

**MONROE COUNTY AIRPORT AUTHORITY  
(A DISCRETELY PRESENTED COMPONENT UNIT  
OF THE COUNTY OF MONROE, NEW YORK)**

**Financial Statements  
As of December 31, 2011 and 2010  
Together with  
Independent Auditors' Report**

**MONROE COUNTY AIRPORT AUTHORITY  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**TABLE OF CONTENTS**

---

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3 - 12
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010:	
Statements of Net Assets	13
Statements of Revenues, Expenses and Change in Net Assets	14
Statements of Cash Flows	15
Notes to Financial Statements	16 - 29
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30 - 31

## INDEPENDENT AUDITORS' REPORT

March 28, 2012

To the Members of  
Monroe County Airport Authority:

We have audited the accompanying financial statements of the business-type activities of Monroe County Airport Authority (the Authority), a discretely presented component unit of the County of Monroe, New York, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, on our consideration of the 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* and should be considered in assessing the results of our audit.

171 Sully's Trail  
Pittsford, NY 14534  
p (585) 381-1000  
f (585) 381-3131

ROCHESTER • BUFFALO  
ALBANY • SYRACUSE  
PERRY • GENEVA

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

**INDEPENDENT AUDITORS' REPORT**  
**(Continued)**

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 12 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, 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.

**MONROE COUNTY AIRPORT AUTHORITY  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2011 AND 2010  
(000's OMITTED)**

---

The Management's Discussion and Analysis (MD&A) of the Monroe County Airport Authority (the Authority) provides an introduction and overview of the financial statements of the Authority for the years ended December 31, 2011 and 2010. Following this MD&A are the financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which requires that transactions be recorded when they occur, not when its related cash receipt or disbursement occurs.

The Statements of Net Assets depict the Authority's financial position at December 31, the end of the Authority's fiscal year. The statements present all the financial assets and liabilities of the Authority. Net assets represent the Authority's assets after liabilities are deducted.

The Statements of Revenues, Expenses and Changes in Net Assets report operating revenues and expenses, nonoperating revenues and expenses, capital contributions and the changes in net assets for the year ended December 31. The change in net assets combined with the previous year's net asset total, reconciles to the net asset total for the reporting period.

The Statements of Cash Flows report cash activities for the year resulting from operating activities, investing activities, and capital and related financing activities. The net result of these activities, added to the beginning of the year cash balance, reconciles to the total cash balance at the end of the year.

**SUMMARY OF FINANCIAL HIGHLIGHTS**

**Net Assets**

The Statements of Net Assets depict the Authority's financial position as of a point in time – December 31 – and include all assets and liabilities of the Authority. Net assets represent the residual interest in the Authority's assets after deducting liabilities. The Authority's assets exceeded liabilities by \$18.9 million at December 31, 2011, a \$1.2 million or 6.5% increase from 2010. Restricted net assets are \$9.1 million or 48.1% of total net assets. Restricted net assets represent resources that are available for a specific purpose as imposed by creditors, grantors, contributors, laws or regulations. Unrestricted net assets are \$22.6 million and may be used to meet the Authority's obligations. Unrestricted net assets are flat from the prior year.

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### Net Assets (Continued)

Table A-1 below contains a condensed summary of the Authority's total net assets at December 31.

#### Condensed Statement of Net Assets Table A-1

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS:			
Current	\$ 12,403	\$ 13,048	\$ 20,004
Noncurrent	23,021	23,566	17,102
Capital	<u>40,564</u>	<u>44,060</u>	<u>47,415</u>
Total assets	<u>75,988</u>	<u>80,674</u>	<u>84,521</u>
LIABILITIES:			
Other	3,725	4,622	3,976
Long-term debt	<u>53,386</u>	<u>58,333</u>	<u>62,975</u>
Total liabilities	<u>57,111</u>	<u>62,955</u>	<u>66,951</u>
NET ASSETS			
Invested in capital assets, net of related debt	(12,821)	(14,273)	(15,560)
Restricted	9,084	9,375	9,823
Unrestricted	<u>22,614</u>	<u>22,617</u>	<u>23,307</u>
Total net assets	<u>\$ 18,877</u>	<u>\$ 17,719</u>	<u>\$ 17,570</u>

#### Assets and Liabilities

Cash and cash equivalents, a significant part of current assets, totaled \$10.3 million at December 31, 2011 and increased by \$449 thousand over 2010. The primary reason for this increase was the overall decrease in Accounts Receivable at December 31. Accounts receivable has decreased by \$1.5 million or approximately 47.3% over 2010 due primarily to the change year over year in the final invoices to the airlines. In 2011 the overall final adjustment to the airlines resulted in a refund of \$28 thousand, while in 2010 the overall final adjustment resulted in additional invoices totaling \$1.3 million. In 2010 the accounts receivable increased \$348 thousand or approximately 12.1% over 2009 due to the increase in the final invoices to the airlines. Accounts receivable is a component of current assets.

Capital assets and long-term debt are discussed elsewhere in this management's discussion and analysis.

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### Change in Net Assets

Overall between 2011 and 2009 total revenues have consistently exceeded expenses as shown by comparing the Income before Capital Contributions of \$968 thousand in 2011; \$229 thousand in 2010; and \$584 thousand in 2009. The comparative changes in revenues and expenses will be discussed following Table A-2 below.

### Condensed Statements of Revenues, Expense, and Change in Net Assets

Table A-2

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:			
Landing and rental fees	\$ 16,932	\$ 16,597	\$ 16,653
Commissions	9,987	10,174	9,559
Other	<u>4,322</u>	<u>4,645</u>	<u>4,027</u>
Total operating revenues	<u>31,241</u>	<u>31,416</u>	<u>30,239</u>
OPERATING EXPENSES:			
Operating and maintenance expenses - Monroe County	15,395	16,790	14,862
Rent expense - Monroe County and other	4,815	4,640	4,172
Depreciation and amortization	<u>4,622</u>	<u>4,496</u>	<u>4,450</u>
Total operating expenses	<u>24,832</u>	<u>25,926</u>	<u>23,484</u>
NONOPERATING EXPENSES	<u>(5,441)</u>	<u>(5,261)</u>	<u>(6,171)</u>
Income before capital contributions	968	229	584
CAPITAL CONTRIBUTIONS, net	<u>190</u>	<u>(80)</u>	<u>(21)</u>
CHANGE IN NET ASSETS	<u>\$ 1,158</u>	<u>\$ 149</u>	<u>\$ 563</u>

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

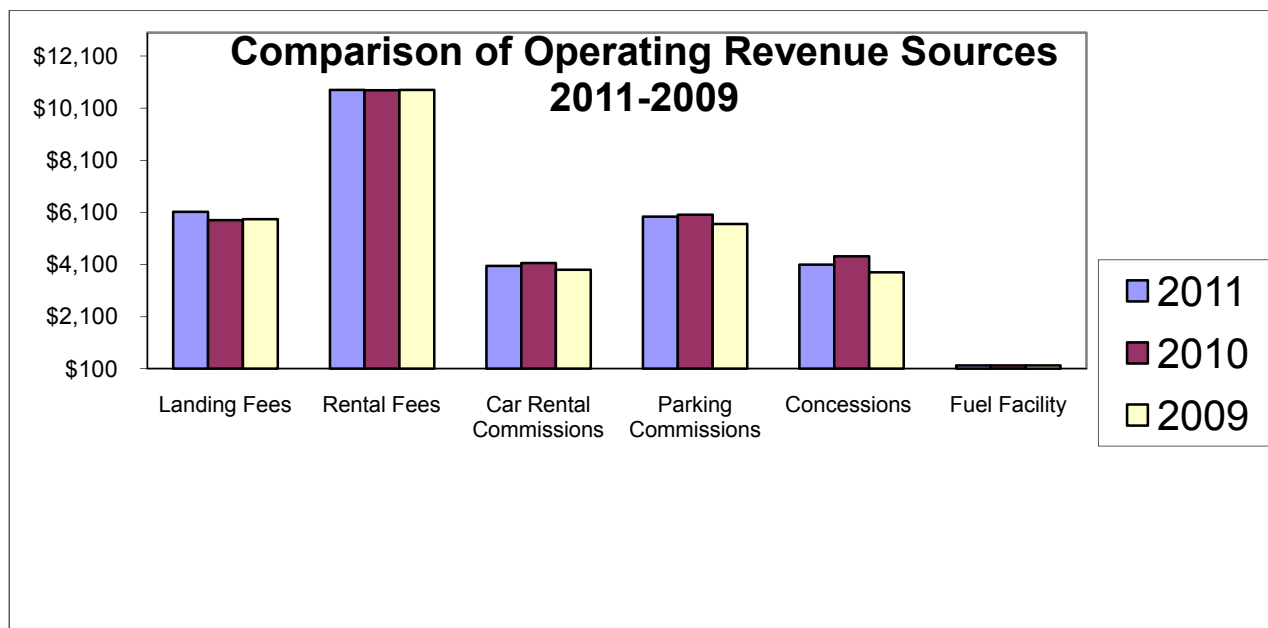
### FINANCIAL ANALYSIS

#### Operating Revenues

In 2011 operating revenues decreased by \$175 thousand or 0.6% over 2010. The significant decreases in this category include parking commissions which decreased \$68 thousand or 1.1%, concessions which decreased \$323 thousand or 7.3%, and car rental commissions which decreased \$119 thousand or 2.9%. The decrease in parking commissions and concessions was primarily due to a decrease in passenger enplanements for 2011 of 4.65%. The decrease in car rental commissions was the result of a new agreement effective October 1<sup>st</sup> which resulted in lower minimum annual guarantees. The decrease of these non-airline revenues discussed above resulted in an increase to those fees charged to airlines. Landing fees increased \$317 thousand or 5.5% over 2010 and rental fees increased by \$18 thousand or .2% over 2010.

Comparatively, in 2010 operating revenues increased by \$1.2 million or 3.9% over 2009. The increase in operating revenue resulted from the increase in concession revenue of \$618 thousand; an increase in parking commissions of \$353 thousand due in part to an increase in parking rates; and a modest increase in car rental concession revenue of \$262 thousand due to a contractual increase in the minimum annual guarantee. These increases were offset by decreases in revenue for 2010 in landing fees of \$37 thousand and in rental fees of \$19 thousand.

The comparison of operating revenue sources is provided below.



	Landing Fees	Rental Fees	Car Rental Commissions	Parking Commissions	Concessions	Fuel Facility
2011	\$ 6,124	\$ 10,808	\$ 4,042	\$ 5,945	\$ 4,097	\$ 225
2010	\$ 5,807	\$ 10,790	\$ 4,161	\$ 6,013	\$ 4,420	\$ 225
2009	\$ 5,844	\$ 10,809	\$ 3,899	\$ 5,660	\$ 3,802	\$ 225

#### Nonoperating Revenue

The primary source of revenue in this category is interest earnings totaling \$82 thousand in 2011, \$131 thousand in 2010, and \$171 thousand in 2009. The decline in interest rates began in 2008; with a decrease in interest earnings of 37.4% in 2011 and 23.4% decrease in 2010.



## **SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)**

### **FINANCIAL ANALYSIS (Continued)**

#### **Operating Expenses**

In 2011, operating expenses decreased by \$1.1 million or 4.2% when compared to 2010. Operating and maintenance paid to the County decreased by \$1.4 million or 8.3% due to a variety of cost saving measures implemented by the Airport in 2011. Personnel costs for overtime and shift differential decreased by nearly \$140 thousand; contractual services relating to energy conservation and other measures decreased by approximately \$750 thousand; and internal charges decreased by nearly \$212 thousand. Rent to the County increased by \$345 thousand or 12.1% due to an increase in debt service costs associated with current and prior capital projects at the Airport. Depreciation and amortization of capital assets increased by \$126 thousand or 2.8% over 2010 mainly due to additions of capital assets of \$1.1 million in both 2011 and 2010. Other operating expenses decreased by \$170 thousand or 9.4% due primarily to contractual obligations for professional services.

Comparatively, in 2010 operating expenses increased by \$2.4 million or 10.4% over 2009. Operating and maintenance expense paid to the County increased in 2010 by \$1.9 million. Rent expense paid to the County increased in 2010 by \$416 thousand due to the increase in debt service costs associated with current and prior capital projects at the Airport.

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### FINANCIAL ANALYSIS (Continued)

#### Nonoperating Expenses

Nonoperating expenses in 2011 include the Authority's local share of capital projects reimbursed to the County of \$2.2 million, an increase of \$485 thousand (28.4%) from 2010, and the 2010 local share reimbursed was a decrease of \$667 thousand (28.1%) from 2009. The Authority's local share of 2.5% becomes due to the County when a capital project is completed. Below is a list of the projects completed and the Authority's local share (000's omitted):

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Parking Improvements	\$ 777	\$ 545	\$ -
Facility Improvements	474	-	-
Green Energy Initiatives	464	-	-
Runway 4/22, 7/25 and 10/28 Rehabilitation	191	54	693
Environmental Improvements	149	102	224
Planning and feasibility	108	87	25
Taxiway and Other Airfield Improvements	28	509	543
Perimeter Security Improvements	1	3	-
Snow Removal and Other Equipment	-	225	889
Circulation Improvements	<u>-</u>	<u>182</u>	<u>-</u>
Total	<u>\$ 2,192</u>	<u>\$ 1,707</u>	<u>\$ 2,374</u>

The balance of the cost of each project after the Authority's local share is from state and federal sources paid to the County directly.

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### FINANCIAL ANALYSIS (Continued)

#### CAPITAL ASSETS

For each of the years ended December 31, 2011, 2010 and 2009 the impact of recording depreciation and amortization is \$4.6 million in 2011, and \$4.5 million in 2010 and 2009, and is the primary reason for the decreases in capital assets of \$3.5 million (7.9%) in 2011; \$3.3 million (7.1%) in 2010; and \$4.1 million (8.0%) in 2009. In 2011 and 2010 the net decline in capital assets was slightly less due to the addition of capital assets of \$1.1 million for both years.

#### Leased

The Authority leases the Airport facilities, except those that were financed through the 1989 bond issuance, from the County. The Authority is required to make annual rental payments to the County equal to the principal and interest due for the year on Airport-related debt issued by the County, both prior and subsequent to the inception of the Authority, net of earnings on related debt service. These rental payments totaled \$3.2 million in 2011, \$2.8 million in 2010, and \$2.4 million in 2009.

#### Purchases and Retirements

Airport facilities improvements are planned and funded through the County's Capital Improvement Program. In 2011, the Authority invested \$1.1 million and retired \$15 thousand in assets that were fully depreciated. In 2010, the Authority invested \$1.1 million and retired \$150 thousand in assets that were fully depreciated. Year-end total cost was \$125.8 million at December 31, 2011, \$124.8 million at December 31, 2010, and \$123.8 million at December 31, 2009 (See Table A-3).

#### Summary of Capital Assets

Table A-3

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
December 31, 2009	\$ 123,782	\$ (76,367)	\$ 47,415
Increases	1,141	(4,496)	(3,355)
Decreases	<u>(150)</u>	<u>150</u>	<u>-</u>
December 31, 2010	124,773	(80,713)	44,060
Increases	1,126	(4,622)	(3,496)
Decreases	<u>(15)</u>	<u>15</u>	<u>-</u>
December 31, 2011	<u>\$ 125,884</u>	<u>\$ (85,320)</u>	<u>\$ 40,564</u>

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### FINANCIAL ANALYSIS (Continued)

#### DEBT ADMINISTRATION

The Authority has long term debt outstanding of \$53.3 million in 2011, \$58.3 million in 2010, and \$62.9 million in 2009. Principal payments, net of unamortized bond discount and deferred amounts were \$5.3 million (9.9%) in 2011, \$5.1 million (8.6%) in 2010, and \$4.8 million (7.6%) in 2009.

As a result of regularly scheduled annual principal payments on the outstanding debt, the debt outstanding at December 31, 2011, 2010 and 2009 decreased by \$5.3 million (5.4%) in 2011; \$5.1 million (5.3%) in 2010; and \$4.8 million (5.3%) in 2009. This decrease is also reflected in the decrease in the portion of net assets that is invested in capital assets net of related debt.

#### Summary of Long-Term Debt

Table A-4

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Serial Bonds, issued in 1999, which refunded part of 1989 bonds	\$ 41,855	\$ 45,880	\$ 49,695
Serial Bonds, issued in 2004, which refunded 1993 bonds	12,915	14,205	15,435
Unamortized bond discount	(102)	(130)	(159)
Deferred amount on refunding	<u>(1,282)</u>	<u>(1,622)</u>	<u>(1,996)</u>
Total long-term debt	<u>\$ 53,386</u>	<u>\$ 58,333</u>	<u>\$ 62,975</u>

More detailed information about the Authority's long-term debt is presented in Note 6 to the financial statements.

## SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

### FINANCIAL ANALYSIS (Continued)

#### AVIATION FACTORS AFFECTING FINANCIAL STATEMENTS

##### Enplanement Activity

In 2011 the airlines continued to offset the high fuel prices by using smaller, lighter, and more fuel efficient aircraft. This, as well as other economic factors, resulted in a decrease in both enplanements and deplanements for the year. Enplanement numbers affect both operating revenues and Passenger Facility Charges (PFCs) and are used in the Aviation industry to rank the size of an airport. In 2010 the Greater Rochester International Airport ranked 79<sup>th</sup> nationally.

<u>Year</u>	<u>Ticketed Passenger Activity</u>		
	<u>Enplanements (Departing)</u>	<u>Deplanements (Arriving)</u>	<u>Total Passengers</u>
2011	1,209,746	1,199,708	2,409,454
2010	1,268,792	1,265,442	2,534,234
2009	1,287,552	1,283,553	2,571,105

##### Passenger Facility Charge (PFC) Fees

Enplanements affect the amount of PFC fees that are collected from the airlines each year. The more ticketed passengers flying from Rochester, the greater the amount of PFCs collected. During 2011, a total of \$5.1 million in PFC's were collected from airline passengers. Of these collections, the Authority contributed \$5.0 million to the County of Monroe (the County) towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, Net of \$190 thousand as shown in Table A-2. In 2010, a total of \$5.3 million in PFCs were collected from airline passengers and of those collections, the Authority contributed all \$5.3 million, plus \$0.1 million of accumulated PFCs to the County towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, Net of (\$80) thousand. In 2009, a total of \$5.3 million in PFCs were collected from airline passengers, and of those collections the Authority contributed \$5.3 million to the County towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, Net of (\$21) thousand. A description of PFCs is provided in Note 2 of the financial statements, Passenger Facility Charges.

##### 2005 Airline-Airport Use and Lease Agreement

Revenues from airlines are determined by annual calculations in accordance with the Signatory Airline Use and Lease Agreement, effective January 1, 2005. Therefore, the Landing Fees which are entirely paid by airlines and the Rentals (Table A-2) which are predominately paid by airlines are regulated by the annual Rates and Charges. At year-end, actual payments are reconciled to actual costs to determine the final amounts owed by the airlines. See Note 2 of the financial statements, Revenues and Expenses.

## **SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)**

### **2012 BUDGET**

The Authority's 2012 budget has been approved and contains no significant changes from the operational results for 2011. No known matters exist at this time that would have a significant effect on the financial position of the Authority or on its expected results of operations for the coming year.

### **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer, Monroe County Airport Authority, at 1200 Brooks Avenue, Rochester, New York 14624 or through the website, [www.MonroeCounty.gov](http://www.MonroeCounty.gov).

**MONROE COUNTY AIRPORT AUTHORITY**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF NET ASSETS**  
**DECEMBER 31, 2011 AND 2010**  
**(000's OMITTED)**

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,263	\$ 9,814
Accounts receivable - net of allowance for doubtful accounts of \$100 in both 2011 and 2010, respectively	1,699	3,226
Due from Monroe County	<u>441</u>	<u>8</u>
Total current assets	<u>12,403</u>	<u>13,048</u>
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	9,988	10,047
Cash and investments, which are restricted funds held by trustee - principal and interest fund	12,605	12,978
Capital assets, net	40,564	44,060
Bond issuance costs, net of accumulated amortization of \$1,734 and \$1,621 in 2011 and 2010, respectively	<u>428</u>	<u>541</u>
Total noncurrent assets	<u>63,585</u>	<u>67,626</u>
Total assets	<u>75,988</u>	<u>80,674</u>
CURRENT LIABILITIES:		
Accounts payable	494	995
Deferred revenue	245	369
Other liabilities	697	669
Accrued interest on bonds	1,503	1,653
Current maturities of long-term debt	5,625	5,315
Premium on bonds, net	587	743
Security deposits	<u>199</u>	<u>193</u>
Total current liabilities	9,350	9,937
LONG-TERM DEBT, net of current portion	<u>47,761</u>	<u>53,018</u>
Total liabilities	<u>57,111</u>	<u>62,955</u>
NET ASSETS:		
Invested in capital assets, net of related debt	(12,821)	(14,273)
Restricted -		
For debt service	5,477	6,008
For passenger facility projects	200	10
For other debt compliance	3,407	3,357
Unrestricted	<u>22,614</u>	<u>22,617</u>
Total net assets	<u>\$ 18,877</u>	<u>\$ 17,719</u>

The accompanying notes are an integral part of these statements.

**MONROE COUNTY AIRPORT AUTHORITY**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(000's OMITTED)**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Landing fees	\$ 6,124	\$ 5,807
Rental fees	10,808	10,790
Car rental commissions	4,042	4,161
Parking commissions	5,945	6,013
Concessions	4,097	4,420
Fuel farm	<u>225</u>	<u>225</u>
Total operating revenues	<u>31,241</u>	<u>31,416</u>
OPERATING EXPENSES:		
Operating and maintenance - Monroe County	15,395	16,790
Rent - Monroe County	3,185	2,840
Depreciation and amortization of capital assets	4,622	4,496
Other	<u>1,630</u>	<u>1,800</u>
Total operating expenses	<u>24,832</u>	<u>25,926</u>
Operating income	<u>6,409</u>	<u>5,490</u>
NONOPERATING REVENUES (EXPENSES):		
Interest revenue	82	131
Interest expense	(3,006)	(3,305)
Bad debt expense	-	(23)
Amortization of bond issuance costs, premiums and deferred losses	(325)	(357)
Local share of capital projects - Monroe County	<u>(2,192)</u>	<u>(1,707)</u>
Total nonoperating revenues (expenses)	<u>(5,441)</u>	<u>(5,261)</u>
Income before capital contributions	968	229
CAPITAL CONTRIBUTIONS, net	<u>190</u>	<u>(80)</u>
CHANGE IN NET ASSETS	1,158	149
NET ASSETS - beginning of year	<u>17,719</u>	<u>17,570</u>
NET ASSETS - end of year	<u>\$ 18,877</u>	<u>\$ 17,719</u>

The accompanying notes are an integral part of these statements.



**MONROE COUNTY AIRPORT AUTHORITY**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(000's OMITTED)**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash received from providing services	\$ 32,217	\$ 32,628
Cash paid to suppliers	<u>(20,683)</u>	<u>(20,491)</u>
Net cash flow from operating activities	<u>11,534</u>	<u>12,137</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(1,126)	(1,141)
Capital contributions, net	190	(80)
Payment of bond principal	(5,315)	(5,045)
Payment of bond interest expense	(3,156)	(3,442)
Withdrawals from trustee principal and interest fund	(12,605)	(12,978)
Deposits into trustee principal and interest fund	12,978	7,071
Local share of capital projects - Monroe County	<u>(2,192)</u>	<u>(1,707)</u>
Net cash flow from capital and related financing activities	<u>(11,226)</u>	<u>(17,322)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest received	<u>82</u>	<u>131</u>
Net cash flow from investing activities	<u>82</u>	<u>131</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>390</b>	<b>(5,054)</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u><b>19,861</b></u>	<u><b>24,915</b></u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><b>\$ 20,251</b></u>	<u><b>\$ 19,861</b></u>
<b>CLASSIFIED AS:</b>		
Cash and cash equivalents	\$ 10,263	\$ 9,814
Restricted cash and cash equivalents	<u>9,988</u>	<u>10,047</u>
Total cash and cash equivalents	<u><u>\$ 20,251</u></u>	<u><u>\$ 19,861</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 6,409	\$ 5,490
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization of capital assets	4,622	4,496
Bad debt expense	-	(23)
Changes in:		
Accounts receivable	1,527	(348)
Deferred revenue	(124)	44
Due from Monroe County	(433)	1,568
Other current liabilities	<u>(467)</u>	<u>910</u>
Net cash flow from operating activities	<u><u>\$ 11,534</u></u>	<u><u>\$ 12,137</u></u>

The accompanying notes are an integral part of these statements.

**MONROE COUNTY AIRPORT AUTHORITY  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(000's Omitted)**

---

**1. ORGANIZATION**

The Monroe County Airport Authority (the Authority) is a public benefit corporation that was created to finance, construct, develop, operate, and maintain aviation and other related facilities and services within the County of Monroe (the County), and is included in the reporting entity of the County. The Authority is organized under the Public Authorities Law of the State of New York. The oversight body is the Authority board, which is approved by the County Legislature on the recommendation of the County Executive. The chairperson is appointed by the County Executive. The County's Director of Finance serves as Treasurer of the Authority. The County Attorney serves as Secretary of the Authority. The Authority leases the Greater Rochester International Airport (the Airport) from the County and operates under the terms of a trust indenture (the indenture) dated September 15, 1989, as amended.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The Authority has elected not to follow subsequent private sector guidance.

**Basis of Presentation**

GASB requires the classification of net assets into three classifications defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- Restricted net assets - This component of net assets consists of amounts which have external constraints placed on its use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component consists of net assets that do not meet the definition of "invested in capital assets, net of related debt", or "restricted".

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Revenues and Expenses**

The Authority's principal sources of revenue are landing fees and terminal rentals from airlines using the Airport, car rental commissions, parking, and concession fees. Revenues are recognized upon provision of services. The Authority contracts with certain airlines via a signatory agreement that defines the use of, and rates charged for, airport space and facilities. Rates charged by the Authority to the airlines are intended to recover total budgeted operating costs, as defined by the signatory agreement, which excludes depreciation and amortization and accrued interest; but, includes principal and interest paid on related debt. At the end of each fiscal year, the budgeted amounts are reconciled with actual costs incurred and any resulting receivable or payable is settled with the signatory airlines. This revenue is recorded in accordance with agreements between the Authority and the airlines that will expire on December 31, 2012.

Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting these classifications are reported as non-operating revenues and expenses.

### **Cash and Cash Equivalents**

Cash and cash equivalents include certificates of deposit, money market funds, and U.S. Government securities. Cash and cash equivalents are stated at cost, which approximates fair value.

### **Investments**

The Authority's investments consist of U.S. government obligations. Investments are stated at cost, which approximates fair value. Investment instruments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the accompanying financial statements.

### **Capital Assets**

The Airport facilities, except those that were financed through the 1989 bond issuance, are owned by the County and leased to the Authority (Note 4). Facilities owned by the County (and the related debt) are not recorded in the Authority's financial statements but are recorded by the County. The Authority capitalizes facilities, property, and equipment acquired at an original cost greater than \$2.5 thousand and a useful life greater than one year. The County carries insurance coverage on the facilities, property and equipment, which includes minimal deductible payments. Amortization for improvements to the leased airport facilities is provided on a straight-line basis over the shorter of useful life or the remaining term of the lease from the time of acquisition. Depreciation and amortization is computed primarily on a straight-line basis over the estimated useful lives of the property and equipment, which range from two (2) to twenty (20) years.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFC) and use of resulting PFC revenues for Federal Aviation Administration (FAA) approved projects. The PFCs that the Authority has been authorized by the FAA to collect are as follows:

<u>Rate</u>	<u>Effective Date</u>	<u>FAA Approved</u>
\$3.00	December 1, 1997	September 1997
\$3.00	April 1, 2004	November 1997
\$4.50	September 1, 2004	June 2004
\$4.50	September 1, 2013	July 2006

PFCs may only be collected one at a time and must be collected in consecutive order of their approval. The excess (deficit) of amounts collected over amounts expended in each year is recorded as capital contributions in the statements of revenues, expenses and change in net assets. Cumulative amounts collected, yet unexpended at December 31, are reflected as net assets restricted for passenger facility projects in the statements of net assets.

### Deferred Bond Costs

Bond premiums, discounts, issuance costs, and the deferred amount on refinancing related to the issuance of the debt obligations are amortized over the terms of the respective bonds using a level yield method of amortization. Amortization in 2011 and 2010 was \$325 and \$357, respectively.

### Taxes

As a public benefit corporation, the Authority is exempt from Federal and state income taxes, as well as from state and local property and sales taxes.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The guidelines established by the Authority permit the investment of funds held by the Authority and funds held in trust for the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, or in general obligations of its political subdivisions; obligations of the United States or its agencies whose principal and interest payments are fully guaranteed by the federal government; and in collateralized time deposits or certificates of deposit issued by a commercial bank or trust company, which is a member of the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy limits its deposit and investment activity to time deposits, demand deposits, certificates of deposit, United States Government obligations and repurchase agreements.

The Authority's investment policy requires its deposits and investments, except repurchase agreements and direct purchases of obligations of New York State or its political subdivisions or guaranteed by the federal government, to be at least 101% collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank. The policy does not address credit risk specifically; however, risk associated with these investments has been minimized by the fact that they are held in a trust separate from the custodian's assets, which could be claimed by creditors.

Bank accounts at December 31, 2011 and 2010 are either fully insured by the FDIC or are fully collateralized. The investments outstanding as of December 31, 2011 and 2010 are held by the Authority's agents in the Authority's name.

Cash equivalents (not including depository accounts) and investments that are unrestricted and those restricted as to use but maintained by the Authority consisted of the following for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Money market	\$ <u>17,134</u>	\$ <u>17,341</u>

At December 31, 2011 and 2010, money market funds were held by Bank of America and Manufacturers and Traders Trust (M&T). Bank of America was rated P-1 for short-term investments by Moody's Investors Service (Moody's) while M&T had no similar short-term investment rating, although its deposits are rated A2/P-1 by Moody's.

#### **Custodial Credit Risk**

For cash deposits or investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. United States Treasury obligations are exempt because they are backed by the United States government. The Authority's collateral related to the above is as follows for the years ended December 31:

	<u>2011</u>	<u>2010</u>
FDIC	\$ 3,418	\$ 3,011
Collateralized by securities held by pledging financial institution	<u>17,312</u>	<u>17,329</u>
	<u>\$ 20,730</u>	<u>\$ 20,340</u>

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Custodial Credit Risk (Continued)

The following deposits, excluding those held by the trustee, held with one financial institution represent five percent or more of the Authority's total deposits subject to credit risk at either December 31, 2011 or 2010, or both:

	<u>2011</u>	<u>2010</u>
M&T	\$ 15,095	\$ 15,299
Bank of America	\$ 2,244	\$ 2,241

#### Funds Held By Trustee

Cash and investments that are restricted include funds required to be maintained by the trustee pursuant to the indenture related to the various bond issues of the Authority and are uncollateralized. Assets held by the trustee consisted of the following for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Cash	\$ 7,128	\$ 6,408
U.S. Treasury bills	<u>5,477</u>	<u>6,570</u>
	<u>\$ 12,605</u>	<u>\$ 12,978</u>

### 4. TRANSACTIONS WITH MONROE COUNTY

#### Operating and Maintenance Expense

The Authority and the County entered into a lease and operating agreement in September 1989. The leased property includes all of the County's right, title, and interest in the Airport. Under this agreement, the County is to administer and operate the Airport. In return, the Authority is to reimburse the County for expenses incurred in the administration and operation of the Airport. All such expenses including payroll and related costs are reimbursed by the Authority using the accrual basis of accounting. Upon expiration or early termination of the lease term, the Airport reverts to the County. The lease expires 30 days after repayment of the Airport revenue bonds, which are scheduled to be repaid by January 1, 2019. Amounts due to/from Monroe County represent the net balances pursuant to the agreement.

**4. TRANSACTIONS WITH MONROE COUNTY (Continued)**

**Rent Expense**

The Authority is required to make annual rental payments to the County equal to the principal and interest due for the year on Airport-related debt issued by the County both prior and subsequent to the inception of the Authority, net of earnings on related debt service. In 2011 and 2010, the rental payments totaled \$3,185 and \$2,840, respectively. Estimated future minimum rental payments are as follows at December 31:

2012	\$	2,688
2013		2,662
2014		2,673
2015		2,592
2016		2,069
2017 - 2021		8,339
2022 - 2026		5,705
2027 - 2029		<u>2,461</u>
	\$	<u>29,189</u>

The above schedule presumes that the Authority's lease will continue beyond the lease's current expiration date.

In 2005, resolution number seventeen was passed by the Authority requiring the Authority to pay interest on funds advanced by the County that is based on the County's expected return on other short-term investments. In 2011 and 2010, the Authority did not receive advances from the County, and therefore no interest payments were made in 2011 or 2010.

## 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated or amortized:				
Land and easements	\$ 498	\$ -	\$ -	\$ 498
Capital assets, being depreciated or amortized:				
Buildings and other facility equipment	122,265	753	-	123,018
Office furniture and equipment	1,084	228	-	1,312
Transportation equipment	<u>926</u>	<u>145</u>	<u>(15)</u>	<u>1,056</u>
Total capital assets, being depreciated or amortized	<u>124,275</u>	<u>1,126</u>	<u>(15)</u>	<u>125,386</u>
Less:				
Accumulated depreciation and amortization:				
Buildings and other facility equipment	(79,772)	(4,420)	-	(84,192)
Office furniture and equipment	(432)	(100)	-	(532)
Transportation equipment	<u>(509)</u>	<u>(102)</u>	<u>15</u>	<u>(596)</u>
Total accumulated depreciation	<u>(80,713)</u>	<u>(4,622)</u>	<u>15</u>	<u>(85,320)</u>
Capital assets being depreciated or amortized, net	<u>43,562</u>	<u>(3,496)</u>	<u>-</u>	<u>40,066</u>
Capital assets, net	<u>\$ 44,060</u>	<u>\$ (3,496)</u>	<u>\$ -</u>	<u>\$ 40,564</u>



## 5. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated or amortized:				
Land and easements	\$ 498	\$ -	\$ -	\$ 498
Capital assets, being depreciated or amortized:				
Buildings and other facility equipment	121,530	735	-	122,265
Office furniture and equipment	972	116	(4)	1,084
Transportation equipment	<u>782</u>	<u>290</u>	<u>(146)</u>	<u>926</u>
Total capital assets, being depreciated or amortized	<u>123,284</u>	<u>1,141</u>	<u>(150)</u>	<u>124,275</u>
Less:				
Accumulated depreciation and amortization:				
Buildings and other facility equipment	(75,416)	(4,356)	-	(79,772)
Office furniture and equipment	(353)	(83)	4	(432)
Transportation equipment	<u>(598)</u>	<u>(57)</u>	<u>146</u>	<u>(509)</u>
Total accumulated depreciation,	<u>(76,367)</u>	<u>(4,496)</u>	<u>150</u>	<u>(80,713)</u>
Capital assets being depreciated or amortized, net	<u>46,917</u>	<u>(3,355)</u>	<u>-</u>	<u>43,562</u>
Capital assets, net	<u>\$ 47,415</u>	<u>\$ (3,355)</u>	<u>\$ -</u>	<u>\$ 44,060</u>

## **6. LONG-TERM DEBT**

### **Series 1993 and 2004 Bonds**

In June 1993, the Authority issued Revenue Refunding Bonds to partially refund outstanding 1989 Series Bonds. The proceeds received, net of bond discount and issuance costs, were used to purchase U.S. Government securities to refund the 1989 Series Bonds, including an additional reserve requirement representing a deferred amount on refunding. The deferred amount on the refunding was being amortized over the term of the 1993 Series Bonds.

In March 2004, the Authority issued Revenue Refunding Bonds to refund the outstanding 1993 Series Bonds. The proceeds received, net of bond discount and issuance costs were used to purchase U.S. Government securities. The transaction resulted in a deferred amount on refunding to the Authority related to the difference between the reacquisition price and the net carrying amount of the 1993 Series Bonds at the date of issuance of the 2004 Series Bonds of \$2,112. This deferred amount on refunding is being amortized over the term of the Series 2004 Bonds.

The Series 2004 Bonds maturing after January 1, 2015, are subject to redemption by the Authority, in whole or in part, at any interest payment date on or after January 1, 2014.

### **Series 1989 and 1999 Bonds**

In October 1999, the Authority issued Revenue Refunding Bonds to partially refund outstanding 1989 Series Bonds. The proceeds received, net of bond discount and issuance costs were used to purchase U.S. Government securities to refund the 1989 Series Bonds.

The 1989 Series Bonds were the original debt issuance pursuant to the indenture, the purpose of which was to provide financing for the original construction of the Airport.

The 1999 Series Bonds are not subject to redemption prior to their maturity.

## 6. LONG-TERM DEBT (Continued)

Bond activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds issued as part of the 1999 refunding: Serial bonds maturing in annual amounts ranging from \$300 to \$6,330 from 2002 to 2019 bearing interest paid semi-annually at 4.750% to 5.875%	\$ 45,880	\$ -	\$ (4,025)	\$ (4,260)	\$ 37,595
Bonds issued as part of the 2004 refunding: Serial bonds maturing in annual amounts ranging from \$980 to \$1,860 from 2005 to 2019 bearing interest paid semi-annually at 2.000% to 4.000%	14,205	-	(1,290)	(1,365)	11,550
Less: Unamortized bond discount	(130)	-	28	-	(102)
Less: Deferred amount on refunding	<u>(1,622)</u>	<u>-</u>	<u>340</u>	<u>-</u>	<u>(1,282)</u>
Long-term debt	<u>\$ 58,333</u>	<u>\$ -</u>	<u>\$ (4,947)</u>	<u>\$ (5,625)</u>	<u>\$ 47,761</u>

## 6. LONG-TERM DEBT (Continued)

Bond activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds issued as part of the 1999 refunding: Serial bonds maturing in annual amounts ranging from \$300 to \$6,330 from 2002 to 2019 bearing interest paid semi-annually at 4.750% to 5.875%	\$ 49,695	\$ -	\$ (3,815)	\$ (4,025)	\$ 41,855
Bonds issued as part of the 2004 refunding: Serial bonds maturing in annual amounts ranging from \$980 to \$1,860 from 2005 to 2019 bearing interest paid semi-annually at 2.000% to 4.000%	15,435	-	(1,230)	(1,290)	12,915
Less: Unamortized bond discount	(159)	-	29	-	(130)
Less: Deferred amount on refunding	<u>(1,996)</u>	<u>-</u>	<u>374</u>	<u>-</u>	<u>(1,622)</u>
Long-term debt	<u>\$ 62,975</u>	<u>\$ -</u>	<u>\$ (4,642)</u>	<u>\$ (5,315)</u>	<u>\$ 53,018</u>

All outstanding Revenue Bonds were issued under the terms of a universal indenture agreement. The indenture pledges certain revenues and other income collected by the Authority, primarily for payment of principal and interest on the bonds. The indenture also requires the establishment of various trust funds to be held by the trustee and by the Authority.

Management believes the Authority is in compliance with all covenants under the indenture. The Authority is required to maintain at a minimum, certain financial ratios and balances, as defined in the agreements. The required and actual ratios and balances consisted of the following at December 31:

	<u>2011</u>		<u>2010</u>	
	<u>Required</u>	<u>Actual</u>	<u>Required</u>	<u>Actual</u>
Net revenue to debt service	1.25:1	1.72:1	1.25:1	1.53:1
Debt service reserve requirement	\$ 5,477	\$ 12,605	\$ 6,008	\$ 12,978
Operating and maintenance reserve requirement	\$ 2,907	\$ 3,326	\$ 2,857	\$ 2,966
Renewal and replacement requirement	\$ 500	\$ 5,562	\$ 500	\$ 6,203

## 6. LONG-TERM DEBT (Continued)

The excess of actual renewal and replacement funds over the required amount is primarily due to funds transferred into the renewal and replacement fund for the purchase of capital expenditures.

The indenture between the Authority and the trustee dated September 15, 1989, as amended, provides for the creation and maintenance of several bank subaccounts related to the debt issues. These subaccounts are aggregately reflected as a part of net assets in the accompanying statement of net assets. A brief description of each of these subaccounts is as follows:

- Revenue Account - Represents revenues of the Authority, net of certain transfers to the other accounts created under the indenture. The amounts designated for this account are included in unrestricted cash and cash equivalents in the accompanying statements of net assets.
- Principal and Interest Account - Represents amounts required to be reserved for debt service for each respective bond issue. The amounts designated for this account are reported as assets that are restricted funds, held by trustee in the accompanying statements of net assets.
- Construction Account - Represents an account required to be held by the trustee. The trustee establishes a separate project account for each construction project. The amounts designated for this account, to the extent that there are any, are reported as assets, that are restricted funds, held by trustee in the accompanying statements of net assets.
- Renewal and Replacement Account - Represents funds for anticipated capital expenditures. The amounts designated for this account are reported as a component of restricted cash and cash equivalents in the accompanying statements of net assets.
- Operating and Maintenance Reserve Account - Represents amounts to be reserved for at least one-sixth of the budgeted operating and maintenance expenses for the succeeding fiscal year. The amounts designated for this fund are reported as a component of restricted cash and cash equivalents in the accompanying statements of net assets.
- Surplus Account - Represents amounts defined by the indenture that are subject to use by the Authority, including transfers to other accounts, as appropriate.

### Other

Payment of the principal and interest on the Authority's bonds is insured by the Municipal Bond Investors Assurance Corporation.

Maturities of revenue bonds for the fiscal years after December 31, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 5,625	\$ 2,848	\$ 8,473
2013	5,945	2,522	8,467
2014	6,275	2,178	8,453
2015	6,625	1,825	8,450
2016	6,990	1,459	8,449
2017 - 2019	<u>23,310</u>	<u>1,949</u>	<u>25,259</u>
	<u>\$ 54,770</u>	<u>\$ 12,781</u>	<u>\$ 67,551</u>

## 7. CAPITAL CONTRIBUTIONS

Of the \$98,371 that the Authority is authorized to collect in PFCs, \$63,195 and \$58,049, respectively, has been collected through December 31, 2011 and 2010. The net of collections, interest and expenditures is recorded as capital contributions.

	<u>2011</u>	<u>2010</u>
Balance - beginning of year	\$ 10	\$ 90
Collections	5,147	5,284
Interest earnings	1	1
Expended	<u>(4,958)</u>	<u>(5,365)</u>
Balance - end of year	<u>\$ 200</u>	<u>\$ 10</u>

As of December 31, 2011 and 2010, \$200 and \$10, respectively, are reflected as restricted net assets for passenger facility projects in the statement of net assets.

## 8. CONCENTRATIONS

In 2011, six signatory airlines accounted for approximately 39% and 65% of the landing and rental fee revenues, respectively. The same six signatory airlines accounted for approximately 19% of the total accounts receivable in 2011.

In 2010, eight signatory airlines accounted for approximately 38% and 78% of the landing and rental fee revenues, respectively. The same eight signatory airlines accounted for approximately 38% of the total accounts receivable in 2010.

Car rental commission revenue is generated from seven agencies, one of which accounted for approximately 25% and 24% of such revenue in both 2011 and 2010.

## 9. CONTINGENCIES

The Authority is subject to litigation in the ordinary conduct of its affairs. Management does not believe that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Authority.

**10. LEASE AGREEMENTS**

The Authority maintains certain noncancellable lease agreements with various customers for terminal and other space that expire at various dates through 2037. The amounts expected to be collected under these agreements are as follows for the years ended December 31:

2012	\$	896
2013		896
2014		898
2015		830
2016		722
2017 - 2021		2,419
2022 - 2026		1,923
2027 - 2031		1,488
2032 - 2036		1,095
2037		<u>219</u>
	\$	<u>11,386</u>

The above schedule presumes that the Authority's lease with the County will continue beyond current expiration date, which is January 1, 2019.

**11. MANAGEMENT AGREEMENT**

On January 1, 2007 the Authority entered into a five (5) year contract with MAPCO Auto Parks LTD., as an Agent, to manage the public parking facilities at the Greater Rochester International Airport through December 31, 2011. The Authority has renewed this contract for an additional three years through December 31, 2014. The Authority has the option to renew for one additional three year term after December 31, 2014. Under the terms of this Agreement, the Authority retains the right to establish parking rates. The Agent manages all public parking facilities including a three story structural parking garage; a short term and a weekly lot, and an on Airport shuttle lot, several employee lots; as well as economy shuttle lots located in close proximity to the Airport terminal. The Agent operates and maintains the Airport parking facilities in accordance with the terms of this agreement. The Agreement provides that certain approved expenses are the responsibility of the Agent. The contract also provides the management fee calculation based upon the gross revenues per month. Management fees paid to the Agent for the years ending December 31, 2011 and 2010 were \$591 thousand, and \$584 thousand, respectively.

**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**

March 28, 2012

To the Members of  
Monroe County Airport Authority:

We have audited the financial statements of the business-type activities of Monroe County Airport Authority (the Authority) (a public benefit corporation of the State of New York and a discretely presented component unit of the County of Monroe, New York) as of and for the year ended December 31, 2011, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*A 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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

171 Sully's Trail  
Pittsford, NY 14534  
p (585) 381-1000  
f (585) 381-3131

ROCHESTER • BUFFALO  
ALBANY • SYRACUSE  
PERRY • GENEVA

www.bonadio.com

(Continued)



**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***

(Continued)

**Compliance and Other Matters**

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

This report is intended solely for the information and use of management, the members of the Authority, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.