



**ALBANY PORT DISTRICT COMMISSION
AUDIT COMMITTEE
DECEMBER 21, 2022
12:00 P.M.**

AGENDA

- 1) Approval of Minutes from the March 23, 2022 Audit Committee Meeting (Attached)**
- 2) Discussion of Audit Engagement for the year ended December 31, 2022**
- 3) Enter Executive Session¹**
- 4) Exit Executive Session**
- 5) Next Meeting: March 29, 2023**

¹ Only if necessary (and if approved by a majority vote of the Commission), to discuss

- a. matters which will imperil the public safety if disclosed;
- b. any matter which may disclose the identity of a law enforcement agent or informer;
- c. information relating to current or future investigation or prosecution of a criminal offense which would imperil effective law enforcement if disclosed;
- d. discussions regarding proposed, pending or current litigation;
- e. collective negotiations pursuant to article fourteen of the civil service law;
- f. the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation;
- g. the preparation, grading or administration of examinations; and
- h. the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof.



**ALBANY PORT DISTRICT COMMISSION
MINUTES OF AUDIT COMMITTEE MEETING
MARCH 23, 2022**

Due to the pandemic the March 23, 2022 Audit Committee meeting was held remotely pursuant to the amended legislation under the NYS Open Meetings Law. Chairman Cinquanti called the meeting to order. Also in attendance were Commissioners Steffens, Coffey, Tagliento and Abriel. Also present were CEO Hendrick, General Counsel Jordan, CCO Daly, CFO Stuto, DSI Skubon, Director of Security Williams, Deputy Security Director Teller, HR Manager Criscione and Administrative Assistant DiLillo. Also joining the meeting were Alex Zhang, Brian Kearns and Jessica Blaha from UHY Advisors, LLP.

Chairman Cinquanti introduced the minutes of the December 15, 2021 meeting. No changes were made to the minutes. Chairman Cinquanti called for a motion to approve the minutes. A motion was made by Commissioner Abriel and seconded by Commissioner Coffey and passed unanimously.

REVIEW OF COMMITTEE CHARTER

Counsel Jordan presented the Audit Committee Charter, which is required to be reviewed annually. He informed the Committee that management recommended no changes. The Audit Committee concurred with management's recommendation to accept the Audit Committee Charter as presented.

**PRESENTATION OF THE 2021 AUDITED FINANCIAL STATEMENTS, SINGLE
AUDIT REPORT AND RESULTS OF UHY ADVISORS 2021 ENGAGEMENT**

CFO Stuto introduced Alex Zhang, Brian Kearns and Jessica Blaha of UHY Advisors to present the results of the 2021 Audit Engagement. Mr. Kearns and Mr. Zhang provided an overview of the audit engagement to the Audit Committee, focusing on the financial statements, internal controls and accounting records. Mr. Kearns gave a summary on the new accounting standards for 2022 and Ms.

Blaha presented an overview of the required communications. UHY rendered an unmodified opinion on the APDC's 2021 audited financial statements and reported that there were no material weaknesses or significant deficiencies identified.

EXECUTIVE SESSION

There were no items for discussion in Executive Session.

Chairman Cinquanti called for a motion to adjourn the meeting. A motion was made by Commissioner Coffey, seconded by Commissioner Abriel, and passed unanimously. The meeting was adjourned.

DRAFT

2022 AUDIT PLAN



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AUDIT COMMITTEE MEETING PRESENTATION

- Objective of an Audit
- Responsibilities
- Risk Assessment
- Deliverables
- Audit Approach and Timeline
- New Accounting Pronouncements

This presentation includes a high-level summary and analysis of certain accounting and auditing considerations. It is not an in-depth analysis nor is it an all-inclusive list of considerations applicable to our December 31, 2022 audit. We would be pleased to provide further information on any of these topics (or additional topics) if the Audit Committee or management so desires.

OBJECTIVE OF AN AUDIT

- The objective of an audit of financial statements is to enable the auditor to express an opinion about whether the financial statements are presented fairly, in all material respects, in conformity with GAAP.
- We plan and perform the audit to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether from error or fraud.
- Our audit includes:
 - Performing tests of the accounting records and such other procedures, as we consider necessary in the circumstances, based on our judgment.
 - Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and evaluate the overall combined financial statement presentation.

RESPONSIBILITIES


Management	The Audit Committee
<ul style="list-style-type: none"> • Adopting sound accounting policies 	<ul style="list-style-type: none"> • Oversight of the financial reporting process and oversight of internal control and financial reporting
<ul style="list-style-type: none"> • Fairly presenting the financial statements in conformity with GAAP 	<ul style="list-style-type: none"> • Oversight of the establishment and maintenance by management of programs and internal controls designed to prevent and detect fraud
<ul style="list-style-type: none"> • Establishing and maintaining effective internal control over financial reporting 	<ul style="list-style-type: none"> • Selection of the independent auditor and provide related audit oversight
<ul style="list-style-type: none"> • Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards 	<ul style="list-style-type: none"> • Agreement to engagement letter
<ul style="list-style-type: none"> • Identifying and confirming compliance with laws and regulations 	
<ul style="list-style-type: none"> • Providing the auditor with a letter confirming certain representations 	

RESPONSIBILITIES

UHY LLP

- Expressing an opinion about whether the financial statements that have been prepared by management are prepared, in all material respects, in accordance with the applicable financial reporting framework
- Planning and performing the audit with an attitude of professional skepticism
- Conducting the audit in accordance with professional standards and complying with independence requirements and the Code of Professional Conduct of the American Institute of Certified Public Accountants
- Evaluating internal control and financial reporting as a basis for designing audit procedures
- Communicating to management and the Audit Committee all required information
- Communicating to management and the Audit Committee all significant deficiencies and material weaknesses in internal control identified in the audit and reporting to management all deficiencies noted during the audit that are of sufficient importance to merit management's attention

HOW DO WE ASSESS THE RISK OF MATERIAL MISSTATEMENT?



The financial statement risk assessment is a continuous process which takes into consideration account characteristics such as:

- ❖ Materiality
- ❖ Size and composition
- ❖ Susceptibility of loss due to error or fraud
- ❖ Volume of activity, complexity, and homogeneity of individual transactions
- ❖ Nature of the account
- ❖ Accounting and reporting complexities
- ❖ Exposure of losses
- ❖ Likelihood of significant contingent liabilities arising from account activities
- ❖ Changes from prior period account characteristics
- ❖ Other qualitative factors specific to industry and economic conditions

CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT



Audit Committee's Understanding of:

- The risk of fraud;
- Its knowledge of any actual or suspected instances of fraud;
- Its knowledge of any issues with the Commission's compliance with laws and regulations; and
- Its role in overseeing the Commission's fraud risk assessment and monitoring process

UHY'S SIGNIFICANT RISK ASSESSMENT



- ❖ We have identified the following significant risks of material misstatement as part of our audit planning:
 - ❖ Improper revenue recognition
 - ❖ Management override of controls

AU-C section 240, *Consideration of Fraud in a Financial Statement Audit*, presumes that there are risks of fraud in revenue recognition and requires the auditor to treat those assessed risks of material misstatement due to fraud as significant risks. In addition, AU-C section 240 indicates that, due to the unpredictable way in which management override of controls could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

KEY AREAS OF AUDIT FOCUS

Audit and Accounting Matters	Areas of Audit Coverage
<p>Critical Accounting Estimates</p> <p>These are estimates that rely heavily on judgment and valuation which could change materially if different information or assumptions are used. A substantial portion of our audit time is spent in these areas.</p>	<ul style="list-style-type: none"> • Valuation of any receivables • Valuation of investments and recording of related income • Evaluation of Other Post Retirement Benefit Obligation liability
<p>Audit Areas</p> <p>We assess internal controls over financial reporting in select areas and perform substantive procedures in each of these areas.</p>	<ul style="list-style-type: none"> • Classes of transactions <ul style="list-style-type: none"> – Cash accounts and Investments – Liabilities (Accounts Payable, Accrued Expenses, Debt) – Receivables and Revenue Recognition – Property and Equipment – Property Rentals – Grant activity – Other operating revenues and expenses • Non routine transactions • Leases • Financial reporting
<p>Fraud Risks</p>	<ul style="list-style-type: none"> • Perform risk assessment procedures • Perform inquiries of management, staff, others • Test management override (journal entries) • Communicate any known matters to Audit Committee
<p>Planning Materiality</p>	<p>Used to scope the extent of audit work for a particular account.</p> <p>We use a lower threshold to report uncorrected audit misstatements detected during the audit.</p>

DELIVERABLES

- ❑ **Audit of the Commission's December 31, 2022 financial statements**
 - Report on basic financial statements accompanied by MD&A
 - Report on internal control over financial reporting and on compliance and other matters
- ❑ **Single Audit of the Commission's major federal programs for the year ended December 31, 2022**
 - Report on compliance for each major program and on internal control over compliance, required under the Uniform Guidance

Other deliverables:

- Issue Management Letter (if applicable) to the Audit Committee and management on our recommendations regarding internal controls and other operational matters
- Meetings with management and the Audit Committee to communicate audit results
- Other consultation (if requested)

AUDIT APPROACH AND TIMELINE

Audit Methodology

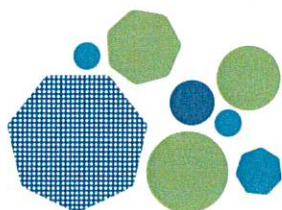
Planning	Control Evaluation	Substantive Testing	Completion
<ul style="list-style-type: none"> Perform risk assessment procedures and identify risks Determine audit strategy and identify critical accounting matters Determine planned audit approach Coordinate audit planning with Management 	<ul style="list-style-type: none"> Understanding accounting and reporting activities Evaluate design and implementation of selected controls Assess control risk and risk of significant misstatement 	<ul style="list-style-type: none"> Plan substantive procedures Perform substantive procedures Consider if audit evidence is sufficient and appropriate Draft reporting 	<ul style="list-style-type: none"> Perform completion procedures Perform overall evaluation of the financial statements and disclosures Form audit opinion Report to management and the Audit Committee

Timeline

December 2022/January 2023	January/February 2023	February 2023	February/March 2023
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NEW ACCOUNTING PRONOUNCEMENTS

- ❑ **GASB 87 – Leases (now 2022)**
- ❑ **GASB 91 – Conduit Debt Obligations (now 2022)**
- ❑ **GASB 93 – Replacement of Interbank Offered Rates (2022/2023)**
- ❑ **GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements (2023)**
- ❑ **GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance (delays a number of statements and implementation guidance dates by 12-18 months in light of COVID-19)**
- ❑ **GASB 96 – Subscription-based Information Technology Arrangements (2023)**
- ❑ **GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 (now 2022)**
- ❑ **GASB Statement No. 99 – Omnibus 2022 (2022/2023)**



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