ALBANY PORT DISTRICT COMMISSION

PORT OF ALBANY

SINGLE AUDIT REPORT

December 31, 2023

UHY LLP Certified Public Accountants

ALBANY PORT DISTRICT COMMISSION

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Albany Port District Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Albany Port District Commission (the "Commission") (a component reporting unit of the City of Albany) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Port District Commission, as of December 31, 2023 and 2022, and the 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.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards *and Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and other required supplementary information on pages 34 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements of the Albany Port District Commission's basic financial statements. The Schedules of Payroll and Related Costs and Other Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of the Albany Port District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Albany Port District Commission's internal control over financial reporting and compliance.

UHY LLP

Albany, New York
March 27, 2024

The following discussion and analysis (MD&A) of the activities and financial performance of the Albany Port District Commission ("APDC" or the "Port") is offered as an introduction and overview of the financial statements of APDC for the fiscal year ended December 31, 2023, with comparative data for the fiscal year ended December 31, 2022. Following this MD&A are the basic financial statements of APDC together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, certain supplementary information is presented to assist with the understanding of the APDC's financial operations.

APDC is governed by a five-member Board of Commissioners ("Board"). All Commissioners are appointed by the Governor of New York State based upon recommendations of the Mayors of Albany and Rensselaer. The Board has adopted several policies as required under the Public Authorities Accountability Act ("PAAA") of 2005 and the Public Authorities Reform Act ("PARA") of 2009, enhancing transparency and embracing best governance practices.

The APDC Finance Committee meets on a quarterly basis or more frequently, if necessary, to review project and transactional analysis. As necessary, the Committee makes recommendations for consideration by the Board. On a monthly basis, the Board meets to discuss tenant needs, infrastructure needs, project activity and progress, maritime activity performance and the APDC's financial position and performance. Additionally, the APDC Audit Committee, without management present, independently meets with the external auditors to discuss relevant issues and concerns.

INTRODUCTION

In 1925 the Albany Port District Commission was established through an act of the New York State Legislature ("Enabling Legislation"). The Enabling Legislation granted broad authority to the APDC to develop, construct, and manage a maritime facility. During the succeeding decades, the APDC developed into a year-round, twenty-four-hour operation encompassing nearly 450 acres within four municipalities, directly and indirectly employing thousands of men and women, and generating hundreds of millions of dollars in regional and state-wide economic output.

Stevedoring services are provided by Logistec. Through a Terminal Operating Agreement ("TOA") between APDC and Logistec; the company is authorized to manage a portion of APDC property for general cargo and commodity handling and to conduct various activities related to vessel servicing. Under the TOA, Logistec is obligated to make monthly payments to APDC ("Base Payments"). Additionally, upon achieving certain gross revenue thresholds, Logistec is also obligated to pay a percentage of gross revenue to APDC ("Revenue Share Payments").

The APDC strives to responsibly and effectively manage the publicly owned maritime Port of Albany-Rensselaer, driving the economy of the Capital Region and beyond, while emphasizing transparency and public stewardship. The APDC's mission consists of three main tenets:

- Effective Management of the Public's Asset.
- Economic Contribution to the Region.
- Integrity, Professionalism and Customer Service.

Through the execution of this mission, APDC has emerged as an award-winning, multi-faceted organization offering world-class facilities and services with a global economic and industry influence.

INFRASTRUCTURE INVESTMENT

The guiding principle for Port infrastructure investment is to create an environment which enhances supply chain performance and promotes the efficient movement of cargo between the Port and customer markets. Significant resources are allocated by the APDC to develop projects, identify funding opportunities, and perform grant administration related to infrastructure investments. These investments will assist in retaining and attracting customers as the Port expands its footprint as a regional logistics hub.

As previously reported, the Port has engaged in a multi-year, multi-project initiative to ensure the Port's capacity is aligned with anticipated market demand. Upon completion in 2024, this initiative will have created over $45 million in mission-critical capital improvements. Nearly $18 million of funding for this work is through the Transportation Investment Generating Economic Recovery ("TIGER") program. This program, administered by the United States Department of Transportation ("USDOT"), is providing funding to support strategic maritime terminal improvements. Grants totaling $23.2 million from New York State have funded new and replacement infrastructure. During 2023 the capital investment related to new/replacement Port infrastructure was approximately $10.6 million. Of this amount, approximately $5.6 million or 53% was funded from Federal sources and $3.5 million or 33% was funded from State support. While investment allocation in 2023 was on par with recent years it has had a tremendous impact on the day-to-day operations and perhaps most visually notable to those who traverse the facility. The infrastructure improvement work completed in 2023 was a capstone to the overall multi-year maritime infrastructure plan. It included a full overhaul to Smith Boulevard, comprehensive re-construction to the marine terminal for the first time in the Port history and also important enhancements to Shed 1, a 60,000 SF on-dock warehouse. Marine terminal rail enhancements alongside Shed 1 were also completed, enabling rail use at the on-dock warehouse.

Over the past five (5) years, projects have been undertaken to grow the Port's maritime storage and transportation capacity for manufactured products. Demonstrating the inter-relationship between maritime activity and upland development, these projects will result in new assets both within the maritime terminal and on underutilized land adjacent to the terminal. The Port has leveraged these projects to establish a competitive advantage to pursue business and cargo capture.

The cumulative effect of these improvements over the past 5 years has meant the Port has added capacities including: an additional 165,000 square feet of new or rehabbed indoor storage space that serves the maritime services; 840 linear feet of newly constructed upgraded capacity wharf, 470 track feet of new heavy rail on the marine terminal; a new ro-ro system; a newly reconstructed and paved 30-acre marine terminal; and newly reconstructed Port Roadway. These upgrades are critical for the future of the Port operations and instrumental in securing new and expanded business.

In 2023, the Port submitted a grant application to the New York State Department of Transportation ("NYS DOT") for a Passenger and Freight Rail and Port infrastructure funding project. The Port submitted a proposal for a $9.9 million grant to support heavy rail on-dock upgrades as well as support improvements to the wharf system in front of Shed 3 and 5 on the marine terminal. Award notice was just made in March of 2024, which means these infrastructure improvement projects can be under construction in 2024 and 2025.

Also in 2023, Federal Marine Terminal ("FMT") was acquired by Logistec Stevedoring which acquired the Port of Albany terminal operating services portfolio as part of the bundle. Logistec Stevedoring was then purchased by a private equity firm out of New York City. Blue Wolf Capital Partners LLC ("Blue Wolf"), a middle market private equity firm specializing in the industrial and healthcare sectors, acquired Montreal-based LOGISTEC Corporation ("LOGISTEC"), which included Logistec Stevedoring. Blue Wolf partnered with Stonepeak, an alternative investment firm specializing in infrastructure and real assets, to execute the nearly one-billion-dollar transaction. Blue Wolf indicated that the transaction builds on their track record of successful investments in the industrial sector and demonstrates a commitment to North American industry. In connection with the acquisition, a new board of LOGISTEC was constituted, with representatives from Blue Wolf and Stonepeak joined by former leadership from both Canadian National Railway and Global Container Terminals. With these acquisitions and partnerships, the Port of Albany is now one of 60 terminals and 90 ports with additional opportunities, a bigger salesforce, and is now part of a business team that stretches from the Arctic to Brownsville, TX. Being a part of the larger salesforce and expanded business team will afford the Port of Albany more maritime business opportunities. The commercial team presented to the Board of Commissioners at the first meeting of 2024, outlining plans for the future and opportunities for growth and investment.

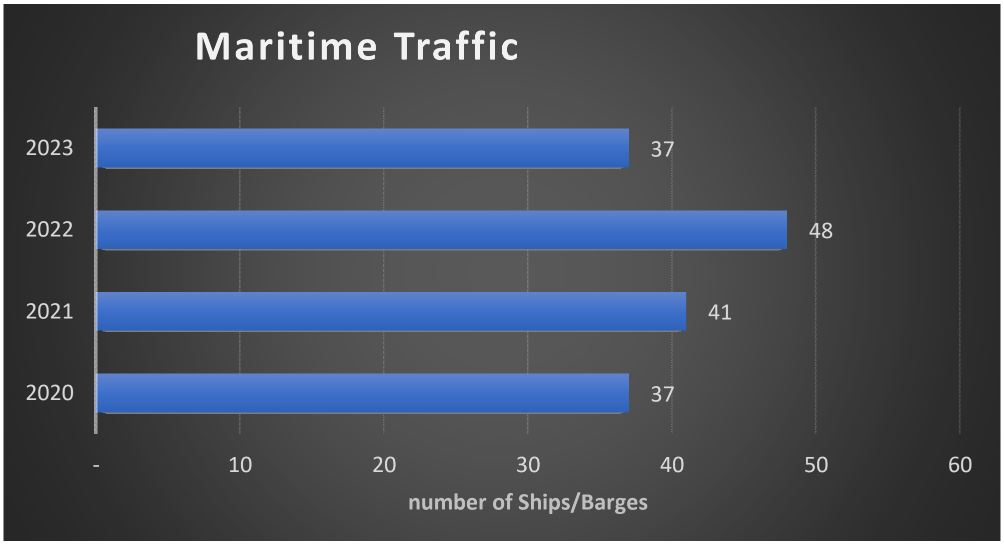
EXPANSION

In 2023, construction at the Port's expansion area for development for Offshore Wind manufacturing was in full swing. This multi-million dollar and multi-year development began in 2018 with the purchase of an 80-acre site adjacent to the Port's southeastern border in the town of Bethlehem. This acquisition increased the size of the Port by 25%. The development plans include close to 100 acres for development at the Port, including a 14-acre site in the Port's existing district. Construction activity included clearing the land and importing fill to cap the site per New York State Department of Environmental Conservation (NYS DEC) requirements. Importing material also increases the site above flood plain and set the base of future building with surcharge and necessary settlement work. Construction activity has also included creating a new southern entrance to the site and creating internal haul roads and necessary infrastructure work.

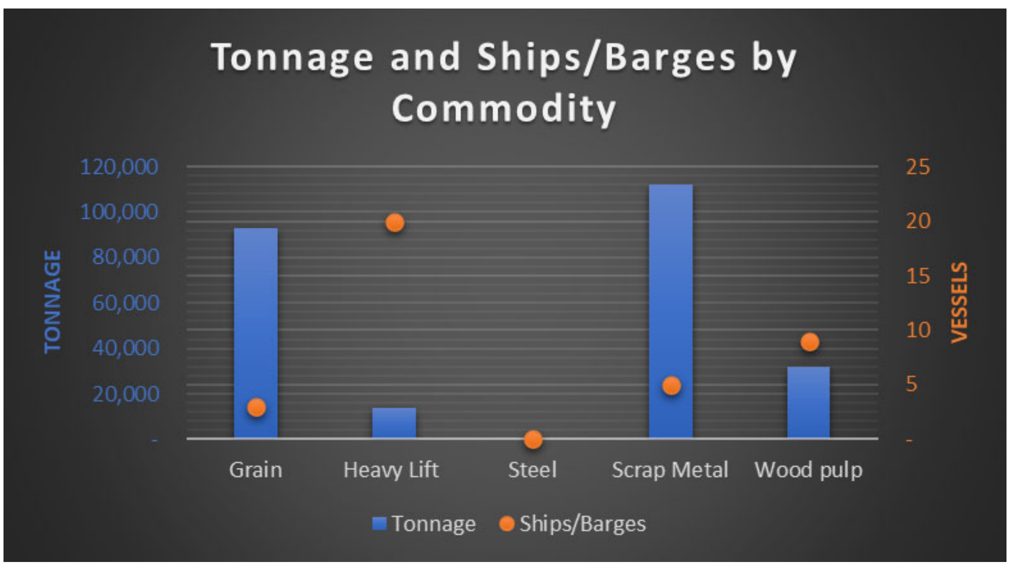
The heavy capacity bridge span between the expansion site and existing Port district began in 2023 and is expected to be completed in 2024. This scope of work will result in a pad ready, fully permitted (local, state and federal) waterside site that is the largest developable location in the Northeast U.S. suitable for offshore wind manufacturing. In 2023 the Port coordinated with the Center for Economic Growth (CEG), Advance Albany County Alliance and the Port of Coeymans to contract with Karp Strategies to undertake an economic impact assessment of developing offshore wind supply chain at the Upstate Ports. The resulting work performed by Karp indicated that the development of an offshore wind tower manufacturing facility at the Port of Albany could create $1.476 billion in economic impact and 4,031 jobs for Upstate New York within the first two years of operation. While the project has not been fully funded, this information continues to justify the value in pursuing the initiative.

The Port continues to pursue expansion opportunities and has site control of an approximately 42-acre parcel in the City of Rensselaer adjacent to Port operations that could provide maritime commerce development opportunity. The site is a vacant, industrially zoned brownfield site that has been unused and undeveloped for a number of years since its last industrial use. The Port staff performed due diligence work, including analyzing historical environmental testing and coordinating with municipal and state government agencies. The Port staff also pursued economic development funding assistance with state agencies. The site will initially be acquired through a sub-lease agreement that will be acquired after a 2- year period. Future operations on-site can benefit from the adjacent commercial wharf the Port of Albany improved in recent years. This expanded land area increases the Port's overall district boundaries to nearly 450 acres. This site is intended to provide further opportunities for the Port to increase economic development benefits to the Capital Region.

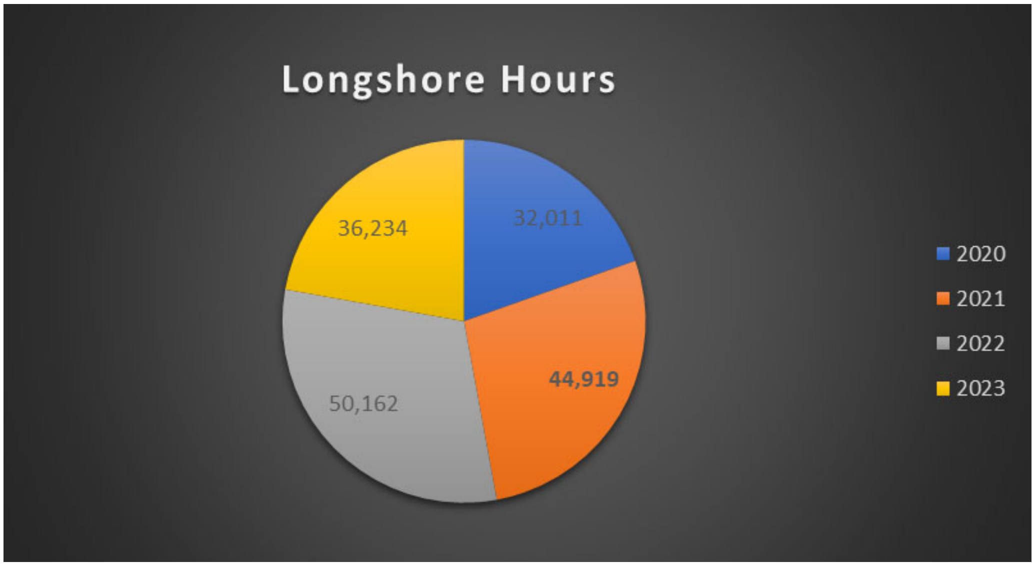
<u>MARITIME-RELATED ACTIVITY</u>



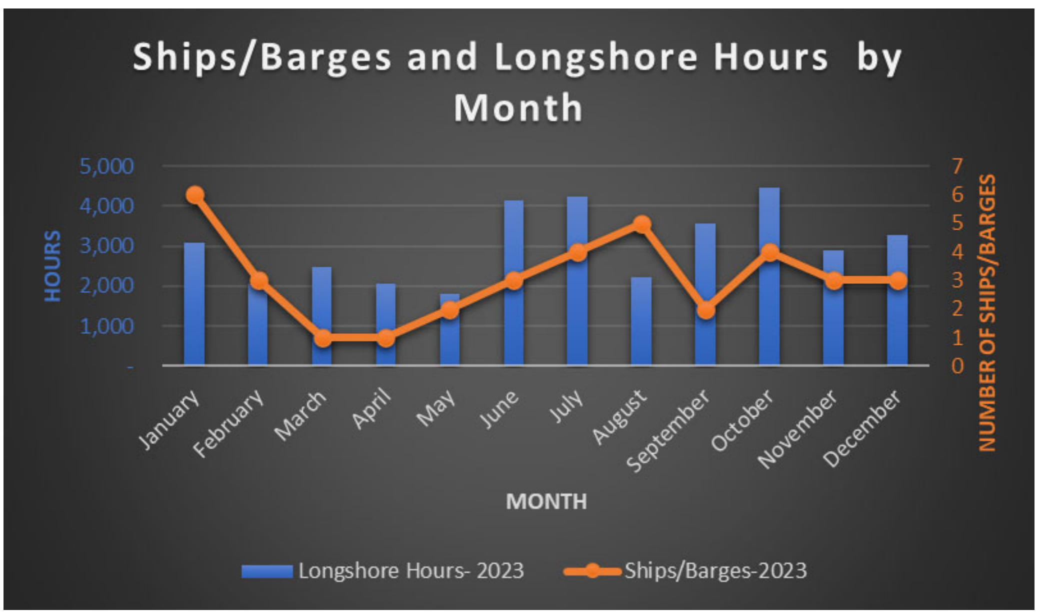
- As compared to 2022, calls to the Port decreased by 11 ships/barges overall during 2023. The primary driver of this decrease is within the Wood pulp (-9) and Steel (-4) categories. There was increased utilization in the Scrap Metal category, which saw a cumulative 25% increase in tonnage. The port had the reintroduction of Grain, which represented 3 ships and 93,000 tons.

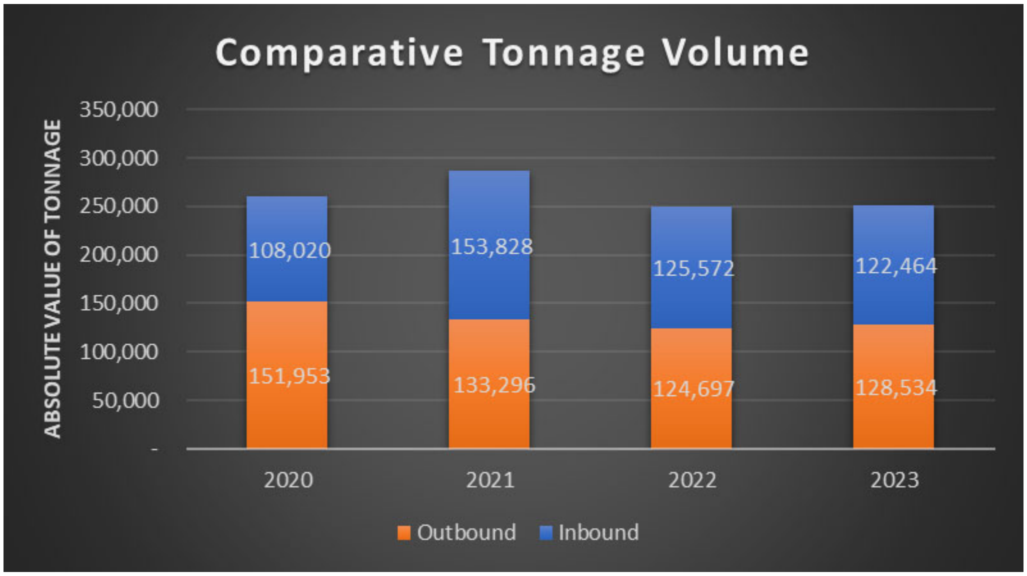


- Scrap metal remains the highest-volume commodity in terms of tonnage by a substantial margin. Scrap metal represents 45% of the total tonnage for the year. On a per vessel basis, the average tonnage for scrap metal was about 22,500 tons.
- There were 3 grain shipments in 2023, with a total tonnage of 92,684 tons.
- Wood pulp yielded the third highest volume of tonnage (13% of total tonnage in 2023) and ship and barge calls (9 vessels in 2023).
- Although heavy lift/project cargo represents a relatively modest amount of total 2023 tonnage, 54% of all cargo-carrying ship and barge calls in 2023 fell into this category.



- The number of longshore hours worked is one of the Port's key indicators and is discussed in detail with the Board of Commissioners monthly. This metric is important as it demonstrates the economic value and job opportunities created by the Port's maritime activity. The Port saw a 28% decrease of labor hours in 2023 compared to 2022. The port continues its efforts to diversify business and customer opportunities in an effort to offset a decline in project cargo.





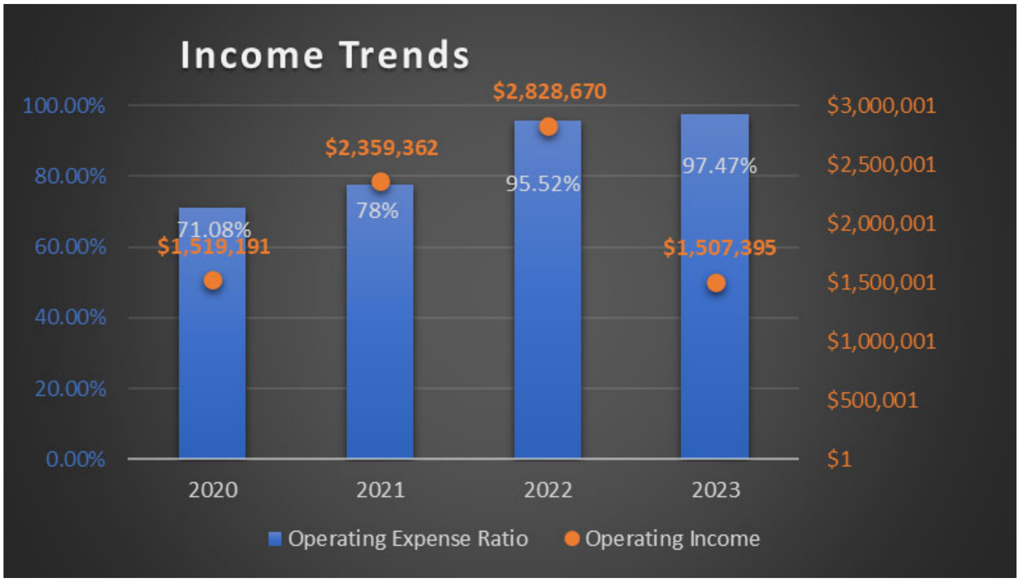
- Overall tonnage had a slight increase from 2022 (729 tons). This increase is consistent with the trends seen in the types of ships and barges.
- The year-over-year inbound tonnage increase is 2% and outbound tonnage decrease is 2%. There were increases in tonnage occurred in Barges – Heavy lift/ Project (3,312 tons) and Grain (92,684 tons) categories; with decreases being seen in the remainder of the categories.

FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2023 and 2022 is shown below.

	2023	2022
OPERATING REVENUES		
Property and equipment rentals	$ 4,358,746	$ 4,386,657
Maritime-related	1,358,857	1,786,953
Security	386,236	453,188
Offshore Wind project	53,335,299	30,984,075
Other operating revenues	237,731	209,937
Total operating revenues	59,676,869	37,820,810
OPERATING EXPENSES		
Payroll and related expenses	3,354,730	2,829,373
Maintenance and material handling	569,808	618,820
Professional services	567,619	556,324
Offshore Wind project	53,198,527	30,594,773
Other operating expenses	478,790	392,850
Total operating expenses	58,169,474	34,992,140
OPERATING INCOME	1,507,395	2,828,670
Depreciation and other items	(3,156,577)	(2,950,975)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	(1,649,182)	(122,305)
Capital grant funding	10,929,932	292,453
INCREASE IN NET POSITION	9,280,750	170,148
Total net position, beginning of year, as restated	68,111,088	67,940,940
Total net position, end of year	$ 77,391,838	$ 68,111,088

Income generated from operations decreased by approximately $1,321,300 compared to 2022.



Operating Revenue increased by approximately $21,856,100 or 58%.

- The majority of this increase, $22.4 million, relates to the Empire Wind Pre-funding agreement and represents the expenditures for this funding phase of the project, including administrative revenue earned by APDC.
- Other improvement from 2023 was in property rental revenue of approximately $122,000 or 3%, along with a 39% increase (approximately $175,000) in stevedore revenue. Equipment rentals had a 53% decrease (approximately $150,000), 15% decrease in security revenue (approximately $67,000) and a 13% increase in other operating revenue (approximately $28,000).
- Dockage Fees are charged for vessels that are utilizing berths and are based upon either the length or net registered tonnage ("NRT") of the vessel. Overall, revenue derived from this category increased by approximately $2,000.
- Revenue derived from wharfage decreased in 2023 by approximately $605,000 or 68%. This decrease is the result of the 2022 tenant negotiations and agreement for payment of past due minimum wharfage fees in 2022.
- Revenue generated from utilization of the APDC's two Liebherr mobile harbor cranes decreased 53% (approximately $150,000) as compared to 2022. The revenue reflects hours of use by FMT for maritime terminal operations.

Operating expenses in 2023 saw an increase from 2022 of approximately $23,177,300 or 66%. $22,603,754 of this increase is related to the expenses for the Empire Wind Project and are reflected in the revenue from the pre-funding agreement. The remaining expenses increased by 13% or approximately $574,000.

- Payroll and related expenses have increased by approximately $525,000 from 2022. Salary expense increased 11% from 2022 which reflects one FTE added in 2023. Pension, health and other benefit costs (including OPEB expense) increased approximately $292,000.
- Professional services and consulting fees decrease overall by 18% (approximately $41,000) from 2022. This decrease represents outside consultants utilized in recruiting and business development activities.
- Maintenance and material handling decreased by 8% or approximately $49,000 from 2022.
- Insurance expense saw a 16% increase (approximately $52,000) in 2023. The majority of this increase was in the General Liability, Property and Equipment policy.

A condensed summary of APDC's net position at December 31, 2021, 2022, and 2023 is shown below. The net position increase from December 31, 2021 to December 31, 2023 was $9,450,900.

	2021 (as restated)	2022	2023
Assets and Deferred Outflows of Resources			
Current assets	$ 10,745,799	$ 17,421,109	$ 35,403,285
Capital assets	75,455,322	73,296,615	81,219,692
Other long term assets	23,820,113	20,792,836	18,710,442
Deferred outflows of resources	1,069,857	1,118,311	1,104,653
Total assets and deferred outflows of resources	$ 111,091,091	$ 112,628,871	$ 136,438,072
Liabilities			
Current liabilities	$ 7,007,073	$ 13,331,162	$ 32,048,645
Long-term liabilities	8,627,701	6,588,547	6,072,415
Deferred inflows of resources	27,515,377	24,598,074	20,925,174
Total liabilities and deferred inflows of resources	$ 43,150,151	$ 44,517,783	$ 59,046,234
Net Position			
Invested in capital assets, net of related debt	$ 69,432,110	$ 68,961,615	$ 78,616,936
Unrestricted	(1,491,170)	(850,527)	(1,225,098)
Total net position	$ 67,940,940	$ 68,111,088	$ 77,391,838

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

A $3 million sub-lease under the existing master lease with Bank of America was executed during February of 2021. This sub-lease carries a four-year term and a fixed rate of 1.76%. Certain APDC-owned equipment assets serve as collateral under the terms of the sub-lease.

Pre-development activities, including design engineering and specific site plan permitting applications have continued in 2023 for the Port Expansion for the development of the first of its kind wind tower manufacturing facility together with Equinor and Marmen/Welcon (Offshore Wind Project, see Note 11). Construction site work began in 2022 and will continue into 2024.

During the year ended December 31, 2023, certain phases of the TIGER project were completed including:

- Bidding for construction and the construction work on both the reconstruction of Smith Blvd and the reconstruction of the marine terminal coordinated with warehouse improvement plans were completed in 2023. There is one piece of the external roadwork project that will be completed in the 2nd quarter of 2024. Additional funding from NYS DOT PFRAP was utilized in the completion of the internal road project.
- The Port completed repairs and upgrades to the Port's oldest marine terminal building, Shed 1, to accommodate increased timber and paper pulp cargo at the Port. This added 58,000 Square foot of additional dry warehouse space. NYS DOT PFRAP funding was utilized in the completion of the Shed rehabilitation.

Next phase of TIGER projects will continue and conclude the plan:

- Remaining piece of External roadwork, TIGER only, rail work into Big Lift will be completed in the 2nd quarter of 2024.
- A sublease was executed in 2023 completing the acquisition of an additional 42-acre parcel in the City of Rensselaer.

- In 2023, LOGISTEC, a world-wide maritime transportation leader acquired FMT, including the Port of Albany operation. Subsequently, LOGISTEC was then purchased by a private equity firm out of New York City. Currently, expectations are for operations to continue as they have been with FMT agreements and contracts.

FINANCIAL STATEMENTS

APDC's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). Revenue is recognized when earned, not when received and expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land) are depreciated over their useful lives.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of APDC's financial condition. Questions concerning the information provided in this report may be addressed in writing to:

Albany Port District Commission
106 Smith Boulevard
Albany, NY 12202

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	**$ 26,979,401**	$ 11,666,069
Investments	**247,510**	735,762
Accounts receivable	**389,383**	1,413,976
Lease receivables	**3,206,233**	3,244,957
Grants receivable	**4,140,383**	49,760
Other current assets	**440,375**	310,585
Total current assets	**35,403,285**	17,421,109
LONG-TERM ASSETS		
Lease receivables	**17,433,623**	19,685,822
Net pension asset	**-**	337,487
Right-to-use lease assets, net of amortization	**1,276,819**	769,527
Net property and equipment	**81,219,692**	73,296,615
Total long-term assets	**99,930,134**	94,089,451
Total assets	**135,333,419**	111,510,560
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pension liability	**679,545**	718,193
Deferred outflows related to other post employment benefit obligation	**425,108**	400,118
Total deferred outflows of resources	**1,104,653**	1,118,311
	$ 136,438,072	$ 112,628,871
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current maturities of long-term debt	**$ 1,777,561**	$ 1,732,244
Lease liabilities	**548,832**	238,864
Deferred revenue	**20,885,482**	22,133
Accounts payable	**654,320**	3,714,733
Accrued expenses	**8,182,450**	7,623,188
Total current liabilities	**32,048,645**	13,331,162
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	**825,195**	2,602,756
Lease liabilities	**303,373**	254,415
Security deposits	**123,850**	119,623
OPEB obligation	**3,851,722**	3,611,753
Net pension liability	**968,275**	-
Total long-term liabilities	**6,072,415**	6,588,547
Total liabilities	**38,121,060**	19,919,709
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pension liability	**62,402**	1,184,270
Deferred inflows related to other post employment benefit obligation	**1,060,315**	1,227,266
Deferred inflows related to lease receivables	**19,802,457**	22,186,538
Total deferred inflows of resources	**20,925,174**	24,598,074
NET POSITION		
Net investment in capital assets	**78,616,936**	68,961,615
Unrestricted	**(1,225,098)**	(850,527)
Total net position	**77,391,838**	68,111,088
	$ 136,438,072	$ 112,628,871

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
Years ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Property rentals	**$ 4,228,441**	$ 4,106,517
Dockage fees	**450,849**	448,754
Wharfage fees	**282,799**	888,163
Stevedore fees	**625,209**	450,036
Crane/equipment rentals	**130,305**	280,140
Offshore Wind project	**53,335,299**	30,984,075
Security fees	**386,236**	453,188
Storage and other services	**237,731**	209,937
Total operating revenues	**59,676,869**	37,820,810
OPERATING EXPENSES		
Payroll and related benefit costs	**3,354,730**	2,829,373
Maintenance expense	**322,532**	373,911
Material handling	**247,276**	244,909
Insurance	**377,755**	325,323
Professional and consulting fees	**189,864**	231,001
Offshore Wind project	**53,198,527**	30,594,773
Other operating expenses	**478,790**	392,850
Total operating expenses	**58,169,474**	34,992,140
OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS	**1,507,395**	2,828,670
DEPRECIATION AND OTHER ITEMS		
Depreciation	**(2,674,555)**	(2,655,513)
Amortization on right-to-use lease asset	**(378,434)**	(83,192)
Gain on sale of property and equipment	**15,430**	-
Waterfront development costs	**(42,908)**	(52,409)
Municipal support agreement costs	**-**	(16,856)
Interest income	**42,255**	1,142
Interest expense	**(118,365)**	(144,147)
Net depreciation and other items	**(3,156,577)**	(2,950,975)
CHANGE IN NET POSITION BEFORE CAPITAL FUNDING	**(1,649,182)**	(122,305)
Capital grant funding	**10,929,932**	292,453
CHANGE IN NET POSITION	**9,280,750**	170,148
Total net position, beginning of the year, as restated	**68,111,088**	67,940,940
Total net position, end of year	**$ 77,391,838**	$ 68,111,088

See notes to financial statements.

ALBANY PORT DISTRICT COMMISSION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	**$ 4,265,781**	$ 4,056,830
Cash received for facility usage	**1,953,306**	1,323,466
Cash received from Offshore Wind project	**74,628,599**	27,662,999
Cash received from other services	**623,967**	663,125
Cash payments to employees and professionals	**(3,281,785)**	(3,057,185)
Cash payments for materials and maintenance	**(481,085)**	(574,849)
Cash payments for insurance	**(425,686)**	(586,282)
Cash payments for Offshore Wind project	**(55,902,811)**	(21,192,323)
Cash payments for other expenses	**(474,563)**	(386,134)
Net cash provided by operating activities	**20,905,723**	7,909,647
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments for municipal support agreement costs and waterfront development costs	**(281,772)**	(293,197)
Net cash used in noncapital financing activities	**(281,772)**	(293,197)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash payments for capital assets	**(10,554,546)**	(745,917)
Cash received from sale of property and equipment	**15,430**	-
Cash received from capital grant funding	**6,839,309**	855,423
Interest expense	**(121,326)**	(138,001)
Cash payments on long-term debt and other obligations	**(2,020,180)**	(1,688,212)
Net cash used in capital and related financing activities	**(5,841,313)**	(1,716,707)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from interest	**42,442**	955
Cash paid for purchase of investments	**(491,232)**	(1,019,045)
Cash received from sale of investments	**979,484**	283,283
Net cash provided by (used in) investing activities	**530,694**	(734,807)
Net change in cash	**15,313,332**	5,164,936
Cash, beginning of year	**11,666,069**	6,501,133
Cash, end of year	**$ 26,979,401**	$ 11,666,069

	2023	2022
RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income, before depreciation and other items	**$ 1,507,395**	$ 2,828,670
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	**1,024,593**	(889,239)
Lease receivables	**2,290,923**	3,067,832
Other assets	**(129,977)**	(234,416)
Accounts payable	**(2,618,051)**	2,708,784
Accrued expenses	**81,002**	6,692,130
Deferred revenue	**20,863,349**	(2,889,782)
Deferred inflows related to leases	**(2,384,081)**	(3,398,809)
OPEB obligation and net pension liability (asset) related accounts	**270,570**	24,477
Total adjustments	**19,398,328**	5,080,977
Net cash provided by operating activities	**$ 20,905,723**	$ 7,909,647

See notes to financial statements.

NOTE 1 — ORGANIZATION AND STATUTORY COMMISSION

The Albany Port District Commission (the Commission) was established in 1925 under Chapter 192 of the Laws of the State of New York. The law, as amended, grants the Commission regulatory powers over the development and operations of the facilities of the Albany Port District. The Commission, a Public Corporation with perpetual existence, has the power to construct, develop and operate Port facilities, including a terminal railroad; to fix fees, rates, rentals and other charges for its facilities; to regulate and supervise the construction and operations of the Port facilities by private enterprise; to issue bonds and notes; and to do all other things necessary to make the Port useful and productive. The Commission also has the right of eminent domain.

The Laws of 1925 provide that the municipalities of Albany and Rensselaer be assessed for the Commission's deficit, if any, which might result from operations and financing. A 1932 reapportionment determination established rates for this purpose which approximate 88 percent for Albany and 12 percent for Rensselaer. Although rates are subject to change under the provisions of the law, in recent years there have been no such assessments.

The Commission is a component reporting unit of the City of Albany and, as such, is included in the City's general purpose financial statements.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The Commission follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” and GASB Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus.” Statement 34, as amended by Statement 37 and Statement 63, establishes standards for external reporting for all state and local government entities. It also requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted* – This component of net position, when applicable, consists of restrictions placed on fund equity use through external constraints imposed by creditors (such as through debt covenants), by law or regulation, or through enabling legislation. No component of net position was classified as restricted at either December 31, 2023 or 2022.

- *Unrestricted* – This component of net position consists of fund equity that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Basis of Accounting: The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities, as prescribed by GASB. In accordance with the provisions promulgated by GASB, the Commission has elected not to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued after November 1989.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued): The operations of the Commission are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus under the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Cash and Cash Equivalents: The Commission considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Commission's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Commission places cash and temporary cash investments with high quality credit institutions.

Investments: New York State statutes and guidelines, and the Commission's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit, and obligations of the State of New York. This limitation effectively minimizes the Commission's investment related risk and returns. The Commission's investments, which are managed by an independent investment advisor, are stated in the statements of net position at fair value.

Property and Equipment: The Commission's property, equipment, and other facilities are carried at cost and include capital grant funding from federal, state and local Governmental entities utilized to acquire, construct, and improve facilities of the Commission. Such capital funding is recorded for amounts derived from capital project grants and other resources which are restricted to facility acquisition or construction. The Commission recognizes capital funding arising from capital project grants when earned (generally when the related capital expenditure is made). Depreciation is computed on the straight-line method based on estimated useful lives of the related assets, including those financed by capital funding grants. A substantial portion of depreciation is attributable to assets purchased with capital funding under various Federal and State grants.

The estimated useful lives used in the calculation of depreciation are generally as follows:

Port marine facilities	10 to 40 Years
Furniture and equipment	5 to 10 Years
Transportation equipment	5 to 10 Years

Right-to-Use Lease Assets: The commission's right-to-use lease assets are reported within the major class of the underlying asset and initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or before the commencement of the lease term, less any lease incentives, plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

Accrued Employee Benefits: It is the Commission's policy to record employee benefits, including accumulated vacation earned, retirement benefits and post-retirement benefits, as a liability. Commission employees are granted vacation leave in varying amounts and may carry-over unused leave, subject to stated policy limitations. In the event of termination, an employee is paid for such time.

Deferred Revenue: Deferred revenue consists principally of prefunding related to an Offshore Wind Project (see Note 11).

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Benefits: The Commission provides retirement benefits for its employees through contributions to the New York State Employees' Retirement System ("ERS" or "System"). The System's retirement programs provide various plans and options, some of which require employee contributions. The Commission uses GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) to recognize the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Operating Revenues: The Commission's operating revenues are principally derived from four sources: property rentals, dockage fees, wharfage fees and security fees. Rental income is earned from tenants leasing buildings and other property owned by the Commission; dockage fees are earned from ships docked at Commission owned facilities; wharfage fees, including stevedore fees, are earned from unloading ships; and security fees are earned by providing certain security related services to tenants and others. Operating revenues also include equipment rentals, storage fees, service charges and other fees.

Operating Expenses: Operating expenses consist principally of payroll and related benefit costs, maintenance costs, material handling costs, insurance costs, professional and consulting fees, promotional expenses and utilities.

Capital Funding: Capital funding represents grants, generally from federal and state funding sources, which are designated for capital asset acquisition and/or construction.

Income Taxes: The properties and income of the Commission are exempt from all Federal and State income and franchise taxes.

Estimates and Judgments: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Subsequent Events: For purposes of preparing the financial statements, the Commission has considered events through March 27, 2024, the date the financial statements were available to be issued.

Reclassifications: Certain 2022 financial statement line items have been reclassified to conform with the current year's presentation.

Changes in Accounting Principle: During the fiscal year ended December 31, 2023, the Commission implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The standards for SBITAs follow those established in GASB Statement No. 87, *Leases*, as amended. This pronouncement did not impact the preparation of these financial statements.

NOTE 3 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31:

	2023		2022	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
Deposit accounts	$ 26,979,401	$ 27,418,488	$ 11,666,069	$ 12,197,144

At December 31, 2023 and 2022, the Commission's cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

NOTE 4 — INVESTMENTS

At December 31, 2023, investments, which are stated on the statements of net position at fair value, are comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
United States Treasury Bill (zero coupon)	$ 250,000	3/15/2024	$ 247,510	$ 243,754
	$ 250,000		$ 247,510	$ 243,754

At December 31, 2022, investments, which are stated on the statements of net position at fair value, are comprised of U.S. Government agency obligations, as follows:

Investment Rate	Par Amount	Maturity	Fair Value	Adjusted Cost (a)
United States Treasury Bill (zero coupon)	$ 500,000	1/26/2023	$ 498,760	$ 495,889
United States Treasury Bill (zero coupon)	250,000	3/15/2024	237,002	243,754
	$ 750,000		$ 735,762	$ 739,643

(a) The adjusted cost basis reflects any cumulative original issue discount, premium, or acquisition premium (including any year-to-date amount). The amounts were amortized or accrued from the acquisition date through the disposition date. Premium amortization was calculated using the yield-to-maturity method. Acquisition premium was calculated using the ratable accrual method. Any market discount accretion for this position was calculated using the straight-line method and, if applicable, recognized upon disposition.

Investments and Fair Value Measurements

Investments are carried at fair value on a recurring basis, based on current market prices. GASB No. 72, *Fair Value Measurement and Application*, establishes the fair value hierarchy, defines the requirements on how fair value should be measured and which assets should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized 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. As of December 31, 2023 and 2022, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

NOTE 5 — PROPERTY AND EQUIPMENT AND RIGHT-TO-USE LEASE ASSETS

At December 31, 2023 property and equipment is comprised of the following:

	December 31 2022	Additions	Deletions / Transfers	December 31 2023
Port marine facilities	$ 137,380,409	$ 26,329	$ 1,668,887	$ 139,075,625
Transportation, equipment and furniture	1,546,920	-	-	1,546,920
Construction in process	3,566,125	10,571,303	(1,668,887)	12,468,541
Total	142,493,454	10,597,632	-	153,091,086
Less accumulated depreciation	69,196,839	2,674,555	-	71,871,394
Net property and equipment	$ 73,296,615	$ 7,923,077	$ -	$ 81,219,692

At December 31, 2022 property and equipment is comprised of the following:

	December 31 2021	Additions	Deletions / Transfers	December 31 2022
Port marine facilities	$ 128,380,892	$ 26,656	$ 8,972,861	$ 137,380,409
Transportation, equipment and furniture	1,504,117	42,803	-	1,546,920
Construction in process	12,111,639	427,347	(8,972,861)	3,566,125
Total	141,996,648	496,806	-	142,493,454
Less accumulated depreciation	66,541,326	2,655,513	-	69,196,839
Net property and equipment	$ 75,455,322	$ (2,158,707)	$ -	$ 73,296,615

Depreciation expense was $2,674,555 and $2,655,513 for the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023 right-to-use lease assets is comprised of the following:

	December 31 2022	Additions	Deletions	December 31 2023
Port marine facilities	$ 935,911	$ 885,726	$ -	$ 1,821,637
Less accumulated amortization	166,384	378,434	-	544,818
Net right-to-use lease assets	$ 769,527	$ 507,292	$ -	$ 1,276,819

At December 31, 2022 right-to-use lease assets is comprised of the following:

	December 31 2021	Additions	Deletions	December 31 2022
Port marine facilities	$ 935,911	$ -	$ -	$ 935,911
Less accumulated amortization	83,192	83,192	-	166,384
Net right-to-use lease assets	$ 852,719	$ (83,192)	$ -	$ 769,527

Amortization expense was approximately $378,000 and $83,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 — LONG-TERM OBLIGATIONS

Long-term debt is comprised of the following:

	December 31 2022	Debt Issued	Debt Payments	December 31 2023
Bank of America master lease obligation	$ 4,335,000	$ -	$ 1,732,244	$ 2,602,756
Less current maturities	1,732,244			1,777,561
	$ 2,602,756			$ 825,195

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 first draw of the agreement matured 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 required interest only payments of approximately $9,100 per month through May 2018 and, beginning in June 2018, monthly payments of approximately $52,300, including interest at approximately 2.7%, with final maturity in May 2025.

In November 2018, under the third draw of the agreement, the Commission borrowed $2,500,000 to fund certain current construction projects. This agreement required interest only payments of approximately $8,500 per month through May 2019 and, beginning in June 2019, monthly payments of approximately $34,300, including interest at approximately 4.1%, with final maturity in May 2026.

In January 2021, under the fourth draw of the agreement, the Commission borrowed $3,000,000 to fund certain current construction projects. This agreement requires monthly payments of approximately $66,100, including interest at approximately 1.76%, with final maturity in December 2024.

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

At December 31, 2023, long-term debt maturities were comprised of the following:

Year Ending	Principal	Interest	Total
2024	$ 1,777,561	$ 55,239	$ 1,832,800
2025	655,555	17,529	673,084
2026	169,640	1,739	171,379
	$ 2,602,756	$ 74,507	$ 2,677,263

Interest expense on long term debt was approximately $95,700 and $142,800 for 2023 and 2022, respectively.

NOTE 6 — LONG-TERM OBLIGATIONS (Continued)

Lease liabilities are comprised of the following:

	December 31 2022	Additions	Payments	December 31 2023
Lease liabilities	$ 493,279	$ 860,032	$ 501,106	$ 852,205
Less current maturities	238,864			548,832
	$ 254,415			$ 303,373

The Commission has entered into two agreements to lease property consisting of land, buildings, and improvements with original terms from 3 to 30 years. These lease agreements have been recorded at the present value of the future minimum lease payments as of the inception date of the agreements or as of January 1, 2021, the implementation date of GASB 87, as applicable. These lease liabilities are measured at rates ranging from 0.23% to 3.00%.

As of December 31, 2023, future maturities relating to these lease liabilities are as follows:

Year Ending	Principal	Interest	Total
2024	$ 548,832	$ 14,493	$ 563,325
2025	303,373	4,952	308,325
	$ 852,205	$ 19,445	$ 871,650

Interest expense on the Commission’s lease liabilities approximated $22,700 and $1,300 for 2023 and 2022, 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.

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Introduction (Continued)

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 2023, these rates ranged from 8.2% - 15.9% 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 (Asset), Pension Expense, and Deferred Outflows/Inflows of Resources

At December 31, 2023, the Commission reported a liability of $968,275 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2023, and the total pension liability was determined by an actuarial valuation as of April 1, 2022, with updated procedures used to roll forward the total pension liability to March 31, 2023. 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, 2023 measurement date, the Commission's proportion was 0.0045154%.

At December 31, 2022, the Commission reported an asset of $337,487 for its proportionate share of the ERS net pension liability (asset). The ERS net pension liability (asset) was measured as of March 31, 2022, and the total pension liability (asset) was determined by an actuarial valuation as of April 1, 2021, with updated procedures used to roll forward the total pension liability (asset) to March 31, 2022. The Commission's proportion of the net pension liability (asset) 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, 2022 measurement date, the Commission's proportion was 0.0041285%.

For the year ended December 31, 2023, the Commission recognized net pension expense of approximately $374,500 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 103,129	$ 27,193
Changes in assumptions	470,256	5,197
Net difference between projected and actual earnings on pension plan investments	-	5,689
Changes in proportion and differences between Commission contributions and proportionate share of contributions	106,160	24,323
Commission contributions subsequent to measurement date	-	-
	$ 679,545	$ 62,402

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Net Pension Liability (Asset), Pension Expense, and Deferred Outflows/Inflows of Resources (Continued)

For the year ended December 31, 2022, the Commission recognized net pension expense of approximately $49,700 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,558	$ 33,151
Changes in assumptions	563,229	9,504
Net difference between projected and actual earnings on pension plan investments	-	1,105,130
Changes in proportion and differences between Commission contributions and proportionate share of contributions	129,406	36,485
Commission contributions subsequent to measurement date	-	-
	$ 718,193	$ 1,184,270

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31,	Net Deferred Outflows and (Inflows) of Resources
2024	$ 160,308
2025	(22,477)
2026	211,118
2027	268,194
	$ 617,143

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2022 and 2021 valuations, with update procedures used to roll forward the total pension liability (asset) to March 31, 2023 and 2022, respectively, were as follows.

April 1, 2022 valuation assumptions:

Inflation – 2.9%

Salary increases – 4.4%

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2015 – April 1, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021

Discount rate – 5.9%

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Actuarial Assumptions (Continued)

April 1, 2021 valuation assumptions:

Inflation – 2.7%

Salary increases – 4.4%

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Based on ERS experience from April 1, 2015 – March 31, 2020 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020

Discount rate – 5.9%

The long-term expected rate of return on the System's pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

The System's best estimate of the arithmetic real rates of return for each major asset class and the System's target asset allocations as of March 31, 2023 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	32%	4.30%
International equities	15%	6.85%
Private equities	10%	7.50%
Real estate	9%	4.60%
Opportunistic/Absolute return strategies	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed Income	23%	1.50%
Cash	1%	0.00%
	100%	

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the Commission's proportionate share of its net pension liability (asset) calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	5.9%	1.0% Increase
Commission's proportionate share of the ERS net pension liability (asset)	$ 2,339,905	$ 968,275	$ (177,882)

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS

The Commission provides certain health care benefits for retired employees and their covered dependents. Employees of the Commission become eligible for those benefits if they reach normal retirement age while working for the Commission. The Commission uses GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) to recognize the total OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense, and information about and changes in the total OPEB liability.

Plan Description and Funding Policy

The Commission administers its retiree health insurance plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for qualifying retirees and their covered dependents and can be amended by action of the Commission. The Plan does not currently issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The Commission pays the full cost of eligible retiree health insurance. The Commission currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis, with the possibility of pre-funding additional benefits if so determined by the Commission.

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

At January 1, 2022, the actuarial valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	17
	27

Total OPEB Liability

At December 31, 2023 and 2022, the Commission reported a liability of $3,851,722 and $3,611,753, respectively. The total OPEB liability as of December 31, 2023 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2022. The total OPEB liability as of December 31, 2022, was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs (if any) between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate used in current measurement – 3.26%

Discount rate used in prior measurement – 3.72%

Healthcare cost trend rates used in current measurement – 5.10% for 2023 (decreasing to an ultimate rate of 4.5% by 2026)

Healthcare cost trend rates used in prior measurement – 5.30% for 2022 (decreasing to an ultimate rate of 4.5% by 2026)

The discount rate was based on the Bond Buyer General Obligation 20-year municipal bond index.

Mortality rates used in the current and prior measurement were based on the New York State Age Related Medical Morbidity Factors.

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Beginning balance for year end December 31, 2022	$ 3,679,026
Changes for the year:	
Service cost	172,783
Interest	77,876
Changes of benefit terms	-
Differences between expected and actual experience	84,151
Changes of assumptions or other inputs	(259,273)
Benefit payments	(142,810)
Net changes	(67,273)
Ending balance for year end December 31, 2022	$ 3,611,753
Changes for the year:	
Service cost	172,783
Interest	137,909
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	83,866
Benefit payments	(154,589)
Net changes	239,969
Ending balance for year end December 31, 2023	$ 3,851,722

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
Total OPEB Liability	$ 4,117,258	$ 3,851,722	$ 3,601,002

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1.0% Decrease	Current trend rates	1.0% Increase
Total OPEB Liability	$ 3,649,800	$ 3,851,722	$ 4,120,799

NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023 and 2022, the Commission recognized OPEB expense of approximately $203,000 and $320,000, respectively. At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 117,085	$ 411,732
Changes of assumptions or other inputs	308,023	648,583
Total	$ 425,108	$ 1,060,315

At December 31, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 138,602	$ 479,816
Changes of assumptions or other inputs	261,516	747,450
Total	$ 400,118	$ 1,227,266

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended December 31	Deferred Inflows of Resources
2024	$ (108,075)
2025	(108,075)
2026	(108,075)
2027	(108,075)
2028	(108,075)
Thereafter	(94,832)
	$ (635,207)

NOTE 9 — PROPERTY HELD FOR LEASE

The Commission has entered into various leases with tenants for the use of space at Port owned buildings, terminals, offices, and other facilities. The Commission reported lease receivables on the statements of net position of $20,639,856 and $22,930,779 (which includes current interest receivable on leases of $31,012 and $31,880) at December 31, 2023 and 2022, respectively. Lease receivables were recognized at present value utilizing discount rates ranging from 1.75% to 3.25%.

The approximate minimum future rentals scheduled to be received on leases in effect on December 31, 2023 were as follows:

Year ended December 31	Principal	Interest	Total Receipts
2024	$ 3,175,221	$ 451,010	$ 3,626,231
2025	3,273,421	389,116	3,662,537
2026	3,244,453	312,591	3,557,044
2027	3,009,997	238,717	3,248,714
2028	1,944,342	177,474	2,121,816
2029-2033	4,536,288	420,458	4,956,746
2034-2038	1,346,573	74,488	1,421,061
2039-2043	6,546	12,538	19,084
2044-2048	7,699	11,385	19,084
2049-2053	9,056	10,028	19,084
2054-2058	10,652	8,433	19,085
2059-2063	12,528	6,556	19,084
2064-2068	14,736	4,349	19,085
2069-2073	17,332	1,752	19,084
	$ 20,608,844	$ 2,118,895	$ 22,727,739

Deferred inflows of resources of $19,802,457 and $22,186,538 were reported in the statements of net position at December 31, 2023 and 2022, respectively. The deferred inflows of resources will be recognized as lease revenue over the terms of the leases on a straight-line basis.

Lease related revenues, recognized in property rentals on the statement of revenues and expenses and changes in net position, were as follows:

	2023	2022
Lease-related Revenue		
Lease Revenue		
Land	$ 1,131,318	$ 1,131,318
Building	2,256,128	2,247,089
Office Space	20,402	20,402
Total Lease Revenue	$ 3,407,848	$ 3,398,809
Interest Revenue	505,222	562,702
Variable and Other Revenue	315,371	145,006
Total	$ 4,228,441	$ 4,106,517

Variable and other revenues consist of rents on short-term leases and additional rent payments including CPI increases on certain lease agreements.

NOTE 10 — WATERFRONT DEVELOPMENT COSTS

The Commission is committed to supporting the City of Albany's efforts in developing the Corning Preserve and Hudson River waterfront. In this regard, during 2002, the Albany Industrial Development Agency (AIDA) issued $4,390,000 in Civic Facility Revenue Bonds for the benefit of Capitalize Albany Corporation (CAC), for construction relating to the Corning Preserve/Hudson Riverfront Development Project. The majority of the net proceeds of the Revenue Bonds were utilized to fund various improvements to the project site for recreational and entertainment uses. Concurrent with the issuance of the bonds, CAC and the Commission entered into a shared use and lease agreement, under which CAC leases the project to the Commission for a 30 year lease term. At the end of the lease term, in 2033, the agreement provides that the project improvements are owned by CAC. Accordingly, all current improvements made to the project by the Commission are expensed when incurred by the Commission.

Under the shared use and lease agreement, which is accounted for as a lease under GASB Statement No. 87, *Leases*, the Commission is obligated to fully fund CAC's obligations relating to the project, including the funding of installment payments sufficient to cover all related bond debt service and certain other contractual improvement and operating expenses. The AIDA/CAC bonds are 25 year variable rate demand obligations, currently bearing interest at approximately 2.06%, with rates established weekly by a remarketing agent. As such, the Commission's annual lease obligation will likely change on a year-to-year basis and, in an increasing interest rate environment, these changes may be material.

The bonds are secured by a letter of credit issued by Key Bank and guaranteed by the Commission. Under the letter of credit, any grant proceeds received for the project are required to reduce the outstanding bonds. The letter of credit requires future principal debt reduction payments of $255,000 in 2024, thus providing for the full amortization of the bonds by the 2027 maturity date.

The lease liability related to the above agreement was included in lease liabilities on the statement of net position (see Note 6). The lease liability was recorded at the present value of the future minimum lease payments as of January 1, 2021, the implementation date of GASB 87, and measured at a rate of 0.23%, the rate on the related bonds at the time of implementation.

Future maturities related to the lease liability are as follows:

Year Ending	Principal	Interest	Total Payments
2024	$ 254,414	$ 586	$ 255,000
	$ 254,414	$ 586	$ 255,000

The bonds have no prepayment constraints and, as such, holders have the option to redeem bonds at any time. The letter of credit terms, as disclosed above, may also impact the Commission's annual lease obligation.

During 2023 and 2022, the Commission's project improvement costs and other operating expenses related to the waterfront development project approximated $43,000 and $52,000, respectively. These costs are included in the Commission's statements of revenues and expenses and changes in net position under waterfront development costs.

NOTE 11 — OFFSHORE WIND PROJECT

In March 2021, the Commission entered into a predevelopment funding agreement with Empire Offshore Wind LLC (Empire Wind). The predevelopment funding agreement provided initial funding of $10 million for predevelopment activities of site preparation and development of a manufacturing plant for an Offshore Wind Farm Project. In March 2022, the predevelopment funding agreement was amended to provide for additional funding of up to approximately $99,800,000. In May 2023, a second amendment to the predevelopment funding agreement provided for an increase to the additional funding from $99,800,000 to up to approximately $151,700,000.

The Commission is responsible for engaging all third-party vendors and consultants to provide or perform the services outlined in the agreement to facilitate continuation of the Offshore Wind Project including due diligence, pre-construction, and site preparation services until definitive agreements are in place. Under this predevelopment funding agreement, all data and work products arising out of the services shall be owned by Empire Wind. All expenses incurred by the Commission to move the project forward are reimbursed by Empire Wind including administrative costs for internal time and expenses incurred by the Commission as manager of the project.

As of December 31, 2023, approximately $109,791,000 has been received under the amended agreement with Empire Wind. During 2021, the Commission recognized expenses under the agreement of approximately $4,384,000 (exclusive of the Commission's administrative costs of approximately $225,000) and revenue of approximately $4,609,000. During 2023 and 2022, the Commission recognized expenses under the agreement of approximately $53,199,000 and $30,595,000 (exclusive of the Commission's administrative costs of approximately $136,000 and $389,000), respectively and revenues of approximately $53,335,000 and $30,984,000, respectively which are included in the operating expenses and operating revenues, respectively, in the statements of revenues and expenses and changes in net position.

The remaining $20,863,000 of amounts received but not yet expended under this project was recognized in the statement of net position within deferred revenue at December 31, 2023.

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Claims and Litigation

The Commission is a defendant in various claims, lawsuits and actions arising in the normal course of operations. In the opinion of the Commission's management, the ultimate amount of any liabilities which may be incurred in connection with the settlement of claims and litigation will not materially affect the Commission's financial condition.

Federal and State Grants

The Commission is currently undertaking a series of projects to finalize maritime infrastructure improvements which will enhance the Port's heavy lift and project cargo handling capabilities. The total projects are estimated to cost approximately $45,950,000. As part of the project, the Commission has secured federal grant funding of approximately $17,630,000 and state grant funding of approximately $19,000,000. Federal grant revenue of approximately $16,400,000 has been earned to date. $5,642,000 was earned in 2023 (approximately $292,000 in 2022). State grant revenue of approximately $22,500,000 has been earned to date. $3,500,000 was earned in 2023 (no state grant revenue was earned in 2022). These grant revenues are included in capital grant funding in the statements of revenues and expenses and changes in net position. The projects are expected to be completed in 2024.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (Continued)

Federal and State Grants (Continued)

The Commission's grants are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The Commission believes, based upon its review of current activity and prior experience, the amount of such disallowances, if any, will be minimal. In the opinion of the Commission's management, all grant funds were expended in accordance with applicable terms.

NOTE 13 — RISKS AND UNCERTAINTIES

Global and domestic financial markets and economic conditions have been volatile in recent years and remain subject to significant disruptions and vulnerabilities. Rising inflation has led to significant increases in costs of goods and services that have influenced the Commission's budgets and increased expenses of both the Commission and its tenants. Continued increases in costs and disruptions in the supply chain, due to ongoing conflicts, trade disruptions, strikes, threats of terrorist attacks, and concerns over future epidemics and pandemics, could adversely affect our operations. As global cost increases continue, management will continue to monitor the potential impacts on current and future agreements, projects, and general operations.

REQUIRED SUPPLEMENTARY INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.0045154%	0.0041285%	0.0038313%	0.0043706%	0.0040079%	0.0040024%	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the net pension liability (asset)	$ 968,275	$ (337,487)	$ 3,815	$ 1,157,365	$ 283,973	$ 129,174	$ 351,607	$ 634,538	$ 125,953
Commission's covered-employee payroll	$ 1,282,754	$ 1,195,880	$ 1,161,335	$ 1,134,059	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.48%	-28.22%	0.33%	102.06%	27.97%	12.60%	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF COMMISSION CONTRIBUTIONS
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM

March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 151,964	$ 201,999	$ 294,771	$ 171,407	$ 166,548	$ 160,846	$ 157,484	$ 186,364	$ 234,306	$ 180,550
Contribution in relation to the contractually required contribution	(151,964)	(201,999)	(294,771)	(171,407)	(166,548)	(160,846)	(157,484)	(186,364)	(234,306)	(180,550)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 1,282,754	$ 1,195,880	$ 1,161,335	$ 1,134,059	$ 1,015,123	$ 1,024,804	$ 997,333	$ 1,000,106	$ 1,018,736	$ 861,386
Contributions as a percentage of covered-employee payroll	11.85%	16.89%	25.38%	15.11%	16.41%	15.70%	15.79%	18.63%	23.00%	20.96%

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF CHANGES IN THE COMMISSION'S TOTAL OPEB LIABILITY

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 172,783	$ 172,783	$ 181,102	$ 139,111	$ 97,120	$ 92,495
Interest	137,909	77,876	90,781	113,649	110,729	113,950
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	84,151	-	97,674	-	(820,236)
Change of assumptions or other inputs	83,866	(259,273)	336,233	(257,320)	-	(597,433)
Benefit payments	(154,589)	(142,810)	(178,639)	(155,522)	(132,409)	(128,005)
Net change in total OPEB liability	239,969	(67,273)	429,477	(62,408)	75,440	(1,339,229)
Total OPEB liability - beginning	3,611,753	3,679,026	3,249,549	3,311,957	3,236,517	4,575,746
Total OPEB liability - ending	$ 3,851,722	$ 3,611,753	$ 3,679,026	$ 3,249,549	$ 3,311,957	$ 3,236,517

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 8 to the financial statements.

OTHER INFORMATION

ALBANY PORT DISTRICT COMMISSION
SCHEDULES OF PAYROLL AND RELATED COSTS AND OTHER OPERATING EXPENSES
Years ended December 31, 2023 and 2022

	2023	2022
PAYROLL AND RELATED COSTS		
Administrative	**$ 1,021,876**	$ 971,215
Maintenance crews and supervisor	**650,692**	556,371
Security	**409,267**	342,225
Pension, health and other benefit costs	**901,361**	492,305
OPEB expense	**202,617**	319,557
Payroll taxes	**168,917**	147,700
Total payroll and related costs	**$ 3,354,730**	$ 2,829,373

	2023	2022
OTHER OPERATING EXPENSES		
Security	**$ 117,765**	$ 108,637
Utilities	**36,988**	42,160
City water	**6,240**	6,062
Advertising and promotion	**3,302**	2,437
Office supplies and expenses	**70,352**	57,464
Equipment operating expense	**47,664**	102,732
Property rental	**96,325**	-
Bad debt	**-**	4,392
Other expenses	**100,154**	68,966
Total other operating expenses	**$ 478,790**	$ 392,850

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

To the Commissioners
Albany Port District Commission

We have audited, in accordance with the 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; and Investment Guidelines for Public Authorities issued by the Office of the State Comptroller, State of New York, the financial statements of the Albany Port District Commission (the "Commission") as of and for the year ended December 31, 2023, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including Investment Guidelines for Public Authorities and the Commission's Investment Guidelines, 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.*

UHY LLP Certified Public Accountants

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.

UHY LLP

Albany, New York
March 27, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners
Albany Port District Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements identified as subject to audit n the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2023. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness on the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

UHY LLP

Albany, New York
March 27, 2024

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

Federal Grantor Program Title	Grant Number	Assistance Listing Number	Program Award Amount	2023 Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation					
Direct Programs:					
National Infrastructure Investments Program	DTMA91G1600008	20.933	17,629,800	$ 5,945,361	$ -
Total Expenditures of Federal Awards				$ 5,945,361	$ -

See notes to Schedule of Federal Awards.

NOTE 1 — BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Albany Port District Commission, an entity as defined in the basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 — BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 — INDIRECT COST RATES

The Albany Port District Commission has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ALBANY PORT DISTRICT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ______ Yes __X__ No
- Significant deficiencies identified? ______ Yes __X__ None Reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified? ______ Yes __X__ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes __X__ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.933	National Infrastructure Investments Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings and Questioned Costs

No findings noted.

Section IV – Status of Prior Year Findings

None reported.