

**ALBANY PORT DISTRICT COMMISSION**



SINGLE AUDIT REPORT

December 31, 2020

# ALBANY PORT DISTRICT COMMISSION

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Albany Port District Commission

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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

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, 2020 and 2019, 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.

**Other Matters**

*Required Supplementary Information:* Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and other required supplementary information on pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other 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 is presented for purposes of additional analysis 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, and is not a required part of the basic financial statements.

The Schedules of Payroll and Related Costs and Other Operating Expenses and the schedule of expenditures of federal awards are the responsibility of management and were 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 24, 2021 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 24, 2021

# **ALBANY PORT DISTRICT COMMISSION**

## **Management's Discussion and Analysis**

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, 2020, with comparative data for the fiscal year ended December 31, 2019. 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 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 400 acres within three municipalities, directly and indirectly employing hundreds of men and women, and generating hundreds of millions of dollars in regional and state-wide economic output.

Stevedoring services are provided by Federal Marine Terminals, Inc. ("FMT"). Through a Terminal Operating Agreement ("TOA") between APDC and FMT, FMT 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, FMT is obligated to make monthly payments to APDC ("Base Payments"). Additionally, upon achieving certain gross revenue thresholds, FMT 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 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 develops into a regional logistics hub.

## **ALBANY PORT DISTRICT COMMISSION**

### **Management's Discussion and Analysis**

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 2023, this initiative will have created over \$40 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"), will provide funding to support strategic maritime terminal improvements. Grants totaling \$19 million from New York State have funded new and replacement infrastructure. During 2020 the capital investment related to new/replacement Port infrastructure was approximately \$5.8 million. Of this amount, 64% was funded from Federal sources.

Beginning in 2017 and continuing into 2020, 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 construction of a 60,000 square foot maritime warehouse at the southern portion of the upland terminal area began in 2020 and was completed in the first quarter of 2021. The location of the new building is adjacent to the new roll on roll off ramp ("ro-ro") and wharf area, which was completed in late 2019. This additional warehouse space will be a major upgrade for the Port of Albany and will increase cargo handling and storage capacity that will be absorbed by other big lift / special cargo handling areas. The intention with the new construction is to increase storage and handling capacity in covered space with a floor capacity of 1,000 pounds per square foot and with modern style column span spacing with the intent to have as much clear span as possible.

Adjacent to this area, the Port created an expanded outdoor maritime laydown and cargo handling area where a former underutilized and deteriorated vacant building was demolished. This area was cleared, improved, and securely fenced in 2020 – enabling a nearly 25% larger FMT maritime operating area adjacent to the newly reconstructed wharf and ro-ro.

#### **LEASING AND DISPOSITION**

A 15-year lease of an approximately 2-acre site adjacent to the wharf in the City of Rensselaer to an existing tenant was executed in 2020. Previously this site had been used for APDC stevedoring purposes and was also leased to a bulk cargo handler for a short-term project. The APDC Board of Commissioners had authorized this lease in 2019, intended to expand the current operating area for a long-term existing tenant business facility.

The APDC Board of Commissioners had authorized in 2019 the sale of an approximately 9-acre site exterior to the south entrance to the Port of Albany. The property was not serving mission centered activity and was approved for sale at market value. The sale of this property closed in October 2020 and the Port realized approximately a \$1 million gain on the transaction.

The APDC Board had authorized in 2019 an expansion to the FMT operating agreement to include an additional 25% of marine terminal operating area. This includes area that was improved with TIGER and state funding support and will be put into active use. The area was cleared, fenced, and put into service in the third quarter of 2020.

In 2019, the Port team negotiated with NYS OGS for renewal of the DEC field office lease, including approximately 26,000 square feet of admin, lab, and garage space plus parking. The agreement had been accepted by NYS OGS and was executed in October 2020. The Port is working with NYS OGS to make the updates outlined in the lease agreement. It is expected these updates will be completed in the second quarter of 2021.

# ALBANY PORT DISTRICT COMMISSION

## Management’s Discussion and Analysis

### EXPANSION

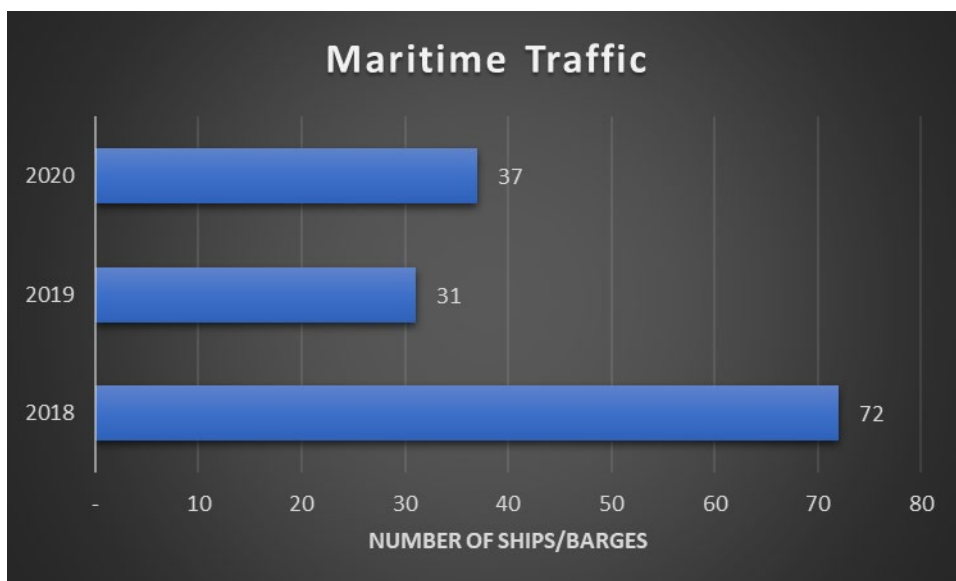
In 1932, President (then Governor of New York) Franklin Delano Roosevelt presided over the Port’s dedication ceremony and highlighted the colossal engineering feat that established the Port. At that time, it could not have been known that nearly 85 years later, the APDC Board of Commissioners would guide the Port through a land acquisition that will result in the first significant physical expansion of the Port.

At the end of 2018 APDC closed on the \$5.25 million purchase of an 80-acre site adjacent to the Port’s southeastern border in the town of Bethlehem. This acquisition has increased the size of the Port by 25% to nearly 400 acres. To fund this purchase, the Port utilized a portion of the investment portfolio and executed an additional \$2.5 million sub-lease under an existing master lease with Bank of America.

In 2020, the Port completed the SEQRA and GEIS process with the Town of Bethlehem and received approval in May 2020. In the summer of 2020, the Port joined forces with Offshore Wind Industry developers to compete for the NYSERDA second round procurement and Port Infrastructure Investment Program. The Port of Albany was selected, together with Equinor and Marmen Welcon to develop the first of its kind wind tower manufacturing facility in the United States. Pre-development activities, including design engineering and specific site plan permitting applications will be done in 2021 with plans for major construction activity in 2022 and 2023. The Port expansion site will host over 600,000 square feet of production facilities and a high capacity – heavy lift custom designed maritime operation. The partnership will also utilize at least 14 acres in the Port’s existing district for supply activities which is expected to generate rail and maritime activity.

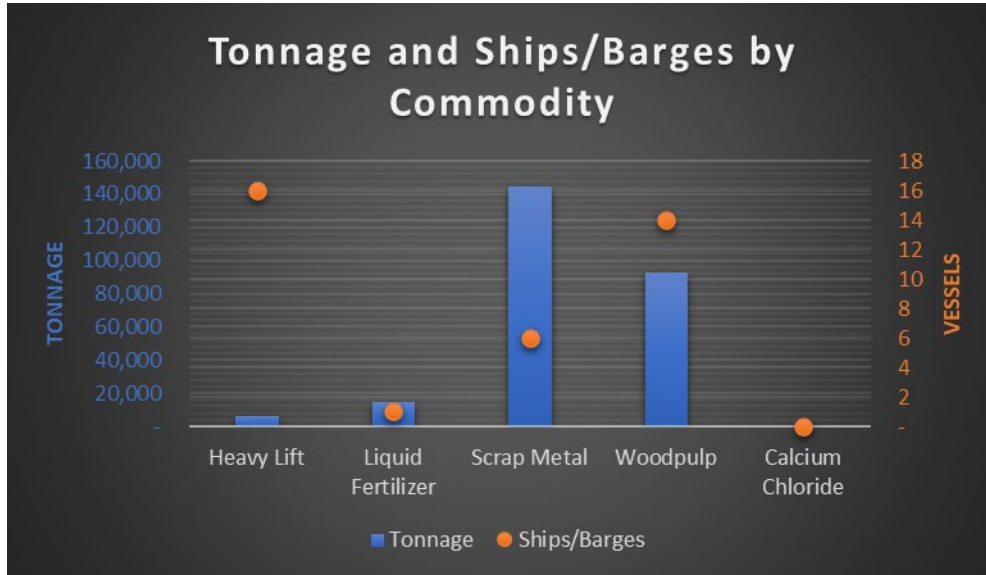
In the first quarter of 2021, the ADPC Board of Commissioners will execute contracts for engineering and design for the next level of civil, infrastructure and structural engineering to fulfill the expansion site plans. The APDC team’s aggressive pursuit of partners has resulted in world class industry partners and the team will continue to pursue related industry economic development opportunities.

### MARITIME-RELATED ACTIVITY

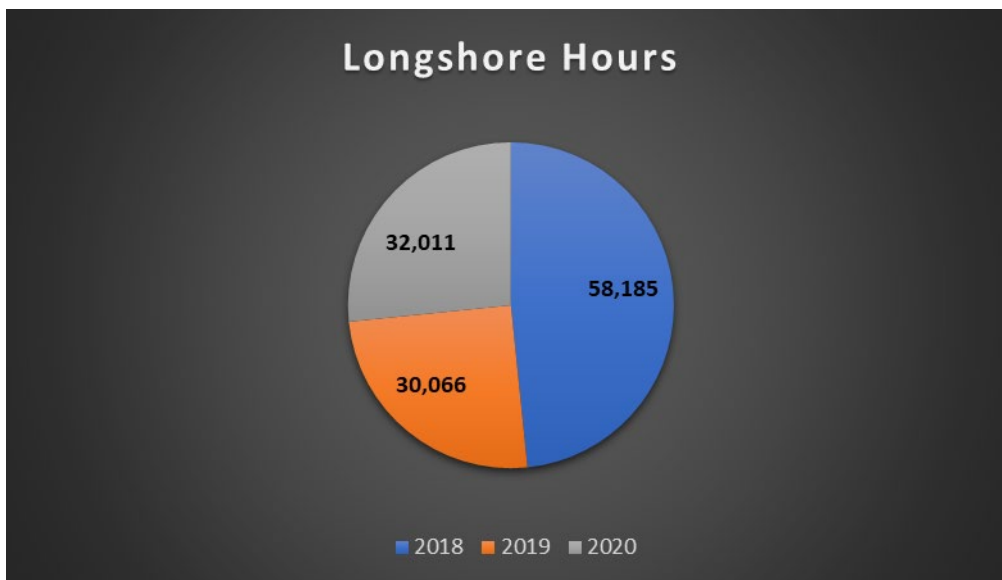


**ALBANY PORT DISTRICT COMMISSION  
Management’s Discussion and Analysis**

- As compared to 2019, calls to the Port increased by 6 ships/barges overall during 2020. The primary driver of this increase is within the Wood pulp category, which saw a 40% increase. An increase also occurred in the scrap metal, which saw a 20% increase in vessels.



- Scrap metal remains the highest-volume commodity in terms of tonnage by a substantial margin. Scrap metal represents 56% of total tonnage for the year. On a per vessel basis, average tonnage for scrap metal was about 25,000 tons.
- Wood pulp continues to yield the second highest volume of tonnage (36% of total tonnage in 2020, up from 28% in 2019).
- Although heavy lift/project cargo represents a relatively modest amount of total 2020 tonnage, 43% of all cargo-carrying ship and barge calls in 2020 fell into this category.

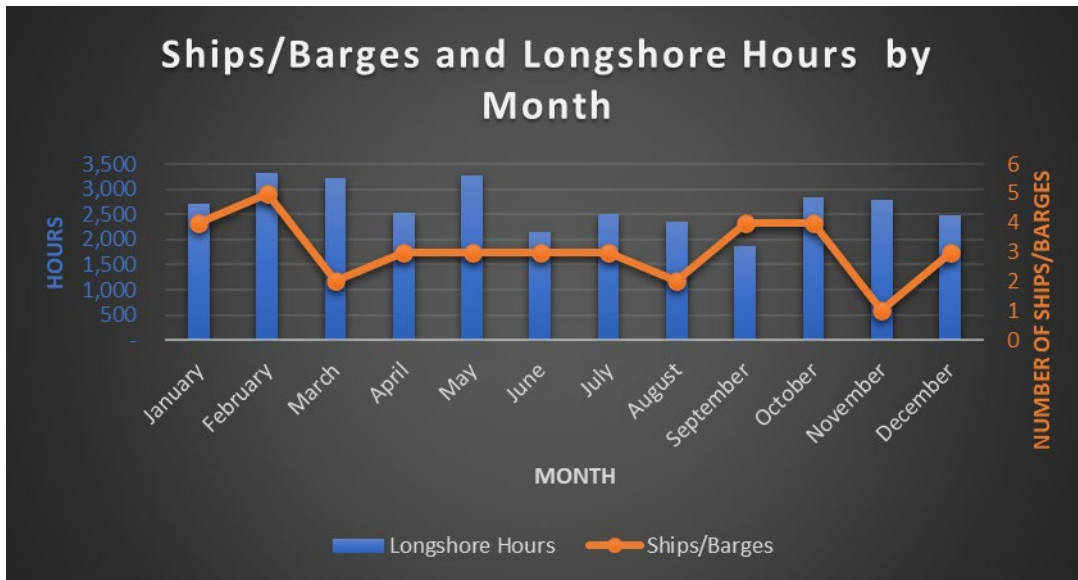




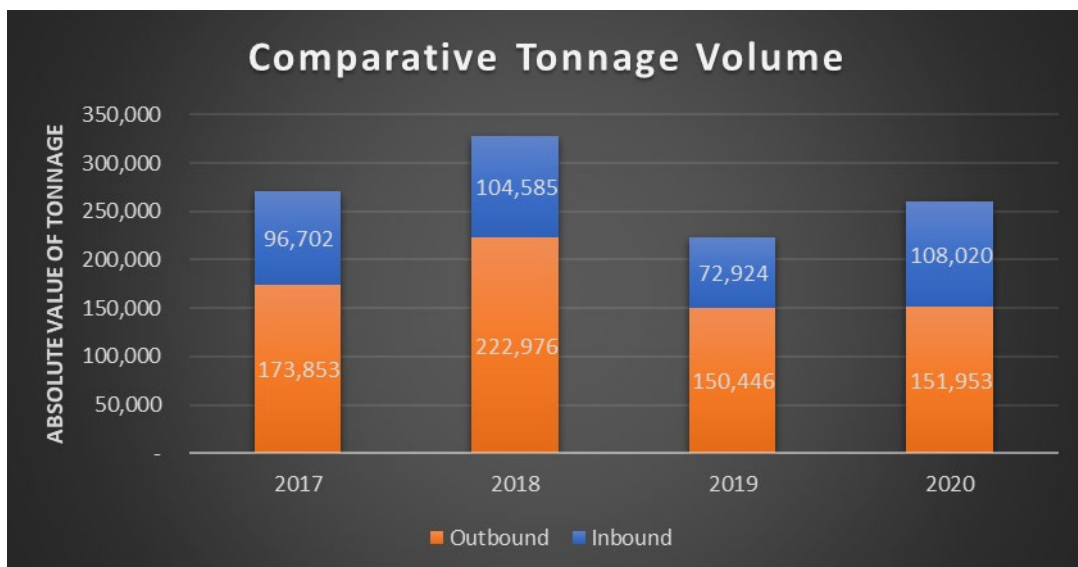
# ALBANY PORT DISTRICT COMMISSION

## Management's Discussion and Analysis

- 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 an increase of labor hours in 2020 due to its project tracking and efforts to diversify business and customer opportunities in an effort to offset a decline in project cargo.



The monthly average longshore hours increased to 2,668 in 2020, which is a slight increase from 2,506 in 2019.



- Overall tonnage has increased from 2019 by 15%. This increase is consistent with the trends seen in Longshore hours and the number of ships and barges.
- The year-over-year inbound tonnage increase is 30%. This increase in tonnage occurred in Wood Pulp and Molasses/ Fertilizer. Outbound tonnage remained the same

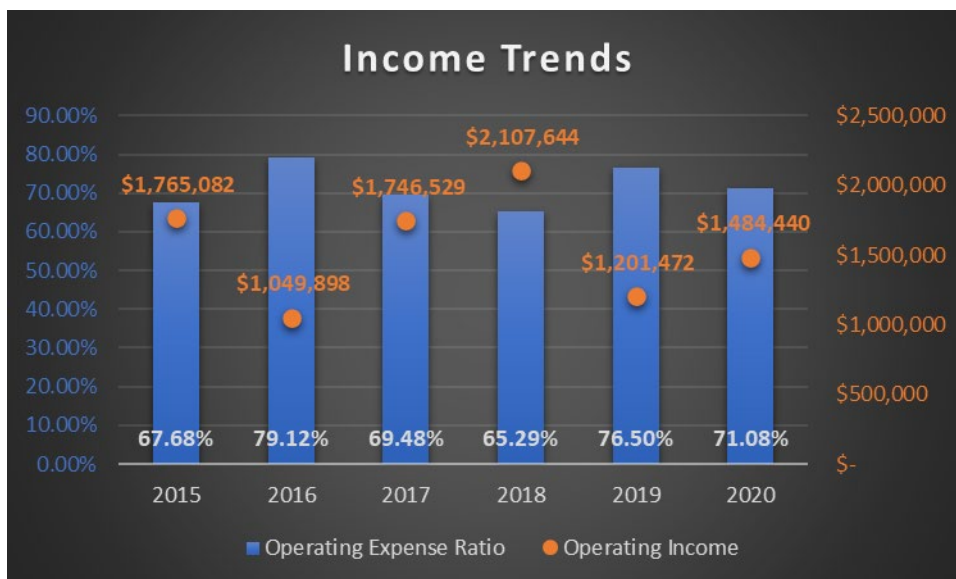
# ALBANY PORT DISTRICT COMMISSION Management's Discussion and Analysis

## FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues and expenses for the years ended December 31, 2020 and 2019 is shown below.

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Property and equipment rentals	\$ 3,670,855	\$ 3,652,320
Maritime-related	950,613	905,921
Security	372,218	370,103
Other operating revenues	173,278	185,477
Total operating revenues	<u>5,166,964</u>	<u>5,113,821</u>
<b>OPERATING EXPENSES</b>		
Payroll and related expenses	2,531,458	2,228,915
Maintenance and material handling	448,642	755,887
Professional services	445,196	537,228
Other operating expenses	222,477	390,319
Total operating expenses	<u>3,647,773</u>	<u>3,912,349</u>
<b>OPERATING INCOME</b>	1,519,191	1,201,472
Depreciation and other items	<u>(2,188,743)</u>	<u>(2,737,323)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL FUNDING</b>	(669,552)	(1,535,851)
Capital grant funding	<u>4,339,705</u>	<u>1,606,697</u>
<b>INCREASE IN NET POSITION</b>	3,670,153	70,846
Total net position, beginning of year	<u>63,459,387</u>	<u>63,388,541</u>
Total net position, end of year	<u>\$ 67,129,540</u>	<u>\$ 63,459,387</u>

**Income generated from operations has increased by approximately \$318,000 (26%) over 2019.** This increase is primarily attributable to the decrease in operating expenses. Additionally, the Port was able to maintain overall operating revenue at approximately \$5.1 million. The Port saw a moderate improvement in Maritime Revenue in 2020 (\$45,000 or 5%) and is working to make further improvements for the following years.



## ALBANY PORT DISTRICT COMMISSION Management's Discussion and Analysis

**Operating Revenue increased by approximately \$53,000 or 10% from 2019.** Non-maritime related revenue was consistent with the prior year. Maritime-related revenue increased slightly, by 5% (\$45,000).

- 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 \$34,000 or 15%.
- Revenue generated from utilization of the APDC's two Liebherr mobile harbor cranes increased 46% (\$57,000) as compared to 2019. The revenue decrease reflects hours of use by FMT for maritime terminal operations.

**Operating expenses in 2020 saw a decrease from 2019 of approximately \$265,000 or 7%.** This continues the trend from 2016 as operating expenses are contained while significant capital improvements are undertaken.

- Payroll and related expenses have increased by 14% or \$303,000 from 2019. Overall salary expense decreased slightly (\$9,000) in 2020. Employee benefits have increased \$312,000 primarily due to adjustments made for pension and other post-employment benefit liabilities activity. These adjustments were approximately \$202,000 and \$27,000, respectively.
- Professional services decreased overall by 32% (\$97,000) from 2019. This decrease is from a decreased use of outside consultants in 2020.
- Maintenance and material handling decreased by 41% or \$307,000 from 2019. This decrease is primarily related to parts and repairs related to one of the Port's mobile harbor cranes in 2019, which totaled \$286,000 compared to 2020 crane repairs of \$24,000.
- Other operating expenses decreased by 43% (\$168,000). This decrease is due to a one-time property tax payment for the newly acquired land in Bethlehem (\$24,000) that was paid in 2019, a decrease in bad debt expense (\$18,000), office supply decrease (\$39,000) and a decrease in advertising (\$18,000).

A condensed summary of APDC's net position at December 31, 2018, 2019, and 2020 is shown below:

The net position increase from December 31, 2019 to December 31, 2020 was \$3.6 million.

	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Assets and Deferred Outflows of Resources</b>			
Current and other assets	\$ 9,565,316	\$ 5,371,917	\$ 4,006,246
Capital assets	68,506,233	70,195,131	75,562,834
Deferred outflows of resources	356,838	289,331	896,815
Total assets and deferred outflows of resources	<u>\$ 78,428,387</u>	<u>\$ 75,856,379</u>	<u>\$ 80,465,895</u>
<b>Liabilities</b>			
Current liabilities	\$ 3,638,990	\$ 2,560,657	\$ 3,885,925
Long-term liabilities	9,687,290	8,558,622	8,222,028
Deferred inflows of resources	1,713,566	1,277,713	1,228,402
Total liabilities and deferred inflows of resources	<u>\$ 15,039,846</u>	<u>\$ 12,396,992</u>	<u>\$ 13,336,355</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	\$ 61,112,306	\$ 63,989,643	\$ 70,710,943
Unrestricted	<u>2,276,235</u>	<u>(530,256)</u>	<u>(3,581,403)</u>
Total net position	<u>\$ 63,388,541</u>	<u>\$ 63,459,387</u>	<u>\$ 67,129,540</u>

# **ALBANY PORT DISTRICT COMMISSION**

## **Management's Discussion and Analysis**

### **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.
- Construction was completed on the new 60,000 SF Maritime Warehouse and it will be in full operations during the second quarter of 2021.
- Pre-development activities, including design engineering and specific site plan permitting applications will be done in 2021 for the Port Expansion for the development of the first of its kind wind tower manufacturing facility together with Equinor and Marmen Welcon.

During the year ended December 31, 2020 certain phases of the TIGER project were completed including:

- In April 2020, a request for bids was issued for construction services of the new 60,000 square foot warehouse within the existing maritime terminal.
- The APDC Board of Commissioners approved the individual contracts for the construction of the new warehouse in May of 2020.
- Construction of the new 60,000 square foot warehouse began in June of 2020.

Next phase of TIGER projects will continue:

- Construction of the new 60,000 square foot warehouse within the existing maritime terminal concluded in the first quarter of 2021.
- In 2021 final design of both the reconstruction of Smith Blvd and the reconstruction of the marine terminal are expected to be complete in preparation of construction bid.
- The Port will finalize plans to make 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 is based on a feasibility review that was conducted in 2020 to consider repairs versus demolition of the structure.
- Federal and state funding opportunities will continue to be pursued to address not only existing infrastructure needs but also to develop new infrastructure in response to emerging trends within the maritime and transportation logistics industries.

### **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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 919,559	\$ 2,061,320
Investments	499,970	1,497,240
Accounts receivable	490,396	364,866
Grants receivable	2,045,672	1,251,836
Other current assets	50,649	196,655
	<u>4,006,246</u>	<u>5,371,917</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>75,562,834</u>	<u>70,195,131</u>
	<u>79,569,080</u>	<u>75,567,048</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>896,815</u>	<u>289,331</u>
	<u>\$ 80,465,895</u>	<u>\$ 75,856,379</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 1,144,978	\$ 1,353,597
Deferred revenue	52,048	51,547
Accounts payable	830,856	913,189
Accrued expenses	1,858,043	242,324
	<u>3,885,925</u>	<u>2,560,657</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current maturities	3,706,913	4,851,891
Security deposits	108,201	110,801
OPEB obligation	3,249,549	3,311,957
Net pension liability	1,157,365	283,973
	<u>8,222,028</u>	<u>8,558,622</u>
	<u>12,107,953</u>	<u>11,119,279</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,228,402</u>	<u>1,277,713</u>
<b>NET POSITION</b>		
Net investment in capital assets	70,710,943	63,989,643
Unrestricted	(3,581,403)	(530,256)
	<u>67,129,540</u>	<u>63,459,387</u>
	<u>\$ 80,465,895</u>	<u>\$ 75,856,379</u>

See notes to financial statements.

**ALBANY PORT DISTRICT COMMISSION**  
**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION**  
**Years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Property rentals	\$ 3,490,535	\$ 3,529,295
Dockage fees	260,935	226,797
Wharfage fees	368,634	411,647
Stevedore fees	321,044	267,477
Crane/equipment rentals	180,320	123,025
Security fees	372,218	370,103
Storage and other services	173,278	185,477
	<u>5,166,964</u>	<u>5,113,821</u>
<b>OPERATING EXPENSES</b>		
Payroll and related benefit costs	2,531,458	2,228,915
Maintenance expense	338,892	373,737
Material handling	109,750	382,150
Insurance	240,155	234,689
Professional and consulting fees	205,041	302,539
Other operating expenses	222,477	390,319
	<u>3,647,773</u>	<u>3,912,349</u>
<b>OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS</b>	<u>1,519,191</u>	<u>1,201,472</u>
<b>DEPRECIATION AND OTHER ITEMS</b>		
Depreciation	(2,649,939)	(2,124,235)
Gain on sale of property and equipment	1,035,246	-
Waterfront development costs	(244,114)	(268,550)
Municipal support agreement costs	(159,616)	(157,466)
Interest income	7,378	27,202
Interest expense	(177,698)	(214,274)
	<u>(2,188,743)</u>	<u>(2,737,323)</u>
<b>CHANGE IN NET POSITION BEFORE CAPITAL FUNDING</b>	<u>(669,552)</u>	<u>(1,535,851)</u>
Capital grant funding	4,339,705	1,606,697
<b>CHANGE IN NET POSITION</b>	<u>3,670,153</u>	<u>70,846</u>
Total net position, beginning of the year	<u>63,459,387</u>	<u>63,388,541</u>
Total net position, end of year	<u>\$ 67,129,540</u>	<u>\$ 63,459,387</u>

See notes to financial statements.

**ALBANY PORT DISTRICT COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from rentals	\$ 3,670,956	\$ 3,696,982
Cash received for facility usage	821,048	1,025,883
Cash received from other services	545,496	555,580
Cash payments to employees and professionals	(2,529,694)	(2,748,328)
Cash payments for materials and maintenance	(525,107)	(616,914)
Cash payments for insurance	(89,035)	(187,513)
Cash payments for other expenses	(220,642)	(382,438)
Net cash provided by operating activities	<u>1,673,022</u>	<u>1,343,252</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash payments for municipal support agreement costs and waterfront development costs	(403,730)	(426,016)
Net cash used in noncapital financing activities	<u>(403,730)</u>	<u>(426,016)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash payments for capital assets	(7,009,614)	(5,114,601)
Cash received from sale of property and equipment	1,579,339	-
Cash received from capital grant funding	3,545,869	5,400,689
Interest expense	(177,698)	(214,274)
Cash payments on long-term debt and other obligations	(1,353,597)	(1,188,439)
Net cash used in capital and related financing activities	<u>(3,415,701)</u>	<u>(1,116,625)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from interest	7,378	28,157
Cash paid for purchase of investments	(2,013,919)	(1,486,183)
Cash received from sale of investments	3,011,189	727,127
Net cash provided by (used in) investing activities	<u>1,004,648</u>	<u>(730,899)</u>
Net change in cash	(1,141,761)	(930,288)
Cash, beginning of year	<u>2,061,320</u>	<u>2,991,608</u>
Cash, end of year	<u>\$ 919,559</u>	<u>\$ 2,061,320</u>
<b>RECONCILIATION OF OPERATING INCOME, BEFORE DEPRECIATION AND OTHER ITEMS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income, before depreciation and other items	\$ 1,519,191	\$ 1,201,472
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(125,530)	180,551
Other assets	146,006	46,670
Accounts payable	(72,406)	159,695
Accrued expenses	51,071	(104,288)
Deferred revenue	501	(2,741)
OPEB obligation and net pension liability related accounts	154,189	(138,107)
Total adjustments	<u>153,831</u>	<u>141,780</u>
Net cash provided by operating activities	<u>\$ 1,673,022</u>	<u>\$ 1,343,252</u>

See notes to financial statements.

# ALBANY PORT DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 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, 2020 or 2019.
- **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.



# ALBANY PORT DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### 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

**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 rents received in advance.

**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.

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Municipal Support Agreement Costs:** The Commission is a party to an agreement with the City of Albany which provides payments for municipal support for certain costs and services provided by the municipality (see Note 11).

**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 24, 2021, the date the financial statements were available to be issued.

**Reclassifications:** Certain 2019 financial statement line items have been reclassified to conform with the current year’s presentation.

**NOTE 3 — CASH AND CASH EQUIVALENTS**

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

	<u>2020</u>		<u>2019</u>	
	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposit accounts	<u>\$ 919,559</u>	<u>\$ 967,294</u>	<u>\$ 2,061,320</u>	<u>\$ 2,124,017</u>

At December 31, 2020 and 2019, the Commission’s cash and deposits were covered by FDIC insurance or otherwise collaterally secured through its principal financial institution, KeyBank.

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 4 — INVESTMENTS**

At December 31, 2020, investments, which are stated on the statements of net position at fair value, are comprised of U.S. Government agency obligations, as follows:

<u>Investment Rate</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Adjusted Cost (a)</u>
United States Treasury Bill (zero coupon)	\$ 500,000	2/11/2021	\$ 499,970	\$ 499,818
	<u>\$ 500,000</u>		<u>\$ 499,970</u>	<u>\$ 499,818</u>

At December 31, 2019, investments, which are stated on the statements of net position at fair value, were comprised of U.S. Government agency obligations, as follows:

<u>Investment Rate</u>	<u>Par Amount</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Adjusted Cost (a)</u>
United States Treasury Bill (zero coupon)	\$ 500,000	1/9/2020	\$ 499,865	\$ 496,249
United States Treasury Bill (zero coupon)	500,000	2/13/2020	499,135	495,306
United States Treasury Bill (zero coupon)	500,000	3/26/2020	498,240	494,628
	<u>\$ 1,500,000</u>		<u>\$ 1,497,240</u>	<u>\$ 1,486,183</u>

(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, 2020 and 2019, all investments measured at fair value were considered Level 1 investments under the fair value hierarchy.

**NOTE 5 — PROPERTY AND EQUIPMENT**

At December 31, 2020 property and equipment is comprised of the following:

	<u>December 31</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u>
	<u>2019</u>			<u>2020</u>
Port marine facilities	\$ 129,133,029	\$ 91,567	\$ 884,808	\$ 128,339,788
Transportation, equipment and furniture	1,452,115	23,537	-	1,475,652
Construction in process	1,342,269	8,446,633	-	9,788,902
Total	131,927,413	8,561,737	884,808	139,604,342
Less accumulated depreciation	61,732,282	2,649,939	340,713	64,041,508
Net property and equipment	<u>\$ 70,195,131</u>	<u>\$ 5,911,798</u>	<u>\$ 544,095</u>	<u>\$ 75,562,834</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 5 — PROPERTY AND EQUIPMENT (Continued)**

At December 31, 2019 property and equipment is comprised of the following:

	<u>December 31</u> <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31</u> <u>2019</u>
Port marine facilities	\$ 102,451,690	\$ 26,681,339	\$ -	\$ 129,133,029
Transportation, equipment and furniture	1,484,088	130,792	162,765	1,452,115
Construction in process	24,341,267	3,651,966	26,650,964	1,342,269
Total	128,277,045	30,464,097	26,813,729	131,927,413
Less accumulated depreciation	59,770,812	2,124,235	162,765	61,732,282
Net property and equipment	<u>\$ 68,506,233</u>	<u>\$ 28,339,862</u>	<u>\$ 26,650,964</u>	<u>\$ 70,195,131</u>

Depreciation expense was \$2,649,939 and \$2,124,235 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 6 — LONG-TERM DEBT**

Long-term debt is comprised of the following:

	<u>December 31</u> <u>2019</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Payments</u>	<u>December 31</u> <u>2020</u>
Bank of America master lease obligation	\$ 6,205,488	\$ -	\$ 1,353,597	\$ 4,851,891
Less current maturities	1,353,597			1,144,978
	<u>\$ 4,851,891</u>			<u>\$ 3,706,913</u>

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

In November 2017, under the second draw, of the agreement, the Commission borrowed \$4,000,000 to fund certain construction projects. This agreement 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.

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

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 6 — LONG-TERM DEBT** (Continued)

At December 31, 2020, long-term debt maturities were comprised of the following:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,144,978	\$ 140,975	\$ 1,285,953
2022	929,659	109,911	1,039,570
2023	960,228	79,343	1,039,571
2024	991,843	47,726	1,039,569
2025	655,555	17,529	673,084
thereafter	169,628	1,739	171,367
	<u>\$ 4,851,891</u>	<u>\$ 397,223</u>	<u>\$ 5,249,114</u>

Interest expense was \$177,698 and \$214,274 for 2020 and 2019, 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](http://www.osc.state.ny.us/retire).

No employee contribution is required for those hired prior to July 1976. The System requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined the System from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3% of compensation throughout their active membership in the System. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Commission to the pension accumulation fund. For 2020, these rates ranged from 9.3% - 19.5% for the Commission's active employees. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)**

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

At December 31, 2020, the Commission reported a liability of \$1,157,365 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total pension liability to March 31, 2020. 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, 2020 measurement date, the Commission's proportion was 0.0043706%.

At December 31, 2019, the Commission reported a liability of \$283,973 for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018, with updated procedures used to roll forward the total pension liability to March 31, 2019. 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, 2019 measurement date, the Commission's proportion was 0.0040079%.

For the year ended December 31, 2020, the Commission recognized net pension expense of \$407,354 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,116	\$ -
Changes in assumptions	23,304	20,122
Net difference between projected and actual earnings on pension plan investments	593,322	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	33,434	1,721
Commission contributions subsequent to measurement date	-	-
	<u>\$ 718,176</u>	<u>\$ 21,843</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)**

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

For the year ended December 31, 2019, the Commission recognized net pension expense of \$205,730 from ERS and reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,920	\$ 19,063
Changes in assumptions	71,379	-
Net difference between projected and actual earnings on pension plan investments	-	72,883
Changes in proportion and differences between Commission contributions and proportionate share of contributions	26,975	3,442
Commission contributions subsequent to measurement date	-	-
	<u>\$ 154,274</u>	<u>\$ 95,388</u>

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

<u>Years Ending March 31,</u>	<u>Net Deferred Outflows and Inflows of Resources</u>
2021	\$ 121,788
2022	176,713
2023	220,761
2024	177,071
	<u>\$ 696,333</u>

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

***Inflation*** – 2.5%

***Salary increases*** – 4.2%

***Investment rate of return*** – 6.8% compounded annually, net of investment expense, including inflation

***Mortality*** – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018

***Discount rate*** – 6.8%

# ALBANY PORT DISTRICT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)

#### Actuarial Assumptions (Continued)

The actuarial assumptions used in the April 1, 2018 valuation, with update procedures to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

**Inflation** – 2.5%

**Salary increases** – 4.2%

**Investment rate of return** – 7.0% compounded annually, net of investment expense, including inflation

**Mortality** – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014

**Discount rate** – 7.0%

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, 2020 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	36%	4.05%
International equities	14%	6.15%
Private equities	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real assets	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed bonds	4%	0.50%
	<u>100%</u>	

#### 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.



**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS (Continued)**

Discount Rate (Continued)

The following table presents the Commission's proportionate share of its net pension liability calculated using the discount rate of 6.8% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1.0% Decrease</u>	<u>6.8%</u>	<u>1.0% Increase</u>
Commission's proportionate share of the ERS net pension liability (asset)	<u>\$ 2,124,092</u>	<u>\$ 1,157,365</u>	<u>\$ 267,006</u>

**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.

**Employees Covered by Benefit Terms**

At January 1, 2020, the actuarial valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active employees	<u>13</u>
	<u>22</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Total OPEB Liability**

At December 31, 2020 and 2019, the Commission reported a liability of \$3,249,547 and \$3,311,957, respectively. The total OPEB liability as of December 31, 2020 was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2020. The total OPEB liability as of December 31, 2019 was measured as of January 1, 2019 and was determined by an actuarial valuation as of January 1, 2018.

**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 January 1, 2020 measurement*** – 2.74%

***Discount rate used in January 1, 2019 measurement*** – 3.44%

***Healthcare cost trend rates used in January 1, 2020 measurement*** – 6.50% for 2020 (decreasing to an ultimate rate of 4.5% by 2023)

***Healthcare cost trend rates used in January 1, 2019 measurement*** – 7.00% for 2019 (decreasing to an ultimate rate of 5.00% by 2023)

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

Mortality rates were based on the Society of Actuaries' RP-2014 mortality tables with adjustments for mortality improvements based on MP-2014 scales.

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 8 — OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Changes in the Total OPEB Liability**

Changes in the total OPEB liability were as follows:

	<b>Total OPEB Liability</b>
<b>Beginning balance for year end December 31, 2018</b>	<b>\$ 3,236,517</b>
Changes for the year:	
Service cost	97,120
Interest	110,729
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(132,409)
Net changes	<u>75,440</u>
<b>Ending balance for year end December 31, 2019</b>	<b>\$ 3,311,957</b>
Changes for the year:	
Service cost	139,111
Interest	113,649
Changes of benefit terms	-
Differences between expected and actual experience	97,674
Changes of assumptions or other inputs	(257,320)
Benefit payments	(155,522)
Net changes	<u>(62,408)</u>
<b>Ending balance for year end December 31, 2020</b>	<b>\$ 3,249,549</b>

**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:

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 3,821,746</u>	<u>\$ 3,249,549</u>	<u>\$ 2,809,016</u>

**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:

	<u>1.0% Decrease</u>	<u>Discount Rate</u>	<u>1.0% Increase</u>
Total OPEB Liability	<u>\$ 2,813,080</u>	<u>\$ 3,249,549</u>	<u>\$ 3,803,051</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**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, 2020 and 2019, the Commission recognized OPEB expense of \$117,350 and \$90,177, respectively. At December 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 529,166
Changes of assumptions or other inputs	-	677,393
Expected benefit payments subsequent to the measurement date	<u>178,639</u>	<u>-</u>
Total	<u>\$ 178,639</u>	<u>\$1,206,559</u>

**OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 684,070
Changes of assumptions or other inputs	-	498,254
Expected benefit payments subsequent to the measurement date	<u>135,057</u>	<u>-</u>
Total	<u>\$ 135,057</u>	<u>\$1,182,324</u>

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

<u>Year ended December 31</u>	<u>Deferred Inflows of Resources</u>
2020	\$ (135,410)
2021	(135,410)
2022	(135,410)
2023	(135,410)
2024	(135,410)
Thereafter	<u>(529,509)</u>
	<u>\$ (1,206,559)</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 9 — PROPERTY HELD FOR LEASE**

The Commission has entered into various operating leases with tenants for the use of space at Port owned buildings, terminals, offices, and other facilities. The approximate minimum future rentals scheduled to be received on operating leases in effect on December 31, 2020 were as follows:

2021	\$ 3,314,000
2022	3,194,000
2023	3,103,000
2024	2,307,000
2025	2,296,000
Thereafter	<u>11,662,000</u>
	<u>\$ 25,876,000</u>

**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 an operating lease by the Commission, 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 0.23%, 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, ranging from \$220,000 in 2021 to \$255,000 in 2024, thus providing for the full amortization of the bonds by the 2027 maturity date.

Future debt reduction payments are expected as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$ 220,000
2022	225,000
2023	240,000
2024	<u>255,000</u>
	<u>\$ 940,000</u>

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**NOTE 10 — WATERFRONT DEVELOPMENT COSTS (Continued)**

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 2020 and 2019, the Commission's total lease cost, project improvement cost, and other operating expenses related to the waterfront development project approximated \$244,000 and \$269,000, respectively. These costs are included in the Commission's statements of revenues and expenses.

**NOTE 11 — 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.

Municipal Support Agreement Costs

In 2018, the Commission entered into Memorandums of Understanding (MoU) with the City of Albany under which the Commission is required to fund annualized municipal support to the City through December 31, 2021. The 2020 and 2019 expense associated with the MoU, in the amount of approximately \$160,000 and \$157,000, respectively, is included in the statements of revenues and expenses. The expense for the municipal support for the remaining term of this agreement has not been determined, but is based on the assessed value of the Commission owned tax-exempt property as determined by the annual assessment roll of the City of Albany.

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 \$4,276,000 was earned in 2020 (approximately \$1,350,000 in 2019). No state grant revenue was earned in 2020 or 2019. 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 2023.

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.

**NOTE 12 — RISKS AND UNCERTAINTIES**

Global and domestic responses to the coronavirus disease (COVID-19) outbreak continue to rapidly evolve. The initial effect, which centered around global financial markets, has since spread to all businesses. Although there has been no significant impact on the Commission's critical business or tenants in current year, management is closely monitoring the current status of COVID-19. As the situation continues to unfold, management may need to find ways to continue to address the potential disruption of business operations as a result of COVID-19. At this point, the full extent to which COVID-19 will impact our business remains uncertain.

## **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**

<u>As of the measurement date of March 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	0.0043706%	0.0040079%	0.0040024%	0.003742%	0.0039534%	0.0037280%
Commission's proportionate share of the net pension liability	\$ 1,157,365	\$ 283,973	\$ 129,174	\$ 351,607	\$ 634,538	\$ 125,953
Commission's covered-employee payroll	\$ 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 as a percentage of its covered-employee payroll	102.06%	27.97%	12.60%	35.25%	63.45%	12.36%
Plan fiduciary net position as a percentage of the total pension liability	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

*Data prior to 2015 is unavailable.*



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

<u>March 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 171,407	\$ 166,548	\$ 160,846	\$ 157,484	\$ 186,364	\$ 234,306	\$ 180,550	\$ 151,392	\$ 119,125	\$ 111,408
Contribution in relation to the contractually required contribution	<u>(171,407)</u>	<u>(166,548)</u>	<u>(160,846)</u>	<u>(157,484)</u>	<u>(186,364)</u>	<u>(234,306)</u>	<u>(180,550)</u>	<u>(151,392)</u>	<u>(119,125)</u>	<u>(111,408)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	<u>\$ 1,134,059</u>	<u>\$ 1,015,123</u>	<u>\$ 1,024,804</u>	<u>\$ 997,333</u>	<u>\$ 1,000,106</u>	<u>\$ 1,018,736</u>	<u>\$ 861,386</u>	<u>\$ 726,234</u>	<u>\$ 711,985</u>	<u>\$ 739,670</u>
Contributions as a percentage of covered-employee payroll	<u>15.11%</u>	<u>16.41%</u>	<u>15.70%</u>	<u>15.79%</u>	<u>18.63%</u>	<u>23.00%</u>	<u>20.96%</u>	<u>20.85%</u>	<u>16.73%</u>	<u>15.06%</u>

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

	<u>2020</u>	<u>2019</u>
<b>Total OPEB liability</b>		
Service cost	\$ 139,111	\$ 97,120
Interest	113,649	110,729
Changes of benefit terms	-	-
Differences between expected and actual experience	97,674	-
Change of assumptions or other inputs	(257,320)	-
Benefit payments	<u>(155,524)</u>	<u>(132,409)</u>
Net change in total OPEB liability	(62,410)	75,440
Total OPEB liability - beginning	<u>3,311,957</u>	<u>3,236,517</u>
Total OPEB liability - ending	<u><u>\$ 3,249,547</u></u>	<u><u>\$ 3,311,957</u></u>

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>PAYROLL AND RELATED COSTS</b>		
Administrative	\$ 848,641	\$ 892,564
Maintenance crews and supervisor	437,591	406,018
Security	349,614	340,336
Pension and other benefit costs	658,274	373,426
OPEB expense	117,350	90,177
Payroll taxes	<u>119,988</u>	<u>126,394</u>
Total payroll and related costs	<u><u>\$ 2,531,458</u></u>	<u><u>\$ 2,228,915</u></u>
<b>OTHER OPERATING EXPENSES</b>		
Security	\$ 44,357	\$ 43,093
Utilities	28,791	34,089
City water	4,618	6,206
Advertising and promotion	17,650	35,826
Office supplies and expenses	27,795	66,499
Equipment operating expense	6,693	18,871
Property taxes	-	23,991
Bad debt	4,435	22,565
Other expenses	<u>88,138</u>	<u>139,179</u>
Total other operating expenses	<u><u>\$ 222,477</u></u>	<u><u>\$ 390,319</u></u>

**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, 2020, and have issued our report thereon dated March 24, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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*.

**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 24, 2021

**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**

We have audited Albany Port District Commission's ("the Commission") compliance with the types of compliance requirements described in 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, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Commission's compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

***Opinion on Each Major Federal Program***

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, 2020.

## Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 24, 2021



**ALBANY PORT DISTRICT COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2020**

<b>Federal Grantor Program Title</b>	<b><u>Grant Number</u></b>	<b><u>Catalog of Federal Assistance Number</u></b>	<b><u>Program Award Amount</u></b>	<b><u>2020 Expenditures</u></b>	<b><u>Expenditures to Subrecipients</u></b>
U.S. Department of Transportation					
Direct Programs:					
National Infrastructure Investments Program	DTMA91G1600008	20.933	\$ 17,629,800	\$ 4,275,744	\$ -
Total Expenditures of Federal Awards				<u>\$ 4,275,744</u>	<u>\$ -</u>

*See notes to Schedule of Federal Awards.*

**ALBANY PORT DISTRICT COMMISSION**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2020**

**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, 2020**

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**Section I – Summary of Independent Auditor’s Results**

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*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  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  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  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  No

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**Section II – Financial Statement Findings**

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No findings noted.

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**Section III – Federal Award Findings and Questioned Costs**

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No findings noted.

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**Section IV – Status of Prior Year Findings**

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None reported.