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

Financial Statements as of December 31, 2019 and 2018 Together with Independent Auditor's 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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For the years ended December 31, 2019 and 2018

Bonadio & Co., LLP
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INDEPENDENT AUDITOR'S REPORT

March 18, 2020

To the Board of Directors of the
Monroe County Airport Authority

We have audited the accompanying financial statements of the 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 years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

www.bonadio.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows thereof, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

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, 2019 and 2018. 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 Government 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 Position depict the Authority's financial position at December 31, the end of the Authority's fiscal year. The statements present all the assets and deferred outflows of resources minus liabilities of the Authority which result in the ending net position of the Authority.

The Statements of Revenues, Expenses and Changes in Net Position report operating revenues and expenses, non-operating revenues and expenses, capital contributions and the changes in net position for the year ended December 31. The change in net position combined with the previous year's net position total, reconciles to the net position 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 Position

The Statements of Net Position depict the Authority's financial position as of a point in time – December 31 – and include all assets, deferred outflows of resources, and liabilities of the Authority. The Authority's assets and deferred outflows of resources exceeded liabilities by $22.8 million at December 31, 2019, a $2.2 million or 8.7% decrease from 2018. Restricted net position is $3.7 million or 16.1% of total net position. Restricted net position represents resources that are available for a specific purpose as imposed by creditors, grantors, contributors, laws or regulations. Unrestricted net position is $15.2 million and may be used to meet the Authority's obligations. Unrestricted net position decreased $5.4 million or 26.1% from 2018.

(000's Omitted)

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

Condensed Statements of Net Position
Table A-1

	2019	2018	2017
ASSETS:			
Current	$ 14,645	$ 13,734	$ 14,328
Noncurrent	6,432	13,971	17,045
Capital	5,551	9,851	14,501
Total assets	26,628	37,556	45,874
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount on refunding	-	-	50
LIABILITIES:			
Other	2,589	10,942	10,996
Long-term debt	1,225	1,615	8,209
Total liabilities	3,814	12,557	19,205
NET POSITION:			
Net investment in capital assets	3,936	(339)	(1,468)
Restricted	3,676	4,775	7,366
Unrestricted	15,202	20,563	20,821
Total net position	$ 22,814	$ 24,999	$ 26,719

Assets and Liabilities

Cash and cash equivalents, a significant part of current assets, totaled $14.0 million at December 31, 2019, an icrease of $1.1 million from 2018. Accounts receivable has decreased by $169 thousand or 21.9% over 2018 due to an increase in the allowance for doubtful accounts of $50 thousand and the timing of customer payments. In 2019, the overall final adjustment to the signatory airlines and car rental companies resulted in a refund of approximately $875 thousand which was reclassified to accounts payable for reporting purposes. The 2018 final adjustment also resulted in a reclassification of $528 thousand. In 2018, accounts receivable decreased by $497 thousand or 39.2% over 2017 due primarily to an increase in the allowance for doubtful accounts of $450 thousand. Accounts receivable is a component of current assets.

Capital assets and long-term debt are discussed elsewhere in this MD&A.

(000's Omitted)

Change in Net Position

Overall, between 2019 and 2017, total operating revenues have consistently exceeded total operating expenses. In 2019, non-operating expenses decreased by $1.6 million or by 33.4% primarily due to a decrease in the local share of capital projects paid by the Authority. In 2018, non-operating expenses increased by $2.3 million or by 87.9% primarily due an increase in the local share of capital projects paid by the Authority. As County capital projects are completed, the local share is paid by the Authority. For more detail on the projects and amounts transferred, refer to the section "Non-Operating Expenses".

The comparative changes in revenues and expenses will be discussed following Table A-2 below.

Condensed Statements of Revenues, Expenses, and Change in Net Position
Table A-2

	2019	2018	2017
OPERATING REVENUES:			
Landing and rental fees	$ 11,854	$ 15,246	$ 14,007
Commissions	12,859	13,038	11,989
Other	3,697	3,533	4,569
Total operating revenues	28,410	31,817	30,565
OPERATING EXPENSES:			
Operating and maintenance-Monroe County	17,836	17,404	16,420
Rent-Monroe County and other	4,659	4,531	4,054
Depreciation and amortization	4,640	4,700	4,698
Total operating expenses	27,135	26,635	25,172
OPERATING INCOME	1,275	5,182	5,393
NON-OPERATING EXPENSES	(3,225)	(4,843)	(2,577)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,950)	339	2,816
CAPITAL CONTRIBUTIONS, net	(235)	(2,059)	1,956
CHANGE IN NET POSITION	$ (2,185)	$ (1,720)	$ 4,772

FINANCIAL ANALYSIS

Operating Revenues

In 2019, operating revenues decreased by $3.4 million or 10.7% from 2018. The net result of the decrease was due primarily to a decrease in landing fees of $2.1 million or 29.4% over 2018; a decrease in rental fees of $1.3 million or 16.2% over 2018; an increase in car rental commissions of $99 thousand or 2.6% over 2018; a decrease in parking commissions of $278 thousand or 3.0%; and an increase in concession and other revenues of $220 thousand or 6.3%. The decrease in landing fees was a result of a new five-year Airline Use and Lease Agreement (AUA) that was negotiated with the Airlines in 2018 and effective as of January 1, 2019 which eliminated a separate charge for exit lane and employee screening costs and now includes these costs in the net terminal requirement used to calculate the terminal rental rates. Rental car commissions increased slightly due to higher gross sales reported by the car rental agencies. The decrease in parking commissions is due to a decrease in parking transactions attributable to the growth of the two transportation network companies (TNCs), Uber and Lyft. The increase in concession and other revenues was a result of increased revenues from the TNCs.

Comparatively, In 2018, operating revenues increased by $1.3 million or 4.1% from 2017. The net result of the increase was due primarily to an increase in landing fees of $153 thousand or 2.2% over 2017; a decrease in rental fees of $539 thousand or 7.5% over 2017; an increase in car rental commissions of $211 thousand or 5.8% over 2017; an increase in parking commissions of $838 thousand or 10.0%; and an increase in concession and other revenues of $589 thousand or 12.9%. The increases in landing fees and rental car commissions was primarily the result of the increase in enplanements in 2018. The decrease in rental fees was the result of the true up to the signatory airlines which resulted in a decrease in terminal rental rates. The increase in parking commissions is due to both an increase in enplanements and the small rate increase in the parking garage and weekly parking lot that was effective in October 2017. The increase in concession and other revenues was due to higher fees collected for glycol and fuel flowage fees along with $258 thousand in additional revenue from the operation of two transportation network companies (TNCs), Uber and Lyft.

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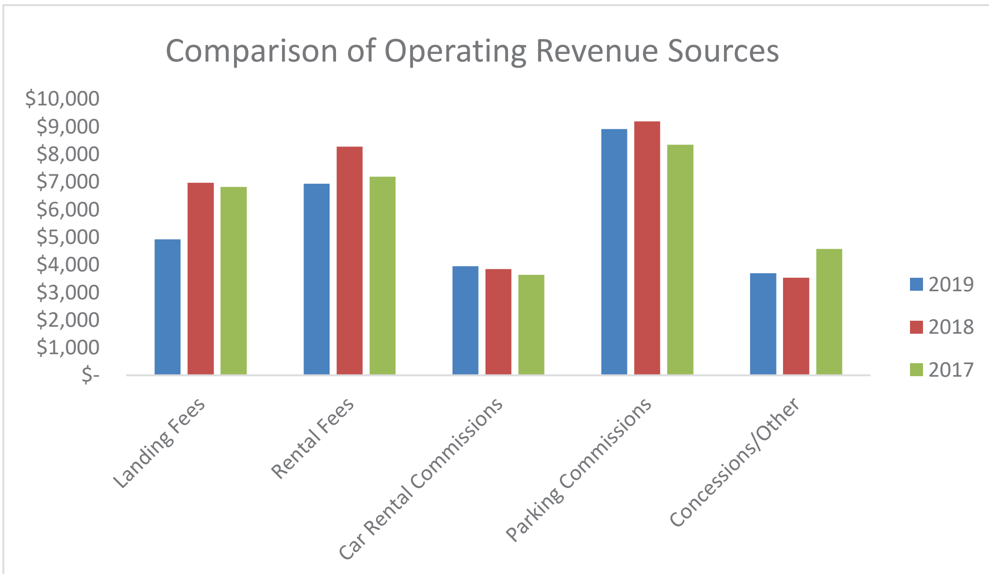
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018
(000's Omitted)

The comparison of operating revenue sources is provided below.



	Landing Fees	Rental Fees	Car Rental Commissions	Parking Commissions	Concessions/Other
2019	$ 4,923	$ 6,931	$ 3,949	$ 8,910	$ 3,697
2018	$ 6,974	$ 8,272	$ 3,850	$ 9,188	$ 3,533
2017	$ 6,821	$ 7,186	$ 3,639	$ 8,350	$ 4,569

Non-Operating Revenue
The primary source of this category is interest earnings totaling $142 thousand in 2019, $94 thousand in 2018, and $38 thousand in 2017. The increase in interest earnings in 2019 is due to an increase in interest rates from 2018.

Operating Expenses
In 2019, operating and maintenance expenses increased by $432 thousand or 2.5% when compared to 2018. Expenses were higher in 2019 in the areas of personnel services due to negotiated salary increases in union contracts at the County which increased the allocation to the Authority, fleet maintenance, and contractual services for snow plowing services.

Comparatively, in 2018, operating and maintenance expenses increased by $985 thousand or 6.0% when compared to 2017. Expenses were higher in 2018 in the areas of fleet maintenance, interdepartmental charges for security and law services, and higher utility costs. Increases were also seen in building and equipment maintenance costs.

In 2019, rent to the County of Monroe (the County) increased by $295 thousand or 14.5%, and in 2018, rent increased by $150 thousand or 8.0%. The increase in 2019 was due to higher debt service costs associated with current and prior capital projects at the Airport including interest of $609 thousand incurred for short term borrowing during the Upstate Airport Economic Development and Revitalization Initiative. For 2018, the increase was due to higher debt service costs associated with current and prior capital projects at the Airport including interest of $231 thousand incurred for short term borrowing during the Upstate Airport Economic Development and Revitalization Initiative. Depreciation and amortization of capital projects experienced no significant change from 2017 to 2019.

Non-Operating Expenses

Non-operating expenses in 2019 include the Authority's local share of capital projects reimbursed to the County of $3.1 million, a decrease of 22.3% from 2018. The 2018 local share reimbursed increased $2.3 million (134.8%) from 2017 primarily due to the Airport Revitalization and Redevelopment project. The Authority's local share of 5.0% 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):

	2019	2018	2017
Airport Revitalization and Redevelopment	$ 2,500	$ 3,075	$ 503
Runway 4/22, 7/25 and 10/28 Rehabilitation	287	-	(42)
Facility Improvements	143	189	435
Parking Improvements	53	375	261
Taxiway and Other Airfield Improvements	35	202	492
Snow Removal and Other Equipment	27	-	1
Planning and Feasibility	14	-	-
Environmental Improvements	3	5	4
Land Acquisition	-	96	-
Circulation Improvements	-	-	14
Green Energy Initiatives	-	-	11
Total	$ 3,062	$ 3,942	$ 1,679

The balance of the cost of each project after the Authority's local share is paid comes from state and federal sources paid to the County directly. The negative $42 thousand in 2017 is a result of local share reimbursed to the Authority from the County for outstanding federal funding received.

Non-operating expenses for 2019 includes an increase of $50 thousand for bad debt expenses. This is in addition to the $450 thousand for bad debt expense that was recognized in 2018. In March of 2019, the Authority terminated a contract with its advertising concessionaire for non-compliance with terms and conditions and is the process of litigation.

(000's Omitted)

CAPITAL ASSETS

For each of the years ended December 31, 2019, 2018 and 2017 the impact of recording depreciation and amortization was approximately $4.7 million. Depreciation and amortization expense is the primary reason for the decrease in capital assets of $4.3 million (43.7%) in 2019; $4.7 million (32.1) in 2018; and $4.5 million (23.7%) in 2017.

Leases

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 $2.3 million in 2019, $2.0 million in 2018, and $1.9 million in 2017.

Purchases and Retirements

Airport facilities improvements are planned and funded through the County's Capital Improvement Program. In 2019, the Authority invested $351 thousand in facility improvements and retired $290 thousand in assets that had accumulated depreciation of $280 thousand. In 2018, the Authority invested $107 thousand in facility improvements and retired $294 thousand in assets that had accumulated depreciation of $237 thousand. Year-end total cost was $127.2 million, $127.2 million and $127.4 million at December 31, 2019, 2018, and 2017, respectively (See Table A-3).

Summary of Capital Assets
Table A-3

	Cost	Accumulated Depreciation	Net
December 31, 2017	$ 127,374	$ (112,873)	$ 14,501
Increases	107	(4,700)	(4,593)
Decreases	(294)	237	(57)
December 31, 2018	127,187	(117,336)	9,851
Increases	351	(4,641)	(4,290)
Decreases	(290)	280	(10)
December 31, 2019	$ 127,248	$ (121,697)	$ 5,551

(000's Omitted)

DEBT ADMINISTRATION

The Authority has long-term debt outstanding of $1.6 million in 2019, $10.2 million in 2018, and $16.0 million in 2017. Principal payments, net of unamortized bond discount and deferred amounts were $8.6 million in 2019, $7.8 million in 2018, and $7.4 million in 2017.

As a result of regularly scheduled annual principal payments on the outstanding debt, the debt outstanding at December 31, 2019, 2018 and 2017 decreased by $8.6 million in 2019, $5.8 million in 2018, and $7.4 million in 2017. This decrease is also reflected in the increase in the portion of net position that is net investment in capital assets, net of related debt. In addition, in October 2018, the Authority issued $2.0 million in new Airport revenue bonds with a five-year life for general aviation related projects.

Summary of Long-Term Debt
Table A-4

	2019	2018	2017
Serial Bonds, issued in 1999, which refunded part of 1989 bonds	$ -	$ 6,330	$ 12,300
Serial Bonds, issued in 2004, which refunded 1993 bonds	-	1,860	3,650
Serial Bonds, issued in 2018	1,615	2,000	-
Unamortized premium on bonds	-	-	23
Unamortized bond discount	-	-	(4)
Total long-term debt	$ 1,615	$ 10,190	$ 15,969

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

AVIATION FACTORS AFFECTING FINANCIAL STATEMENTS

Passenger Activity

In 2019, total scheduled airline passengers (enplanements and deplanements) at the Greater Rochester International Airport (ROC) increased .33% as compared to 2018. Nationwide in 2019, aviation industry load factors were high; likewise for ROC, load factors remained high an 83.4%. Load factor is an airline industry metric that measures how much of an airline's passenger carrying capacity is used. 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. As of the most recent available data, ROC ranked 85th nationally.

(000's Omitted)

ROC continues to aggressively promote air service development with its current air carriers and other airlines.

	Ticketed Passenger Activity		
Year	Enplanements (Departing)	Deplanements (Arriving)	Total Passengers
2019	1,293,719	1,285,035	2,578,754
2018	1,287,721	1,282,521	2,570,242
2017	1,212,654	1,210,476	2,423,130

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 PFC's collected. In 2019, a total of $4.9 million in PFC's were collected from airline passengers. The Authority contributed $5.1 million to the County towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, net of ($235) thousand as shown in Table A-2. In 2018, a total of $5.6 million in PFC's were collected from airline passengers. The Authority contributed $7.7 million to the County towards the cost of capital improvements at the Airport resulting in a Capital Contribution, net of ($2.1) million as shown in Table A-2. In 2017, a total of $4.6 million in PFC's were collected from airline passengers. The Authority contributed $2.7 million to the County towards the cost of capital improvements at the Airport, resulting in a Capital Contribution, net of $2.0 million as shown in Table A-2. A description of PFC's is provided in Note 2 of the financial statements, Passenger Facility Charges.

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, 2019 through December 31, 2023. This new agreement was the result of contract negotiations with the Airlines in 2018. The agreement employs a hybrid rate setting approach, with an airfield residual and a terminal compensatory rate setting methodology. Landing Fees, which are paid by airlines and cargo carriers, and Rentals (Table A-2) which are predominately paid by airlines, are regulated by the annual Rates and Charges. At year-end, actual airfield payments are reconciled to actual airfield costs to determine the final amounts owed by the airlines. The terminal rates are also recalculated to reflect actual costs incurred and a year end true up entries with the Airlines are made, see Note 2 of the financial statements, Revenues and Expenses.

Incentive Program

In 2015, the Authority began offering an airline incentive program to qualified airlines for new non- stop service from ROC to an unserved airport. The incentive program authorizes the Administrative Director to waive landing, terminal and operation fees and allocate marketing funds as deemed necessary for development of the incentive package. Allegiant Air has been the only airline to take advantage of the incentive program. In 2017, Allegiant launched a new non-stop flight, twice weekly to an unserved Florida market – Punta Gorda (PGD) and continued service to Orlando/Sanford (SFB) after the incentive period for that destination ended in November 2017. The incentive for the Allegiant's PGD route ended in May 2019 and Allegiant has continued to maintain service to that destination. No additional airlines took advantage of this program during 2018 or 2019. Fees waived for 2019 were $32 thousand for landing, terminal and operation fees; however this was offset by collections of $22 thousand in PFC revenue from those passengers. Fees waived for 2018 were $128 thousand with an offset of collections of $55 thousand in PFC revenue. In 2017, fees waived were $276 thousand which was offset by collections of $82 thousand in PFC revenue. Furthermore, the additional passengers from these flights resulted in an increase in concession and parking revenues.

Construction Projects

In October 2018, the Authority completed the $79 million terminal transformation that was part of the New York State Upstate Airport Economic Development and Revitalization Initiative. Key project components included: Airport Access and Approach, Terminal Entrance Canopy, Smart Terminal Enhancements and Business/Technology Incubator Study.

Lease and Operating Agreement with Monroe County

The Authority's Lease and Operating Agreement with the County was set to expire on January 30, 2019, 30 days following the final payment of the Authority's bonds. However, on October 1, 2018 the Authority issued a $2,000,000 revenue bond with a five-year payment term, extending the expiration date of the Authority's Lease and Operating Agreement with the County to November 1, 2023.

2019 BUDGET

The Authority's 2020 budget has been approved and contains no significant changes from the operational results for 2019. 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 Position
December 31, 2019 and 2018
(000's Omitted)

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,044	$ 12,964
Accounts receivable - net of allowance for doubtful accounts of $600 in 2019 and $550 in 2018	601	770
Total current assets	14,645	13,734
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	6,432	5,558
Cash and investments, which are restricted funds held by trustee - principal and interest fund	-	8,413
Capital assets, net	5,551	9,851
Total noncurrent assets	11,983	23,822
Total assets	26,628	37,556
CURRENT LIABILITIES:		
Current maturities of long-term debt	390	8,575
Accounts payable	1,066	673
Unearned revenue	155	247
Due to Monroe County	488	546
Other liabilities	331	458
Accrued interest on bonds	9	234
Security deposits	150	209
Total current liabilities	2,589	10,942
LONG-TERM DEBT, net of current portion	1,225	1,615
Total liabilities	3,814	12,557
NET POSITION:		
Net investment in capital assets	3,936	(339)
Restricted -		
For debt service	-	819
For passenger facility projects	109	344
For other debt compliance	3,567	3,612
Unrestricted	15,202	20,563
Total net position	$ 22,814	$ 24,999

The accompanying notes are an integral part of these statements.

MONROE COUNTY AIRPORT AUTHORITY
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Statements of Revenues, Expenses and Change in Net Position
For the years ended December 31, 2019 and 2018
(000's Omitted)

	2019	2018
OPERATING REVENUES:		
Landing fees	$ 4,923	$ 6,974
Rental fees	6,931	8,272
Car rental commissions	3,949	3,850
Parking commissions	8,910	9,188
Concessions	3,697	3,477
Other	-	56
Total operating revenues	28,410	31,817
OPERATING EXPENSES:		
Operating and maintenance - Monroe County	17,836	17,404
Rent - Monroe County	2,326	2,031
Depreciation and amortization of capital assets	4,640	4,700
Other	2,333	2,500
Total operating expenses	27,135	26,635
Operating income	1,275	5,182
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	142	94
Interest expense	(41)	(457)
Loss on capital assets	(11)	(57)
Amortization of bond premiums and deferred amounts	(203)	(31)
Bad debt expense	(50)	(450)
Local share of capital projects - Monroe County	(3,062)	(3,942)
Total non-operating expenses	(3,225)	(4,843)
Income before capital contributions	(1,950)	339
CAPITAL CONTRIBUTIONS, net	(235)	(2,059)
CHANGE IN NET POSITION	(2,185)	(1,720)
NET POSITION - beginning of year	24,999	26,719
NET POSITION - end of year	$ 22,814	$ 24,999

The accompanying notes are an integral part of these statements.

MONROE COUNTY AIRPORT AUTHORITY
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Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(000's Omitted)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from providing services	$ 28,378	$ 31,743
Cash paid to suppliers	(22,287)	(22,483)
Net cash flow from operating activities	6,091	9,260
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(351)	(107)
Capital contributions, net	(235)	(2,059)
Proceeds from issuance of long-term debt	-	2,000
Payment of bond principal	(8,575)	(7,760)
Payment of bond interest expense	(266)	(657)
Payment of bond issuance costs	(203)	-
Deposits into trustee principal and interest fund	-	(8,413)
Withdrawal from trustee principal and interest fund	8,413	9,789
Local share of capital projects - Monroe County	(3,062)	(3,942)
Net cash flow from capital and related financing activities	(4,279)	(11,149)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	142	94
Net cash flow from investing activities	142	94
CHANGE IN CASH AND CASH EQUIVALENTS	1,954	(1,795)
CASH AND CASH EQUIVALENTS - beginning of year	18,522	20,317
CASH AND CASH EQUIVALENTS - end of year	$ 20,476	$ 18,522
CLASSIFIED AS:		
Cash and cash equivalents	$ 14,044	$ 12,964
Restricted cash and cash equivalents	6,432	5,558
Total cash and cash equivalents	$ 20,476	$ 18,522
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	$ 1,275	$ 5,182
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization of capital assets	4,640	4,700
Bad debt expense	(50)	(450)
Changes in:		
Accounts receivable	169	497
Unearned revenue	(92)	(72)
Due to (from) Monroe County	(58)	(569)
Other current liabilities	207	(28)
Net cash flow from operating activities	$ 6,091	$ 9,260

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 as a discretely presented component unit. The Authority is organized under the Public Authorities Law of the State of New York. The oversight body is the Authority board, which is approved by the County Legislature on the recommendation of the County Executive. The chairperson is appointed by the County Executive. The County's Director of Finance serves as Treasurer of the Authority. The County Attorney serves as Secretary of the Authority. The Authority leases the Greater Rochester International Airport (the Airport) from the County and operates under the terms of the lease and operating agreement 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.

Basis of Presentation

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted net position - This component of net position consists of amounts which have external constraints placed on their 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 position - This component consists of net position that do not meet the definition of "net investment in capital assets", 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.

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. The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 2 or Level 3 inputs. Investment instruments are exposed to various risks, such as interest rate, market risk 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 Authority's 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 $10 thousand and a useful life greater than two years. 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.

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

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 signatory airlines that expired on December 31, 2019.

(000's Omitted)

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of a local Passenger Facility Charge (PFC) and use of the 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 1, 1997
$	3.00	April 1, 2001	November 1, 1998
$	4.50	September 1, 2004	June 1, 2004
$	4.50	May 1, 2011	July 1, 2006
$	4.50	February 1, 2019	October 1, 2013
$	4.50	May 1, 2025	May 1, 2018

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 Position. Cumulative amounts collected, yet unexpended at December 31, are reflected as net position restricted for passenger facility projects in the Statements of Net Position.

Accounts Receivable

The Authority accounts for receivables at outstanding billed amounts, net of the allowance for uncollectible amounts. Accounts for which no payments have been received for one year are considered delinquent and further collection efforts are begun. After the collection efforts are exhausted, the account is written off. As of December 31, 2019 and 2018, the allowance for uncollectible accounts was $600,000 and $550,000, respectively, which is estimated based on historical collection experience. In 2018, there was an increase in the allowance and bad debt expense was recorded due to the collection of a significant receivable balance of approximately $450,000 becoming uncertain. In 2019, there was an additional increase of $50,000.

Bond Premiums and Deferred Outflow of Resources

Bond premiums and the deferred amount on refunding related to the issuance of the debt obligations are amortized over the terms of the respective bonds using a level yield method of amortization. In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority reports deferred amounts on revenue bonds in this category.

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.

(000's Omitted)

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.

Reclassification

Certain amounts in 2018 have been reclassified to conform with 2019 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 101% collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank. The policy does not address credit risk specifically; however, risk associated with these investments has been minimized by the fact that they are held in a trust separate from the custodian's assets, which could be claimed by creditors.

Bank accounts at December 31, 2019 and 2018 are either fully insured by the FDIC or are fully collateralized. The investments outstanding as of December 31, 2019 and 2018 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:

	2019	2018
Money Market	$ 17,153	$ 15,361

At December 31, 2019 and 2018, money market funds were held by Bank of America and Manufacturers and Traders Trust (M&T).

(000's Omitted)

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:

	2019	
	Carrying Amount	Bank Balance
Demand deposits	$ 3,323	$ 3,333
Time deposits	17,153	17,153
Total cash and investments	$ 20,476	$ 20,486
Insured cash - FDIC		$ 1,176
Uninsured - collateralized with securities held by pledging financial institution		19,674
Total insured and collateralized cash and cash equivalents		$ 20,850

	2018	
	Carrying Amount	Bank Balance
Demand deposits	$ 3,161	$ 3,293
Time deposits	15,361	15,361
Total cash and investments	$ 18,522	$ 18,654
Insured cash - FDIC		$ 1,332
Uninsured - collateralized with securities held by pledging financial institution		17,650
Total insured and collateralized cash and cash equivalents		$ 18,982

(000's Omitted)

The following deposits, excluding those held by the trustee, held with one financial institution represent five percent or more of the Authority's total deposits subject to credit risk at either December 31, 2019 and 2018, or both:

	2019	2018
M&T	$ 18,705	$ 16,904
Bank of America	$ 1,523	$ 1,392

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 totalled $8,413 in 2018. No amounts were held by the trustee as of December 31, 2019.

4. LEASE AND OPERATING AGREEMENT 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 required 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 was set to expire thirty (30) days after repayment of the Airport revenue bonds, which were repaid on January 1, 2019. However, in October 2018, MCAA issued $2.0 million in new Airport revenue bonds with a five-year life with a final maturity date of October 1, 2023 that extends the term of the lease. Amounts due to/from Monroe County represent the net balances pursuant to the agreement.

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 2019 and 2018, the rental payments totaled $2,326 and $2,031, respectively. Estimated future minimum rental payments are as follows at December 31:

2020	$ 5,140
2021	4,782
2022	4,607
2023	4,574
2024	4,530
2025 - 2029	13,858
	$ 37,491

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

(000's Omitted)

In addition, the County issued a Bond Anticipation Note (BAN) on June 26, 2018 for $28,385,000. The BAN was converted to an eight year serial bond of $22,570,000 on June 25, 2019 and the future minimum rental payments for 2019 and forward have been adjusted. 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 2019 and 2018, the Authority did not receive advances from the County, and therefore no interest payments were made in 2019 or 2018.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 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	123,881	19	-	123,900
Office furniture and equipment	1,872	108	(20)	1,960
Transportation equipment	936	224	(270)	890
Total capital assets, being depreciated or amortized	126,689	351	(290)	126,750
Less:				
Accumulated depreciation and amortization:				
Buildings and other facility equipment	(115,247)	(4,434)	-	(119,681)
Office furniture equipment	(1,391)	(120)	19	(1,492)
Transportation equipment	(698)	(87)	261	(524)
Total accumulated depreciation	(117,336)	(4,641)	280	(121,697)
Capital assets being depreciated or amortized, net	9,353	(4,290)	(10)	5,053
Capital assets, net	$ 9,851	$ (4,290)	$ (10)	$ 5,551

(000's Omitted)

Capital asset activity for the year ended December 31, 2018 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	123,919	-	(38)	123,881
Office furniture and equipment	2,021	107	(256)	1,872
Transportation equipment	936	-	-	936
Total capital assets, being depreciated or amortized	126,876	107	(294)	126,689
Less:				
Accumulated depreciation and amortization:				
Buildings and other facility equipment	(110,827)	(4,434)	14	(115,247)
Office furniture and equipment	(1,439)	(175)	223	(1,391)
Transportation equipment	(607)	(91)	-	(698)
Total accumulated depreciation	(112,873)	(4,700)	237	(117,336)
Capital assets being depreciated or amortized, net	14,003	(4,593)	(57)	9,353
Capital assets, net	$ 14,501	$ (4,593)	$ (57)	$ 9,851

6. LONG-TERM DEBT

Series 2004 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 was being amortized over the term of the Series 2004 Bonds.

The Series 2004 Bonds maturing after January 1, 2018, were subject to redemption by the Authority, in whole or in part, at any interest payment date upon notice as provided in the master indenture at the par amount thereof plus accrued interest to the redemption date.

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.

Series 2018 Bond

In October 2018, the Authority issued Bonds to provide funding for general aviation and airport infrastructure improvements. This debt issuance extended the expiration date of the Authority's Lease and Operating Agreement with the County to November 1, 2023.

The 2018 Series Bonds were purchased by Monroe County and are subject to redemption prior to maturity at the option of the Authority as a whole or in part on any date at par, together with the interest accrued thereon to the date fixed for redemption.

(000's Omitted)

Bond activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Due After One Year
Bonds issued as part of the 1999 refunding:					
Serial bonds maturing in an annual amount of $6,330 in 2019 bearing interest paid semi-annually at 5.875 %	$ 6,330	$ -	$ (6,330)	$ -	$ -
Bonds issued as part of the 2004 refunding:					
Serial bonds maturing in an annual amount of $1,860 in 2019 bearing interest paid semi-annually 5.25%	1,860	-	(1,860)	-	-
Bonds issued as part of the 2018 series:					
Serial bonds maturing in annual amounts ranging from $390 to $415 from 2020 to 2023 bearing interest paid semi-annually at 2.03% to 2.37%	1,615	-	-	(390)	1,225
Long-term debt	$ 9,805	$ -	$ (8,190)	$ (390)	$ 1,225

(000's Omitted)

Bond activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Due After One Year
Bonds issued as part of the 1999 refunding:					
Serial bonds maturing in an annual amount of $6,330 in 2019 bearing interest paid semi-annually at 5.875%	$ 12,300	$ -	$ (5,970)	$ (6,330)	$ -
Bonds issued as part of the 2004 refunding:					
Serial bonds maturing in an annual amount of $1,860 in 2019 bearing interest paid semi-annually 5.25%	3,650	-	(1,790)	(1,860)	-
Add: Premium on bond	23	-	(23)	-	-
Less: Bond discount	(4)	-	4	-	-
Bonds issued as part of the 2018 series:					
Serial bonds maturing in annual amounts ranging from $385 to $415 from 2019 to 2023 bearing interest paid semi-annually at 1.93% to 2.37%	-	2,000	-	(385)	1,615
Long-term debt	$ 15,969	$ 2,000	$ (7,779)	$ (8,575)	$ 1,615

All outstanding Revenue Refunding 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. These obligations terminated upon repayment of the bond principal in January 2019.

(000's Omitted)

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:

	2019		2018	
	Required	Actual	Required	Actual
Net revenue to debt service	N/A	N/A	1.25:1	1.36:1
Debt service reserve requirement	N/A	N/A	$ 819	$ 8,413
Operating and maintenance reserve	N/A	N/A	$ 3,112	$ 3,288
Renewal and replacement requirement	N/A	N/A	$ 500	$ 1,259

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 position in the accompanying Statements of Net Position. 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 position.

- 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 position.

- 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 position.

- 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 position.

- 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 position.

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

(000's Omitted)

Other

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

For the years ended December 31, 2019 and 2018, interest expense was $41 and $457, respectively. Cash paid for interest was $266 and $657, during the years ended December 31, 2019 and 2018.

Maturities of revenue bonds for the fiscal years after December 31, 2019 are as follows:

	Principal	Interest	Total
2020	$ 390	$ 36	$ 426
2021	400	28	428
2022	410	19	429
2023	415	10	425
	$ 1,615	$ 93	$ 1,708

7. CAPITAL CONTRIBUTIONS

Of the $161,364 that the Authority is authorized to expend in PFCs, $104,157 and $99,016, respectively, has been expended cumulatively through December 31, 2019 and 2018. The net amount of annual collections, interest and expenditures is recorded as capital contributions.

	2019	2018
Balance - beginning of year	$ 344	$ 2,403
Collections	4,906	5,593
Expended	(5,141)	(7,652)
Net Change	(235)	(2,059)
Balance - end of year	$ 109	$ 344

As of December 31, 2019 and 2018, $109 and $344, respectively, are reflected as restricted net position for passenger facility projects in the statements of net position.

(000's Omitted)

8. LEASE AGREEMENTS

The Authority maintains certain noncancelable 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:

2020	$ 996
2021	978
2022	925
2023	738
2024	533
2025-2029	2,191
2030-2034	1,122
2035-2037	529
	$ 8,012

The above schedule presumes that the Authority's lease with the County will continue beyond the current expiration date, which is October 1, 2023.

9. MANAGEMENT AGREEMENT

On January 1, 2018, 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 Airport. 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, 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, 2019 and 2018 were $786 and $793, respectively.

10. 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.

11. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Authority and its future results and financial position is not presently determinable.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

March 18, 2020

To the Board of Directors of
Monroe County Airport Authority

We have audited, in accordance with the 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, the financial statements of the 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

www.bonadio.com

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP