Federal	State	Federal	State
<u>CAPITAL CONTRIBUTIONS:</u>								
Direct Award - Department of Transportation Airport Improvement Program								
131-16	1A00.20	90.00%	Passenger Boarding Bridges A4, B11 and C2	20.106	\$ 3,065,406	\$ 170,300	\$ 219,190	\$ 12,177
132-17	1A00.21	90.00%	Passenger Boarding Bridges Gate B9	20.106	1,013,342	56,297	953,776	52,988
133-17	1A00.22	90.00%	Airport Drainage Study	20.106	90,000	5,000	54,393	3,022
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	189,115	544,291	30,238
135-18	1A00.24	90.00%	Passenger Boarding Bridges B5, B7, B8 and C3	20.106	3,404,073	185,007	69,075	3,838
136-18	1A00.25	90.00%	Terminal Escalators 16-17 and 20-21	20.106	1,774,141	98,564	297,068	16,504
137-18	1A00.26	90.00%	Runway 10-28 and Taxiway C and Design	20.106	159,975	8,888	130,823	7,268
	1A00.97		Parking Garage	20.106	-	22,131,901	-	330,923
	1A00.98		Terminal Ramp Deicing Drainage System Replacement	20.106	-	616,000	-	571,474
TOTAL CAPITAL CONTRIBUTION					\$ 13,270,266	\$ 23,461,072	\$ 2,268,615	\$ 1,028,431
<u>NON-OPERATING GRANTS:</u>								
Direct Award - U.S. Department of Homeland Security								
N/A	N/A	N/A	TSA Law Enforcement Officer Cooperative Agreement	97.090	\$ 126,920	\$ -	\$ 126,920	\$ -
Pass-Through Award - New York State Homeland Security and Emergency Services								
N/A	PA-02-NY-4322-PW-00125	N/A	Disaster Grant - Public Assistance	97.036	149,209	24,868	149,209	24,868
TOTAL NON-OPERATING GRANTS					\$ 276,129	\$ 24,868	\$ 276,129	\$ 24,868
GRAND TOTAL					\$ 13,546,395	\$ 23,485,940	\$ 2,544,744	\$ 1,053,299

(*) 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, 2018

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, 2018. 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, 2018. 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, 2018.

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 XX, 2019

**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, 2018.

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, 2018.

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 XX, 2019

**Albany County Airport Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018**

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, 2018.
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, 2018.

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, 2018.

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 XX, 2019

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

For the Year Ended December 31, 2018

Quarter Ended	PFC Charges Received	Interest Earned	Total Received	Expenditures on Approved Projects	
Beginning Balance	\$95,558,356	\$2,759,571	\$98,317,927	\$87,878,631	\$10,439,296
3/31/2018	1,246,842	5,211	1,252,053	1,082,730	
6/30/2018	1,442,302	5,414	1,447,716	1,082,730	
9/30/2018	1,463,204	19,910	1,483,114	334,540	
12/31/2018	1,704,614	66,728	1,771,342	334,913	
Total 2018	5,856,962	97,263	5,954,225	2,834,913	3,119,312
Total Program to Date	\$101,415,318	\$2,856,834	\$104,272,152	\$90,713,544	
PFC Funds to be used for future debt service payments:					<u>\$13,558,608</u>

PFCs Received	12/31/2017 PFC Receivable	12/31/2018 PFC Receivable	PFC Net Income Per Financials
\$ 5,856,962	\$ (563,711)	\$ 345,671	\$ 5,638,922

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, 2018. 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, 2018**

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 America, 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 is a consultant with the firm of Bolton St.-Johns on State Street in Albany.

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 Scautub 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 NYSPPFA's secretary-treasurer and executive vice president. Born and raised in Albany,

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.

DRAFT

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.

AGENDA ITEM NO. 2.2

Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report.

AGENDA ITEM NO: 2.2

AUDIT COMMITTEE

MEETING DATE: March 18, 2019

**ALBANY COUNTY AIRPORT AUTHORITY
REQUEST FOR AUTHORIZATION**

DEPARTMENT: Finance

Contact Person: *Audit Committee
William J. O'Reilly, Chief Financial Officer*

*Audit Committee Approved
with recommendation to
full board for approval
03-18-2019*

PURPOSE OF REQUEST:

Review and acceptance of the Authority's:

- Twenty-second Comprehensive Annual Financial Report as of and for the year ended December 31, 2018 (with the draft audit and compliance reports of Marvin and Company, P.C., certified public accountants);
- the Authority's 2018 Rates and Charges Settlement Report to the Signatory Airlines and Signatory Cargo Carriers with draft Consultant Report;
- the Authority's Annual Investment Report in accordance with its Cash Management and Investment Policy and Section 2925 of the Public Authorities Law (with draft audit compliance report of Marvin and Company, P.C., certified public accountants);
- The Annual review and approval of the Cash Management and Investment Policy in accordance with Section 2925 of the Public Authorities Law;
- Review of mission statement and performance measures and acceptance of measurement report for 2018 required by Section 2800 of the Public Authorities Law; and
- Financial Statements for 2018 for the Other Post Employment Benefit Trust

BACKUP MATERIALS:

- Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;
- Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- Performance Measurement Report for 2018; and
- Financial Statements – Other Post Employment Benefit Trust

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:

The Audit Committee will review the above documents at their March 18, 2019 meeting and will present their recommendations for approval by the Board.



2018

**AIRLINE RATES AND CHARGES
SETTLEMENT AND REVENUE SHARING TRANSFER
CALCULATION**

Year Ended December 31, 2018

MARCH 18, 2019

March 11, 2019

Members of the Albany County Airport Authority
Administration Building, 2nd Floor
Albany International Airport
Albany, New York 12211

Re: Rates and Charges Settlement and Revenue Sharing Transfer Calculation for Fiscal Year 2018

Honorable Members of the Authority:

The Albany County Airport Authority (the Authority) is required, pursuant to the terms of the 2016 Airline Use and Lease Agreement (the Airline Agreement), to perform certain calculations using audited financial information for such fiscal year (the Settlement Calculation). The Settlement Calculation must be performed within 180 days following the close of each fiscal year. Authority staff presents the results of each fiscal year's Settlement Calculation in a report titled the *Airline Rates and Charges Settlement and Revenue Sharing Transfer Calculation* (the Settlement Report).

As requested by the Authority, we have reviewed the Settlement Report covering fiscal year 2018 to assess its accuracy, completeness, and conformity with requirements. In connection with this review of the 2018 Settlement Report, we examined the 2018 Settlement Calculation, the Airline Agreement, and such other documents and calculations as were needed by us to achieve the necessary level of comfort with the accuracy and completeness of the 2018 Settlement Report.

We found the operating revenues and operating expenses presented in the 2018 Settlement Report to be in agreement with the Authority's Comprehensive Annual Financial Report for the year ended December 31, 2018, and with the 2018 Settlement Calculation. We believe the methodology used in the 2018 Settlement Calculation is consistent with the requirements of the Airline Agreement and established practices.

We are pleased to have been of service to the Authority in this matter.

Respectfully submitted,



LeighFisher

ALB

ALBANY COUNTY AIRPORT AUTHORITY ALBANY INTERNATIONAL AIRPORT

INTRODUCTION

This report presents the 2018 Signatory Airline rates and charges settlement and revenue sharing transfer calculation for Albany International Airport (Airport), as provided for in Schedule "G" of the 2016 Airline Use and Lease Agreement (Agreement). The results are based upon the Authority's financial statements as audited by Marvin & Company, PC, an independent public accounting firm and adjustment specified in the Airline Use and Lease Agreement.

The Authority and the Airlines completed negotiations in 2015 for a five year Airline Use and Lease Agreement to expire December 31, 2020 with an option for one five year renewal. Under the Agreement the Authority charges signatory rates to carriers who have executed the Agreement ("Signatory Airlines") and non-signatory rates to those who have not ("Non-Signatory Airlines"). The Agreement permits Signatory Airlines to designate a non-signatory airline as an affiliate by providing a payment guarantee, thereby enabling its affiliate to enjoy the benefits of Signatory Airline Rates and Charges. As of December 2018, there were a total of seven signatory passenger carriers, nineteen signatory affiliate carriers, and two signatory cargo carriers operating at the Airport.

Overview:

Airport revenues and expenses in 2018 were impacted by certain factors, each of which had a significant effect on the rates and charges settlement calculation. These factors include enplanements, commercial and cargo landed weights and are summarized as follows:

	2018 Actual	2017 Actual	2018 vs. 2017	% inc/ (dec)	2018 Budget	2018 vs. Budget	% inc/ (dec)
Enplanements	1,466,706	1,417,835	48,871	3.4%	1,414,000	52,706	3.7%
Passenger Landed Weight (M-lbs)	1,616,387	1,575,562	40,825	2.6%	1,590,691	25,696	1.6%
Cargo Landed Weight (M-lbs)	167,910	167,438	472	0.3%	167,562	348	0.2%

The results for 2018 after including the Rates and Charges adjustments and the results of the Revenue Sharing calculation can be summarized as follows:

	Budget	Actual
Revenues (before Revenue Sharing)	\$ 51,482,785	\$ 54,329,920
Expenses		
Operating & Non-Capital Equipment	35,450,398	36,935,812
Debt Service, net of PFCs	8,703,730	8,704,884
Capital Expenditures	3,123,697	3,313,550
Reserves	200,381	200,381
Total Expenses	47,478,206	49,154,627
Funds Remaining	\$ 4,004,579	\$ 5,175,293
Revenue Sharing		
Authority (50%)	\$ 2,002,290	\$ 2,587,646
Less: Cost of Air Service Incentives	(107,464)	(244,691)
Authority Net Share	\$ 1,894,826	\$ 2,342,955
Airlines (50%)	2,002,290	2,587,646
Total	\$ 4,004,579	\$ 5,175,293

The final rates and charges settlement and revenue sharing calculation for 2018 will result in the Authority crediting the Airlines \$2,950,014. The settlement impact on the Rates and Charges can be summarized as follows:

	Rates	Settlement
Landing Fee:		
Budget rate calculation	\$ 3.33	
Final rate per settlement	\$ 2.92	\$ (713,671)
Terminal Rental Fee:		
Budget rate calculation	\$ 81.57	
Final rate per settlement	\$ 86.48	335,759
Apron Fee:		
Budget rate calculation	\$ 1.38	
Final rate per settlement	\$ 1.31	(47,273)
Loading Bridge Fee:		
Budget rate calculation	\$ 40,849	
Final rate per settlement	\$ 51,611	62,817
Total Rates and Charges Settlement		(362,368)
Revenue Sharing		(2,587,646)
Total Due to the Airlines		\$ (2,950,014)

The remaining sections of this report discuss in detail the various elements of the rates and charges settlement together with the revenue sharing calculation for 2018.

Tables 1 through 4 present a detailed comparison of 2018 budget versus the audited financial statements. Tables 5 through 10 present the rates and charges settlements and the revenue sharing transfer calculation. The net settlement and revenue sharing for each signatory airline is summarized in Table 11.

REVENUES

Table 1 presents budget versus audited revenues for 2018. Revenues in 2018, after the settlement and revenue sharing, were \$51,742,274, higher than the amount budgeted of \$49,480,495 by \$2,261,779, or 4.6%. Primary variances from the budgeted amounts include the following:

Commercial and Cargo Airline Revenues:

- ➔ Revenues from the airlines and cargo carriers for landing fees, including the revenue sharing credit of \$517,529, resulted in final revenues being lower than the amounts budgeted by \$720,706. The landing fee as budgeted was \$3.33 and the final settlement calculated a rate of \$2.92 due to higher than anticipated commercial deicing services and non-signatory landing fees. This resulted in a settlement credit due to the signatory airlines and cargo carriers of \$713,671.
- ➔ Airline terminal rental revenues, including the revenue sharing credit of \$2,070,117 resulted in final revenues being higher than the amount budgeted by \$66,433. The terminal rental rate after the settlement was \$86.48 versus the budgeted at \$81.57. This resulted in a settlement due from the signatory carriers of \$335,759.
- ➔ Apron fee revenues, a 10% allocation of the landing fee requirement, including a settlement credit of \$47,273 resulted in final revenues being below budget by \$41,079 due to a decrease in the 10% landing fee requirement in the landing fee calculation. The final apron fee rate was \$1.31 per square foot versus the \$1.38 rate budgeted.
- ➔ Loading bridge revenues, including the settlement due from the signatory carrier of \$62,817 resulted in final revenues being \$139,900 higher than the budget due to higher than budgeted expenses.
- ➔ Glycol Disposal Fees were \$101,447 or 28.0% higher than budget due to increased deicing activity during the winter season.

Fixed Based Operator (FBO) Revenues:

As of September 1, 2005, the Authority acquired the physical assets of the FBO and engaged a management company, currently R.E.W. Investment (d/b/a Million Air) to perform all of the daily operations. Highlights from 2018 were as follows:

- ➔ The sales of Jet A and AvGas fuels to general aviation customers were \$1,099,534 or 23.5% higher than the budgeted amount. The number of Jet A and AvGas gallons sold in total was 1,210,228, an increase of 152,008 or 14.4% as compared to 1,058,220 budgeted for 2018. The net results for the sales of Jet A (revenues minus the cost of sales) for 2018 was \$1,976,834 which was 17.0% higher than the budget of \$1,690,268. The net results for the sales of AvGas for 2018 was \$57,216 or 22.5% lower than the budget of \$73,860.
- ➔ Auto and Diesel net fuel sales to the airlines were \$74,432.
- ➔ The Authority bills each commercial and cargo airline a fee for the transfer of their fuel from the fuel farm to their aircraft (into-plane fees) and a fee per gallon of the fuel and glycol that passes through the Authority owned fuel farm (fuel farm fees). During 2018, into-plane fees were \$9,487 or 1.4% higher than the budget. Fuel farm fees were \$29,681 or 4.9% higher than the budget.
- ➔ General Aviation landing fees were \$11,534 or 4.5% higher than the budget and General Aviation aircraft parking fees were \$19,300 or 10.9% higher than the budget.
- ➔ AvGas Commercial net fuel sales were \$35,971, 15.9% lower than the budget of \$42,782.
- ➔ Deicing services are performed for both the commercial airlines and the general aviation customers. Net deicing revenues were \$621,227, 95.6% higher than the budget due to increased deicing activity during the winter season.
- ➔ Rental payments are collected from tenants in the FBO facilities and hangars. Service fees are also collected from aviation customers for ground handling, labor and other ancillary services. In 2018, rents of the hangar and ramp were \$33,853 or 10.4% higher than the budget and ancillary customer services were \$20,611 or 25.3% lower than the budget.

Non-Airline Terminal Revenues:

- ➔ Non-Airline terminal revenues such as non-airline space rental, TSA space rental, tenant maintenance and utility reimbursement were in total \$20,776 or 2.7% higher than the budget of \$768,893.

Ground Transportation Revenues:

- ➔ Parking revenues were \$77,362 or 0.5% higher than the budget. Access fee revenues were \$4,998 or 1.6% higher than the budget. Revenues from Transportation Network Companies (TNCs) were \$154,540.

Concessions:

- ➔ Revenues generated from the concessions totaled \$8,262,260. This is \$83,600 or 1.0% higher than the budget due primarily to higher revenues from rental cars.

Other Airport:

- ➔ The revenue generated from other airport sources was \$4,292,489. This is \$155,309 or 3.8% higher than the budget of \$4,137,180.

Other (Non-Operating) Revenues:

- ➔ Interest earnings allocated to the airline revenue centers under the Master Bond Resolution were \$232,486 in 2018. In 2018 the Authority requested proposals for banking services and selected a bank which offered interest rates starting at 1.94% and are currently at 2.22% of collateralized deposits. Debt service reserves are invested in interest bearing U.S. Treasuries. The interest earnings are allocated in the rates calculations to the direct cost centers to which they relate as provided for in the Master Bond Resolution and the Agreement.
- ➔ Revenues from the grant for the TSA (LEO) Reimbursement were \$11,779 or 8.5% lower than the budget.
- ➔ Revenues from Improvement Charges were \$368,400, in line with the 2018 budget.

EXPENSES

Table 2 presents the 2018 adopted budget and audited expenses by category and cost center. The 2018 actual expenses were \$36,935,812, higher than the budget of \$35,450,398 by \$1,485,414 or 4.2%. The majority of this variance is the cost of fuel purchased for the FBO, building maintenance expenses, parking valet services and non-capital equipment.

Personnel Services and Employee Benefits for AvPorts, Million Air and the Authority is summarized as follows:

	Budget			Actual		
	Salaries	Benefits	Total	Salaries	Benefits	Total
Airport Mgmt	\$ 7,644,241	\$ 3,705,727	\$ 11,349,968	\$ 7,373,154	\$ 3,142,614	\$ 10,515,768
FBO	1,425,922	504,798	1,930,720	1,421,039	607,526	2,028,565
Authority	1,967,333	1,290,056	3,257,389	1,955,557	1,349,847	3,305,404
Total	\$ 11,037,496	\$ 5,500,581	\$ 16,538,077	\$ 10,749,750	\$ 5,099,987	\$ 15,849,737

The primary variances in each of the cost centers are a result of the following:

- Airfield expenses were \$44,047 or 1.4% higher than the budget due primarily to savings in salaries and benefits offset by higher than the budget expenses for non-capital equipment.
- Terminal expenses were \$446,529 or 8.2% higher than the budget due primarily to higher than budgeted expenses for purchased services and higher building maintenance expenses.
- Loading Bridge expenses were \$55,800 or 19.0% higher than the budget due to higher loading bridge maintenance.
- Parking expenses were \$296,081 or 6.2% lower than the budget due to lower than the budgeted expenses for salaries & benefits.
- Landside expenses were \$343,398 or 30.3% higher than the budget due to higher than the budgeted building maintenance expenses.
- ARFF expenses were \$80,179 or 3.9% lower than the budget due primarily to lower salaries, benefits and administration expenses.
- Operations expenses were \$1,232 or 0.1% lower than the budget.
- Security expenses were \$372,917 or 12.3% lower than the budget primarily due to lower than the budget County Sheriff's expenses.
- Vehicle/Equipment Maintenance expenses were \$171,758 or 12.3% higher than the budget due to higher maintenance expenses.

- The FBO Commercial expenses were \$230,896 or 9.5% higher than the budget due to cost of glycol purchased for deicing services.
- The FBO General Aviation and Facilities expenses were \$873,987 or 19.6% higher than the budget due to higher than the budget cost of sales for Jet and AvGas purchases.
- FBO Administration expenses were \$19,375 or 2.9% lower than the budget due to savings in all categories.
- Airport Management Administration expenses were \$1,203 or 0.1% higher than the budget.
- Authority Administration expenses were \$87,581 or 1.9% higher than the budget.

COST CENTER ALLOCATIONS

Under the Airline Use and Lease Agreement, the expense budget includes seven direct costs centers: airfield, terminal, loading bridges, parking, landside, FBO commercial and FBO General Aviation and five indirect costs centers: ARFF, operations, security, vehicle/equipment maintenance, and administration - including Airport Management, FBO and Authority. The expenses for four of the five indirect costs centers (excluding administration) are allocated to the direct costs centers based on an analysis of the staff hours worked or the related activities that occurred during the year. After those indirect costs are allocated to the direct cost centers, administration is allocated based on the total actual direct and indirect costs for each direct cost center. The allocated amounts for 2018 are set forth in Table 2-2.

DEBT SERVICE

A summary of 2018 debt service requirements and the allocation by cost centers is shown in Table 3. The details for each of the three Revenue Bond issues by the Authority are shown as follows:

- 1999 NYS Environmental Facilities Corporation (EFC) Revenue Bonds (Table 3-1)
- Series 2010A Refunding Bonds (Table 3-2), which is in part offset by Passenger Facility Charges (PFC's) (Table 3-3)
- Series 2017A & B General Airport Revenue Bonds (Table 3-2)

In April of 2018 the Authority received a Notice of Settlement from the New York State Attorney General's office which offered the Authority the opportunity to receive a settlement in the amount of \$1,496,915 from an out-of-court settlement between 45 State Attorney Generals (including New York) and Deutsche Bank for alleged manipulation of LIBOR. This settlement was received in 2018 and is shown as a credit to the Series 2010A Refunding Bonds debt service requirement for 2018.

In total, actual debt service expenditures, net of PFCs in 2018 were \$8,704,884 which is in line with the amount budgeted of \$8,703,730.

CAPITAL EXPENDITURES FUND CONTRIBUTION

Table 4 shows the calculation of the Capital Expenditures Fund Contribution. In the 2016 Airline Use and Lease Agreement, capital expenditures up to \$3.0 million are not subject to the signatory Airlines majority-in-interest (MII) vote. The \$3.0 million shall be adjusted by the same percentage as the increase or decrease in current year non-airline revenue versus 2016 non-airline revenues. The amount of the capital expenditures fund contribution calculated for 2018 was \$3,313,550. The basis for this calculation is set forth in Article 9 of the Agreement.

RATES AND CHARGES IMPLICATIONS

All settlement calculations are based on the methodology set forth in the Airline Use and Lease Agreement. There are individual settlement calculations for landing fees, landing fee surcharges, apron fees, terminal rental rates, and loading bridge charges. Upon completion of the settlement calculation, the revenues for each of these items are updated to reflect the adjusted revenues and then a revenue sharing calculation is applied. Below is a summary of each of the settlement areas:

- Table 5 presents the landing fee revenues budgeted versus actual. The calculated signatory landing rate for 2018 of \$2.92 is determined by taking the Net Airfield Requirement and dividing by the signatory airline and cargo landed weight. The signatory landing fee rate budgeted in 2018 was \$3.33. This \$0.41 decrease was due to an increase in non-signatory airline revenues and increased deicing revenues allocated to the landing fee calculation.
- Table 5-1 presents the allocation of the \$0.41 landing fee rate differential resulting in a credit of \$713,671 due to the signatory carriers. The individual settlement for each signatory airline and cargo carrier is calculated by multiplying the \$0.41 times their landed weight to arrive at the settlement amount.
- Table 6 and Table 6-1 present the apron fee rate calculation and settlement. The apron fee of \$654,321 is an allocation equal to 10% of the airfield total requirement. The amount billed during 2018 was \$701,594 resulting in a credit of \$47,273 due to the signatory carriers. This amount is allocated to the carriers based on the amount of apron area (in square feet) leased to each of the signatory carriers.

- Table 7 presents the terminal rental rate calculations budgeted versus actual. The calculated signatory terminal rental rate for 2018 of \$86.48 is determined by taking the Net Terminal Requirement and dividing by the total rentable terminal space. The terminal rental rate budgeted in 2018 was \$81.57, or a \$4.91 increase. The increase in the rate is principally due to higher than the budget expenses for the terminal direct cost centers allocated to the terminal rental rate calculation.
- Table 7-1 presents the allocation of the \$4.91 terminal rental settlement which results in \$335,759 due from the signatory carriers. \$248,439 of the settlement is an allocation to each of the signatory carriers is based on their pro-rated share of the airline area utilized in the terminal. Per the Agreement, the amount allocated to the baggage claim area is 20% split equally to each airline and 80% based on each signatory airline's enplanements, accounting for \$87,319 of the terminal rental settlement.
- Table 8 presents the loading bridge settlement. The total loading bridge requirement was \$670,939 and the amount billed was \$608,122. This resulted in a \$62,817 settlement due from the signatory carriers allocated based on the number of bridges each airline utilizes.

CALCULATION OF REVENUE SHARING TRANSFERS

Exhibit G-3 of the Agreement provides the methodology for the calculation of the net revenue sharing between the Authority and the signatory passenger airlines. This calculation allows the passenger signatory airlines to share in any net funds remaining after fulfillment of all the Airport's requirements.

- Table 9 presents the calculation and allocation of funds remaining. For 2018, the funds remaining, after including all of the above settlements, was \$5,175,293 of which 50%, or \$2,587,646, is the Airlines' share. Per the Agreement, the airline share is allocated 80% to the terminal, \$2,070,117, and 20% to the airfield, \$517,529.
- Table 9-1 presents the allocation of the airfield portion of the revenue sharing. The amount of \$517,529 is distributed to each of the passenger signatory carriers based on their total 2018 landed weight.
- Table 9-2 presents the allocation of the terminal portion of the revenue sharing. The amount of \$2,070,117 is distributed to each of the passenger signatory carriers based on their prorated share of the 2018 total airline portion of the terminal rentable space and common use space.
- Table 10 presents the Airline Cost per Enplanement for 2018. This calculation is after including all the settlement and revenue sharing calculation shown in Tables 6 through 9. For 2018, the airline cost per enplanement from airport operations was \$6.57. This is a decrease of 8.4% from the \$7.17 anticipated in the adopted budget.

ALLOCATION OF 2018 SETTLEMENT AND REVENUE SHARING CALCULATION

- ➔ Table 11 presents a summary showing the allocation for each of the settlement items and the revenue sharing amounts to each of the signatory carriers for the year 2018.

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Table 1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
REVENUES
(page 1 of 2)

	Budget 2018	Audited 2018
AIRFIELD		
Airline Landing Fees	\$5,297,871	\$4,756,803
Airline Airfield Revenue Sharing	(400,458)	(517,529)
Cargo Landing Fees	570,016	507,450
Glycol Disposal Fee	361,925	463,372
Airline Apron Fee	695,400	654,321
Tenant Maintenance	30,000	57,937
Control Tower Rental	665,776	665,776
	<u>\$7,220,530</u>	<u>\$6,588,130</u>
FBO		
Jet A Fuel Sales	\$4,378,590	\$5,521,148
Avgas Fuel Sales General Aviation	307,869	264,845
Auto Gas Fuel Sales	68,487	96,213
Diesel Fuel Sales	211,221	232,081
Into-plane	664,133	673,620
Fuel Farm	600,144	629,825
General Aviation Landing Fees	256,964	268,498
General Aviation Parking Fees	176,437	195,737
Avgas Fuel Sales Commercial	412,788	382,653
Deicing Type I - Sprayed	504,616	818,631
Deicing Type IV - Sprayed	74,445	136,610
Deicing Type I - Consortium	423,449	521,481
Deicing Type IV - Consortium	117,357	157,558
Deicing - GA	28,220	109,057
General Aviation Tenants	324,732	358,585
General Aviation Customer Services	81,422	60,811
	<u>\$8,630,876</u>	<u>\$10,427,353</u>
TERMINAL		
Airline Space Rental	\$5,613,076	\$6,147,795
Airline Terminal Revenue Sharing	(1,601,832)	(2,070,117)
TSA Space Rental	448,828	448,828
Nonairline Space Rental - Flat Rate	59,190	68,323
Nonairline Space Rental - Signatory Rate	39,350	39,158
Nonairline Space Rental	160,526	166,627
FIS Facility Use Fee	0	1,520
Loading Bridge Rentals	531,039	670,939
Tenant Maintenance	35,000	30,427
Utility Reimbursement	26,000	34,786
	<u>\$5,311,177</u>	<u>\$5,538,286</u>
GROUND TRANSPORTATION		
Parking	\$15,170,719	\$15,248,081
Access Fees	313,470	318,468
TNCs	0	154,540
	<u>\$15,484,189</u>	<u>\$15,721,089</u>

Table 1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
REVENUES
(page 2 of 2)

	Budget 2018	Audited 2018
CONCESSIONS		
Rental Cars	\$5,277,984	\$5,561,921
Food and Beverage	1,045,060	902,530
Retail	830,657	844,970
Advertising	385,624	306,782
Foreign Currency	26,600	26,600
Museum Shop	271,122	242,117
Operating Permits	190,684	230,025
Telephone - Payphones	2,500	1,984
Telephone - Tenants	72,425	70,479
Bank ATMs	36,415	35,228
Vending Machines	32,589	32,624
Baggage Cart Concessions	7,000	7,000
	<u>\$8,178,660</u>	<u>\$8,262,260</u>
OTHER AIRPORT		
Land Rental	\$312,956	\$313,007
Industrial Park	557,765	554,978
T Hangars	100,328	101,477
Tie Downs	4,096	4,176
T Hangar Avgas Fuel Sales	43,138	39,836
Parking Garage Space Rent	87,162	87,144
Hangar Rentals	441,385	499,036
Building Rental	126,291	114,856
Cargo Building Rental	884,349	928,820
Aircraft Maintenance & Service Center	39,987	41,393
State Executive Hangar/Maint	1,247,083	1,247,083
Utility Reimbursement	136,000	162,248
Reimbursement of Property Taxes	37,000	42,883
Internet and Cable Access	11,640	9,770
Fingerprinting	25,000	37,600
Tenant Maintenance	1,000	178
Purchasing Proposals	7,000	930
Scrap and Equipment Sales	15,000	7,730
Other	60,000	99,344
	<u>\$4,137,180</u>	<u>\$4,292,489</u>
TOTAL REVENUES	\$48,962,612	\$50,829,607
OTHER REVENUES		
Interest Earnings	\$10,783	\$243,269
TSA (LEO) Reimbursement	138,700	126,921
Grant	0	174,077
Improvement Charges	368,400	368,400
	<u>\$517,883</u>	<u>\$912,667</u>
TOTAL REVENUES	\$49,480,495	\$51,742,274
TOTAL REVENUES BEFORE REVENUE SHARING	\$51,482,785	\$54,329,920
Airport Operations	\$42,334,026	\$42,989,900
FBO Operations	\$8,630,876	\$10,427,353
Other Revenues	\$517,883	\$912,667
Total Revenues	\$51,482,785	\$54,329,920

Table 2
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
SUMMARY OF EXPENSES

	Budget 2018	Audited 2018
EXPENSES - SUMMARY		
Airport Management	\$23,280,662	\$23,592,988
FBO Management	3,238,577	3,175,065
FBO Cost of Sales	4,327,209	5,476,229
Authority	4,603,949	4,691,530
TOTAL EXPENSES	\$35,450,398	\$36,935,812
EXPENSES BY CATEGORY		
Personnel Services	\$11,037,496	\$10,749,750
Employee Benefits	5,500,581	5,099,987
Utilities & Communications	2,118,939	2,203,013
Purchased Services		
Accounting & Auditing	\$61,000	\$58,306
Insurance	751,830	852,950
Legal	50,000	164,680
Public Safety	262,650	704,686
Albany County Sheriffs	2,627,656	2,281,644
Janitorial	484,681	548,350
Public Communications	845,866	789,566
Special Studies & GIS Services	89,200	111,284
Professional Services	1,213,160	910,131
Total Purchased Services	\$6,386,044	\$6,421,597
Materials & Supplies		
Airfield	\$901,000	\$793,991
FBO - Cost of Sales	4,327,209	5,476,229
Buildings	1,890,077	2,741,085
Grounds	800,885	815,081
Vehicles & Equipment	845,100	918,121
Total Material & Supplies	\$8,764,272	\$10,744,507
Office	\$492,662	\$372,704
Administration	910,405	929,843
Noncapital Equipment & Facilities	240,000	414,411
TOTAL EXPENSES	\$35,450,398	\$36,935,812
DEPARTMENT SUMMARY (Direct & Indirect)		
Direct Cost Centers		
Airfield	\$3,255,010	\$3,299,057
Terminal	5,459,185	5,905,714
Loading Bridges	293,482	349,282
Landside:		
Parking	4,745,146	4,449,065
Landside Development	1,133,753	1,477,151
FBO Commercial	2,432,586	2,663,482
FBO GA & Facilities	4,467,266	5,341,253
Total Direct Cost Centers	\$21,786,429	\$23,485,004
Indirect Cost Centers		
ARFF	\$2,075,056	\$1,994,877
Operations	1,005,829	1,004,597
Security	3,039,977	2,667,060
Vehicle/Equipment	1,395,246	1,567,004
Airport Management Administration	877,978	879,181
FBO Administration	665,934	646,559
Airport Authority Administration	4,603,949	4,691,530
Total Indirect Cost Centers	\$13,663,969	\$13,450,808
TOTAL EXPENSES	\$35,450,398	\$36,935,812

Table 2-1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
EXPENSES
(Page 1 of 4)

	Budget 2018	Audited 2018
<u>AIRFIELD</u>		
Personnel Services	\$1,250,297	\$1,275,485
Employee Benefits	610,657	550,905
Utilities & Communications	118,100	132,843
Purchased Services	247,851	255,973
Materials & Supplies	1,007,488	886,394
Office	10,177	3,831
Administration	10,440	54,397
Noncapital Equipment & Facilities	0	139,229
	<u>\$3,255,010</u>	<u>\$3,299,057</u>
<u>TERMINAL</u>		
Personnel Services	\$1,420,955	\$1,379,686
Employee Benefits	694,973	694,233
Utilities & Communications	1,121,189	1,114,945
Purchased Services	1,161,024	1,310,133
Materials & Supplies	910,240	1,299,598
Office	48,805	8,905
Administration	2,000	23,829
Noncapital Equipment & Facilities	100,000	74,385
	<u>\$5,459,185</u>	<u>\$5,905,714</u>
<u>LOADING BRIDGES</u>		
Personnel Services	\$89,187	\$96,311
Employee Benefits	52,145	50,705
Utilities & Communications	68,250	68,250
Purchased Services	0	0
Materials & Supplies	82,900	134,016
Office	0	0
Administration	1,000	0
Noncapital Equipment & Facilities	0	0
	<u>\$293,482</u>	<u>\$349,282</u>

Table 2-1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
EXPENSES
(Page 2 of 4)

	Budget 2018	Audited 2018
<u>PARKING</u>		
Personnel Services	\$1,951,409	\$1,632,046
Employee Benefits	870,223	724,719
Utilities & Communications	313,875	333,331
Purchased Services	431,414	453,732
Materials & Supplies	625,441	794,079
Office	78,184	38,692
Administration	451,600	461,430
Noncapital Equipment & Facilities	23,000	11,036
	<u>\$4,745,146</u>	<u>\$4,449,065</u>
<u>LANDSIDE</u>		
Personnel Services	\$0	\$0
Employee Benefits	0	0
Utilities & Communications	230,025	275,171
Purchased Services	85,528	136,311
Materials & Supplies	762,950	977,914
Office	8,250	1,862
Administration	47,000	43,643
Noncapital Equipment & Facilities	0	42,250
	<u>\$1,133,753</u>	<u>\$1,477,151</u>
<u>ARFF</u>		
Personnel Services	\$1,265,746	\$1,250,664
Employee Benefits	553,129	535,758
Utilities & Communications	21,300	25,724
Purchased Services	3,459	3,749
Materials & Supplies	129,304	90,814
Office	9,758	10,271
Administration	44,360	30,302
Noncapital Equipment & Facilities	48,000	47,595
	<u>\$2,075,056</u>	<u>\$1,994,877</u>

Table 2-1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
EXPENSES
(Page 3 of 4)

	Budget 2018	Audited 2018
<u>OPERATIONS</u>		
Personnel Services	\$640,772	\$646,720
Employee Benefits	276,946	278,870
Utilities & Communications	51,350	54,113
Purchased Services	0	0
Materials & Supplies	0	0
Office	15,111	12,577
Administration	21,650	12,317
Noncapital Equipment & Facilities	0	0
	<u>\$1,005,829</u>	<u>\$1,004,597</u>
<u>SECURITY</u>		
Personnel Services	\$175,485	\$153,329
Employee Benefits	88,006	76,648
Utilities & Communications	4,200	4,025
Purchased Services	2,627,656	2,281,644
Materials & Supplies	109,000	149,754
Office	16,630	1,660
Administration	0	0
Noncapital Equipment & Facilities	19,000	0
	<u>\$3,039,977</u>	<u>\$2,667,060</u>
<u>VEHICLE/EQUIPMENT</u>		
Personnel Services	\$558,693	\$594,289
Employee Benefits	291,883	306,063
Utilities & Communications	20,095	23,209
Purchased Services	61,505	70,063
Materials & Supplies	403,100	487,252
Office	6,670	2,783
Administration	3,300	1,371
Noncapital Equipment & Facilities	50,000	81,974
	<u>\$1,395,246</u>	<u>\$1,567,004</u>
<u>FBO COMMERCIAL</u>		
Personnel Services	\$504,291	\$465,933
Employee Benefits	200,892	144,183
Utilities & Communications	17,962	20,022
Purchased Services	74,663	64,842
Materials & Supplies	1,634,778	1,951,109
Office	0	0
Administration	0	17,393
Noncapital Equipment & Facilities	0	0
	<u>\$2,432,586</u>	<u>\$2,663,482</u>
<u>FBO GENERAL AVIATION AND FACILITIES</u>		
Personnel Services	\$711,778	\$754,758
Employee Benefits	321,944	282,866
Utilities & Communications	66,500	65,876
Purchased Services	120,837	118,853
Materials & Supplies	3,070,707	3,950,805
Office	2,500	805
Administration	173,000	167,290
Noncapital Equipment & Facilities	0	0
	<u>\$4,467,266</u>	<u>\$5,341,253</u>

Table 2-1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
EXPENSES
(Page 4 of 4)

	Budget 2018	Audited 2018
<u>FBO ADMINISTRATION</u>		
Personnel Services	\$204,970	\$205,231
Employee Benefits	84,690	77,749
Utilities & Communications	3,950	1,502
Purchased Services	317,868	322,742
Materials & Supplies	0	0
Office	46,156	35,034
Administration	8,300	4,301
Noncapital Equipment & Facilities	0	0
	<u>\$665,934</u>	<u>\$646,559</u>
<u>AIRPORT MANAGEMENT ADMINISTRATION</u>		
Personnel Services	\$308,356	\$327,965
Employee Benefits	105,247	87,232
Utilities & Communications	550	231
Purchased Services	415,750	415,750
Materials & Supplies	0	0
Office	42,525	43,449
Administration	5,550	4,554
Noncapital Equipment & Facilities	0	0
	<u>\$877,978</u>	<u>\$879,181</u>
<u>AIRPORT AUTHORITY ADMINISTRATION</u>		
Personnel Services	\$1,955,557	\$1,967,333
Employee Benefits	1,349,847	1,290,056
Utilities & Communications	81,592	83,771
Purchased Services	838,489	987,803
Materials & Supplies	28,363	22,774
Office	207,896	212,835
Administration	142,205	109,016
Noncapital Equipment & Facilities	0	17,942
	<u>\$4,603,949</u>	<u>\$4,691,530</u>
TOTAL EXPENSES	<u>\$35,450,398</u>	<u>\$36,935,812</u>

Table 2-2
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF INDIRECT COST CENTERS
TO DIRECT COST CENTERS
(Page 1 of 3)

	Budget 2018	Audited 2018
ARFF		
Airfield	\$311,258	\$299,232
Terminal	996,027	957,541
Loading Bridges	20,751	19,949
Landside	498,013	478,770
Parking	124,503	119,693
FBO Commercial	62,252	59,846
FBO GA & Facilities	62,252	59,846
Total Allocated	\$2,075,056	\$1,994,877
OPERATIONS		
Airfield	\$402,331	\$401,839
Terminal	301,749	301,379
Loading Bridges	50,291	50,230
Landside	100,583	100,460
Parking	50,291	50,230
FBO Commercial	50,291	50,230
FBO GA & Facilities	50,291	50,230
Total Allocated	\$1,005,829	\$1,004,597
SECURITY		
Airfield	\$455,997	\$400,059
Terminal	1,519,989	1,333,530
Loading Bridges	91,199	80,012
Landside	303,998	266,706
Parking	607,995	533,412
FBO Commercial	30,400	26,671
FBO GA & Facilities	30,400	26,671
Total Allocated	\$3,039,977	\$2,667,060
VEHICLE/EQUIPMENT		
Airfield	\$488,336	\$548,451
Terminal	69,762	78,350
Landside	516,241	579,791
Parking	209,287	235,051
FBO Commercial	69,762	78,350
FBO GA & Facilities	41,857	47,010
Total Allocated	\$1,395,246	\$1,567,004

Table 2-2
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF INDIRECT COST CENTERS
TO DIRECT COST CENTERS
(Page 2 of 3)

	Budget 2018	Audited 2018
Subtotal Allocation before Admin Departments		
Airfield	\$4,912,933	\$4,948,638
Terminal	8,346,712	8,576,514
Loading Bridges	455,723	499,472
Landside	2,552,588	2,902,879
Parking	5,737,223	5,387,450
FBO Commercial	2,645,291	2,878,579
FBO GA & Facilities	4,652,066	5,525,010
Total Allocated	\$29,302,536	\$30,718,542
Airport Management Administration		
Airfield	\$172,708	\$172,359
Terminal	293,419	298,717
Loading Bridges	16,020	17,396
Landside	89,733	101,106
Parking	201,685	187,643
FBO Commercial	43,792	40,280
FBO GA & Facilities	60,621	61,679
Total Allocated	\$877,978	\$879,181
FBO Administration		
Airfield	\$0	\$0
Terminal	0	0
Loading Bridges	0	0
Landside	0	0
Parking	0	0
FBO Commercial	279,300	255,430
FBO GA & Facilities	386,634	391,129
Total Allocated	\$665,934	\$646,559
Airport Authority Administration		
Airfield	\$882,907	\$897,537
Terminal	1,499,995	1,555,526
Loading Bridges	81,898	90,590
Landside	458,728	526,496
Parking	1,031,041	977,124
FBO Commercial	272,357	254,520
FBO GA & Facilities	377,022	389,736
Total Allocated	\$4,603,949	\$4,691,530

Table 2-2		
Albany County Airport Authority		
Albany International Airport		
ALLOCATION OF INDIRECT COST CENTERS		
TO DIRECT COST CENTERS		
(Page 3 of 3)		
	Budget 2018	Audited 2018
TOTAL INDIRECT ALLOCATIONS		
Airfield	\$2,713,538	\$2,719,477
Terminal	4,680,940	4,525,044
Loading Bridges	260,160	258,176
Landside	1,967,296	2,053,330
Parking	2,224,804	2,103,152
FBO Commercial	808,154	765,327
FBO GA & Facilities	1,009,077	1,026,301
Total Allocated	\$13,663,969	\$13,450,808
TOTAL DIRECT & INDIRECT EXPENSES BY COST CENTER		
Airfield	\$5,968,549	\$6,018,534
Terminal	10,140,125	10,430,758
Loading Bridges	553,642	607,458
Landside	3,101,049	3,530,481
Parking	6,969,949	6,552,217
FBO Commercial	3,240,740	3,428,809
FBO GA & Facilities	5,476,343	6,367,554
Total Allocated	\$35,450,398	\$36,935,812

Table 3
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
DEBT SERVICE SUMMARY

	Budget 2018	Audited 2018
Albany County G.O. Bonds		
Airport Revenue Bonds:		
1999 EFC Revenue Bonds, net of interest subsidy	447,204	449,273
2010 A Refunding Bonds	10,626,139	10,626,139
2017 A Refunding Bonds	757,375	757,375
2017 B Refunding Bonds	1,203,925	1,203,925
Less LIBOR credit	0	(1,496,915)
Less: PFC's Applied to 2010A Revenue Bonds	<u>(4,330,913)</u>	<u>(2,834,913)</u>
 TOTAL DEBT SERVICE	 <u>\$8,703,730</u>	 <u>\$8,704,884</u>
Allocation of Total Debt Service to Cost Centers		
Airfield	\$1,130,901	\$1,199,257
FBO	\$273,028	\$273,028
ARFF	42,226	42,226
Terminal	1,871,988	2,269,336
Loading Bridges	55,965	61,982
Landside and Other	<u>5,329,623</u>	<u>4,859,056</u>
 TOTAL ALLOCATION	 <u>\$8,703,730</u>	 <u>\$8,704,884</u>

Table 3-1
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
NYS ENVIRONMENTAL FACILITIES CORPORATION (EFC)
AIRPORT REVENUE BONDS DEBT SERVICE

	Budget 2018	Audited 2018
1999 A EFC Revenue Bonds Debt Service	\$456,445	\$458,514
Less: Interest Subsidy Earnings	<u>(9,241)</u>	<u>(9,241)</u>
TOTAL 1999 A EFC REVENUE BONDS DEBT SERVICE	<u>\$447,204</u>	<u>\$449,273</u>
Allocation of EFC Revenue Bonds Debt Service to Cost Centers		
Airfield	\$447,204	\$449,273
Terminal	0	0
Loading Bridges	0	0
Landside	<u>0</u>	<u>0</u>
Total	<u>\$447,204</u>	<u>\$449,273</u>

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Table 3-2
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
AIRPORT REVENUE BONDS DEBT SERVICE

	Budget 2018	Audited 2018
2010A Revenue Refunding Bonds Debt Service	\$10,557,831	\$10,557,831
Amortization of Bond Issue Costs	\$68,308	\$68,308
TOTAL 2010A REVENUE BONDS DEBT SERVICE	\$10,626,139	\$10,626,139
Credit of LIBOR Settlement	-	(1,496,915)
Amount for Rate Calculation	\$10,626,139	\$9,129,224
Allocation of 2010A Refunding Bonds Debt Service to Cost Centers		
Airfield	\$869,760	\$748,596
Terminal	4,862,102	4,172,055
Loading Bridges	142,584	118,680
Landside	4,751,694	4,089,892
Total	\$10,626,139	\$9,129,224
2017 A Revenue Refunding Bonds Debt Service	\$757,375	\$757,375
TOTAL 2017 A REVENUE REFUNDING BONDS DEBT SERVICE	\$757,375	\$757,375
Allocation of 2017 A Revenue Refunding Bonds Debt Service to Cost Centers		
Airfield	158,957	158,957
FBO	73,496	73,496
ARFF	42,226	42,226
Terminal	98,808	98,808
Landside and other	262,929	262,929
Parking	120,960	120,960
Total	\$757,375	\$757,375
2017 B Revenue Refunding Bonds Debt Service	1,203,925	1,203,925
TOTAL 2017 REVENUE REFUNDING BONDS DEBT SERVICE	\$1,203,925	\$1,203,925
Allocation of 2017 B Refunding Bonds Debt Service to Cost Centers		
Airfield	197,651	197,651
FBO	199,532	199,532
Parking	154,062	154,062
Landside and other	593,601	593,601
Terminal	59,080	59,080
Total	\$1,203,925	\$1,203,925

Table 3-3
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
CALCULATION OF PFC REVENUES

	Budget 2018	Audited 2018
ENPLANEMENTS	1,414,000	1,466,706
PFC's charged	\$4.50	\$4.50
LESS: Carrier Compensation	<u>(0.11)</u>	<u>(0.11)</u>
Net PFC Revenue	\$4.39	\$4.39
% of PFCs collected on Enplanements	88.0%	91.0%
PFC Revenue	\$5,462,565	\$5,856,962
LESS: Applied Pay-As-You-Go	<u>0</u>	<u>0</u>
PFC's Available for Debt Service	<u>\$5,462,565</u>	<u>\$5,856,962</u>
PFC DEBT SERVICE FUND ACTIVITY		
BEGINNING BALANCE	\$10,439,299	\$10,439,299
PLUS: Deposit of PFC's	5,462,565	5,856,962
PLUS: Interest Earnings on PFC's	19,877	97,263
LESS: Applied Towards 2010A Debt Service	<u>(4,330,913)</u>	<u>(2,834,913)</u>
ENDING BALANCE	<u>\$11,590,828</u>	<u>\$13,558,611</u>
PFC's APPLIED TO DEBT SERVICE	\$4,330,913	\$2,834,913
Allocation of PFC's to Cost Centers		
Airfield	\$542,671	\$355,219
Terminal	3,148,001	2,060,607
Loading Bridges	86,618	56,698
Landside	<u>553,623</u>	<u>362,388</u>
Total	<u>\$4,330,913</u>	<u>\$2,834,913</u>

Table 4
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
CALCULATION OF CAPITAL EXPENDITURES FUND CONTRIBUTION

	Budget 2018	Audited 2018
Total Revenues before Revenue Sharing	\$51,482,785	\$54,329,920
Less:		
Airline Landing Fees	5,297,871	4,756,803
Airline Landing Fee Surcharge	0	0
Airline Apron Fee	695,400	654,321
Airline Space Rental	5,613,076	6,147,795
FBO Commercial	0	0
Loading Bridge Rentals	531,039	670,939
Nonoperating Revenues	517,883	912,667
NON-AIRLINE REVENUES	<u>\$38,827,515</u>	<u>\$41,187,395</u>
2016 Non-Airline Revenues	37,289,966	37,289,966
% of Current Year over 2016/2026 Non-Airline Revenues	4.1%	10.5%
Total Capital Expenditure % times \$3,000,000 thru 2020	<u>\$3,123,697</u>	<u>\$3,313,550</u>

Table 5
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
LANDING FEE RATES

	Budget 2018	Audited 2018
Airfield:		
Direct O&M Expenses	\$3,255,010	\$3,299,057
Indirect O&M Expenses	2,713,538	2,719,477
O&M Reserve Requirement	33,737	33,737
FBO:		
Commercial Direct O&M Expenses	1,033,008	941,387
Commercial Indirect O&M Expenses	808,154	765,327
Commercial O&M Reserve Requirement	10,407	10,407
Airfield Capital Charges:		
2010A Revenue Bond Debt Service	869,760	748,596
LESS: Applicable Approved PFC Revenues	(542,671)	(355,219)
EFC Revenue Bond Debt Service 1999 - Net	447,204	449,273
2017 A Refunding Revenue Bonds Debt Service	158,957	158,957
2017 B Refunding Revenue Bonds Debt Service	197,651	197,651
FBO Commercial Capital Charges	0	0
Airfield Capital Charge Coverage	0	0
FBO Commercial Capital Charge Coverage	0	0
Airfield Debt Service Reserve Requirement	0	0
FBO Commercial Debt Service Reserve Requirement	0	0
Airfield Extraordinary Coverage Protection	0	0
FBO Commercial Revenues Credit:		
Into Plane	(664,133)	(673,620)
Fuel Farm Throughput Fee	(600,144)	(629,825)
Avgas Fuel Sales Commercial	(412,788)	(382,653)
LESS: Cost of Sales, Avgas	370,006	346,682
Deicing - Commercial	(1,119,867)	(1,743,337)
LESS: Cost of Sales, Deicing	829,572	1,121,551
General Aviation Landing Fees	(256,964)	(268,498)
General Aviation Parking Fees	(176,437)	(195,737)
Total LANDING FEE REQUIREMENT	\$6,953,999	\$6,543,212
Total Landed Weight (000-lbs)	1,758,253	1,784,297
COMPENSATORY LANDING FEE RATE	\$3.96	\$3.67
LESS: Interest Earning Credit Allocated to Airfield	\$1,401	\$23,000
LESS: FEMA Grant	0	85,485
LESS: Glycol disposal Fee	\$361,925	\$463,372
LESS: Aircraft Aprons Fee Credit (Per Table 6)	695,400	654,321
LESS: FBO Commercial Revenues Credit		
LESS: Airfield Tenant Maintenance	30,000	57,937
LESS: Non-signatory Airline Landing Fee Credit	62,875	181,526
NET LANDING FEE REQUIREMENT	\$5,802,398	\$5,077,571
Signatory Commercial & Cargo Carrier Landed Wt (000-lbs)	1,743,247	1,740,660
Signatory Landing Fee Rate	\$3.33	\$2.92
SIGNATORY AIRLINE LANDING FEE REVENUE	\$5,293,631	\$4,632,828
NON-SIGNATORY PASSENGER LANDING FEE REVENUE	4,240	123,975
TOTAL AIRLINE LANDING FEE REVENUE	\$5,297,871	\$4,756,803
SIGNATORY CARGO LANDING FEE REVENUE	\$511,381	\$449,899
NON-SIGNATORY CARGO LANDING FEE REVENUE	58,635	57,551
TOTAL CARGO LANDING FEE REVENUE	\$570,016	\$507,450

Table 5-1

Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF LANDING FEE PORTION OF SETTLEMENT

Landing Fee Rate as calculated	\$	2.92
Landing Fee Rate Billed	\$	3.33
LANDING FEE RATE SETTLEMENT	\$	(0.41)

ALLOCATION TO SIGNATORY AIRLINES	Landed Weights 000's	Total Allocated
COMMERCIAL AIRLINES:		
Allegiant Air	3,885	\$ (1,593)
American Airlines	129,718	(53,184)
American - Air Wisconsin	423	(173)
American - Envoy	53,400	(21,894)
American - Piedmont	52,247	(21,421)
American - PSA	60,450	(24,785)
American - Republic	54,109	(22,185)
American - SkyWest	67	(27)
American - Transtates	8,163	(3,347)
Cape Air	14,262	(5,847)
Delta	185,286	(75,967)
Delta - Express Jet	67	(27)
Delta - Go Jet	24,186	(9,916)
Delta - Endeavor	12,478	(5,116)
Delta - Republic	514	(211)
Delta - SkyWest	34,467	(14,131)
jetBlue	103,378	(42,385)
Southwest	571,924	(234,489)
United	111,690	(45,793)
United - Air Wisconsin	11,562	(4,740)
United - Commutair	103,927	(42,610)
United - Express Jet	11,104	(4,553)
United - Go Jet	1,273	(522)
United - Mesa	4,623	(1,895)
United - Republic	4,862	(1,993)
United - Shuttle America	0	-
United - SkyWest	17,178	(7,043)
United - Transtates	11,343	(4,651)
TOTAL COMMERCIAL AIRLINES:	1,586,586	\$ (650,500)
CARGO:		
FedEx	51,876	\$ (21,269)
United Parcel Service	102,200	(41,902)
TOTAL CARGO:	154,076	\$ (63,171)
TOTAL LANDING FEE SETTLEMENT	1,740,662	\$ (713,671)

Table 6
 Albany County Airport Authority
 Albany International Airport
 2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
 AIRCRAFT APRON FEE

	Budget 2018	Audited 2018
TOTAL AIRFIELD REQUIREMENT	\$6,953,999	\$6,543,212
10% of AIRFIELD REQUIREMENT	\$695,400	\$654,321
TOTAL APRON SQUARE FEET	505,472	500,973
AIRCRAFT APRON FEE (PER SQ FT)	\$1.38	\$1.31

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Table 6-1

Albany County Airport Authority
 Albany International Airport
 2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF APRON FEE PORTION OF SETTLEMENT

Total Airfield Requirement	\$	6,543,212
Aprons Fees (10% of Airfield Requirement)	\$	654,321
Total Aprons Fees Billed	\$	701,594
APRONS FEES SETTLEMENT	\$	(47,273)

ALLOCATION TO SIGNATORY AIRLINES

	<u>Square Footage</u>	<u>Total Allocated</u>
Allegiant		
December 11 - December 31 29,700 Sq Ft		
Average Sq Ft	1,627	\$ (157)
American	128,070	(12,376)
Cape Air	12,807	(1,238)
Delta	106,326	(10,275)
jetBlue	32,724	(3,162)
Southwest	126,018	(12,178)
United	81,603	(7,886)
Charter/Authority Use	-	\$ -
TOTAL APRONS FEE SETTLEMENT	489,175	\$ (47,273)

Table 7
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
TERMINAL RENTAL RATE CALCULATIONS

	Budget 2018	Audited 2018
Terminal Direct O&M Expenses	\$5,459,185	\$5,905,714
Terminal Indirect O&M Expenses	4,680,940	4,525,044
Terminal O&M Reserve Requirement	57,316	57,316
Terminal Capital Charges:		
2010A Revenue Bond Debt Service	4,862,102	4,172,055
LESS: Applicable PFC Revenues	(3,148,001)	(2,060,607)
2017 A Refunding Revenue Bonds Debt Service	98,808	98,808
2017 B Refunding Revenue Bonds Debt Service	59,080	59,080
Terminal Capital Charge Coverage	0	0
Terminal Debt Service Reserve Requirement	0	0
TERMINAL Extraordinary Coverage Protection	0	0
TOTAL REQUIREMENT	\$12,069,430	\$12,757,410
Rentable Terminal Space	136,814	136,245
COMPENSATORY TERMINAL RENTAL RATE	\$88.22	\$93.64
LESS: Interest Earning Credit allocated to Terminal	2,319	59,807
LESS: Non-airline Terminal Space Rentals - Flat Rate	59,190	68,323
LESS: Non-airline Terminal Space Rentals - Signatory Rate	39,350	39,158
LESS: Non-airline Terminal Space Rentals - Calculated Rate	160,526	166,627
LESS: TSA Space Rental	448,828	448,828
LESS: TSA (LEO) Reimbursement	138,700	126,921
LESS: Utility Reimbursements	26,000	34,786
LESS: Terminal Tenant Maintenance Reimbursements	35,000	30,427
NET TERMINAL REQUIREMENT	\$11,159,517	\$11,782,533
Rentable Terminal Space	136,814	136,245
SIGNATORY TERMINAL RENTAL RATE	\$81.57	\$86.48
Signatory Airline Terminal Rental Space	51,029	50,599
SIGNATORY AIRLINE RENTAL REVENUE	4,162,436	4,375,802
MONTH TO MONTH AIRLINE REVENUE	0	82,467
TOTAL AIRLINE RENTAL REVENUE	\$ 4,162,436	\$ 4,458,269
Baggage Claim Room Square Footage	17,784	17,784
BAGGAGE CLAIM ROOM REVENUE	\$1,450,641	\$1,537,960
NONSIGNATORY AIRLINE RENTAL REVENUE	\$0	\$151,566
AIRLINE RENTAL REVENUE	\$5,613,076	\$6,147,795

Table 7-1

Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF TERMINAL RENTAL PORTION OF SETTLEMENT

TERMINAL RENTAL AREAS:

Terminal Rental Rate as calculated	\$	86.48
Terminal Rental Rate Billed	\$	81.57
TERMINAL RENTAL RATE SETTLEMENT	\$	4.91

ALLOCATION TO SIGNATORY AIRLINES

	<u>Square Footage</u>	<u>Total Allocated</u>
Allegiant		
December 11 - December 31 2,549 Sq Ft		
Average Sq Ft	140	\$ 686
American	12,765	62,676
Cape Air	1,381	6,781
Delta	7,496	36,805
jetBlue	4,697	23,062
Southwest	14,337	70,395
United	9,783	48,035
TOTAL TERMINAL SETTLEMENT	50,599	\$ 248,439

BAGGAGE CLAIM AREA - JOINT USE:

Terminal Rental Rate	\$	86.48
Terminal Rental Rate Billed - Baggage Claim Room	\$	81.57
TERMINAL RENTAL RATE SETTLEMENT - Baggage Claim	\$	4.91

Baggage Claim Square Footage 17,784
Adjustment of Baggage Claim Area to 2018 Rate \$87,319

ALLOCATION OF COMMON USE SPACE:

<u>Signatory Airlines</u>	<u>Enplanements 2018</u>	<u>80 % Pro-Rated Allocation</u>	<u>20 % Fixed Portion</u>	<u>Total Allocation</u>
Allegiant	3,635	\$ 175	\$ 2,495	\$ 2,670
American	304,735	14,696	2,495	17,191
Cape Air	11,777	568	2,495	3,063
Delta	227,628	10,978	2,495	13,473
jetBlue	89,609	4,322	2,495	6,816
Southwest	565,731	27,283	2,495	29,778
United Airlines	245,372	11,833	2,495	14,328
TOTAL SIGNATORY ENPLANEMENTS	1,448,487	\$ 69,856	\$ 17,464	\$ 87,319

TOTAL TERMINAL PORTION OF SETTLEMENT:

	<u>Total</u>
Allegiant	\$ 3,356
American	79,867
Cape Air	9,844
Delta	50,278
jetBlue	29,879
Southwest	100,173
United Airlines	62,363
TOTAL TERMINAL PORTION OF SETTLEMENT	\$ 335,759

Table 8

Albany County Airport Authority
 Albany International Airport
 2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF LOADING BRIDGE PORTION OF SETTLEMENT

	Budget 2018	Actual 2018
LOADING BRIDGE RENTALS		
Tenant Loading Bridge Debt Service	\$ 142,584	\$ 118,680
LESS: Applicable PFC Revenues	(86,618)	(56,698)
LESS: Interest Earnings Credit Allocated to Loading Bridges	-	(1,630)
Direct Loading Bridge Expenses	293,482	349,282
Indirect Loading Bridge Expenses	260,160	258,176
Loading Bridge Expense Reserve	3,129	3,129
TOTAL LOADING BRIDGE REQUIREMENT	\$ 612,737	\$ 670,939
 Total Loading Bridge Rentals Billed		\$ 608,122
LOADING BRIDGE SETTLEMENT		\$ 62,817
ALLOCATION TO SIGNATORY AIRLINES		
	<u># of Bridges</u>	<u>Total Allocated</u>
Allegiant	0.05	\$ 241
American	3	14,441
Delta	3	14,441
jetBlue	1	4,814
Southwest	4	19,254
United	2	9,627
TOTAL SIGNATORY LOADING BRIDGES	13	\$ 62,817
 Charter/Authority Use	-	\$ -
TOTAL LOADING BRIDGE SETTLEMENT	13	\$ 62,817

Table 9
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
CALCULATION AND ALLOCATION OF FUNDS REMAINING

	Budget 2018	Audited 2018
TOTAL REVENUES BEFORE REV SHARING	\$51,482,785	\$54,329,920
TOTAL EXPENSES	<u>35,450,398</u>	<u>36,935,812</u>
NET REVENUES	\$16,032,387	\$17,394,108
LESS:		
Capital Charges:		
Less: Applicable Approved PFC Revenues	(4,330,913)	(2,834,913)
1999 EFC Revenue Bond Debt Service	456,445	458,514
Less: NYS EFC Interest Subsidy	(9,241)	(9,241)
2010 A Revenue Bonds	10,626,139	9,129,224
2017 A Revenue Refunding Bonds Debt Service	757,375	757,375
2017 B Revenue Refunding Bonds Debt Service	1,203,925	1,203,925
Capital Charge Coverage	0	0
Debt Service Reserve Requirement	0	0
Capital Expenditures (Per Table 4)	3,123,697	3,313,550
Operating & Maintenance Reserve	200,381	200,381
Renewal and Replacement Reserve	0	0
Subtotal	<u>12,027,808</u>	<u>12,218,816</u>
FUNDS REMAINING	<u>\$4,004,579</u>	<u>\$5,175,293</u>
	50%	50%
Authority Share - 50%	2,002,290	2,587,646
Less Cost of Air Service Incentive Programs	<u>(107,464)</u>	<u>(244,691)</u>
Authority Share Net of Air Service Incentive	<u>1,894,826</u>	<u>2,342,955</u>
	50%	50%
Airline Share - 50%	2,002,290	2,587,646
Net Airline Share	<u>2,002,290</u>	<u>2,587,646</u>
	<u>4,004,579</u>	<u>5,175,293</u>
ALLOCATION OF AIRLINE SHARE		
Terminal	1,601,832	2,070,117
Airfield	<u>400,458</u>	<u>517,529</u>
TOTAL AIRLINE SHARE	<u>\$2,002,290</u>	<u>\$2,587,646</u>

Table 9-1

Albany County Airport Authority
 Albany International Airport
 2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF AIRFIELD PORTION OF REVENUE SHARING

AIRFIELD PORTION OF REVENUE SHARING \$ (517,529)

ALLOCATION TO SIGNATORY AIRLINES	Landed Weights	Total Allocated
COMMERCIAL AIRLINES:		
Allegiant	3,885	\$ (1,578)
American	129,718	(52,685)
Cape Air	14,262	(5,793)
Delta	185,286	(75,255)
jetBlue	103,378	(41,987)
Southwest	571,924	(232,289)
United	111,690	(45,363)
TOTAL COMMERCIAL AIRLINES:	1,120,143	\$ (454,951)
CARGO:		
FedEx	51,876	\$ (21,070)
United Parcel Service	102,200	(41,509)
TOTAL CARGO:	154,076	\$ (62,579)
TOTAL LANDING FEE SETTLEMENT	1,274,219	\$ (517,529)

Table 9-2

Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION OF TERMINAL PORTION OF REVENUE SHARING

TERMINAL PORTION OF REVENUE SHARING \$ (2,070,117)

ALLOCATION OF DIRECT PORTION:

<u>Signatory Airlines</u>	<u>Square Footage</u>	<u>Total Allocated</u>
Allegiant		
December 11 - December 31 2,549 Sq Ft		
Average Sq Ft	140	\$ (4,228)
American	12,765	(386,429)
Cape Air	1,381	(41,806)
Delta	7,496	(226,923)
jetBlue	4,697	(142,190)
Southwest	14,337	(434,017)
United	9,783	(296,156)
	50,599	\$ (1,531,750)

JOINT USE SPACE: 17,784 \$ (538,367)

TOTAL 68,383 \$ (2,070,117)

ALLOCATION OF JOINT USE SPACE:

<u>Signatory Airlines</u>	<u>2018 Enplanements</u>	<u>80 % Pro-Rated Allocation</u>	<u>20 % Fixed Portion</u>	<u>Total Allocation</u>
Allegiant	3,635	\$ (1,081)	\$ (15,382)	\$ (16,463)
American	304,735	(90,610)	(15,382)	(105,992)
Cape Air	11,777	(3,502)	(15,382)	(18,884)
Delta	227,628	(67,683)	(15,382)	(83,065)
jetBlue	89,609	(26,644)	(15,382)	(42,026)
Southwest	565,731	(168,215)	(15,382)	(183,596)
United Airlines	245,372	(72,959)	(15,382)	(88,341)

TOTAL SIGNATORY ENPLANEMENTS 1,448,487 \$ (430,693) \$ (107,673) \$ (538,367)

TOTAL TERMINAL PORTION OF REVENUE SHARING	<u>Total</u>
Allegiant	\$ (20,691)
American	(492,421)
Cape Air	(60,690)
Delta	(309,988)
jetBlue	(184,216)
Southwest	(617,614)
United Airlines	(384,497)

TOTAL TERMINAL PORTION OF REVENUE SHARING \$ (2,070,117)

Table 10
Albany County Airport Authority
Albany International Airport
2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
AIRLINE COST PER ENPLANEMENT

(Includes Settlement and Revenue Sharing Calculation)	Budget 2018	Audited 2018
AIRPORT OPERATIONS:		
Airline Landing Fees	\$5,297,871	\$4,756,803
Airline Space Rental	5,613,076	6,147,795
Loading Bridge Rentals	531,039	670,939
Airline Apron Fee	695,400	654,321
Airline Share of Revenue Sharing	(2,002,290)	(2,587,646)
Total Airport Operations	10,135,097	9,642,212
FBO OPERATIONS:		
Avgas Fuel Sales Commercial	412,788	382,653
Deicing	1,119,867	1,634,280
Into Plane & Fuel Farm	1,264,277	1,303,445
Total FBO Operations	2,796,933	3,320,378
TOTAL AIRLINES FEES & CHARGES	12,932,030	12,962,590
ENPLANEMENTS	1,414,000	1,466,706
COST PER ENPLANEMENT	7.17	6.57
FBO OPERATIONS COST PER ENPLANEMENT	1.69	2.00
TOTAL COMBINED COST PER ENPLANEMENT	8.85	8.58

Table 11

Albany County Airport Authority
 Albany International Airport
 2018 Airline Rates & Charges Settlement and Revenue Sharing Calculation
ALLOCATION SETTLEMENT AND REVENUE SHARING

TOTAL SETTLEMENT AND REVENUE SHARING

\$ (2,950,014)

	SETTLEMENTS				REVENUE SHARING		TOTAL
	<u>Landing Fee</u>	<u>Terminal Rent</u>	<u>Aprons Fees</u>	<u>Loading Bridges</u>	<u>Airfield</u>	<u>Terminal</u>	
Allegiant Air	\$ (1,593)	\$ 3,356	\$ (157)	\$ 241	\$ (1,578)	\$ (20,691)	\$ (20,422)
American Airlines	(53,184)	79,867	(12,376)	14,441	(52,685)	(492,421)	(516,359)
American - Air Wisconsin	(173)						(173)
American - Envoy	(21,894)						(21,894)
American - Piedmont	(21,421)						(21,421)
American - PSA	(24,785)						(24,785)
American - Republic	(22,185)						(22,185)
American - SkyWest	(27)						(27)
American - Transtates	(3,347)						(3,347)
Cape Air	(5,847)	9,844	(1,238)		(5,793)	(60,690)	(63,724)
Delta	(75,967)	50,278	(10,275)	14,441	(75,255)	(309,988)	(406,766)
Delta - Express Jet	(27)						(27)
Delta - Go Jet	(9,916)						(9,916)
Delta - Endeavor	(5,116)						(5,116)
Delta - Republic	(211)						(211)
Delta - SkyWest	(14,131)						(14,131)
FedEx	(21,269)				(21,070)		(42,339)
jetBlue	(42,385)	29,879	(3,162)	4,814	(41,987)	(184,216)	(237,059)
Southwest	(234,489)	100,173	(12,178)	19,254	(232,289)	(617,614)	(977,143)
United	(45,793)	62,363	(7,886)	9,627	(45,363)	(384,497)	(411,549)
United - Air Wisconsin	(4,740)						(4,740)
United - Commutair	(42,610)						(42,610)
United - Express Jet	(4,553)						(4,553)
United - Go Jet	(522)						(522)
United - Mesa	(1,895)						(1,895)
United - Republic	(1,993)						(1,993)
United - Shuttle America	-						-
United - SkyWest	(7,043)						(7,043)
United - Transtates	(4,651)						(4,651)
United Parcel Service	(41,902)				(41,509)		(83,411)
TOTAL SIGNATORY AIRLINE DISTRIBUTION	\$ (713,671)	\$ 335,759	\$ (47,273)	\$ 62,817	\$ (517,529)	\$ (2,070,117)	\$ (2,950,014)

AGENDA ITEM NO. 2.3

Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report.

AGENDA ITEM NO: 2.3

AUDIT COMMITTEE

MEETING DATE: March 18, 2019

**ALBANY COUNTY AIRPORT AUTHORITY
REQUEST FOR AUTHORIZATION**

DEPARTMENT: Finance

Contact Person: *Audit Committee
William J. O'Reilly, Chief Financial Officer*

*Audit Committee Approved
with recommendation to
full board for approval
03-18-2019*

PURPOSE OF REQUEST:

Review and acceptance of the Authority's:

- Twenty-second Comprehensive Annual Financial Report as of and for the year ended December 31, 2018 (with the draft audit and compliance reports of Marvin and Company, P.C., certified public accountants);
- the Authority's 2018 Rates and Charges Settlement Report to the Signatory Airlines and Signatory Cargo Carriers with draft Consultant Report;
- the Authority's Annual Investment Report in accordance with its Cash Management and Investment Policy and Section 2925 of the Public Authorities Law (with draft audit compliance report of Marvin and Company, P.C., certified public accountants);
- The Annual review and approval of the Cash Management and Investment Policy in accordance with Section 2925 of the Public Authorities Law;
- Review of mission statement and performance measures and acceptance of measurement report for 2018 required by Section 2800 of the Public Authorities Law; and
- Financial Statements for 2018 for the Other Post Employment Benefit Trust

BACKUP MATERIALS:

- Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;
- Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- Performance Measurement Report for 2018; and
- Financial Statements – Other Post Employment Benefit Trust

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:

The Audit Committee will review the above documents at their March 18, 2019 meeting and will present their recommendations for approval by the Board.



**ALBANY COUNTY AIRPORT AUTHORITY
ANNUAL INVESTMENT REPORT
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2018**

**PREPARED IN ACCORDANCE WITH
SECTION 2925 OF THE PUBLIC AUTHORITIES LAW**

Introduction

In accordance with Sections 2925(6) and 2925(7) of the Public Authorities Law and as required by the Albany County Airport Authority (the Authority) Cash Management and Investment Policy (the "guidelines"), the Authority shall annually prepare and approve an Investment Report.

The organization of this report is structured to conform with the prescribed format specified in the section on "Reporting to Oversight Agencies" of the Guidelines. Section I of this Annual Investment Report contains the Authority's Investment Guidelines that were adopted by the Authority on December 7, 2009 and most recently approved on July 23, 2018. Section II presents the amendments to the guidelines since the last investment report. Section III contains a concise explanation of the Guidelines and amendments. Section IV presents the annual independent audit of investments. Section V summarizes the recorded results of the Corporation's investment activity for the year ended December 31, 2018. Section VI presents a list of fees, commissions or other charges paid to firms rendering investment associated services. Section VII presents a list of investments at December 31, 2018.

After the Authority has reviewed and accepted this report, copies of the report will be submitted to the chief executive officer and chief fiscal officer of the County of Albany and the Office of the State Comptroller.

Section I

ALBANY COUNTY AIRPORT AUTHORITY

CASH MANAGEMENT AND INVESTMENT POLICY

Last Amended:

July 23, 2018

ALBANY COUNTY AIRPORT AUTHORITY

CASH MANAGEMENT AND INVESTMENT POLICY

<u>SECTION</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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III.	Delegation of Authority.....	1
IV.	Prudence.....	1
V.	Diversification.....	2
VI.	Internal Controls.....	2
VII.	Designation of Depositories.....	2
VIII.	Collateralizing of Deposits.....	3
IX.	Safekeeping and Collateralization.....	3
X.	Permitted Investments.....	3
XI.	Authorized Financial Institutions and Dealers.....	4
XII.	Purchase of Investments.....	4
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 <u>APPENDIX</u>		
A.	Schedule of Eligible Investments.....	8

ALBANY COUNTY AIRPORT AUTHORITY

CASH MANAGEMENT AND INVESTMENT POLICY

I. SCOPE

This cash management and investment policy applies to all moneys and other financial resources held on its own behalf or on the behalf of any entity or individual and the investment of those moneys and resources.

II. OBJECTIVES

The primary objectives of the Authority's cash management and investment activities are, in priority order:

- To Conform with all applicable federal, state and other legal requirements (legal);
- To Adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate of return (yield).

III. DELEGATION OF AUTHORITY

The governing board's responsibility for administration of the cash management and investment program for the Authority is delegated to the Chief Financial Officer who shall establish written procedures for the operation of the cash management and investment program consistent with these guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amount of receipts, disbursements, and investments, transaction dates, and other relevant information and regulate the activities of subordinate employees.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Authority to govern effectively.

Cash management and investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the cash management and investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION REQUIREMENTS

In order to safeguard principal from imprudent risks, it is the policy of Authority, where possible, to diversify a portfolio among the investment instruments which it may legally and prudently hold and also among investment firms with which it transacts business. However, since the Authority is legally limited in the type of securities it may invest in, the opportunity to diversify among investments is very limited. The terms of each investment will be consistent with the Authority's cash liquidity requirements. The term of Repurchase Agreements will be for periods no longer than ninety days.

VI. INTERNAL CONTROLS

It is the policy of the Authority for all moneys collected by any officer or employee of the Authority to transfer those funds to the Chief Financial Officer within one day for deposit, or within the time period specified in law, whichever is shorter.

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the Authority's authorization and recorded properly, and is managed in compliance with applicable laws and regulations.

VII. DESIGNATION OF DEPOSITARIES

Any State or Federally chartered commercial bank that can meet the Authority's requirements for cash vault services, is a member of the National Automated Clearing House Association (NACHA), and is able to act as an Originating Depository Financial Institution (ODFI) for direct deposit of payments. The bank must have a minimum long term credit rating of "A" without regard to subcategories from at least one of the Nationally Recognized Statistical Rating Organizations (NRSRO) and no rating below investment grade from any other NRSRO.

VIII. COLLATERALIZING OF DEPOSITS

In accordance with the provisions of Title 32 of the Public Authorities Law, Section 2788, all deposits of the Authority including certificate of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by obligations with a market value equal at all times to the amount of the deposit. Obligations eligible for use as collateralization include those issued by the United States or issued by the State of New York or any municipality therein rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure Authority deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the Authority to exercise its right against the pledged securities. In the event the securities are not registered or inscribed in the name of the Authority, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Authority or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Authority will be kept separate and apart from the general assets of the custodial bank or trust company and will not in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Authority a perfected interest in the securities.

X. PERMITTED INVESTMENTS

Title 32 of the Public Authorities Law, Section 2788 authorized the Authority to invest in those obligations specified pursuant to the provisions of Section 98-a of the State Finance Law. In accordance therewith, the Authority authorized the Chief Financial Officer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the investments designated in Appendix A to this policy.

All investment obligations shall be payable or redeemable at the option of the Authority within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bond or notes, shall be payable or redeemable at the option of the Authority within two years of the date of purchase.

XI. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Authority shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Authority conducts business must be business worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Authority. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Chief Financial Officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such list shall be evaluated at least annually.

XII. PURCHASE OF INVESTMENTS

The Chief Financial Officer is authorized to contract for the purchase of investments:

1. Directly, including by use of a repurchase agreement, from an authorized trading partner.
2. By utilizing an ongoing investment program with an authorized trading partner.

All purchased obligations, unless registered or inscribed in the name of the Authority shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Authority by the bank or trust. However, written contracts are not practical, nor is it a regular business practice to enter such contracts for permitted investments other than Repurchase Agreements. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Authority will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposits or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and

release of the securities. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

XIII. REPURCHASE AGREEMENTS

Repurchase agreements are authorized subject to the following restrictions:

1. All repurchase agreements must be entered into subject to a Master Repurchase Agreement;
2. Repurchase Agreements shall be for no more than 90 days and agreements which are “open” (continuing in nature) shall not be made;
3. Trading partners are limited to banks or trust companies authorized to do business in the State of New York and primary reporting dealers;
4. Obligations shall be limited to obligations of the United States and obligations of agencies of the United States where principal and interest are guaranteed by the United States;
5. The Authority or its custodian must take possession of the securities by physical delivery or book entry;
6. The custodian shall be a party other than the trading partner and shall be a member of the Federal Reserve Bank or maintain accounts with member banks to accomplish book-entry transfer of securities to the credit of the Authority.

The Master Repurchase Agreements must include:

1. The events of default which would permit the purchaser to liquidate the pledged collateral;
2. The relationship between parties to the agreement, which shall ordinarily be purchaser and seller;
3. Procedures which ensure that the Authority obtains a perfected security interest in the securities which are the subject of the agreement;
4. The method of computing margin maintenance requirements and providing for timely correction of margin deficiencies or excesses. Specific guidelines regarding margin maintenance shall be established, taking into consideration:
 - a. the type of collateral or purchased security;
 - b. the maturity of the collateral or purchased security;
 - c. the method by which additional margin will be maintained; and
5. Circumstances, if any, under which substitution of securities (collateral) subject to the agreement shall be permitted.

XIV. REQUIRED REPORTS

Internal Management Reporting

In accordance with Section 2925(5) of the Public Authorities, the Chief Financial Officer shall cause to be prepared and filed with the Authority's board of directors a quarterly report on any new investments, the inventory of existing investments and the selection of investment bankers, brokers, agents, dealers, or auditors.

Reporting to Oversight Agencies

Annually, in accordance with Sections 2925(6) and 2925(7) of the Public Authorities Law, the Authority shall prepare and approve an investment report which shall include:

1. the investment guidelines;
2. amendments to such guidelines since the last investment report;
3. an explanation of the investment guidelines and amendments;
4. the results of the annual independent audit;
5. the investment income record of the Authority; and
6. a list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and adviser rendering investment associated services to the Authority since the last investment report.

Such investment report may be a part of any other annual report that the Authority is required to make. The Investment Report shall be submitted to the chief executive officer and chief fiscal officer of the County of Albany and the Office of the State Comptroller.

Performance Evaluation and Audit

The Authority shall annually engage its financial statement auditor to perform an audit of investments to determine whether: the Authority complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of Authority investment assets; a system of adequate internal controls is maintained; the Authority complied with the applicable laws and regulations.

The audit of investments shall be designed, to the extent practical, to satisfy both the common interests of the Authority and the public officials accountable to others.

A written audit report shall be prepared presenting the results of the annual independent audit of all investments and shall include:

- 1 a description of the scope and objectives of the audit;
- 2 a statement attesting that the audit was conducted in accordance with generally accepted government auditing standards;
- 3 a description of any material weaknesses found in the internal controls;
- 4 a description of all non-compliance with the Authority's own investment policies as well as applicable laws and regulations;
- 5 a statement of positive assurance of compliance on the items tested; and
- 6 a statement on any other material deficiency or finding identified during the audit not covered in (5) above.

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APPENDIX A

SCHEDULE OF ELIGIBLE INVESTMENTS

(Pursuant to Section 98-a of the State Finance Law)

- X (i) Bonds and notes of the United States.
- X (ii) Bonds and notes of this state.
- X (iii) General obligation bonds and notes of any state other than this State, provided that such bonds and notes receive the highest rating of at least one independent rating agency designated by the State Comptroller.
- X (iv) Obligations for the payment of which the faith and credit of the United States or of this state are pledged. Notes, bonds, debentures, mortgages and other evidences of indebtedness of the United States Postal Service; the federal national mortgage association; federal home loan mortgage corporation; student loan marketing association; federal farm credit system or any other United States government sponsored agency, provided that at the time of the 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, provided, however, that no more than two hundred fifty million dollars may be invested in the obligations of any one agency.
- (v) Bonds and notes of the Savings and Loan Bank of the state of New York.
- (vi) Collateral trust notes issued by a trust company, all of the capital stock of which is owned by not less than twenty savings banks of the state of New York.
- (vii) Obligations of any corporation organized under the laws of any state in the United States maturing within six days provided that such obligations received the highest rating of two independent rating services designated by the State Comptroller and that the issuer of such obligations has maintained such ratings on similar obligations during the preceding year, provided however, that no more than one hundred million dollars may be invested in such obligations of any one corporation.
- (viii) Bonds and notes issued for any of the corporate purposes of the New York state housing finance agency.
- (ix) Judgments or awards of the court of claims of New York

- ____(x) Bonds and notes issued for any of the corporate purposes of the New York state medical care facilities finance agency.
- ____(xi) Bonds and notes issued for any of the corporate purposes of the New York state project finance agency.
- ____(xii) Bonds and notes issued for any of the corporate purposes of the municipal assistance corporation for New York City.
- X (xiii) Certificate of deposits of a bank or trust company in this state. Any certificate of deposit shall be fully secured by the issuer thereof.
- X (xiv) Repurchase agreements using United States Treasury obligations seven years or less.

All investments must conform to section 98-a of the State Finance Law as may be amended from time to time.

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Section II

AMENDMENTS TO THE GUIDELINES SINCE THE LAST ANNUAL INVESTMENT REPORT

The Cash Management and Investment Policy was amended on July 23, 2018 to revise the criteria for designation of depository banks to better reflect the needs of the Authority and Bank industry risk. The Amendment to the designation of depositories was changed from:

“Any bank or trust company with a full service office in the County of Albany is authorized for deposit of monies”

to:

“Any State or Federally chartered commercial bank that can meet the Authority’s requirements for cash vault services, is a member of the National Automated Clearing House Association (NACHA), and is able to act as an Originating Depository Financial Institution (ODFI) for direct deposit of payments. The bank must have a minimum long term credit rating of “A” without regard to subcategories from at least one of the Nationally Recognized Statistical Rating Organizations (NRSRO) and no rating below investment grade from any other NRSRO.”

Section III

Explanation of the Guidelines and Amendments

The Albany County Airport Authority "Cash Management and Investment Policy" most recently amended by the Board on July 23, 2018 is based on the principles of investment safety and control. The Authority's Guidelines contained in Section I are the Authority's Investment Guidelines which are currently in effect.

The Guidelines set forth the Authority's statement of policy regarding the investment of Authority funds and the objectives of such investments. By the Guidelines, the Authority has determined that the basic guide for the investment of Authority funds shall be the "prudent person rule" as further limited by statute and the Authority's Bond Resolutions. As indicated in the Guidelines, the Authority's objectives for its investment program are to:

- To conform with all applicable federal, state and other legal requirements (legal);
- To adequately safeguard principal (safety);
- To provide sufficient liquidity to meet all operating requirements (liquidity); and
- To obtain a reasonable rate of return (yield).

The Authority has not amended its investment guidelines since July 23, 2018.

Section IV

Annual examination of Compliance with Investment Guidelines

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INDEPENDENT ACCOUNTANT'S REPORT

To the Members
Albany County Airport Authority

We have examined the Albany County Airport Authority's (the Authority) compliance with its investment guidelines included in the attached annual investment report, and with the requirements of Section 2925 of the NYS Public Authorities Law for the year ended December 31, 2018. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included 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 examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, the Albany County Airport Authority complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2018.

In accordance with *Government Auditing Standards*, we are required to report significant deficiencies in internal control, identifying those considered to be material weaknesses, violations of provisions of contracts or grant agreements, and abuse that could have a material effect on the Authority's compliance with Section 2925 of the NYS Public Authorities Law and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We performed our examination to express an opinion on whether the Authority complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. Our examination disclosed no matters that are required to be reported under *Government Auditing Standards*.

Our examination is not intended to provide any assurance as to the income from investments, fees paid, or investments at the end of the year in Section V through Section VII.

This report is intended solely for the information and use of management and the Members of the Albany County Airport Authority, and the chief executive officer and chief fiscal officer of the County of Albany and the Office of the State Comptroller and is not intended to be, and should not be, used by anyone other than these specified parties.

Marvin and Company, P.C.

Latham, NY

_____, 2019

Section V

The Authority's cash management and investment strategy is intended to comply with the Authority's Cash Management and Investment Policy, its Master Bond Resolution, and other external restrictions.

The Authority's investment and cash management activity during 2018 resulted in \$488,263 in interest income to the Authority, which includes \$104,306 in interest received from investments in U.S. Treasury Obligations and \$383,957 from interest on insured or collateralized bank demand deposits.

Based on the provisions of the Master Bond Resolution and the Federal Aviation Administration Passenger Facility Charge handbook, the interest earned by the Authority's cash and investments during 2018 were allocated as follows:

Passenger Facility Charges	\$ 97,262
Debt Service Funds	154,716
Construction Funds	61,416
Development Fund	86,316
Operating Funds	<u>88,553</u>
	<u>\$ 488,263</u>

Section VI

The Authority paid \$2,240 to firms rendering investment associated services during 2018.

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Section VII

The Authority's cash is invested when market conditions are appropriate based on the Chief Financial Officer's determination of the permissibility and risk of temporary or permanent loss of market value of any cash invested. Because investments, even Treasury Obligations, are reported at fair market value, there is no tolerance for market declines in Debt Service Reserve funds or Construction funds. Passenger Facility Charge (PFC) funds must be retained in interest bearing accounts. Investment of other funds is based upon an assessment of the value of additional potential income versus the loss of liquidity.

Investments held by the Authority at December 31, 2018 are presented below:

DEBT SERVICE RESERVE FUNDS:

	SECURITY	DATES		AMOUNT	RATE
		INV.	MAT.		
<u>Series:</u>					
1999 EFC	SLGS *	6/24/2010	10/15/2019	\$ 277,389	3.093%
2010	SLGS	12/31/2018	6/30/2019	\$ 9,512,000	2.540%
2017A	SLGS	12/31/2018	6/30/2019	\$ 704,000	2.540%
2017B	SLGS	12/31/2018	6/30/2019	\$ 556,000	2.540%
2018A	SLGS	12/31/2018	6/30/2019	\$ 962,000	2.540%
2018B	SLGS	12/31/2018	6/30/2019	\$ 513,000	2.540%

* SLGS are State and Local Government Series Securities sold by the U.S. Treasury and offered only to issuers of state and local government tax-exempt debt to assist with compliance of yield restriction or arbitrage rebate provisions of the Internal Revenue Code. Purchasers may only invest Tax-Exempt Bond Proceeds. The Authority makes purchases of SLGS directly from the U.S. Treasury without a broker or dealer and with maturities of generally no more than twelve months.

Based upon market conditions, all of the Authority's cash was invested or deposited at the following rates in the following amounts as of December 31, 2018:

	Maturity Date	Amount	Type	Rate
Debt Service Reserves	10/15/2019	\$ 277,389	SLGS	3.09%
Debt Service Reserves	6/30/2019	\$ 12,247,000	SLGS	2.54%
Sub Total Debt Service Reserves		\$ 12,524,389		
Debt Service Accounts	On Demand	\$ 252,565	Collateralized Deposit	2.21%
Construction Funds	On Demand	\$ 24,236,878	Collateralized Deposit	2.21%
Passenger Facility Charges	On Demand	\$ 13,558,608	Collateralized Deposit	2.21%
Development Fund	On Demand	\$ 13,472,032	Collateralized Deposit	2.21%
Other Operating Funds	On Demand	\$ 14,755,282	Collateralized Deposit	2.21%
		<u>\$ 78,799,754</u>		

AGENDA ITEM NO. 2.4

Performance Measurement Report for 2018

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AGENDA ITEM NO: 2.4

AUDIT COMMITTEE

MEETING DATE: March 18, 2019

**ALBANY COUNTY AIRPORT AUTHORITY
REQUEST FOR AUTHORIZATION**

DEPARTMENT: Finance

Contact Person: *Audit Committee
William J. O'Reilly, Chief Financial Officer*

Audit Committee Approved
with recommendation to
full board for approval
03-18-2019

PURPOSE OF REQUEST:

Review and acceptance of the Authority's:

- Twenty-second Comprehensive Annual Financial Report as of and for the year ended December 31, 2018 (with the draft audit and compliance reports of Marvin and Company, P.C., certified public accountants);
- the Authority's 2018 Rates and Charges Settlement Report to the Signatory Airlines and Signatory Cargo Carriers with draft Consultant Report;
- the Authority's Annual Investment Report in accordance with its Cash Management and Investment Policy and Section 2925 of the Public Authorities Law (with draft audit compliance report of Marvin and Company, P.C., certified public accountants);
- The Annual review and approval of the Cash Management and Investment Policy in accordance with Section 2925 of the Public Authorities Law;
- Review of mission statement and performance measures and acceptance of measurement report for 2018 required by Section 2800 of the Public Authorities Law; and
- Financial Statements for 2018 for the Other Post Employment Benefit Trust

BACKUP MATERIALS:

- Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;
- Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- Performance Measurement Report for 2018; and
- Financial Statements – Other Post Employment Benefit Trust

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:

The Audit Committee will review the above documents at their March 18, 2019 meeting and will present their recommendations for approval by the Board.

ALBANY COUNTY AIRPORT AUTHORITY
Mission Statement and Performance Measurement Report
Year Ended December 31, 2018

BACKGROUND

The Public Authorities Reform Act of 2009 introduced a requirement that Public Authorities adopt a mission statement and performance measurements. During 2010, the Albany County Airport Authority adopted a new Mission Statement and related Performance Measurements. The Albany County Airport Authority adopted Mission Statement Performance Measurements that are consistent with the recommendations found in the Transportation Research Board ACRP Report 19, - *Developing and Airport Performance Measurement System* issued in 2010 and sponsored by the Federal Aviation Administration. The Albany County Airport Authority had already previously implemented a detailed set of performance measurements at a division and department level which it reports the goals and results which are stated in the annual budget and monthly financial statements. The remainder of this report contains the previously adopted Mission Statement and actual performance measurements for 2014-2018. Division/department level performance measurements for 2014-2018 are presented as supplemental information.

MISSION STATEMENT AND PERFORMANCE MEASURES

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 of the New York Public Authorities Law. The State of New York (State) created the Authority in 1993 in order to promote the strengthening and improvement of the Airport, to facilitate the financing and construction of the Terminal Improvement Project (TIP) and subsequent capital improvement programs, and give the Authority the power to operate, maintain and improve the Airport.

The Authority is governed by seven members, with four members appointed by the majority leader of the County of Albany (County) Legislature and three members by the County Executive, all with approval of the 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 will be appointed to serve only the unexpired term.

Based on the County's responsibility for the appointment of the Authority members, their approval of any Airport capital improvement programs and the issuance of certain debt, the Authority is considered a component unit of the County under the criteria set forth by the Governmental Accounting Standards Board (GASB). The Authority does not have any component units. The financial transactions of the Authority are accounted for in a single enterprise fund.

The Authority is responsible for the efficient planning, development, administration, operation and financial condition of the Airport. The Authority, as landlord, rents space and assesses fees and charges to the airlines and businesses providing goods and services to the traveling public and to the civilian, business, governmental and military users of the Airport. The Authority is responsible for assuring residents of the County, the Town of Colonie and the surrounding areas of minimal environmental impact from air navigation and transportation. The Authority contracted the services of AFCA AvPorts Management LLC ("AvPorts") and Aviation Facilities Company, Inc. to manage the daily operations and maintenance of the Airport and Cargo Facilities and the services of REW Investments, Inc., d/b/a Million Air to manage the daily operations of the Fixed Base Operation (FBO) and Fuel Farm.

The Authority's strategic direction for the Airport is based upon the following vision, mission, goals, and objectives.

VISION

The Authority's vision statement is a measurable statement describing the future results the Authority seeks to achieve. The Authority's vision for Albany International Airport is to provide an exemplary airport in which to visit, travel, and work.

MISSION

The Authority's mission statement is a broad statement of what the Authority has been charged to accomplish. The Authority's mission is to provide adequate, safe, secure and efficient aviation and transportation facilities at a reasonable cost to the people. To accomplish our mission we will:

- Provide world-class, customer-oriented transportation services;
- Promote airline, cargo, business and general aviation services on airport by providing quality airport facilities;
- Operate the airport and provide services in the most cost-effective manner;
- Foster inter-modal transportation;
- Implement the airport's Capital Improvement Plan; and,
- Maintain financial security.

GOAL

The Authority's goal for the airport is derived from its mission and vision for the airport and describes the enduring end state desired for the airport. The Authority's goal for Albany International Airport is:

- To be widely recognized as the best airport of its size in the Northeast as well as an innovative model for a facility with vitality, enthusiasm, friendliness, competence, and efficiency.

OBJECTIVES

The Authority's objectives describe the outcomes required to accomplish the goal. The Authority's objectives in operating the airport are:

- To promote safe, secure, efficient and economic air transportation by preserving and enhancing Airport capacity;
- To acquire, construct, reconstruct, continue, develop, equip, expand, improve, maintain, finance and operate aviation and other related facilities and services;
- To stimulate and promote economic development, trade and tourism;
- 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 assure inclusion of the Authority's facilities in state, national and international programs for air transportation and for airway capital improvements; and,
- 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.

VALUES

The Authority's values describe how the Authority will conduct itself, both internally and externally, while engaging in business activities. The Authority's values are:

Responsiveness – being proactive; having a bias for action and sense of urgency in getting things done; anticipating the needs of tenants and passengers by taking fast action to surpass their expectations; encouraging tenant and passenger input.

Integrity – possessing a commitment to doing the right things right, with consistent adherence to the highest professional standards; keeping commitments to our tenants, passengers, employees, and others.

Innovation – dedicating ourselves to learning and growing; constantly searching for better ways to get the job done; using our collective imagination effectively to solve problems for our tenants, passengers and employees; going beyond perceived boundaries to get desired results.

Teamwork – recognizing that every board member, employee, volunteer, tenant, and others are important to the complete satisfaction of Albany International Airport; feeling personally responsible for successful outcomes; treating everyone with respect; communicating regularly, directly and honestly with our board members, employees, volunteers, tenants, and others.

MISSION STATEMENT LEVEL PERFORMANCE MEASURES

The Authority has identified the following performance measurements to assess its success in achieving its mission and intended public purpose.

Area of Measurement	Performance Measure	Performance Measure Component	Final 2014	Final 2015	Final 2016	Final 2017	Final 2018
Safety	Employee Accidents and Incidents	Construction Injuries Lost Time Injury Rate	9	26	21	28	15
	Airfield Violations	Runway Incursions	0	0	0	0	0
		Runway Condition FAA Safety Compliance	0	0	12	0	0
		Inspection Discrepancies	8	10	17	9	0
Security	Security Incidents and Violations	Security Badge Breaches					
		Letters of investigation	1	2	1	1	0
		Violations	0	0	1	1	0
Financial	Revenue Management	Total Airline per EPAX*	\$9.77	\$9.16	\$7.82	\$8.50	\$9.72
		Total Non-Airline Revenue per EPAX*	\$25.66	\$25.45	\$25.10	\$25.74	\$24.93
		Total Revenue per EPAX*	\$39.90	\$34.61	\$32.93	\$34.24	\$34.66
	Cost Performance	Operating Cost per EPAX*	\$9.09	\$8.68	\$7.47	\$8.22	\$8.58
		Airport Cost per EPAX*	\$7.22	\$7.12	\$6.00	\$6.57	\$6.57
	Debt Management	Debt Service Coverage Ratio	1.36	1.39	1.53	1.61	1.44
		Debt per EPAX*	\$85	\$75	\$63	\$55	\$64
	Liquidity	Days Unrestricted Cash on Hands	189	205	235	252	261
Operational	Aircraft Delays caused by Airport	Number of Aircraft Delay caused by Airport or Runway Closings	0	0	0	2	2
	Aircraft Delays caused by Fixed Base Operations	Number of Aircraft Fueling Delays	3	3	14	14	30
Customer Service	Service Quality	Terminal Cleanliness Concessions Quality and Variety (5 is the highest)	4.6	note 1	note 1	note 1	4.0
	Customer Satisfaction	Customer Survey Results (5 is the highest)	4.6	note 1	note 1	note 1	4.0
Environmental Sustainability	Environmental Compliance	Violations Identified by Regulatory Agency De-Icing Material Discharge Frequency and Severity of Spills					
		SPDES violations	0	0	0	0	0
		DEC violations	0	0	0	0	0
People	Employee Satisfaction	Noise					
		Noise Levels /Noise Complaints	33	26	25	14	20
		Employee Turnover					
	Workforce Diversity	AFCO AvPorts	19.9%	27.0%	15.9%	14.1%	16.0%
		Million Air FBO	25.0%	25.0%	10.0%	24%	21%
		Albany County Airport Authority	0%	6.4%	0%	0%	0%
		Minority Representation in Workforce					
		AFCO AvPorts	15.0%	16.7%	17.4%	22.4%	14.0%
		Million Air FBO	11.9%	16.7%	35.4%	48.7%	37.1%
		Albany County Airport Authority	4.3%	4.3%	4.3%	4.3%	4.3%

*EPAX is enplaned passenger.

Note 1. An Insufficient number of customer satisfaction surveys were conducted to report on this performance measure.

SUPPLEMENTAL INFORMATION

DIVISION/DEPARTMENT LEVEL PERFORMANCE MEASURES

The following pages contain the division and department level performance measures from 2014-2018. There are three major divisions: "AvPort's" performance; "FBO" performance; and the Authority (ACAA) performance. AvPorts performance measures provide information on the performance of the major management services contractor at the Airport, which is AFCCO AvPorts, LLC (d/b/a AvPorts). The FBO performance measurements provide information on the performance of the management services contractor for the Fixed Base Operations and Fuel Farm, which is REW Investments, Inc. (d/b/a Million Air). The Authority performance measures provide information the Authority is exclusively responsible for. Collectively these division/department level performance measures support the achievement of the Mission level performance measures.

Albany International Airport 2018 AvPort's Performance Measurements For the twelve months ended December 31

Airfield Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Number of vehicle accidents on Airfield over \$1,000	0	1	1	1	0
Airport remained open for all airline operations	100%	100%	100%	100%	100%
Electrical work-orders	659	621	727	868	1026
SPEDES permit sanctions	0	0	0	0	0
Gallons of deicing aircraft storm water fluid collected	18,495,907	15,586,695	13,606,000	18,499,000	17,013,812
water removed (the higher the better)	2.7%	3.1%	2.9%	3.3%	4.4%
Employees with CDL licenses	34	35	34	33	33
Runway incidents	1	0	0	0	0
Notices to Airmen (NOTAMs) for airfield lighting	1	54	66	28	37
Occupational Safety and Health Administration (OSHA) reportable incidents	1	7	2	2	2
Liquid potassium acetate used on runways (avg gallons per snow ice event)	3,000	1,768	785	2,418	2,419
Airfield electric usage (KWH)	475,158	595,519	636,751	659,988	678,226
Overtime/Personnel Services (%)	10.5%	14.1%	11.3%	14.0%	13.2%

Terminal Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
HVAC Equipment in operation	97.9%	100.0%	100.0%	100.0%	100.0%
Work Orders	3,587	3,413	3,586	3,548	4,228
Survey: cleanliness of the terminal	98%	N/A	N/A	N/A	N/A
Average # of days a work order remains open	3.0	2.5	2.5	2.5	2.5
Plumbing Equipment in operation	100%	100%	100%	100%	100%
Terminal Maintenance direct cost per square foot	\$15.87	\$16.63	\$18.38	\$17.77	\$20.48
Terminal electrical usage (KWH): 79 Building	1,563,618	1,569,493	1,547,262	1,337,120	1,412,191
Terminal electrical usage (KWH): 98 Building	7,681,612	7,700,324	7,339,716	7,041,849	6,945,277
Overtime/Personnel Services (%)	5.6%	7.4%	6.9%	7.6%	8.4%

Loading Bridge Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Direct Cost per Loading Bridge	\$12,773	\$25,158	\$20,933	\$23,787	\$26,868
Airline Employees trained	2	11	2	13	35
Over-the-Wing (OTW) Loading Bridge total operations	4,238	3,881	4,278	4,249	4,031
Loading Bridge electrical usage (KWH) (6.1% of 98 building gets allocated)	665,594	667,216	635,970	635,970	601,792
OTW Loading Bridge Maintenance calls (new measurement for 2009)	4	59	93	80	93
OTW Loading Bridge out of service (new measurement for 2009)	1.8%	10.9%	19.5%	30.2%	32.3%
Number of leased loading bridges		14	14	13	13
Overtime/Personnel Services (%)	13.0%	19.7%	16.8%	16.1%	15.4%

Parking Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Express parking transactions	290,517	308,094	327,771	345,998	336,899
Cashier parking transactions	321,395	315,367	322,647	292,572	301,127
Cashier parking transaction errors	93	109	110	67	53
Shuttle Bus Survey (new measurement for 2008)	N/A	N/A	N/A	N/A	80%
Customer/Vehicle Contact	N/A	0	0	0	0
OSHA recordable accidents	1	6	6	2	2
Parking electrical usage (KWH)	352,612	345,278	348,356	348,356	351,034
Parking Garage electrical usage (KWH) (23.5% of 98 building gets allocated)	2,564,174	2,570,421	2,450,047	2,450,047	2,318,381
YTD Loss/Gain	-\$399	-\$1,178	-\$1,080	-\$636	\$165
Overtime/Personnel Services (%)	14.1%	18.2%	18.0%	14.8%	16.2%

Landside Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Number of tenants	56	53	53	56	55
Landside building rental (Sq ft) *	279,026	316,243	327,108	329,478	428,094
Landside land rental (acres)*	32	31	34	36	36
Tenant complaints	0	0	0	0	0

*Includes rented space/land only

ARFF Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Annual Dispatch Calls	394	527	536	658	643
Tour conducted by ARFF	23	36	34	21	41
AED classes conducted	22	2	27	22	4
Fire Extinguishers inspected/serviced	5,743	5,904	5,711	5,970	5,920
NYS Fire Fighter training (training hours)	1,992	1,992	504	504	504
OSHA required fire training (training hours)	156	156	156	156	156
NYS EMT training (training hours)	480	480	480	480	480
FAA ARFF training (training hours)	516	516	516	516	516
Building code inspections	19	30	52	45	31
Overtime/Personnel Services (%)	16.4%	18.9%	16.2%	18.6%	15.2%

Operations Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Work Orders (Facility) Building Maintenance calls	3,315	3,491	3,698	3,644	4,236
Work Orders (139) aeronautical areas	448	793	729	999	1,030
Notice to airmen (NOTAMS)	1,261	1,158	978	1,471	2,488
Bird Strikes	42	27	48	71	28
Property Damage Reports	164	154	147	176	190
Bodily Injury Reports	222	185	248	246	227
FAA 139 Inspections discrepancies	9	9	18	9	7
Operations' employee accidents	0	0	0	0	0
Operations' property accidents	0	0	2	0	1
Overtime/Personnel Services (%)	5.4%	10.5%	13.1%	11.0%	12.3%

Security Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Security Trainees	667	559	686	697	797
Driver Trainees	377	277	408	422	501
Finger Printing	689	727	763	743	934
Badges Issued	174	130	166	186	260
Revalidations*	602	521	656	681	854
Escort Required Badges Issued	2,672	3,524	2,840	2,137	3,490
Business Center Security Passes	775	186	169	64	199
Curbside Accidents	0	0	0	0	0
Curbside Security - Overtime/Personnel Services (%)	3.8%	10.9%	8.6%	5.4%	5.2%

*Revalidations of badges are performed every other year

Vehicle Maintenance Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
Heavy Equipment (Units)	61	47	47	47	45
Light Vehicles (Units)	47	34	34	34	35
Light Equipment (Units)	233	233	233	233	230
Average age of ARFF Fleet (yrs)	7	9	9	8	9
Average age of Shuttle Buses (yrs)	7	4	4	3	4
Average age of Fuel Trucks (yrs)	10	12	12	14	15
Average age of other large vehicles	15	17	17	16	17
Average age of Pick-ups	11	15	15	10	11
Shuttle Bus (Not less than 6 operational)	6	7	7	7	7
Fuel Truck (Not less than 7 operational)	8	7	7	7	7
Technicians trained	1	33	0	24	16
Overtime/Personnel Services (%)	9.1%	12.9%	9.7%	10.2%	9.0%

AvPort's Administration Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
AvPort's total full time employment equivalents	154.5	150.5	154.3	159.5	153.8
Total AvPort's overtime	10.5%	13.6%	12.4%	12.4%	12.2%
Budgetary needs met	yes	Yes	Yes	Yes	Yes
Saving/revenue producing ideas	0	0	0	0	0
Total AvPort's Property Damage Reports	24	35	16	23	4
Administration Overtime/Personnel Services (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Employee turnover	19.9%	27.0%	15.9%	12.9%	15.4%

Albany International Airport

2018 FBO Performance Measurements

For the twelve months ended December 31

Commercial Aviation Performance Measurements

	2014 Final	2015 Final	2016 Final	2017 Final	2018 Budget	2018 Final
Number of accidents/incidents	2	0	5	1	0	4
Number of airline delays counted against MA	2	3	14	14	0	36
Into-plane gallons pumped	16,971,830	16,835,885	18,602,032	19,495,122	19,507,385	21,013,458
Number of Audits performed by Airlines/ Quality Control-Employee Training Records	11	24	25	28	5	31
Number of non-compliance items reported in Airline Audits	3	3	10	9	4	6
AvGas fuel sales commercial	180,785	173,843	152,586	109,593	115,627	95,909
Deicing gallons pumped	154,363	123,604	128,320	157,039	157,311	208,128
Workers' compensation cases	0	0	4	0	0	0
Employees who have completed Safety Programs	16	17	20	55	15	60
Quality control audits at the Fuel Farm (less the better)	8	12	13	25	5	17
Completed monthly training programs	12	12	12	12	12	12
Monthly survey of airlines	100%	100%	100%	100%	100%	100%
Overtime/Personnel Services (%)	12.8%	12.0%	13.3%	14.3%	11.5%	13.9%

General Aviation Performance Measurements

	2014 Final	2015 Final	2016 Final	2017 Final	2018 Budget	2018 Final
AvGas fuel sales (gallons)	55,902	70,438	69,156	62,710	63,088	51,534
Jet A fuel sales (gallons)	952,761	967,345	1,031,066	996,302	995,134	1,158,694
Number of international flights	753	707	517	456	500	426
General Aviation Aircraft customer transactions	6,515	6,949	7,392	6,931	7,000	7,479
Number of Aircraft Arrivals	6,073	3,949	7,349	7,260	7,000	7,822
Number of Aircraft fueled	4,870	5,901	5,958	6,307	6,500	5,833
Number of ramp fees collected	1,883	1,661	2,102	1,743	1,500	2,071
Number of landing fees collected	4,060	3,811	4,147	3,637	3,500	3,682
Employees who completed the NATA Safety 1st Program	11	12	20	9	20	21
Employees who completed all Safety Programs	10	20	15	54	14	79
Property Accidents	1	2	5	0	0	2
Quarterly reports from monthly safety meetings	100%	100%	100%	100%	100%	100%
Overtime/Personnel Services (%)	10.0%	11.1%	16.4%	17.6%	13.8%	20.7%

Million Air's Administrative Performance Measurements

	2014 Final	2015 Final	2016 Final	2017 Final	2018 Budget	2018 Final
Million Air's total full time employment equivalents	35	35	33	36	35.0	32.0
Total Million Air overtime	9.3%	9.7%	13.0%	13.9%	11.0%	15.5%
Number of marketing events attended	2	2	1	2	4	3
Number of based tenants	25	14	15	18	15	16
Employee turnover annum	25%	25%	30%	16%	10%	25%
Workers' compensation cases	0	0	2	3	0	1
Number of customers gained (prior year comparison)	6%	7%	6%	-6%	1%	8%
Overtime/Personnel Services (%)	1.2%	0.6%	0.0%	0.0%	0.0%	0.0%

Albany International Airport

2018 ACAA Performance Measurements

For the twelve months ended December 31

ACAA Performance Measurements					
	2014 Final	2015 Final	2016 Final	2017 Final	2018 Final
ACAA's total full time employment equivalents	24	22	22	22	22
Community meetings	61	63	70	62	86
Aviation conferences/meetings	23	36	29	30	51
Open Accounts Receivable/Total Operating Revenues	4.6%	4.2%	4.2%	4.3%	4.0%
Open Accounts Payable/Total Operating Expenses	1.8%	1.7%	1.9%	1.8%	2.9%
SPDES Permit	yes	yes	yes	yes	yes
FAA: Part 139 Operation Compliance	yes	yes	yes	yes	yes
Part 77 Airspace Compliance	yes	yes	yes	yes	yes
Part 150 Noise Program	yes	yes	yes	yes	yes
Part 121 Air Cargo Carriers	yes	yes	yes	yes	yes
Update maps & charts of Airport	yes	yes	yes	yes	yes
Landside building rent increase/(decrease) from previous year	-2%	9%	8%	2%	1%
T Hangar rent increase/(decrease) from previous year	7%	-6%	-3%	1%	4%
Tie Down rent increase/(decrease) from previous year	-51%	-6%	-6%	26%	2%
Landside land rent increase/(decrease) from previous year	-2%	-1%	4%	14%	2%
DBE Participation for construction/engineer contractors	9%	9%	9%	9%	7%
MWBE Participation for construction/engineer contractors	39%	30%	30%	30%	30%
Minority Representation in the Workforce-Concessions					
HMS Host	17%	24%	28%	29%	396%
McDonalds	48%	32%	44%	53%	57%
Villa Fresh Italian Kitchen/Green Leafs	48%	57%	53%	54%	64%
Paradies	24%	29%	37%	43%	54%
Dunkin Donuts	53%	52%	33%	44%	48%
OHM (New concessionaire as of March 2018)	N/A	N/A	N/A	N/A	33%
Terminal Survey Results (avgerage, 5 being the highest)	N/A	N/A	N/A	N/A	4.54
Ambassador Program-hours volunteered	16,647	15,428	15,879	15,827	14,963
Ambassador assistance - landside	49,516	51,313	66,111	120,038	21,750
Ambassador assistance - airside	21,301	24,461	31,768	29,670	27,568
Canine assistance-landside (new for 2015)	N/A	23,016	45,294	93,060	80,333
Canine assistance-airside (new for 2015)	N/A	5,427	6,442	7,024	4,375
Concession revenue increase from previous year	10.4%	4.1%	3.7%	7.0%	2.4%
Business Center Visitors (new for 2017)	N/A	1124	1278	2670	3275
Community tours	29	35	33	44	30

AGENDA ITEM NO. 2.5

Financial Statements – Other Post Employment Benefit Trust

AGENDA ITEM NO: 2.5

AUDIT COMMITTEE

MEETING DATE: March 18, 2019

**ALBANY COUNTY AIRPORT AUTHORITY
REQUEST FOR AUTHORIZATION**

DEPARTMENT: Finance

Contact Person: *Audit Committee
William J. O'Reilly, Chief Financial Officer*

*Audit Committee Approved
with recommendation to
full board for approval
03-18-2019*

PURPOSE OF REQUEST:

Review and acceptance of the Authority's:

- Twenty-second Comprehensive Annual Financial Report as of and for the year ended December 31, 2018 (with the draft audit and compliance reports of Marvin and Company, P.C., certified public accountants);
- the Authority's 2018 Rates and Charges Settlement Report to the Signatory Airlines and Signatory Cargo Carriers with draft Consultant Report;
- the Authority's Annual Investment Report in accordance with its Cash Management and Investment Policy and Section 2925 of the Public Authorities Law (with draft audit compliance report of Marvin and Company, P.C., certified public accountants);
- The Annual review and approval of the Cash Management and Investment Policy in accordance with Section 2925 of the Public Authorities Law;
- Review of mission statement and performance measures and acceptance of measurement report for 2018 required by Section 2800 of the Public Authorities Law; and
- Financial Statements for 2018 for the Other Post Employment Benefit Trust

BACKUP MATERIALS:

- Comprehensive Annual Financial Report for the year-ended 2018 with draft auditor reports;
- Airlines Rates and Charges Settlement and Revenue Sharing Calculation Report for the year ended December 31, 2018 with draft consultant report;
- Annual Investment Report which includes a copy of the Cash Management and Investment Policy (the Policy) and explanation of the Policy and draft auditor report;
- Performance Measurement Report for 2018; and
- **Financial Statements – Other Post Employment Benefit Trust**

CHIEF EXECUTIVE OFFICER'S RECOMMENDATION:

The Audit Committee will review the above documents at their March 18, 2019 meeting and will present their recommendations for approval by the Board.

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
(A Component Unit of the Albany County Airport Authority)

FINANCIAL STATEMENTS
For the Year Ended December 31, 2018
(Unaudited)

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
(A Component Unit of the Albany County Airport Authority)

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William J. O'Reilly
Trustee
ALBANY COUNTY AIRPORT
AUTHORITY OPEB TRUST

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Report of Trustee

I have prepared the accompanying statement of plan net position as of December 31, 2018 and the related Statement of changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In preparing these financial statements I am presenting information in the form of financial statements that is my own representation as trustee. These financial statements have not been compiled, reviewed or audited by independent certified public accountants and, accordingly, there is no accountant's opinion or other form of assurance on them.

I have prepared these statements in my capacity as Trustee the Albany County Airport Authority OPEB Trust.

March 18, 2019

MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

This section provides an overview and analysis of the financial activities of Albany County Airport Authority OPEB Trust (the Trust) for the year ended December 31, 2018. The creation of the Trust and its initial funding was authorized on December 7, 2009 by the Albany County Airport Authority's (the Authority) Board of Directors. The Trust was created December 17, 2009 when the trust document was fully executed. Irrevocable transfer of assets to the Trust occurred in each year 2009 through 2018. The purpose of the Trust is to accumulate resources for the payment of medical insurance benefits, to the Authority's retired employees who qualify for and elect to receive the benefit for which the Authority is obligated to pay under the postemployment medical benefit plan it sponsors.

Comparative year information will be presented next year when the trust has been funded and in existence for more than one year. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the financial statements.

FINANCIAL HIGHLIGHTS

The net position of Albany County Airport Authority Other retiree medical insurance plan (the Plan) at the close of fiscal year 2018 are \$2,220,686 (net assets held in trust for retiree medical insurance benefits). All of the net assets are available to meet the Plan's ongoing obligations to Plan participants and beneficiaries. The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. The Plan was funded in 2018 by the transfer of \$149,073 from the Albany County Airport Authority plus interest earnings in the amount of \$13,200 on the deposited balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements, which comprises these components:

- Statement of Plan Net Position
- Statement of Changes in Plan Net Position
- Notes to the Basic Financial Statements

This report also contains required supplementary information in addition to the basic financial statements themselves.

The Statement of Plan Net Position is a snapshot of account balances at year-end. It indicates the assets available for future payments for retiree benefits and any current liabilities that are owed at this time.

The Statement of Changes in Plan Net Position, on the other hand, provides a view of current year/period additions to and deductions from the Plan. Both statements are in compliance with Governmental Accounting Standard Board Statements (GASB). This report uses the standards established by GASB's Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Statement No. 74 superseded Statement No. 43 of the same title. Statement No. 74 did not change the reporting in the two primary financial statements but added requirements for additional and multi-year disclosures in the Notes and RSI. Readers are encouraged to review the Notes and RSI to better understand the financial and operational results of the OPEB Trust.

The Statement of Plan Net Position and the Statement of Changes in Plan Net Position report information about the Plan's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Net Position, the difference between assets and liabilities, is one way to measure the plan's financial position. Over time, increase and decrease in Net Position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall health. Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the financial statements the accompanying notes present information that is essential to understanding the financial statements. The Required Supplementary Information presents certain required information concerning the Plan's progress in funding its obligations to provide resources for retiree medical benefits to members.

FINANCIAL ANALYSIS

As previously noted, Net Position may serve over time as a useful indication of the Plan's financial position. The assets of the Plan exceeded its liabilities at the December 31, 2018 because the Plan had \$2,220,686 in assets and no recorded liabilities. It should be kept in mind the Trust for the Plan was only recently formed. The Trust is intended to accumulate net resources to fund the Albany County Airport Authority's obligation to pay for postemployment benefits (OPEB) of retired employees, other than pensions. This OPEB benefit is retiree medical care insurance. The Albany County Airport Authority's actuarial determined obligation for OPEB as of December 31, 2018 was \$6,621,984. Accordingly the Plans Net Position is not sufficient to fully fund this obligation and additional contributions will be necessary along with investment earnings to fully fund the Authority's estimated OPEB obligation. The Albany County Airport Authority's actuarial determined OPEB obligation is based upon significant assumptions and estimates about future events, costs, funding decisions and is subject to frequent change and revision.

Contacting the Trust's Financial Management

This financial report is designed to provide the public with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Albany County Airport Authority Other Post Employment Benefit Plan Trustee at c/o Albany County Airport Authority, Administration Building, Suite 204, 737 Albany Shaker Road, Albany, NY 12211

Albany County Airport Authority OPEB Trust
(A Component Unit of the Albany County Airport Authority)
Statements of Fiduciary Fund Net Position
As of December 31, 2018

	<u>December 31, 2018</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,220,686
Total Assets	<u>2,220,686</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	 <u>-</u>
Total Deferred Outflows of Resources	<u>-</u>
 <u>LIABILITIES</u>	 <u>-</u>
Total Liabilities	<u>-</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	 <u>-</u>
Total Deferred Inflows of Resources	<u>-</u>
 <u>NET POSITION</u>	
Net Position - Restricted for OPEB	<u>\$ 2,220,686</u>

The accompanying notes are an integral part of these financial statements

Albany County Airport Authority OPEB Trust
(A Component Unit of the Albany County Airport Authority)
Statements of Changes in Fiduciary Fund Net Position
Year ended December 31, 2018

	<u>December 31, 2018</u>
Additions to Net Position Attributed to:	
Contributions	
Employer	\$ 300,000
Interest Income	<u>13,200</u>
Total Additions	<u>313,200</u>
Deductions from Net Position Attributed to:	
Retirement benefits	150,927
Administrative expenses	<u>-</u>
Total Deductions	<u>150,927</u>
Increase in Net Position	<u>162,273</u>
Net Position - Restricted for OPEB, Beginning of Year	<u>2,058,413</u>
Net Position - Restricted for OPEB, End of Year	<u>\$ 2,220,686</u>

The accompanying notes are an integral part of these financial statements

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
(A Component Unit of the Albany County Airport Authority)
(Unaudited)

NOTES TO THE FINANCIAL STATEMENTS

Short Period ended December 31, 2018

1. DESCRIPTION OF THE PLAN

The following information of the Albany County Airport Authority OPEB Trust (the Plan), a component unit of the Albany County Airport Authority (the Authority) provides only general information. Readers should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The OPEB Plan is a single-employer defined benefit healthcare plan trust administered by the Authority. The Plan provides medical insurance benefits to eligible retirees who elect to receive it and their eligible dependents. Membership of the Plan consists of 9 retirees currently receiving benefits and 30 plan members composed of; 21 Active, 14 retired and 1 deceased employee. The Plan is a governmental plan that is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was created by the Albany County Airport Authority to be managed by a sole trustee intended to be the Chief Financial Officer of the Authority who is the plan Trustee. The Plan is a component unit of the Albany County Airport Authority. The Trust has a fiduciary duty to provide plan benefits to eligible beneficiaries. So long as the Albany County Airport Authority provides the required benefits, the Trust's obligation is fulfilled and it may then reimburse the Albany County Airport Authority for the cost of the benefits provided, if requested to do so.

Contributions

Contributions to the Plan are likely to be entirely funded by the employer (the Authority). Participants hired prior to July 1, 2005 are not required to contribute to the plan. Participants hired on or after July 1, 2005 are required to contribute 10% of the cost of plan benefits to the plan, offset by the value of their unused sick leave up to 1,320 hours at the time of retirement. The Plan was established and may be amended by the Authority. The Authority has no obligation to fund the plan. Contributions made were provided for in the Authority's annual budgets for 2008 through 2018 along with interest earnings thereon. Any future contributions to the plan would be authorized by a future resolution of the Authority.

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
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past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the written plan as currently approved by the Authority and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2018 actuarial valuation, the individual entry age normal method was used. The actuarial assumptions included a 3.04 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested allowing for both an equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial 9 percent to an ultimate rate of 5 percent. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized at a level percentage of payroll method. The remaining amortization period at January 1, 2018, was 19 years. The actuarial value of assets was not determined in this actuarial valuation. At December 31, 2018, the Plan held Net Position in the amount of \$2,220,686 which consisted of amounts on deposit with the Trust.

Investment Options

The Trustee holds the Assets of the Plan. Contributions received from the Authority are allocated between assets available for investment and assets maintained for payment of benefits and administrative expenses.

Plan Termination

In the event of Plan termination or if the Trust were to fully accomplish its purpose, the net assets of the Trust would be allocated as prescribed in the Trust document, generally to pay in the order indicated:

- The Authority's remaining retiree medical benefit liabilities
- Reasonable expenses of administering the Plan

Any assets remaining in the Trust after paying off the above liabilities shall revert back to the Authority.

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
(A Component Unit of the Albany County Airport Authority)
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying basic financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned, and liabilities are recognized when incurred. Employer contributions are recognized when received because only one employer contributor exists. Benefits and refunds of contributions are recognized when due and payable or upon receipt of claim for reimbursement for payment of benefits by the Authority based upon a certificate signed by its Chief Executive Officer.

Governmental Accounting Standards

The financial statements of the plan have been prepared in accordance with generally accepted accounting principles (GAAP) followed in the United States of America. In the U.S. the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. GASB Statement No. 74 was implemented beginning with the this fiscal year; the Statement did not change the to primary financial statements but made significant changes to the Notes to the Financial Statements and the Required Supplementary Information.

Cash and Cash Equivalents

The Plan's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition.

Administrative Expenses

Certain internal costs of administering the Plan will be paid by the Plan. There were no Administrative expenses for the ended December 31, 2018.

Benefits

Benefits will be recognized when paid or when a claim for reimbursement for payment of benefits is received from the Authority. The Plan has not yet paid any benefits or claims for reimbursement directly and the Authority continues to fund retiree health care costs directly.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
(A Component Unit of the Albany County Airport Authority)
(Unaudited)

3. TAX STATUS

The Authority structured and intends that the Trust administering the Plan shall be a tax-exempt governmental trust under Section 115 of the Internal Revenue Code (the Code) and that income derived from the Trust Estate shall be excludable from gross income for federal tax purposes pursuant to Section 115 of the Code.

4. INVESTMENTS

The Authority has adopted an investment policy for the Trust that the Authority may amend from time to time. The Authority adopted an Investment Policy for effectively supervising, monitoring and evaluating the investment assets of the Plan. The investment policy allows for the plan assets to be comprised of:

Fixed Income	0%-60%
Cash Equivalent	5%-100%
Domestic Equity	0%-60%
International Equity	0%-60%
Other Equity	0%-20%

As of December 31, 2018 all plan assets were on deposit with M&T Bank, in a cash in and interest bearing demand deposit account, the entire balance of which was collateralized by obligations that are guaranteed by the U.S. Government and held by a 3rd party custodian. The Trustee believes the investment and management of the assets of the Plan have complied with the Trust investment policy adopted by the Authority.

5. OTHER POSTEMPLOYMENT BENEFITS UNDER GASB 74

The components of the net OPEB liability of the Authority as of December 31, 2018 were as follows:

Net OPEB Liability at beginning of period	\$ 6,473,234
Service cost	217,039
Interest	325,272
Change in assumptions	-
Differences between expected and actual experience	(80,361)
Net investment income	(13,200)
Employer contributions to the trust	(300,000)
Benefit payments withdrawn from the trust	150,927
Benefit payment excluding implicit cost	(150,927)
Net OPEB Liability at end of period	<u>\$ 6,621,984</u>

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
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(Unaudited)

Actuarial assumptions

Total OPEB liability was determined by actuarial valuations as of December 31, 2018. The following actuarial assumptions are as follows:

Investment rate of return	2.75%, net of OPEB plan investment expense, including inflation
Municipal bond rate	3.64% as of December 31, 2017 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Single equivalent discount rate:	3.75%, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods, based on GASB No. 74 Implementation Guide Exposure Draft, IG ED 4.136.
Inflation	2.75% as of December 31, 2017 and for future periods
Salary Increases	3.00% annually as of December 31, 2017 and for future periods
Cost of living adjustments	Not Applicable
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Mortality experience study	The mortality assumptions reflect an experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
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Discount rate

The discount rate used to calculate the total OPEB liability was 3.75%. The following table presents the results if the discount rate was 1% lower or 1% higher:

Impact of a 1% Change in the Discount Rate as of the December 31, 2018 Measurement Date

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	\$ 10,427,489	\$ 8,842,670	\$ 7,579,562
Fiduciary Net Position	2,220,686	2,220,686	2,220,686
	\$ 8,206,803	\$ 6,621,984	\$ 5,358,876
Service Cost	\$ 285,125	\$ 217,039	\$ 166,982

Healthcare Trend

The healthcare cost trend cost rate used to calculate the total OPEB liability was 5%. The following table presents the results if the healthcare cost rate was 1% lower or 1% higher:

Impact of a 1% Change in the Healthcare Cost Trend as of the December 31, 2018 Measurement Date

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 7,429,402	\$ 8,842,670	\$ 10,642,156
Fiduciary Net Position	2,220,686	2,220,686	2,220,686
	\$ 5,208,716	\$ 6,621,984	\$ 8,421,470
Service Cost	\$ 173,163	\$ 217,039	\$ 274,490

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
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6. SCHEDULE OF NET OPEB LIABILITY CHANGE

Schedule of Changes in the Airport's Net OPEB Liability and Related Ratios

	2018
Total OPEB Liability	8,842,670
Service Cost	217,039
Interest on total OPEB liability, service cost and benefit payments	325,272
Changes in benefit terms	-
Difference between expected & actual plan experience	(80,361)
Changes of assumptions	-
Benefit payments excluding implicit cost	(150,927)
Implicit cost amount	N/A
Total benefit payments including implicit cost	N/A
Net change in OPEB liability	311,023
Total OPEB liability - beginning of period	8,531,647
Total OPEB liability - end of period	8,842,670
Plan Fiduciary Net Position	2,220,686
Interest on fiduciary net position	
Earning from plan investments	13,200
Employer contribution to trust	300,000
Benefit payments from trust, including refunds of member contributions	(150,927)
Administrative expense	-
Other	-
Net change in plan fiduciary net position	162,273
Plan fiduciary net position - beginning of period	2,058,413
Plan fiduciary net position - end of period	2,220,686
Net OPEB liability	6,621,984
Plan Fiduciary net position as a % of total OPEB liability	25.11%
Covered employee payroll	2,025,037
Plan NOL as a % of covered employee payroll	327.01%
Single discount rate to calculate plan liabilities	3.75%

ALBANY COUNTY AIRPORT AUTHORITY OPEB TRUST
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7. ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

	For the fiscal year ending December 31, 2018
Service Cost	217,039
30 year amortization of NOL at 3.75%	357,987
Actuarial determined contribution	575,026
Contributions in relation to the actuarially determined contribution	(300,000)
Contribution deficiency/(excess)	275,026
 Covered Employee Payroll	 1,966,055
 Contributions as a % of covered employee payroll	 15.26%

8. MONEY WEIGHTED RATE OF RETURN

Beginning value - December 31, 2017	\$ 2,058,413
Annual contribution to OPEB Trust	149,073
Annual interest earnings	13,200
Ending Value - December 31, 2018	\$ 2,220,686
 Money weighted rate of return	 0.64%

Data is being accumulated to present 10 years of the reported information.