Greater Rochester International Airport

Monroe County Airport Authority

Annual Report •2003-2004

one

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Monroe County Executive

The Greater Rochester International Airport is an economic development engine for Monroe County and the surrounding region. It's responsible for over 8,000 jobs and generates close to $500 million each year for our local economy.

Affordable air travel in and out of the Greater Rochester International Airport has increased in recent years with the presence of low-fare air carriers. Affordable air travel continues to play a key role in our efforts to attract new business investment in Monroe County. It also enables existing companies to remain viable and competitive by providing greater access to national destinations and global markets.

In 2004, the Greater Rochester International Airport welcomed a record number of travelers. We've made a number of improvements to the terminal, including a six-lane Central Security Checkpoint, a new Public Viewing Area, and expanded concessions. We've also improved services for passengers in several ways. We've added new non-stop destinations and installed assistive technology to better serve deaf and hard of hearing passengers.

Our newly designed terminal positions the Airport for future growth and provides passengers, and the community at-large, with quality services at our modern, state-of-the-art facility.

The Greater Rochester International Airport truly is your gateway to the world.

Maggie Brooks

Maggie Brooks
County Executive

Director, Greater Rochester International Airport

In 2004, the Greater Rochester International Airport (GRIA) initiated a ten million-dollar terminal renovation project to create a six-lane central security checkpoint designed to increase efficiency and convenience for passengers. Ninety percent of the funding needed to complete the project came in the form of grant funding from the Federal Aviation Administration (FAA).

In addition to the six-lane central security checkpoint, the Airport designed a 3,800 square foot Airfield Viewing area. The new public viewing and waiting area captures an impressive view of the airfield landscape overlooking the Airport's main runway.

Other improvements to the terminal included new escalators, elevators, flight information screens with the capabilities to run text and closed captioning information for passengers with special hearing needs, new food and beverage concessions and new restrooms with amenities for families and passengers with alternate needs.

The next phase of improvements for our terminal will include the transition to an in-line baggage screening system. This system will remove and relocate the current screening equipment in the ticket lobby, creating a more spacious ticket lobby. It will also simplify the check-in process for passengers flying out of GRIA, eliminating the extra baggage-screening line.

GRIA has served successfully as one of five pilot airports in the nation for private screening and security initiatives. The recent terminal improvements emphasize our commitment to putting passengers first and making air travel simple, safe and enjoyable.

Terrence G. Slaybaugh
Director, Greater Rochester
International Airport

Monroe County Airport Authority Board

In 2004, 2.7 million passengers visited the newly renovated Greater Rochester International Airport (GRIA). This was the highest year on record for GRIA passenger boardings, a 10.4% increase over 2003 and a 16% increase over 2002.

This unprecedented passenger growth shadows the fact that just seven years ago, our Airport had been plagued with some of the highest airfares in the country. Affordable air service for stable economic development became a focus for local government. Committed efforts paid off and Monroe County was successful in attracting low cost air carriers to our market such as JetBlue Airways and AirTran Airways.

Healthy competition from low cost air carriers decreased airfare, making air fares out of Rocheser more affordable and contributing to recent passenger growth.

I am pleased that during the past fiscal year, the Monroe County Airport Authority (MCAA) has been able to maintain current service through excellent long-term relationships with our airlines. The Airline perspective that Rochester is a strong, financially successful market has led our Authority to be able to renegotiate signatory contracts with all of our airlines for 2005.

The Monroe County Airport Authority (MCAA) Board will continue to work closely with all Airlines to explore options for adding more direct service to and from our market, as well as adding additional destinations west.

Our Airport Authority is fortunate to have a knowledgeable board of members and their hard work and commitment sets a solid foundation for future growth and success at GRIA.

James Vazzana
Chairman, Monroe County Airport Authority Board

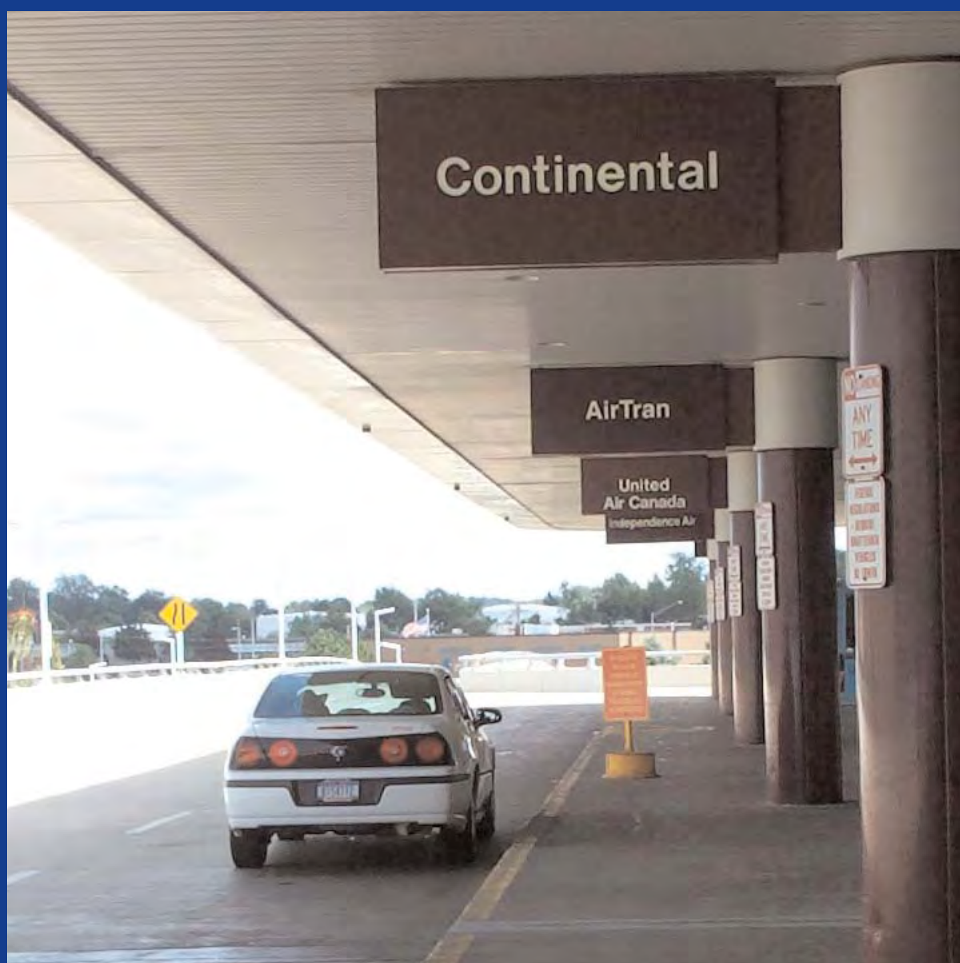

SECURITY CHECKPOINT

The Greater Rochester International Airport (GRIA) invested in an employee training program in 2004 to further enhance employee understanding and knowledge of key components to the Airport Emergency Plan (AEP). Our close knit Airport community is now better prepared to respond to potential Airport incidents.

Providing passengers with a safe and secure travel environment is a primary concern of GRIA. Our Airport has served as one of five pilot airports in the nation for private security screening initiatives. McNeil Security, Inc. based in Springfield, Virginia, handles Rochester's private screening. Overall, passenger feedback and security-screening experiences at GRIA have been positive. Our Airport takes pride in serving as a national model for private screening.

Friendly, competent, knowledgeable and skilled employees provide passengers with the quality customer service they deserve. Our Airport serves as a gateway, and first impression, for visitors to the Rochester area. Our employees take pride in making the visitor experience, at the airport and in our County, a positive one.

On behalf of the County of Monroe, Monroe County Airport Authority Board and Airport Administration, we thank our employees for their dedication and hard work.


Continental
AirTran
United
Air Canada
Independence Air
ANY
TIME

In 2004, the annual number of passengers traveling through the Greater Rochester International Airport (GRIA) increased 10.4%. The percentage of seats filled (airline load factors) remained relatively stable in 2004, totaling 66.6 percent compared to 66.2 percent in 2003. In 2004, 78,515 tons of cargo passed through the GRIA cargo facilities compared to 70,606 tons in 2003. This was an 11.6% increase in total freight handled.

AirTran Airways added non-stop daily service to Tampa and Ft. Lauderdale, Florida on top of the non-stop daily service they already have to Orlando, Florida. That makes three non-stop daily flights to popular Florida destinations, all at great low fares for area travelers. AirTran Airways serves 19 of GRIA's top 25 markets.

Airlines serving GRIA include American Eagle, AirTran Airways, Continental Airlines, Delta/Comair, Independence Air, JetBlue, Northwest Airlines, United Airlines & US Airways.

Monroe County opened a new vehicle fueling facility in November 2004 located off of Scottsville Road adjacent to the Regional Transportation Operations Center (RTOC) and across the airfield from the Airport Terminal. This facility services both airside and civilian county vehicles. All Monroe County employees can service county vehicles using this new fueling site. The Airport's Facility Based Operators (FBO) also service all Airport clientele through this facility. This fueling facility ensures environmental safety and proper containment of fuel.

eleven

In August 2004, the County of Monroe completed the selection process for a Request for Proposals on food and beverage concessions at the Airport. Creative Host services, a wholly owned subsidiary of the Compass Group, the world's largest food services provider, signed a lease to operate a Sports Bar on Concourse A and a Pub featuring local beer and Finger Lakes wine on Concourse B. Also, Creative Host will be opening Famous Famiglia, named the number one small restaurant in Airports during 2004. Hudson News Corporation opened an EuroMart on the lower, baggage claim level that is accessible to both ticketed and non-ticketed passengers.

Other food and beverage concessions located in the Airport include Goody Goodies, Finger Lakes Coffee Roasters, Kueka Sandwich & Salad Co., Subway and McDonald's. All concessions within the terminal plan to upgrade their design to match the current terminal renovation.

Our Airport was also recognized in 2004 at the 39th Annual International Aviation Snow Symposium for outstanding performance in snow and ice control. The Northeast Chapter of the American Association of Airport Executives (AAAE) issued the award to GRIA; this Balchen/Post Award is presented annually to Airport snow crews for their dedicated efforts in maintaining safe and operational status during the winter season. GRIA has been selected four times for this award previously in 1997-98, 1998-99, 1999-2000 and again for 2003-04.

thirteen

The Greater Rochester International Airport (GRIA) implemented an extensive marketing plan during 2004, conducting presentations to corporate travel managers, local businesses and other community groups educating travelers on the changes taking place with the terminal renovation project as well as current air service. Such presentations included local visits from Joseph Leonard, Chief Executive Officer of AirTran Airways.

Our Airport was fortunate to participate in the Genesee, Livingston, Ontario & Wyoming (GLOW) School-to-Work Program, Greece Central School District Career Day and Monroe BOCES Career Day educating area students, teachers and guidance counselors on the numerous job opportunities within the aviation industry. In addition, many local schools and Boy Scout and Girl Scout troops have had the opportunity to free tours of the airport and special events coordinated through the Airport's Public Affairs staff.

It was also the fourth year the Airport participated in the holiday Fantasy Flight program. Children from Camp Good Days & Special Times, Golisano Children's Hospital, Lifetime Assistance Foundation, Muscular Dystrophy Association, St. Joseph's Villa and families of local military enjoyed a special visit from Santa, their very own airplane flight over the "North Pole" and other holiday activities such as cookie decorating, face painting and holiday movies. This event is a wonderful opportunity for young people and their families to enjoy a few hours of holiday joy outside of their daily challenges. The program is hosted in partnership with GRIA, Monroe County, Continental Express, Monroe BOCES and Norcross Aviation.

Special events at GRIA continued to draw crowds as the Airport was the site of the annual Lifetime Assistance Foundation Inc. Airport 5K, Rochester Wings 2004 Safety Seminars & Fly In and the 2004 ESL International Airshow that featured the United States Navy famed precision flying team the Blue Angels.

The Greater Rochester International Airport is also the home site for Piedmont Hawthorne Aviation, US Airports Flight Support, Kodak Aviation and New York Army Guard Flight Facility.

2004 Airfield Construction

The Greater Rochester International Airport (GRIA) constructed a new taxiway parallel to Runway 10/28 and one related sub taxiway connection to the north ramp. The taxiway commences at existing Taxiway H and continues westerly approximately 2,500 feet to Taxiway D. This new Taxiway B provides for improved aircraft taxiing circulation and decreases delays in ground movements.

In addition, Taxiway D was rehabilitated between the General Aviation portion of the airfield and Taxiway E. The project reconfigured the taxiway to provide a perpendicular intersection with Runway 7/25. This configuration provides a more traditional pavement layout and related aircraft safety. Portions of Runway 7/25 were improved as part of this Taxiway D improvement.

Lastly, 2004 Airfield construction continued installation of general security improvements and an 8′ fence around the airfield. The fence work completed several localized fence upgrades on the West Side of the airfield from Little Black Creek to DHL Cargo on the West Ramp. This project also installed electric gates on the arrivals and departures roadways.


REGIONAL
TRAFFIC
OPERATIONS
CENTER

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 (GRIA) from the County and operates under the terms of a trust indenture dated September 15, 1989.

Operating revenues in 2004 totaled $24.8 million. Landing fees and rental fees, including building rent comprise 38 percent of the operating revenue at GRIA. The landing fee and rental revenues are the result of calculations pursuant to provisions of airline operating 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 62 percent.

Operating expenses in 2004 totaled $19.9 million.

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 2004 was $6.83.

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

Financial Statements
As of December 31, 2004
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

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 23, 2005

To the Members of
Monroe County Airport Authority:

We have audited the accompanying financial statements 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, 2004, as listed in the table of contents. These financial statements are the responsibility of Monroe County Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe County Airport Authority as of December 31, 2004, and the changes in its financial position and its cash flows for the year 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 23, 2005 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 the 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.

The management's discussion and analysis on pages 2 through 8 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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MONROE COUNTY AIRPORT AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004

The Management's Discussion and Analysis (MDA) of the Monroe County Airport Authority (the Authority) provides an introduction and overview of the financial statements of the Authority for the year ended December 31, 2004. Following this MDA 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 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 present information on the Authority's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Assets report the operating revenues and expenses and non-operating revenues and expenses of the Authority for the year with the difference, loss before capital contributions, being combined with capital contributions to determine the change in net assets for the year. That change, combined with the previous year's net asset total, reconciles to the net asset total at the end of this year.

The Statements of Cash Flows report cash activities for the year resulting from operating activities, investing activities, non-capital financing 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

The Authority noted the following financial highlights for the year ended December 31, 2004 and 2003:

Change in Net Assets

At December 31,2004, the Authority's total assets exceeded total liabilities by $13,885,604, which is an increase of $1,385,626 (11.1%) from the balance of $12,499,978 at December 31, 2003. All components of Net assets fluctuated in 2004. The primary cause of the 2004 increase in net assets was a result of three items: (1) increase of landing fees of 11.8%; (2) increase of parking commissions of 34.8%; and (3) increase in interest earnings of 158.5%. The Authority had net operating income for the 2004 year of approximately $4.9 million compared to $5.2 million in 2003.

SUMMARY OF FINANCIAL HIGHLIGHTS (Continued)

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Assets

The statement of net assets provides an indication of the Authority's ability to meet its financial obligations, from both a long-term and short-term perspective. The Authority's 2004 total assets exceed total liabilities by $13,885,604, an increase of $1,385,626 from 2003. (See Table A-l).

For the years ended December 31, 2004 and 2003, the impact of recording depreciation and amortization ($4,384,916) and ($4,399,896), respectively, is the primary reason for the decrease in capital assets of $3,567,975 (5.0%) and $4,395,400 (5.8%). In 2004, the outstanding 1993 Series Bonds were refunded with the 2004 Series Bonds. As a result of regularly scheduled annual principal payments on the outstanding debt and savings achieved by refunding the series 1993 bonds, the debt outstanding at December 31, 2004 and 2003 decreased by $3,951,205 (4.6%) and $3,132,405 (3.5%), respectively. This decrease is also reflected in the decrease in the portion of net assets that is invested in capital assets net of related debt.

Changes in Net Assets

As mentioned above, the Authority's Net Assets increased by $1,385,626 (11.1%) from the balance of $12,499,978 at December 31, 2003. (See Table A-1).

Summary of Net Assets
Table A-l

	2004	2003	Percentage Change
ASSETS:			
Current and other assets	$ 33,402,824	$ 32,414,110	3.1%
Capital assets	68,391,810	71,959,785	(5.0)%
Total assets	101,794,634	104,373,895	(2.5)%
LIABILITIES:			
Debt outstanding	82,217,183	86,168,388	(4.6)%
Other liabilities	5,691,847	5,705,529	(0.2)%
Total liabilities	87,909,030	91,873,917	(4.3)%
NET ASSETS:			
Invested in capital assets, net of related debt	(13,825,373)	(14,430,634)	4.2%
Restricted	12,243,093	18,661,915	(34.4)%
Unrestricted	15,467,884	8,268,697	87.1%
Total net assets	$ 13,885,604	$ 12,499,978	11.1%

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

The primary cause of the 2004 increase in net assets was a result of three items: (1) increase of landing fees; (2) increase of parking commissions and; (3) increase of interest earnings. These increases reflect an increase in enplaned passenger activity of 10.34% in 2004 and 5.1% in 2003 and the continuing return to normal operations after the events of September 11, 2001. Parking commissions were the primary revenue impacted with an increase of $1,129,940 (34.8%) in 2004 and an increase of $271,777 (9.1%) in 2003. The increase in 2004 parking revenue reflects a 10% rate increase and the expansion of the off-airport shuttle parking which added more than 1,300 parking spaces to the airport parking operation.

During 2004, it was determined that the issue premium and the deferred loss on refunding related to the 1999 Refunding Bonds was incorrectly recorded. The effect of correcting this adjustment was to increase the premium on bonds and the deferred loss on refunding by $222,031 and $2,233,207, respectively, and to increase net assets invested in capital assets, net of related debt by $2,011,176 at January 1, 2004.

Summary of Revenues, Expenses, and Changes in Net Assets
Table A-2

	2004	2003	Percentage Change
OPERATING REVENUES:			
Landing fees	$ 4,473,284	$ 4,001,251	11.8%
Rental fees	10,012,000	10,863,844	(7.8)%
Car rental commissions	2,874,807	2,876,847	(0.1)%
Parking commissions	4,377,024	3,247,084	34.8%
Concessions	2,895,260	2,693,862	7.5%
Fuel farm	225,000	225,000	0.0%
Total operating revenues	24,857,375	23,907,888	4.0%
OPERATING EXPENSES:			
Operating and maintenance expenses - Monroe County	13,878,596	12,191,957	13.8%
Rent expense - Monroe County	910,912	914,720	(0.4)%
Other	793,244	1,157,443	(31.5)%
Depreciation	4,384,916	4,399,896	0.3%
Total operating expenses	19,967,668	18,664,016	7.0%

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Changes in Net Assets (Continued)

Summary of Revenues, Expenses, and Changes in Net Assets
Table A-2
(Continued)

	2004	2003	Percentage Change
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	631,954	244,512	158.5%
Interest expense	(4,826,200)	(5,015,659)	(3.8)%
Amortization of bond issue costs	(233,897)	(628,201)	(62.8)%
Local share of capital projects - Monroe County	(522,705)	(8,347)	6162.2%
Total nonoperating revenues (expenses)	(4,940,848)	(5,407,695)	(8.6)%
Loss before capital contribution and special item	(51,141)	(163,823)	68.8%
Capital contributions, net	1,436,767	1,320,318	8.8%
Special revenue item	-	222,102	(100.0)%
Increase in net assets	$ 1,385,626	$ 1,378,597	0.1%

Passenger Facility Charge Fees

During 2004, $4,228,222 in Passenger Facility Charges (PFC) was collected from airline passengers. Of these collections we contributed $2,791,455 to Monroe County, toward the cost of capital improvements at the Airport. This was an increase in our capital improvement contribution of $741,455 (36.2 %) from the prior year. In the prior year, $3,364,808 in PFC's was collected and $2,050,000 was contributed to Monroe County.

Parking Revenue

Parking revenue increased by a net $1,129,940 (34.8%) from 2003 as revenue increased by $271,777 (9.1%) from the prior year when activity returned to pre-September 11th levels. The net increase in 2004 revenue reflects a 10% rate increase and the expansion of the off-airport shuttle parking which added more than 1,300 parking spaces to the airport parking operation.

Operating Expenses

Operating expenses (including depreciation expense) increased in 2004 and 2003 by $1,303,652 (7.0%) and $1,635,334 (9.6%), respectively. The 2004 increase was due mainly to increased contract snow plowing, employee benefits, rent expense and an additional contracted consultant required for airline contract negotiations. During 2003 the increase was due primarily to an increase in contract snow plowing, employee benefits, liability insurance and rent expense.

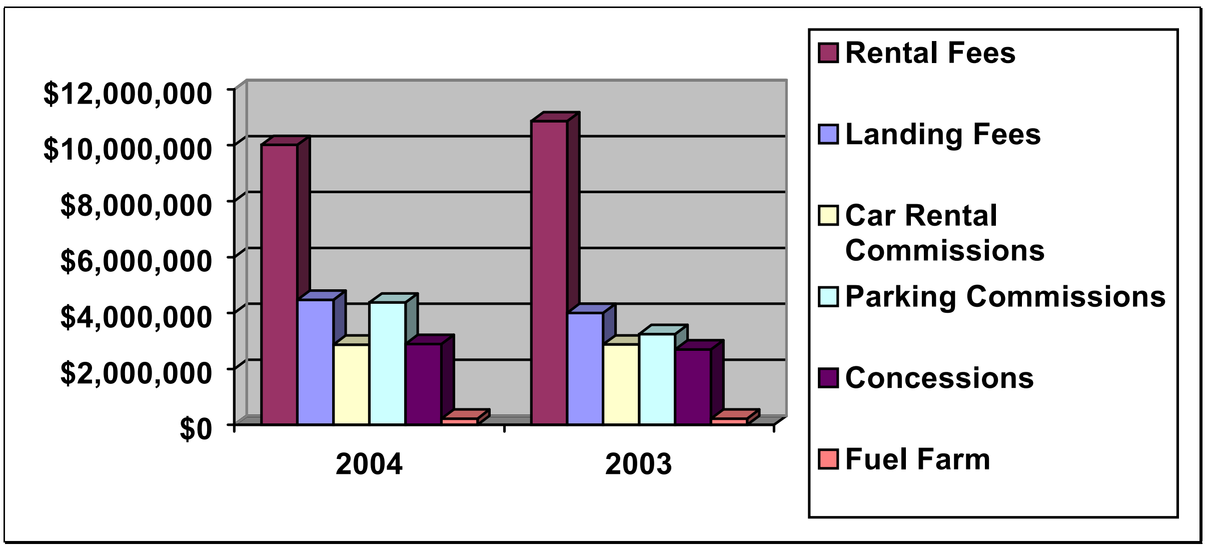
FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Changes in Net Assets (Continued)

Interest Revenue

Interest revenue (included within nonoperating revenues and expense) was $631,954 and $244,512 for 2004 and 2003, respectively. This is a 158.5% increase in 2004 and 61.1% decrease in 2003 from the prior year. In 2004, maturing investments were reinvested at higher rates, reflective of an overall market improvement in earned interest rates. Invested income as a percentage of invested assets in 2004 was approximately twice the 30 and 90 day Treasury Average (2.66%); the percentage of income to invested assets has improved from 2.37% in 2003 to 2.62% in 2004.

Summary of Revenue, Expenses and Changes in Net Assets
Table A-2 (Revenue Graph)



Capital Asset and Debt Administration

Capital Assets

Leased

The Authority leases the Airport facilities, except those that were financed through the 1989 bond issuance, from Monroe 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. In 2004 and 2003, the rental payments totaled $910,912 and $914,720 respectively.

Purchases

Most improvements to the Airport facilities are planned and funded through the Monroe County Capital Improvement Program. The Authority did invest $816,941 and retire $0 in capital assets in 2004 and $4,496 and $17,399 during 2003, for a year-end total of $123,971,843 and $123,154,902 in 2004 and 2003 respectively (See Table A-3).

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Capital Asset and Debt Administration (Continued)

Summary of Capital Assets
Table A-3

	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 497,771	$ -	$ -	$ 497,771
Buildings and other facility equipment	120,520,401	380,660	-	120,901,061
Office furniture and equipment	1,477,244	291	-	1,477,535
Transportation equipment	659,486	435,990	-	1,095,476
Total capital assets	123,154,902	816,941	-	123,971,843
Accumulated depreciation	(51,195,117)	(4,384,916)	-	(55,580,033)
Net capital assets	$ 71,959,785	$ (3,567,975)	$ -	$ 68,391,810

More detailed information about the Authority's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At year-end 2004 and 2003, the Authority had $82,217,183 and $86,168,388 in bonds outstanding ($78,297,183 and $82,303,388 long-term and $3,920,000 and $3,865,000 short-term) - a decrease of 4.6% and 3.5% respectively, from the prior year. (See Table A-4).

On March 4, 2004, the Authority refunded the Revenue Refunding Bonds - Series 1993. The Revenue Refunding Bonds - Series 2004 resulted in a decrease of $45,000 in outstanding debt, a 6.03% present value savings and will decrease annual debt service by an average $128,000 over the 15-year life of the issue.

FINANCIAL ANALYSIS OF THE AUTHORITY (Continued)

Long-Term Debt (Continued)

Summary of Long-Term Debt
Table A-4

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Appreciation Bonds, issued as part of 1989 series	$ 3,340,073	$ -	$ (3,340,073)	$ -
Serial Bonds, issued in 1993, which refunded part of 1989 bonds	21,095,000	-	(21,095,000)	-
Serial Bonds, issued in 1999, which refunded part of 1989 bonds	66,345,000	-	(330,000)	66,015,000
Serial Bonds, issued in 2004, which refunded 1993 bonds		20,855,000	-	20,855,000
Unamortized bond discount	(448,476)	(164,560)	269,651	(343,385)
Deferred amount of refunding	(4,163,209)	(2,112,215)	1,965,992	(4,309,432)
Total long-term debt	$ 86,168,388	$ 18,578,225	$ (22,529,430)	$ 82,217,183

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

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, 1200 Brooks Avenue, Rochester, New York 14624.

MONROE COUNTY AIRPORT AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	2004
CURRENT ASSETS:	
Cash and cash equivalents	$ 12,092,167
Accounts receivable - net of allowance for doubtful accounts of $93,500 and net of final rate adjustment of $291,424	2,922,722
Accrued interest receivable	49,769
Total current assets	15,064,658
NONCURRENT ASSETS:	
Restricted cash and cash equivalents	7,576,875
Investments which are restricted funds held by trustee -	
Principal and interest fund	9,324,752
Capital Assets -	
Land and easements	497,771
Buildings, improvements and equipment, net of accumulated depreciation and amortization	67,894,039
Bond issuance costs, net of accumulated amortization of $725,317	1,436,539
Total noncurrent assets	86,729,976
Total assets	$ 101,794,634

MONROE COUNTY AIRPORT AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	2004
CURRENT LIABILITIES:	
Payable from unrestricted assets:	
Accounts payable	$ 22,346
Deferred revenue	97,882
Due to Monroe County	461,890
Total payable from unrestricted assets	582,118
Payable from restricted assets:	
Premium on bonds	1,971,202
Accrued interest on bonds	2,327,309
Current maturities of long-term debt	3,920,000
Security deposits	464,551
Other liabilities	346,667
Total payable from restricted assets	9,029,729
Total current liabilities	9,611,847
LONG-TERM DEBT, net of unamortized bond discount and unamortized loss on refunding	78,297,183
Total liabilities	87,909,030
Concentrations, commitments and contingencies (notes 5, 9 and 10)	
NET ASSETS:	
Invested in capital assets, net of related debt	(13,825,373)
Restricted for debt service	9,324,752
Restricted for passenger facility charges	2,918,341
Unrestricted	15,467,884
Total net assets	$ 13,885,604

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)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004
OPERATING REVENUES:	
Landing fees	$ 4,473,284
Rental fees	10,012,000
Car rental commissions	2,874,807
Parking commissions	4,377,024
Concessions	2,895,260
Fuel farm	225,000
Total operating revenues	24,857,375
OPERATING EXPENSES:	
Operating and maintenance expenses - Monroe County	13,878,596
Rent expense - Monroe County	910,912
Depreciation and amortization	4,384,916
Other	793,244
Total operating expenses	19,967,668
Operating income	4,889,707
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	631,954
Interest expense	(4,826,200)
Amortization of bond issuance costs	(223,897)
Local share of capital projects - Monroe County	(522,705)
Total nonoperating revenues (expenses)	(4,940,848)
Loss before capital contributions	(51,141)
Capital contributions, net	1,436,767
CHANGE IN NET ASSETS	1,385,626
NET ASSETS - beginning of year, as previously stated	10,488,802
PRIOR PERIOD ADJUSTMENT	2,011,176
NET ASSETS - beginning of year, as restated	12,499,978
CHANGE IN NET ASSETS	1,385,626
NET ASSETS - end of year	$ 13,885,604

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)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004
CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from providing services	$ 25,013,099
Cash paid to suppliers	(16,385,787)
Net cash flow from operating activities	8,627,312
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:	
Payments from Monroe County	1,677,978
Net cash flow from noncapital financing activities	1,677,978
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(816,941)
Capital contributions	1,436,767
Payment of bond principal	(3,865,073)
Issuance of bonds	21,729,894
Refunding of bonds	(21,109,000)
Bond issuance costs	(661,829)
Payment of bond interest expense	(4,660,705)
Local share of capital projects - Monroe County	(522,705)
Other	(151,642)
Net cash flow from capital and related financing activities	(8,621,234)
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest received	624,297
Proceeds from sale of investments	5,878,221
Net cash flow from investing activities	6,502,518
CHANGE IN CASH AND CASH EQUIVALENTS	8,186,574
CASH AND CASH EQUIVALENTS - beginning of year	11,482,468
CASH AND CASH EQUIVALENTS - end of year	19,669,042
Classified as:	
Cash and cash equivalents - unrestricted	12,092,167
Cash and cash equivalents - restricted	7,576,875
Total cash and cash equivalents	$ 19,669,042
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
Net operating income	$ 4,889,707
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation and amortization	4,384,916
Changes in:	
Accounts receivable	338,767
Deferred revenue	(183,043)
Other current liabilities	(803,035)
Net cash flow from operating activities	$ 8,627,312

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 (note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting -

The financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. In compliance with Governmental Accounting Standards Board (GASB) Statement No. 20, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The authority has elected not to adopt the provisions of paragraph 7 of GASB Statement No. 20.

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.

Revenue and Expenses -

The Authority's principal sources of revenue are landing fees, terminal rentals from airlines using the Airport, car rental, parking, and concession fees. Revenues are recognized upon provision of services. Rates charged by the Authority are intended to recover total budgeted operating costs, as defined by the signatory agreement, which excludes depreciation 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 expired December 31, 2004. The airlines have signed new agreements with provisions similar to the recently expired agreement. The new agreements expire December 31, 2007 and include a two-year renewal option and a three-year renewal option subsequent to completion of the two-year renewal period. Operating expenses include the cost of services provided, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents -

Cash equivalents include certificates of deposit, money market funds, U.S. Government securities and repurchase agreements with maturities of three months or less from the purchase date. Cash equivalents are stated at cost, which approximates fair value.

Investments -

The Authority is authorized to invest in certificates of deposit, repurchase agreements, and obligations of the U.S. Government. Investments are stated at cost, which approximates fair value.

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 5). 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 $1,000 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 the leased airport facilities is provided on a straight-line basis over the remaining life of the lease from the time of acquisition. Depreciation is computed primarily on a straight-line basis over the estimated useful lives of the property and equipment, which range from four to ten years.

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. In September 1997, the FAA approved a $3.00 Passenger Facility Charge collection at the Airport beginning December 1, 1997. In November of 1998, the FAA approved an additional $3.00 Passenger Facility Charge. In June 30, 2004, the FAA approved a $4.50 Passenger Facility Charge. The excess of amounts collected and expended in each year are recorded as capital contributions in the statement of revenues, expenses and changes in net assets. Cumulative amounts collected yet unexpended at December 31 are reflected as restricted net assets for Passenger Facility Charges in the statement of net assets.

Deferred Financing Costs -

Bond premiums, discounts, issuance costs, and the deferred amount on refinancing related to the issuance of the debt obligations are amortized over the life of the respective bonds using a level yield method of amortization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. PRIOR PERIOD ADJUSTMENT

During 2004, it was determined that the issue premium and the deferred loss on refunding related to the 1999 Refunding Bonds was incorrectly recorded. The effect of correcting this adjustment was to increase the premium on bonds and the deferred loss on refunding by $222,031 and $2,233,207, respectively, and to increase net assets invested in capital assets, net of related debt by $2,011,176 at January 1, 2004.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The bank balances of cash deposits at December 31, 2004 are fully insured by the Federal Deposit Insurance Corporation or are fully collateralized. The investments outstanding as of December 31, 2004 are held by the Authority's agents in the Authority's name.

Cash equivalents and investments that are unrestricted and those restricted as to use but maintained by the Authority at December 31, 2004 are as follows:

Money market	$ 18,259,451

Investments that are restricted include funds required to be maintained by the trustee pursuant to the indenture agreement related to the various bond issues of the Authority. A description of assets held by the trustee at December 31, 2004 are as follows:

Money market funds	$ 422,274
U. S. Treasury bonds	8,902,478
	$ 9,324,752

5. TRANSACTIONS WITH MONROE COUNTY

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 on the accrual basis of accounting. Upon expiration or earlier 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, 2023. Amounts due to/from Monroe County represent the net balances pursuant to the agreement and are non-interest bearing.

5. TRANSACTIONS WITH MONROE COUNTY (Continued)

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 2004, the rental payments totaled $910,912.

Estimated future minimum rental payments at December 31, 2004 are as follows:

2005	$ 954,584
2006	999,185
2007	1,004,556
2008	998,272
2009	942,554
2010 - 2014	3,239,961
2015 - 2019	2,530,858
2020 - 2023	397,643
	$ 11,067,613

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated or amortized:				
Land and easements	$ 497,771	$ -	$ -	$ 497,771
Total capital assets, not being depreciated or amortized	497,771	-	-	497,771
Capital assets, being depreciated or amortized:				
Buildings and other facility equipment	120,520,401	380,660	-	120,901,061
Office furniture and equipment	1,477,244	291	-	1,477,535
Transportation equipment	659,486	435,990	-	1,095,476
Total capital assets, being depreciated or amortized	122,657,131	816,941	-	123,474,072
Less accumulated depreciation and amortization	(51,195,117)	(4,384,916)	-	(55,580,033)
Capital assets being depreciated or amortized, net	71,462,014	(3,567,975)	-	67,894,039
Capital assets, net	$ 71,959,785	$ (3,567,975)	$ -	$ 68,391,810

7. 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 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 $2,112,215. This deferred amount on refunding is being amortized over the term of the 2004 Series Bonds.

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.

7. LONG-TERM DEBT (Continued)

Bond activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Ending Balance
Bonds issued as part of the 1989 Series:					
Capital appreciation bonds maturing in annual amounts of $3,340,000 to 2004 bearing interest at 7.20%	$ 3,340,073	$ -	$ (3,340,073)	$ -	$ -
Bonds issued as part of the 1993 refunding:					
Serial bonds maturing in annual amounts ranging from $175,000 to $1,095,000 from 2002 to 2008 bearing interest paid semi-annually at 4.90% to 5.50%	4,260,000	-	(4,260,000)	-	-
Term bonds plus interest paid semi-annually at 5.50% maturing January 1, 2013	6,450,000	-	(6,450,000)	-	-
Term bonds plus interest paid semi-annually at 5.38% maturing January 1, 2019	10,385,000	-	(10,385,000)	-	-
Bonds issued as part of the part 1999 refunding:					
Serial bonds maturing in annual amounts ranging from $300,000 to $6,330,000 from 2002 to 2019 bearing interest paid semi-annually at 4.750% to 5.875%	66,345,000	-	(330,000)	(2,940,000)	63,075,000
Bonds issued as part of the 2004 refunding:					
Serial bonds maturing in annual amounts ranging from $980,000 to $1,860,000 from 2005 to 2019 bearing interest paid semi-annually at 2.000% to 4.000%	-	20,855,000	-	(980,000)	19,875,000
Less: unamortized bond discount	(448,476)	(164,560)	269,651	-	(343,385)
Less: deferred amount on refunding	(4,163,209)	(2,112,215)	1,965,992	-	(4,309,432)
Long-term liabilities	$ 86,168,388	$ 18,578,225	$ (22,529,430)	$ (3,920,000)	$ 78,297,183

7. LONG-TERM DEBT (Continued)

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 at December 31, 2004 are summarized as follows:

	Required	Actual
Net revenue to debt service	1.25:1	1.41:1
Debt service reserve requirement	$ 8,638,500	$15,202,973
Operating and maintenance reserve requirement	$ 2,384,711	$ 2,472,988
Renewal and replacement requirement	$ 500,000	$ 1,327,563

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 subaccounts related to the debt issues.

These subaccounts are aggregately reflected as a part of net assets in the accompanying statement of net assets and a brief description of each of these funds are as follows:

Revenues of the Authority are deposited in the Revenue Account, net of certain transfers to the other accounts created under the indenture. The amounts designated for this account are included in unrestricted cash and investments on the accompanying statements of net assets.

The 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 as to use, held by trustee on the accompanying statements of net assets.

The 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, which are restricted as to use, held by trustee on the accompanying statements of net assets.

The 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 on the accompanying statements of net assets.

The 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 on the accompanying statements of net assets.

The Surplus Account represents amounts defined by the indenture that are subject to use by the Authority, including transfers to other accounts, as appropriate.

1989 Series Bonds -

The 1989 Series Capital Appreciation Bonds are not subject to redemption, prior to maturity, which was January 1, 2004.

7. LONG-TERM DEBT (Continued)

1993 Series Bonds -

The 1993 Series Bonds maturing on and after January 1, 2004 are subject to redemption, at the option of the Authority, at any time beginning on or after January 1, 2003. The redemption price (expressed as a percentage of the principal amount of the bonds to be redeemed) is 102% plus accrued interest if redemption occurs between January 1, 2004 and December 31, 2004, and 100% plus accrued interest if redeemed on January 1, 2005 and thereafter. These bonds were repaid with the proceeds of the 2004 Series Refunding Issue.

1999 Series Bonds -

The 1999 Series Bonds maturing on and after January 1, 2001 are not subject to redemption prior to their maturity.

2004 Series 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.

Other -

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

Maturities of revenue bonds for the fiscal years ended December 31, 2004 are as follows:

	Principal	Interest	Total
2005	$ 3,920,000	$ 4,569,481	$ 8,489,481
2006	4,145,000	4,387,406	8,532,406
2007	4,335,000	4,181,425	8,516,425
2008	4,550,000	3,955,694	8,505,694
2009	4,790,000	3,710,219	8,500,219
2010 - 2014	28,205,000	14,147,471	42,352,471
2015 - 2019	36,925,000	5,233,088	42,158,088
	$ 86,870,000	$ 40,184,784	$ 127,054,784

8. CAPITAL CONTRIBUTIONS

Of the total amount the Authority is authorized to collect in Passenger Facility Charges, $61,439,249, $23,948,456 has been collected and accrued for through December 31, 2004. $4,228,222 of total collections relates to the year ended December 31, 2004 of which $2,791,455 of the current year amount was expended. As of December 31, 2004, $2,918,341 is reflected as restricted net assets for Passenger Facility Charges in the statement of net assets.

9. CONCENTRATIONS

Eleven signatory airlines accounted for approximately 52% and 59% of the landing and rental fee revenues in 2004. One signatory airline, USAirways, accounted for approximately 24% of such revenue in 2004.

Car rental commission revenue is generated from five agencies, one of which accounts for approximately 28% of such revenue in 2004.

10. CONTINGENCIES

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

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 23, 2005

To the Members of
Monroe County Airport Authority:

We have audited the financial statements of the Monroe County Airport Authority (the Authority) as of and for the year ended December 31, 2004 and have issued our report thereon dated March 23, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Authority's management in a separate letter dated March 23, 2005.

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 the members of the Monroe County Airport Authority and its management and is not intended to be used and should not be used by anyone other than these specified parties.

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