

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5 — PROPERTY AND EQUIPMENT

At December 31, 2017 property and equipment is comprised of the following:

	<u>December 31 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31 2017</u>
Port marine facilities	\$ 96,727,231	\$ 91,858	\$ -	\$ 96,819,089
Transportation, equipment and furniture	1,356,136	174,959	36,870	1,494,225
Construction in process	<u>748,246</u>	<u>7,757,796</u>	<u>-</u>	<u>8,506,042</u>
Total	98,831,613	8,024,613	36,870	106,819,356
Less accumulated depreciation	<u>55,894,354</u>	<u>2,008,017</u>	<u>36,870</u>	<u>57,865,501</u>
Net property and equipment	<u>\$ 42,937,259</u>	<u>\$ 6,016,596</u>	<u>\$ -</u>	<u>\$ 48,953,855</u>

At December 31, 2016 property and equipment is comprised of the following:

	<u>December 31 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31 2016</u>
Port marine facilities	\$ 96,984,043	\$ 443,188	\$ 700,000	\$ 96,727,231
Transportation, equipment and furniture	1,301,641	72,681	18,186	1,356,136
Construction in process	<u>374,808</u>	<u>749,032</u>	<u>375,594</u>	<u>748,246</u>
Total	98,660,492	1,264,901	1,093,780	98,831,613
Less accumulated depreciation	<u>53,894,077</u>	<u>2,018,463</u>	<u>18,186</u>	<u>55,894,354</u>
Net property and equipment	<u>\$ 44,766,415</u>	<u>\$ (753,562)</u>	<u>\$ 1,075,594</u>	<u>\$ 42,937,259</u>

Depreciation expense was \$2,008,017 and \$2,018,463 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	<u>December 31 2016</u>	<u>Debt Issued</u>	<u>Debt Payments</u>	<u>December 31 2017</u>
Bank of America master lease obligation	\$ 2,113,644	\$ 4,000,000	\$ 414,451	\$ 5,699,193
Less current maturities	<u>452,527</u>			<u>805,266</u>
	<u>\$ 1,661,117</u>			<u>\$ 4,893,927</u>

The Commission is a party to a master lease agreement with Bank of America. In June 2014, under the first draw of the agreement, the Commission borrowed \$3,000,000 to retire another Commission obligation and to acquire certain Port related facility equipment. This agreement requires monthly payments of approximately \$41,000, including interest at approximately 2.1%, with final maturity in June 2021.

In November 2017, under the second draw, of the agreement, the Commission borrowed \$4,000,000 to fund certain construction projects. This agreement requires interest only payments of approximately \$9,100 per month through May 2018, and monthly payments of approximately \$52,300, including interest at approximately 2.7%, beginning in June 2018, with final maturity in May 2025.

The Bank of America master lease obligation is collateralized by certain Commission assets.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 — LONG-TERM DEBT (Continued)

At December 31, 2017, long-term debt maturities were comprised of the following:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 805,266	\$ 131,355	\$ 936,621
2019	1,006,301	114,726	1,121,027
2020	1,031,088	89,938	1,121,026
2021	809,028	65,616	874,644
2022	579,709	48,553	628,262
thereafter	1,467,801	50,487	1,518,288
	<u>\$ 5,699,193</u>	<u>\$ 500,675</u>	<u>\$ 6,199,868</u>

Interest expense was \$53,414 and \$49,668 for 2017 and 2016, respectively.

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS

Introduction

Substantially all Albany Port District Commission full-time employees participate in the New York State and Local Employees' Retirement System ("System" or "ERS"). The System is a cost-sharing multiple-employer defined benefit plan administered by the State Comptroller. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. The System issues a financial report that includes financial statements and other information for the System which is available to the public. The financial report may be obtained from the New York State and Local Employees' Retirement System at www.osc.state.ny.us/retire.

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Commission to the pension accumulation fund. For 2017, these rates ranged from 9.3% - 19.8% for the Commission's active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

At December 31, 2017, the Commission reported a liability of \$351,607 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016, with updated procedures used to roll forward the total pension liability to March 31, 2017. The Commission's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2017 measurement date, the Commission's proportion was 0.003742%.