MONROE COUNTY
AIRPORT AUTHORITY

annual report

Cover photo: Airport aerial photo (2009)

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Maggie Brooks
County Executive

In its sixty-third year of operation, the Greater Rochester International Airport (GRIA) continues to be our community's gateway to the world. As an important economic engine for local business in Monroe County, the Airport is responsible for creating and sustaining 8,440 jobs, generating $199.9 million in income and contributing $484.3 million to our local economy each year.

Affordable air travel directly benefits employers in Monroe County by creating connections to world-wide markets and fostering an invaluable competitive edge in today's global economy. Because of this, the Airport is a critical component in our ongoing efforts to attract and retain jobs and investment in our community.

Preliminary data from a study conducted during 2010 by the New York State Department of Transportation indiciates that in comparison to other New York State thruway airports, GRIA fared better in total economic impact to the local economy than Syracuse and Albany Airports.

Over the past five years GRIA has continued improvements to its already state-of-the-art facility, transforming it into a world-class center for air travel at no cost to local taxpayers. Featuring technologies that are on the cutting edge of passenger amenities and security, our Airport not only meets, but often exceeds, expectations that most travelers have for similarly sized airports. And these improvements have delivered real results - in 2010, passenger boardings at GRIA totaled 1,268,792, while total passenger traffic for the year was over 2.5 million.

Although passenger traffic was down across the nation in 2010, GRIA fared better than its neighboring New York State thruway airports. While Rochester's enplanements declined by 1.46%, travel from Buffalo and Albany airports were down by 1.92% and 4.12%, respectively.

Maintaining close relations with our air carriers and marketing additional service certainly paid off in 2010. AirTran Airways now provides direct flights to Fort Myers, Florida – a popular destination for our snowbird travelers in Monroe County.

Even though the airline industry can be turbulent at times, our Airport officials work diligently to control costs and maintain a competitive presence in Western New York. Monroe County will continue to work closely with the airlines to ensure our local air service soars to new heights for years to come.

As County Executive, I am proud to call the Greater Rochester International Airport my hometown airport and our community's "Gateway to the World".

Maggie Brooks

Maggie Brooks
Monroe County Executive

Many notable happenings took place at the Greater Rochester International Airport (GRIA) in 2010. One of the most significant was that our average air fare dropped below that of 14 years ago, decreasing more than $100 since 1995, as reported by the U.S. Department of Transportation. With average fares dropping 27.3% over that span, GRIA ranked among the top five airports across the nation for the greatest reduction in ticket costs along with White Plains, NY; Manchester, NH; Richmond, VA; and Akron/Canton, OH.

Also in 2010, GRIA was recognized as the 14th most affordable airport in the United States, boasting an average fare of $368, while our neighboring New York State thruway airports in Syracuse (average fare of $426) and Buffalo (average fare of $437) ranked 33rd and 39th, respectively. This list of the nation's top 101 most affordable airports was published by the travel website CheapFlights.com and established by researching average fares for all airports across the nation.

Certainly a major contributor to this nationally-recognized affordability is the presence of low-cost carriers such as JetBlue and AirTran Airways servicing our Airport. Further demonstrating their commitment to GRIA, AirTran Airways launched direct flights to Fort Myers, Florida during 2010, a destination that was not previously accessible by direct service from the Greater Rochester area.

In 2010, GRIA hosted the annual New York Aviation Management Association (NYAMA) conference solidifying the Airport's strong leadership, advocacy and support for aviation across New York State and providing a huge boost to our local economy by bringing business to area hotels, restaurants and shops. For the first time in NYAMA history, GRIA was able to attract major airline sponsorship and participation in the conference by Delta Air Lines. NYAMA's conference was a huge success and had the most corporate sponsorship and participation of all time – enhancing the overall financial health of the organization.

GRIA, along with the Monroe County Airport Authority, made great headway in 2010 despite significant economic challenges faced by all communities across the nation. Our advances in customer service, technology and air travel affordability continue to make our facility a true engine for economic growth in Monroe County, and a valuable contributor to our community's high quality of life.

Susan L. Walsh, Esq.
Director of Aviation
Greater Rochester International Airport

MONROE COUNTY AUTHORITY BOARD

The mission of the Monroe County Airport Authority (MCAA) is to ensure that the Greater Rochester International Airport (GRIA) provides safe, efficient and economical air transportation for the traveling public and, as a result of doing so, promotes economic development, trade and tourism throughout the Greater Rochester area. In furtherance of this mission the Authority continued to optimize the use of airport facilities in order to enhance and expand business development and to foster economic growth in our region throughout 2010.

GRIA and the MCAA achieved many accomplishments in 2010 including continued development of the Airport as an economic powerhouse for the community. This was confirmed in a study conducted by the New York State Department of Transportation which found that the Airport contributes over $800 million dollars to our local economy each year. This study was last completed in 2003 and, at the time, it was estimated that GRIA contributed $484 million to the local economy annually. This increase illustrates the commitment by Monroe County and the Airport to expand our local economy and businesses, and demonstrates the contribution that airports make to the financial health of the entire state and nation.

Through 2009 and 2010, the Airport's operating budget remained relatively stable. This was accomplished by controlling costs and increasing non-airline revenue. As a result of these measures, GRIA and the Board were successful in obtaining additional flight service for the community. AirTran Airways added non-stop service to Fort Myers, Florida – demonstrating the Board's dedication to securing affordable air travel for our community.

In 2010, GRIA welcomed one of the latest Advanced Imaging Technology screening initiatives put forth by the Transportation Security Administration (TSA) with the installation of a Millimeter Wave unit. Imaging technology is an integral part of TSA's constant effort to utilize new technology to help ensure safe and secure travel. According to the TSA, there are currently 486 imaging technology units deployed at 78 airports across the nation.

Over 2.5 million passengers were served by GRIA in 2010. Whether a guest is arriving or departing from our facility, our goal is to instill a positive and lasting impression. To that end, improvements are continually being made - at no cost to local taxpayers - to provide each and every visitor to our airport with an enjoyable, quality experience.

The Frederick Wiedman Jr. Collection of Presidential Papers, an exclusive exhibit of Presidential correspondence, opened at the Airport in 2010. Spanning more than 200 years, the Frederick Wiedman Jr. Collection reflects the public lives of our nation's former presidents through official moments in our country's military, domestic and foreign policy history. GRIA is honored to host the display, which was made possible through a partnership with the Rochester Institute of Technology, and provide a permanent home for it on the ground floor of the terminal for passengers and visitors to enjoy.

Lastly, GRIA was selected in 2010 as a host location for the United States Navy's famed precision flying team, the Blue Angels. This is the sixth time that GRIA will have the privilege of welcoming this high speed, action packed aerobatic show to our community and is a particular honor since 2011 marks the celebration of the Centennial of Naval Aviation.

Susan L. Walsh, Esq., Director of Aviation

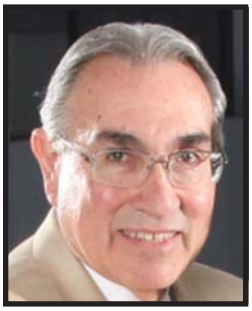
Hon. Stephen Tucciarello

James G. Vazzana, Esq., Chairman

Hon. Willie J. Lightfoot

Nicholas Juskiw, Vice-Chairman

Susan Keith



Bernard J. Iacovangelo, Esq.

William K. Taylor, Esq., Secretary

Don Johnson

Scott M. Adair, CPA, Treasurer

EMPLOYEE SALUTE

The Greater Rochester International Airport (GRIA) takes pride in the fact that our employees strive to make every visitor's experience at our Airport a positive one. Providing a safe, secure and pleasant travel environment for passengers is our primary goal. GRIA employees truly believe that efficient security screening and exemplary customer service are paramount and can co-exist. The Airport has been fortunate to work with talented security partners and their employees, including the Transportation Security Administration (TSA), McNeil Security, Inc., and the Monroe County Sheriff's Office, whose professionalism and expertise help to make GRIA a safer and friendlier place.

Our Airport continues to serve as a national model for private screening. GRIA was one of the first five airports in the nation to introduce new screening initiatives. McNeil Security, Inc., a private security company based in Virginia, handles the Airport's passenger screening. McNeil Security personnel are contracted and trained by TSA and their screeners are routinely praised by our travelers for their accommodating and friendly nature.

In September 2010, TSA installed Advanced Imaging Technology (AIT) at the Airport. AIT quickly and unobtrusively screens passengers for metallic and nonmetallic threats. This technology meets national health and safety standards and is safe for all passengers. TSA has ensured strict privacy protections are in place and participation in AIT screening is optional for all passengers. There are currently 486 AIT machines located at 78 airports nationwide.

In 2010, planning began for an Airport Emergency Command Post. This new facility will replace existing obsolete space and will serve as a command post where all of the agencies, personnel and technology needed to successfully mitigate an aircraft disaster will converge. With the support of County Executive Maggie Brooks, the airport team was able to design and begin construction on what will be a state of the art facility for commanding significant airport emergencies by repurposing a currently vacant building on the Airport's property.

The GRIA Fire Department provides 24 hour emergency services with career fire fighters of the International Association of Fire Fighters, Local 1636 to the Airport. The fire fighters are dedicated to providing safe and reliable fire and rescue services to the traveling public and Monroe County. In 2010 the Fire Department answered 400 calls for service to the airport and the community. Calls for service included aircraft rescue, structural responses and emergency medical services. The Airport fire fighters also provide CPR instruction to airport employees upon their request. All fire fighters are State certified in the use of Emergency Medical Technician-Defribrillator technology, and have completed all training mandated by the Federal Aviation Administration. The resulting expertise and experience greatly benefit GRIA and the community.

The most significant alarm of 2010 was the explosion that took place at the Monroe County Green Fueling Facility. On August 26 during a hydrogen tank trailer exchange, a hose component of the fueling system failed and ruptured creating a large vapor cloud followed by an explosion that was heard and felt for miles. Two people were injured and transported to the hospital. This explosion activated the Airport Emergency Plan and created a multi-jurisdictional response to GRIA. There are numerous individuals

Above Left: Airfield snow removal operations, Center: Airport Fire Rescue 3, Right: Advanced Imaging Technology machine

and agencies to thank for their assistance. The situation was successfully handled with no further injury, loss of life or property damage due to a great team effort.

The Airport Fire Department also responded to two motor vehicle accidents on Scottsville Road with people trapped, one with life threatening injuries. In both cases Airport fire fighters were able start rescue care service and extrication and assist the local Fire Department without affecting protection at the Airport. Also, Chief Todd Bane assisted the Dundee Fire Department in responding to a fatal plane crash.

The promotion of Kevin Bardeen from fire fighter to training Captain in November 2009 helped to improve the training program to better comply with the myriad of required trainings. In 2011 a two year project to get all fire fighters through the Advanced Aircraft Rescue and Fire Fighting program will be commenced and will be tailored to include New York State's annual training requirements for professional fire fighters.

The Airport Fire Department looks forward to the challenges that 2011 will bring and stands ready to serve the traveling public and community when called upon.

GRIA boasts a highly trained and professional group of Airfield Operators that work tirelessly day in and day out to keep our runways free of debris, wildlife, and most importantly – snow and ice. These dedicated men were honored this year at the 44th Annual International Aviation Snow Symposium by receipt of the Balchen/Post Award. This honor was bestowed by the Northeast Chapter of the American Association of Airport Executives in recognition of the Airport's outstanding performance in snow and ice control.

Applications for this award are submitted by an airport's local work force and accompanied by recommendations from travelers, airlines, pilots, general aviation professionals and others. All categories of airports (commercial, general aviation and military) throughout the United States and Canada compete for the awards. This is the fourth time that GRIA has been selected as a winner. In the 28 years that the awards have been presented, GRIA was awarded in 1997-98, 1998-99, and 2003-04.

On behalf of the County of Monroe, the Monroe County Airport Authority Board, and the Airport Administration, we would like to extend our gratitude to all Airport employees for their dedication and commendable work done in 2010. The facility would not operate as efficiently as it does without the cooperation and devotion of all departments at the Airport.

STATISTICS & DEVELOPMENT

The Airport was successful in 2010 in getting all airlines, with the exception of Continental, to continue operating as signatory carriers for an optional extension period beginning January 1, 2011 through December 31, 2012. Continental elected to be a non-signatory carrier due to their pending merger with United Airlines, which is anticipated to take place during 2011.

Annual figures reflect that the Greater Rochester International Airport (GRIA) fared better than many other airports in 2010, showing a significantly smaller decrease in passenger travel when compared to all airports across the nation.

At the time this report was written, national passenger traffic data had been completed for the first 10 months of 2010 and GRIA traffic was down from the national average by only 1.83%, faring better than Buffalo and Albany, which saw declines of 2.46% and 4.69%, respectively.

Passenger boardings at GRIA for 2010 reached 1,268,792. In total, over 2.5 million passengers utilized the facility for air travel in 2010. Enplanements for GRIA were down 1.46% as compared to 2009.

2010 passenger shares per airline were Delta Air Lines with 22.8% of the total passenger share, followed by US Airways with 18.1%, AirTran Airways with 17.7 %, United Airlines with 14.6%, JetBlue Airways with 13.2%, Continental with 8.5%, American Eagle with 4.8%, and Air Canada with 0.2%.

The percentage of seats filled (airline load factors) increased in 2010, averaging 77.9 % compared to 73.3 % in 2009. In 2010, 49,031 tons of cargo passed through GRIA when compared to 49,469 tons for 2009.

The number of aircraft operations in 2010 totaled 103,735 which included commercial flights, military operations, corporate and general aviation.

GRIA offered an average of 4,457 seats per day to eighteen destinations on eight carriers. In August 2010, AirTran Airways announced new direct service to Fort Myers, Florida and later expanded the direct service so that it was offered twice daily, four times a week.

In July 2010, GRIA opened two new food concessions, one post security at the entrance of Concourse A and one accessible to non-travelers in the Airfield Public Viewing Area at the west end of the terminal on the upper level.

Gusto, a family-owned Italian bistro, located in the entrance to Concourse A, serves made-to-order breakfasts, fresh salads, paninis, pasta and more. In Italian, "Gusto" means taste or flavor, and Gusto's menu certainly has something for everyone to enjoy. It quickly became a hit among passengers and employees along with the already impressive selection of concessions offered at GRIA.

The national franchises of Mrs. Fields Cookies, Pretzel Maker and TCBY Yogurt opened in the Airfield Public Viewing Area, offering more variety for visitors to the Airport such as family and friends picking up their passengers. This tri-concession serves a variety of fresh baked products made on the premises, including pretzels, pretzel dogs, cookies, brownies and frozen yogurt.

Above: 2010 Concession ribbon cutting welcoming Gusto Ristorante and Mrs. Fields

COMMUNITY OUTREACH

The Greater Rochester International Airport (GRIA) dedicates much time and effort into being a key player within the community. In an effort to promote awareness and education amongst travelers and spread knowledge to local youths about aviation, GRIA hosts several community based happenings. Non-for-profit events, facility tours and informative courses are some of the tools used to attain this goal.

GRIA averaged six tours of the facility each week in 2010. Tours can be tailored to any age group and are free to not-for-profit groups. Tours include a look at the baggage handling system and security screening procedures as well as a behind the scenes visit to the Airport Communications Center, Airport's Sheriff Division, Regional Transportation Operations Center, New York Army National Guard Flight facility and the Airport Rescue and Firefighting facility.

Along with the hundreds of daily tours that took place at the Airport in 2010, bi-monthly Scout Sleepovers were held at GRIA in the International Arrivals Hall. Each scout sleepover consisted of approximately 50 Scouts, 15 Scout Leaders, parents and guardians - a grand total 1,100 Scouts and 300 Scout Leaders who visited our facility! The participating Scouts get to meet local therapy canines, speak with security representatives and partake in a full terminal tour. They leave with knowledge to share with friends and family and earn the opportunity to achieve an Aviation Merit Badge.

The Airport continued to host the "Fearful Flyers" course in 2010 taught by Judith Johncox Willis, a local relaxation therapist and stress management consultant with over 35 years of experience. This is a unique program designed for those who suffer from apprehension of flying.

The course has become increasingly popular over the years and has assisted passengers in overcoming their uneasiness about flying. The program convenes for four consecutive weeks on Wednesday evenings. The program includes a tour of the airport and a visit the Airport Rescue and Fire Fighting Department, the Communications Center, air traffic control, radar, an evening with a pilot discussing weather, unfamiliar sounds in the plane, takeoffs, landings and plane construction. At the end of the course participants are given the opportunity to board a parked plane to exercise learned skills and information.

An optional graduation flight to and from New York City is offered the day following completion of the course. This well-received offering has drawn people from not only Rochester but surrounding areas including Buffalo, Syracuse and as far away as Chicago. In 2010, 21 individuals completed the Fearful Flyers course. To date, 17 courses have been completed with 167 attendees. Approximately 95% of the graduates have flown successfully on the graduation flight or privately planned trips.

GRIA is one of the 99 established "hubs" in the national Honor Flight Network which was created to honor America's veterans for their sacrifices. The war heroes are flown to Washington, D.C. to visit and reflect at their memorials. It is free to all WWII veterans and to veterans from any era who suffers a terminal illness. GRIA became a hub in June 2008 and has since flown hundreds of veterans. The Honor Flight flying season is April through November.

Above Top: Airport 5K Marine Color Guard, Center: Runners line up for Airport 5K, Bottom: County Executive Maggie Brooks and young flyers.

Throughout 2010, GRIA held airport presentations for small to medium business owners, travel groups, rotaries and other various community organizations to update them on Airport happenings and current travel procedures. This allowed the Airport the opportunity to discuss travel trends, transportation route desires and other topics pertaining to airlines that are critical to enhancing community support of air travel.

Monroe County's annual "Take Your Child to Work Day," offered the children of County employees' an opportunity to tour our facility and learn about their parent's daily job responsibilities. In 2010 over 60 employees and their children participated, all of whom found the experience enjoyable and entertaining.

The summer season denotes an exciting time for special events at GRIA. In 2010 the Airport hosted the 11th annual Lifetime Assistance Foundation Airport 5K Benefit Run/Walk. Boasting a record attendance of over 750 participants, the event raised over $35,000 for children and adults with development disabilities. Runners and walkers came from Rochester and surrounding areas to partake in one of the most unique races—one that takes place on an actual Airport runway!

The family-friendly event offers a variety of activities for attendees to enjoy, including static aircraft displays, live music provided by local radio station 92.5 WBEE, an awards ceremony, and a "Fun Run" for children less than 12 years of age. The Lifetime Assistance Foundation Airport 5K Benefit Run/Walk is truly a win-win for our entire community.

Rochester Wings 2010, upstate New York's Largest General Aviation Expo, celebrated its 9th annual event held at GRIA. It offered a variety of activities, including safety seminars, free airplane rides for children through the EAA Young Eagle's Program, flight instruction as part of the FAA Wings program, career seminars, and runway safety bus tours. The event was again sponsored by the Airport in an effort to continue to reduce runway incursions through pilot education. As a prelude to the Rochester WINGS Aviation Expo & Fly In, the "Fly A Teacher" program took Physics teacher Stephen Thorndike of Greece Odyssey Academy to new heights in the Artisan's Flying Club's Piper Warrior. Mr. Thorndike planned to take his flying experience to the classroom and to increase student's awareness for possible careers in aviation. The two day, action-packed event is free and open to the public.

End of the year projects were not the only thing GRIA employees were wrapping up at the tail of 2010. The Administrative personnel teamed up with McNeil Security, Inc. to co-host a holiday toy drive. Gifts were donated to the Sojourner House which provides a structured, nurturing environment where women and families prepare to lead responsible, productive and meaningful lives.

2010 TERMINAL & AIRFIELD CONSTRUCTION

Above: In-Line baggage handling system

In 2009 the Airport began a Green Energy Initiative. The first project included the installation of photovoltaic solar panels on the roof of the terminal building that will provide power from the sun to offset the power purchased from the municipal grid. The project was funded in part with a New York State Energy Research and Development Authority grant. The project included panel installation of two 50,000 watt arrays and has been designed for a future expansion to double the size upon completion and satisfactory performance.

The Airport Terminal Baggage Handling and Security Screening Integration Project was also completed in September 2010. This project automated the security inspection of passengers' checked baggage by removing manual Ticket Lobby inspection of baggage and providing a higher level of security. Additionally, it has improved airline passenger experience.

In October 2010, installation of a three screen video wall was completed at the Airport at the entrance to Concourse B in the Rotunda. The screens are being used to display community information, local and airport special events, and help promote business. The information on the screens is important to share with passengers and visitors alike.

Initiated in April 2010 was the Reconstruction of Taxiway A from Taxiway A-1 to the Runway 4 threshold. This project improved the pavement geometry to conform to current requirements. The taxiway was returned to service in August 2010.

In late September 2010 the reconstruction of the Intersection of Taxiway C and Taxiway B, including the taxiway connection to the Runway 28 threshold was initiated. The work was completed on schedule and the pavement was returned to normal usage at the end of the construction season. This project improved airfield safety by providing more traditional intersection geometry and included construction of approximately a 400 foot extension of Taxiway B that will be put into service in 2011.

This improvement program will continue in 2011, with the completion of the Taxiway B Extension to the new runway 28 threshold. This additional runway length will provide extra pavement for takeoff in the westerly direction and is scheduled for completion in July 2011.

All of the airfield construction projects described above were supported by Federal Aviation Administration grants. No local tax dollars were spent on the airfield construction.

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Welcome
Greater Rochester
International
Airport
COUNTY OF MONROE
STATE OF NEW YORK
Maggie Brooks
County Executive

The Monroe County Airport Authority (Authority) is a public benefit corporation created by the New York State Public Authorities Law to finance, construct, develop, operate and maintain aviation and other related facilities and services within the County of Monroe (County). The Authority is a discretely presented component of the County. The Authority consists of seven members appointed by the County Executive (two of such members are appointed upon the written recommendation of the President of the County Legislature and one of such members is appointed upon the written recommendation of the Minority Leader of the County Legislature). All appointments are confirmed by the County Legislature. The Chairperson, James G. Vazzana, Esq. is appointed by the County Executive. Susan L. Walsh, Esq., Director of Aviation has been appointed the Administrative Director of the Authority. The County's Director of Finance Scott M. Adair, CPA serves as Treasurer of the Authority and County Attorney William K. Taylor, Esq. serves as Secretary of the Authority. Pursuant to a Lease and Operating Agreement between the Authority and the County dated September 15, 1989, the Authority leases the Greater Rochester International Airport (GRIA) from the County and the County operates GRIA for the Authority.

Operating revenues in 2010 totaled $31.4 million. Landing and rental fees, including building rent, comprise 53 percent of the operating revenue at GRIA. The landing fee and rental revenues are the result of calculations pursuant to provisions of airline operating use and terminal building lease agreements. Revenue from non-airline sources such as car rental commissions, parking commissions, concessions and fuel farm commissions comprise the other 47 percent. Operating expenses in 2010 totaled $25.9 million. Agreements with Monroe County for rent and operation and maintenance of the Airport facility account for 76% of the total operating expenses for 2010. Financial performance of an airport is measured by average cost per enplaned passenger. "Cost per enplanement" is calculated by dividing total fees paid by scheduled airlines by the number of passengers boarded. The cost per enplanement at GRIA for the year 2010 was $11.96.

FINANCIAL STATEMENTS

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

Financial Statements
As of December 31, 2010 and 2009
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

FINANCIAL STATEMENTS

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

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

March 28, 2011

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, 2010 and 2009, 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, 2010 and 2009, 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, 2011, 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.

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INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 10 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.

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, 2010 and 2009. 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 31st. 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 $17.7 million at December 31, 2010, a $149 thousand or 0.8% increase from 2009. Restricted net assets are $9.4 million or 52.9% 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 decreased from the prior year by $690 thousand or 2.9%.

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

	2010	2009	2008
ASSETS:			
Current	$ 13,048	$ 20,004	$ 13,799
Noncurrent	23,566	17,102	23,329
Capital	44,060	47,415	51,539
Total assets	80,674	84,521	88,667
LIABILITIES:			
Other	4,622	3,976	4,333
Long-term debt	58,333	62,975	67,327
Total liabilities	62,955	66,951	71,660
NET ASSETS			
Invested in capital assets, net of related debt	(14,273)	(15,560)	(15,788)
Restricted	9,375	9,823	10,435
Unrestricted	22,617	23,307	22,360
Total net assets	$ 17,719	$ 17,570	$ 17,007

Assets and Liabilities

Current assets, which consist primarily of cash and cash equivalents totaling $9.8 million at December 31, 2010, decreased by $7.0 million over 2009. The primary reason for this decrease was the timing of the Authority's funding for the January 1 scheduled debt payment for which cash was transferred to the trustee prior to December 31st, 2010. In 2009, this amount was transferred to the trustee, a non-current asset, to fund the debt service payments subsequent to year-end, and in 2008 was transferred prior to year end. Accounts receivable has increased by $348 thousand or approximately 12.1% over 2009 due to the increase in the final invoices to the Airlines. The accounts receivable balance at December 31, 2009 was $492 thousand or an increase of 20.6% over 2008. 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 2008 and 2010 revenues have consistently exceeded expenses as shown by comparing the Income before Capital Contributions of $229 thousand in 2010; $584 thousand in 2009; and $1.2 million in 2008. 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

	2010	2009	2008
OPERATING REVENUES:			
Landing and rental fees	$ 16,597	$ 16,653	$ 16,183
Commissions	10,174	9,559	9,926
Other	4,645	4,027	3,923
Total operating revenues	31,416	30,239	30,032
OPERATING EXPENSES:			
Operating and maintenance expenses - Monroe County	16,790	14,862	15,537
Rent expense - Monroe County and other	4,640	4,172	3,420
Depreciation and amortization	4,496	4,450	4,485
Total operating expenses	25,926	23,484	23,442
NONOPERATING EXPENSES	(5,261)	(6,171)	(5,439)
Income before capital contributions	229	584	1,151
CAPITAL CONTRIBUTIONS, net	(80)	(21)	(2,249)
CHANGE IN NET ASSETS	$ 149	$ 563	$ (1,098)

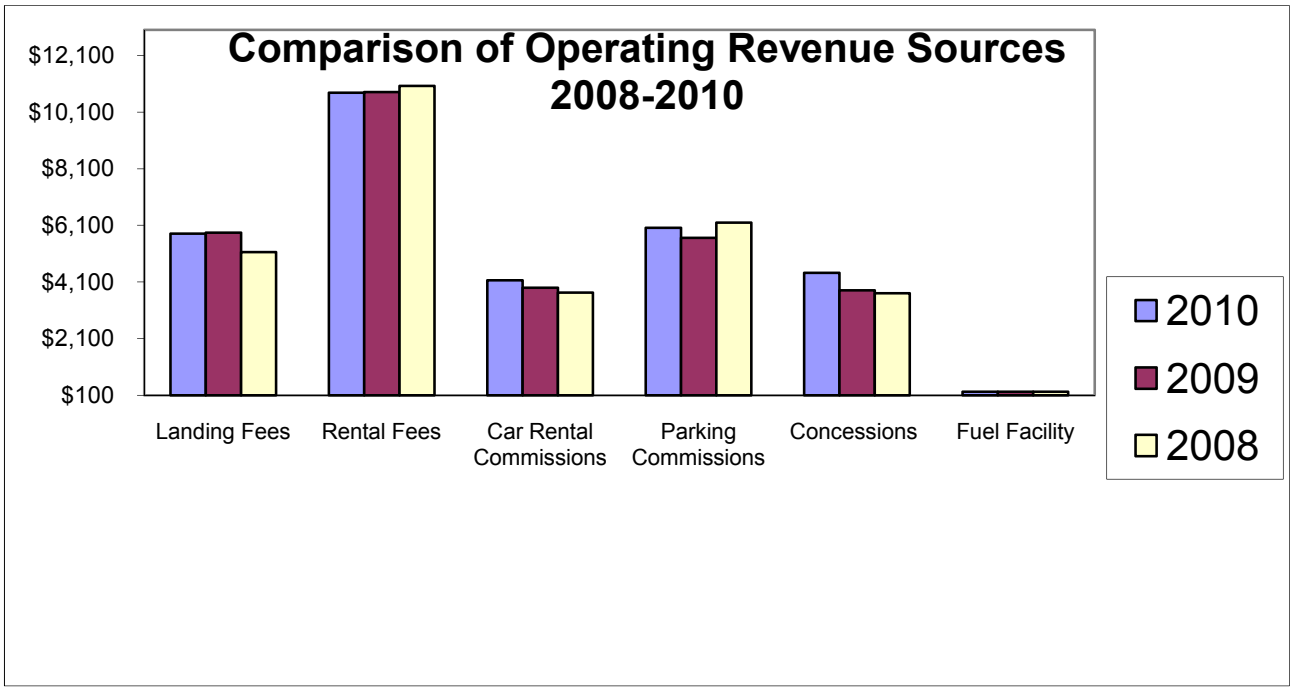
SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

FINANCIAL ANALYSIS

Operating Revenues
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.

Comparatively in 2009 operating revenues increased by $207 thousand or 1% over 2008. The increase in operating revenue resulted from the increase in landing fees of $684 thousand; new revenue for chargeback of the exit lane monitor service of $455 thousand, and a modest increase in car rental commissions of $171 thousand. These increases were offset by decreases in revenue for 2009 in parking commissions of $538 thousand and non-signatory rental fees of $481 thousand.

The comparison of operating revenue sources is provided below.



	Landing Fees	Rental Fees	Car Rental Commissions	Parking Commissions	Concessions	Fuel Facility
2010	$ 5,807	$ 10,790	$ 4,161	$ 6,013	$ 4,420	$ 225
2009	$ 5,844	$ 10,809	$ 3,899	$ 5,660	$ 3,802	$ 225
2008	$ 5,160	$ 11,023	$ 3,728	$ 6,198	$ 3,698	$ 225

Nonoperating Revenue
The primary source of revenue in this category is interest revenue totaling $131 thousand in 2010, $171 thousand in 2009, $715 thousand in 2008. The decline in interest rates began in 2008; with a decrease in interest revenue of 76.1% in 2009 and 23.4% decrease in 2010.

SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

FINANCIAL ANALYSIS (Continued)

Operating Expenses

In 2010 operating expenses increased by $2.4 million or 10.4% when compared to 2009. Operating and maintenance expense paid to the County increased in 2010 by $1.9 million due to the fact that there was no significant residual equity transfer in 2010 which would have reduced the amount paid to the County. 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.

Comparatively, operating expenses increased by $42 thousand or less than 1% in 2009 over 2008 and was mainly due to the increase in Rent expense of $432 thousand and a decrease in Operating and Maintenance expense of $675 thousand.

In addition, for each of the years ended December 31, 2010, 2009 and 2008 the impact of recording depreciation and amortization is $4.5 million respectively, and is the primary reason for the decreases in capital assets of $3.4 million (7.1%) in 2010; $4.1 million (8.0%) in 2009; and $3.7 million (6.6%) in 2008. In 2010 the net decline in capital assets was slightly less due to the addition of capital assets of $1.1 million.

As a result of regularly scheduled annual principal payments on the outstanding debt, the debt outstanding at December 31, 2010, 2009 and 2008 decreased by $5.0 million (5.3%); $4.8 million (5.7%) in 2009; and $4.5 million (5.7%) in 2008. This decrease is also reflected in the decrease in the portion of net assets that is invested in capital assets net of related debt.

Nonoperating Expenses

Nonoperating expenses in 2010 include the Authority's local share of capital projects reimbursed to the County of $1.7 million, a decrease of $667 thousand (28.1%) from 2009, and a difference of $466 thousand from 2008. 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):

	2010	2009	2008
Parking improvements	$ 545	$ -	$ -
Taxiway and other airfield improvements	509	543	648
Snow removal and other equipment	225	889	-
Circulation improvements	182	-	-
Environmental improvements	102	224	-
Future improvements	87	25	-
Runway 4/22, 7/25 and 10/28 rehabilitation	54	693	704
Perimeter security improvements	3	-	157
Terminal improvements	-	-	399
Total	$ 1,707	$ 2,374	$ 1,908

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

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 $2.8 million in 2010, $2.4 million in 2009, and $2.0 million in 2008.

Purchases and Retirements

Airport facilities improvements are planned and funded through the County's Capital Improvement Program. In 2010, the Authority invested $1.1 million and retired $150 thousand in assets that were fully depreciated. In 2009, the Authority invested $326 thousand and retired $286 thousand in assets that were fully depreciated. Year-end total cost was $124.8 million at December 31, 2010, $123.8 million at December 31, 2009, and $123.7 million at December 31, 2008 (See Table A-3).

Summary of Capital Assets
Table A-3

	Cost	Accumulated Depreciation	Net
December 31, 2008	$ 123,742	$ (72,203)	$ 51,539
Increases	326	(4,450)	(4,124)
Decreases	(286)	286	-
December 31, 2009	123,782	(76,367)	47,415
Increases	1,141	(4,496)	(3,355)
Decreases	(150)	150	-
December 31, 2010	$ 124,773	$ (80,713)	$ 44,060

DEBT ADMINISTRATION

The Authority has long term debt outstanding of $58.3 million in 2010, $63.0 million in 2009, and $67.3 million in 2008. Principal payments, net of unamortized bond discount and deferred amounts were $5.0 million (8.6%) in 2010, $4.8 million (7.6%) in 2009, $4.5 million (6.1%) in 2008.

Summary of Long-Term Debt
Table A-4

	2010	2009	2008
Serial Bonds, issued in 1999, which refunded part of 1989 bonds	$ 45,880	$ 49,695	$ 53,310
Serial Bonds, issued in 2004, which refunded 1993 bonds	14,205	15,435	16,610
Unamortized bond discount	(130)	(159)	(191)
Deferred amount on refunding	(1,622)	(1,996)	(2,402)
Total long-term debt	$ 58,333	$ 62,975	$ 67,327

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 2010 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 79th nationally.

	Ticketed Passenger Activity		
Year	Enplanements (Departing)	Deplanements (Arriving)	Total Passengers
2010	1,268,792	1,265,442	2,534,234
2009	1,287,552	1,283,553	2,571,105
2008	1,360,522	1,352,567	2,713,089

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 2010, a total of $5.3 million in PFC's were collected from airline passengers. Of these collections, the Authority contributed $5.4 million to the County of Monroe (the County) towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, Net of ($80) thousand as shown in Table A-2. A description of PFCs is provided in Note 2, Passenger Facility Charges of the financial statements. 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. In 2008, a total of $5.4 million in PFCs were collected from airline passengers and interest earned of $26 thousand in a restricted cash account. Of those collections, the Authority contributed $7.6 million to the County towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, Net of ($2.2) million.

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.

2011 BUDGET

The Authority's 2011 budget has been approved and contains no significant changes from the operational results for 2010. 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.

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

STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009
(000's OMITTED)

	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,814	$ 15,550
Accounts receivable - net of allowance for doubtful accounts of $100 in both 2010 and 2009, respectively	3,226	2,878
Due from Monroe County	8	1,576
Total current assets	13,048	20,004
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	10,047	9,365
Cash and investments, which are restricted funds held by trustee - principal and interest fund	12,978	7,071
Capital assets, net	44,060	47,415
Bond issuance costs, net of accumulated amortization of $1,621 and $1,496 in 2010 and 2009, respectively	541	666
Total noncurrent assets	67,626	64,517
Total assets	$ 80,674	$ 84,521

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

STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009
(000's OMITTED)

	2010	2009
CURRENT LIABILITIES:		
Accounts payable	$ 995	$ 94
Deferred revenue	369	325
Other liabilities	669	631
Accrued interest on bonds	1,653	1,791
Current maturities of long-term debt	5,315	5,045
Premium on bonds, net	743	913
Security deposits	193	222
Total current liabilities	9,937	9,021
LONG-TERM DEBT, net of current portion	53,018	57,930
Total liabilities	$ 62,955	$ 66,951
NET ASSETS:		
Invested in capital assets, net of related debt	$ (14,273)	$ (15,560)
Restricted -		
For debt service	6,008	6,513
For passenger facility projects	10	90
For other debt compliance	3,357	3,220
Unrestricted	22,617	23,307
Total net assets	$ 17,719	$ 17,570

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, 2010 AND 2009
(000's OMITTED)

	2010	2009
OPERATING REVENUES:		
Landing fees	$ 5,807	$ 5,844
Rental fees	10,790	10,809
Car rental commissions	4,161	3,899
Parking commissions	6,013	5,660
Concessions	4,420	3,802
Fuel farm	225	225
Total operating revenues	31,416	30,239
OPERATING EXPENSES:		
Operating and maintenance - Monroe County	16,790	14,862
Rent - Monroe County	2,840	2,424
Depreciation and amortization of capital assets	4,496	4,450
Other	1,800	1,748
Total operating expenses	25,926	23,484
Operating income	5,490	6,755
NONOPERATING REVENUES (EXPENSES):		
Interest revenue	131	171
Interest expense	(3,305)	(3,581)
Bad debt expense	(23)	-
Amortization of bond issuance costs, premiums and deferred losses	(357)	(387)
Local share of capital projects - Monroe County	(1,707)	(2,374)
Total nonoperating revenues (expenses)	(5,261)	(6,171)
Income before capital contributions	229	584
CAPITAL CONTRIBUTIONS, net	(80)	(21)
CHANGE IN NET ASSETS	149	563
NET ASSETS - beginning of year	17,570	17,007
NET ASSETS - end of year	$ 17,719	$ 17,570

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, 2010 AND 2009
(000's OMITTED)

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from providing services	$ 32,666	$ 28,444
Cash paid to suppliers	(20,529)	(18,981)
Net cash flow from operating activities	12,137	9,463
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(1,141)	(326)
Capital contributions, net	(80)	(21)
Payment of bond principal	(5,045)	(4,790)
Payment of bond interest expense	(3,442)	(3,710)
Withdrawals from trustee principal and interest fund	(12,978)	(7,071)
Deposits into trustee principal and interest fund	7,071	13,721
Local share of capital projects - Monroe County	(1,707)	(2,374)
Net cash flow from capital and related financing activities	(17,322)	(4,571)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	131	171
Net cash flow from investing activities	131	171
CHANGE IN CASH AND CASH EQUIVALENTS	(5,054)	5,063
CASH AND CASH EQUIVALENTS - beginning of year	24,915	19,852
CASH AND CASH EQUIVALENTS - end of year	$ 19,861	$ 24,915
CLASSIFIED AS:		
Cash and cash equivalents	$ 9,814	$ 15,550
Restricted cash and cash equivalents	10,047	9,365
Total cash and cash equivalents	$ 19,861	$ 24,915
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	$ 5,490	$ 6,755
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization of capital assets	4,496	4,450
Bad debt expense	(23)	-
Changes in:		
Accounts receivable	(348)	(492)
Deferred revenue	44	(16)
Due from Monroe County	1,568	(1,208)
Other current liabilities	910	(26)
Net cash flow from operating activities	$ 12,137	$ 9,463

The accompanying notes are an integral part of these statements.

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 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 nonoperating 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 certificates of deposit with maturities greater than three months at the time of purchase and obligations of the U.S. Government. 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:

Rate	Effective Date	FAA Approved
$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 2010 and 2009 was $357 and $387, 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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 100% 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, 2010 and 2009 are either fully insured by the FDIC or are fully collateralized. The investments outstanding as of December 31, 2010 and 2009 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:

	2010	2009
Money market	$ 17,341	$ 22,408

At December 31, 2010 and 2009, 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 A1/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:

	2010	2009
FDIC	$ 3,011	$ 2,918
Collateralized with securities held by pledging financial institution	17,329	22,620
	$ 20,340	$ 25,538

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

The following investments, excluding those held by the trustee, held with one financial institution represent five percent or more of the Authority's total investments subject to credit risk at either December 31, 2010 or 2009, or both:

	2010	2009
M&T	$ 17,589	$ 20,252
Bank of America	$ 2,246	$ 2,156

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:

	2010	2009
Cash	$ 6,408	$ -
U.S. Treasury bills	6,570	-
Certificates of deposit	-	7,071
	$ 12,978	$ 7,071

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 2010 and 2009, the rental payments totaled $2,840 and $2,424, respectively. Estimated future minimum rental payments are as follows at December 31:

2011	$ 3,265
2012	2,688
2013	2,662
2014	2,673
2015	2,592
2016 - 2020	8,986
2021 - 2025	6,215
2026 - 2029	3,373
	$ 32,454

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 2010 and 2009, the Authority did not receive advances from the County, and therefore no interest payments were made in 2010 or 2009.

5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
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	782	290	(146)	926
Total capital assets, being depreciated or amortized	123,284	1,141	(150)	124,275
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	(598)	(57)	146	(509)
Total accumulated depreciation	(76,367)	(4,496)	150	(80,713)
Capital assets being depreciated or amortized, net	46,917	(3,355)	-	43,562
Capital assets, net	$ 47,415	$ (3,355)	$ -	$ 44,060

5. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated or amortized:				
Land and easements	$ 498	$ -	$ -	$ 498
Capital assets, being depreciated or amortized:				
Buildings and other facility equipment	121,351	179	-	121,530
Office furniture and equipment	928	44	-	972
Transportation equipment	965	103	(286)	782
Total capital assets, being depreciated or amortized	123,244	326	(286)	123,284
Less:				
Accumulated depreciation and amortization:				
Buildings and other facility equipment	(71,077)	(4,339)	-	(75,416)
Office furniture and equipment	(274)	(79)	-	(353)
Transportation equipment	(852)	(32)	286	(598)
Total accumulated depreciation,	(72,203)	(4,450)	286	(76,367)
Capital assets being depreciated or amortized, net	51,041	(4,124)	-	46,917
Capital assets, net	$ 51,539	$ (4,124)	$ -	$ 47,415

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, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Ending Balance
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	(1,996)	-	374	-	(1,622)
Long-term debt	$ 62,975	$ -	$ (4,642)	$ (5,315)	$ 53,018

6. LONG-TERM DEBT (Continued)

Bond activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Ending Balance
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%	$ 53,310	$ -	$ (3,615)	$ (3,815)	$ 45,880
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%	16,610	-	(1,175)	(1,230)	14,205
Less: Unamortized bond discount	(191)	-	32	-	(159)
Less: Deferred amount on refunding	(2,402)	-	406	-	(1,996)
Long-term debt	$ 67,327	$ -	$ (4,352)	$ (5,045)	$ 57,930

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:

	2010		2009	
	Required	Actual	Required	Actual
Net revenue to debt service	1.25:1	1.53:1	1.25:1	1.47:1
Debt service reserve requirement	$ 6,009	$ 8,620	$ 6,513	$ 8,626
Operating and maintenance reserve requirement	$ 2,857	$ 2,966	$ 2,720	$ 2,952
Renewal and replacement requirement	$ 500	$ 6,203	$ 500	$ 5,463

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, 2010 are as follows:

	Principal	Interest	Total
2011	$ 5,315	$ 3,156	$ 8,471
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 - 2020	30,300	3,408	33,708
	$ 60,085	$ 15,937	$ 76,022

7. CAPITAL CONTRIBUTIONS

Of the $98,371 that the Authority is authorized to collect in PFCs, $58,049 and $52,766, respectively, has been collected through December 31, 2010 and 2009. The net of collections, interest and expenditures is recorded as capital contributions.

	2010	2009
Balance - beginning of year	$ 90	$ 111
Collections	5,284	5,291
Interest earnings	1	1
Expended	(5,365)	(5,313)
Balance - end of year	$ 10	$ 90

As of December 31, 2010 and 2009, $10 and $90, respectively, are reflected as restricted net assets for passenger facility projects in the statement of net assets.

8. CONCENTRATIONS

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.

In 2009, eight signatory airlines accounted for approximately 41% and 79% of the landing and rental fee revenues, respectively. The same eight signatory airlines accounted for approximately 45% of the total accounts receivable in 2009.

Car rental commission revenue is generated from six agencies, one of which accounted for approximately 24% and 26% of such revenue in both 2010 and 2009.

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:

2011	$ 884
2012	880
2013	880
2014	881
2015	813
2016 - 2020	2,805
2021 - 2025	1,923
2026 - 2030	1,743
2031 - 2035	1,095
2036 - 2037	438
	$ 12,342

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. The Authority has the option to renew this contract for up to two additional three year terms. 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 on an 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, 2010 and 2009 were $584 thousand, and $577 thousand, respectively.

Bonadio & Co., LLP
Certified Public Accountants

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, 2011

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, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 28, 2011. 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
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.

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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.

Bonadio & Co., LLP

FINANCIAL STATEMENTS

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