

ALBANY PORT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 5 — PROPERTY AND EQUIPMENT (Continued)

At December 31, 2012 property and equipment is comprised of the following:

	December 31 2011	Additions	Deletions	December 31 2012
Port marine facilities	\$ 78,116,938	\$ 372,845	\$ -	\$ 78,489,783
Transportation, equipment and furniture	810,749	-	-	810,749
Construction in process	19,400	636,276	-	655,676
Total	78,947,087	1,009,121	-	79,956,208
Less accumulated depreciation	48,189,868	1,461,209	-	49,651,077
Net property and equipment	<u>\$ 30,757,219</u>	<u>\$ (452,088)</u>	<u>\$ -</u>	<u>\$ 30,305,131</u>

Depreciation expense was \$1,404,662 and \$1,461,209 for the years ended December 31, 2013 and 2012, respectively.

NOTE 6 — LONG-TERM DEBT

Long-term debt is comprised of the following:

	December 31 2012	Debt Issued	Debt Payments	December 31 2013
NYS First Instance advances (A)	\$ 157,709	\$ -	\$ 80,000	\$ 77,709
M&T warehouse obligation (B)	989,010	-	65,683	923,327
	1,146,719	<u>\$ -</u>	<u>\$ 145,683</u>	1,001,036
Less current maturities	145,683			1,001,036
	<u>\$ 1,001,036</u>			<u>\$ -</u>

(A) New York State First Instance advances are non-interest bearing advances, authorized by the State pursuant to the provisions of Section 19, Chapter 170 of the Laws of 1967, for construction, reconstruction and rehabilitation of facilities. The terms of the agreement, as approved by the State Division of Budget and the State Legislature, provides for equal annual payments, each in the amount of \$80,000, through the year 2013, with a final payment of \$77,709 in 2014.

(B) During 1994, the Commission entered into an agreement with Albany Industrial Development Agency (AIDA) providing for a ground lease of certain real property owned by the Commission. Concurrent with this transaction, AIDA conveyed their rights under the ground lease to Capitalize Albany Corporation (CAC) and issued, for the benefit of CAC, Civic Facility Revenue Bonds in the amount of \$1,675,000. The net proceeds of the Revenue Bonds were utilized to construct a 70,000 square foot warehouse facility which was subsequently leased to the Commission. The ground lease between the Commission and AIDA, which provided for no rental payments, was to extend over the 30 year term of the revenue bonds. The Commission was obligated under the facility lease to provide for payments, approximating \$11,500 monthly (through February 2024), which were to be utilized by CAC to fund their debt service obligations over the 30 year term of the Revenue Bonds. Upon termination of the ground lease and the project facility lease, and the repayment of the Revenue Bonds, the warehouse facility and related improvements are to be conveyed to the Commission. The Commission recorded this transaction as a capitalized lease obligation with the project facility and the lease obligation both recorded on the Commission's balance sheet.

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NOTE 6 — LONG-TERM DEBT (Continued)

In 2004, the Commission refinanced this obligation through a mortgage with M&T Bank and, concurrently, defeased the revenue bonds. The terms of the mortgage provide for monthly payments of \$8,718, including interest at 4.07% per annum, with 20 year amortization and a balloon payment approximating \$864,000 in November 2014. The mortgage is secured by the warehouse facility.

It is the intent of the Commission that the balloon obligation will be refinanced in advance of the November 2014 maturity date.

At December 31, 2013, long-term debt maturities were comprised of the following:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,001,036	\$ 33,033	\$ 1,034,068
	<u>\$ 1,001,036</u>	<u>\$ 33,033</u>	<u>\$ 1,034,068</u>

Interest expense was \$38,937 and \$38,737 for 2013 and 2012, respectively.

NOTE 7 — RETIREMENT PLAN AND RELATED BENEFITS

Substantially all Albany Port District Commission full-time employees participate in the New York State and Local Employees' Retirement System ("System").

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. 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 by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

Employer contributions are actuarially determined by the System. The Commission is required to contribute annually to the System based on a percentage rate of payrolls. The rates, which vary according to the employees' date of hire, include normal, administrative, and supplemental pension contributions and prior service costs. Substantially all Commission payroll is covered by the System. Employees who joined the system after July 27, 1976, and have less than ten years of service or membership are required to contribute 3 percent of their salary. Employee contributions are deducted from their salaries and remitted on a current basis to the System.

Pension related payroll and contribution amounts for the years ended December 31, 2013, 2012 and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Retirement related payroll	\$ 861,386	\$ 726,234	\$ 711,985
Employer contributions	\$ 180,550	\$ 151,392	\$ 119,125
Employee contributions	\$ 19,224	\$ 21,864	\$ 26,789