PORT OF OSWEGO AUTHORITY

FINANCIAL STATEMENTS

March 31, 2024

Table of Contents

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) 4

AUDITED FINANCIAL STATEMENTS 10

- STATEMENT OF NET POSITION 10
- STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION 12
- STATEMENT OF CASH FLOWS 13
- NOTES TO FINANCIAL STATEMENTS 14

REQUIRED SUPPLEMENTARY INFORMATION 41

- SCHEDULE OF CHANGES IN THE PORT'S TOTAL OPEB LIABILITY AND RELATED RATIOS 41
- SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – NYSERS 42
- SCHEDULE OF CONTRIBUTIONS – NYSERS 43

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW 44

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 45

INDEPENDENT AUDITOR'S REPORT

BOARD MEMBERS OF
PORT OF OSWEGO AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Port of Oswego Authority, a component unit of the State of New York, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Port of Oswego Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Oswego Authority, as of March 31, 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port of Oswego Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port of Oswego Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Oswego Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-9, Schedule of Changes in the Port's Total OPEB Liability and Related Ratios on page 41, Schedule of Proportionate Share of Net Pension Liability – NYSERS on page 42, and Schedule of Contributions – NYSERS on page 43, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the Port of Oswego Authority'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 solely 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 the effectiveness of the Port of Oswego Authority's 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 Port of Oswego Authority's internal control over financial reporting and compliance.

Bowers & Company

Syracuse, New York
June 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended March 31, 2024

Introduction

The following discussion and analysis of the financial performance and activity of the Port of Oswego Authority (the "Port") is intended to provide an introduction to the understanding of the financial statements of the Port for the year ended March 31, 2024, with selected comparative information for the year ended March 31, 2023. This selection has been prepared by management of the Port and should be read in conjunction with the financial statements and note disclosures that follow this section.

Financial Highlights

- The current assets of the Port exceeded its current liabilities at the close of the most recent fiscal year by $1,728,824. This amount may be used to the meet the Port's ongoing obligations to vendors and creditors in accordance with the Port's fiscal policies.

- The Port's total net position increased by $623,580 for the year ending March 31, 2024. The increase is attributable to three large projects and grants receivable for the many capital projects that are in process.

- Total operating revenues of the Port decreased by $3,490,450 which is attributable to a decrease in traffic coming through the Port.

- Total operating expenses of the Port decreased by $1,840,320. The decrease is a result of a decrease in traffic coming through the Port, decreased repairs and maintenance, and less supplies needed with less traffic.

- Net operating income (loss) of the Port decreased by $1,239,502. The decrease is predominantly due to a decrease in traffic through the Port.

- Capital contributions increased by $303,854 which is attributable to completed and ongoing construction projects that were funded by FEMA, NYS REDI, and NYS DOT in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended March 31, 2024

Statements of Net Position

The Statements of Net Position present the financial position of the Port at the end of the fiscal year and include all of its assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position represents the difference between assets and deferred outflows of resources, and liabilities, and deferred inflows of resources. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as follows:

	2024	**2023**
Current Assets	$ 2,424,650	$ 2,795,762
Property Held for Lease – Net	3,168,076	3,128,251
Long-term Lease Receivable	1,317,654	1,098,913
Net Pension Asset – Proportionate Share	-	187,532
Capital Assets – Net	27,161,102	25,598,971
Total Assets	34,071,482	32,809,429
Deferred Outflows of Resources	690,947	839,452
Current Liabilities	695,826	656,374
Noncurrent Liabilities	4,163,637	3,853,064
Other Noncurrent Liabilities	2,146,883	1,559,497
Total Liabilities	7,006,346	6,068,935
Deferred Inflows of Resources	2,505,767	2,953,210
Net Position:		
Invested in Capital Assets, Net	25,790,905	24,470,586
Restricted	19,003	-
Unrestricted	(559,592)	156,150
Total Net Position	$ 25,250,316	$ 24,626,736

The total net position of the Port increased by 3 percent ($25,250,316 in 2024 compared to $24,626,736 in 2023). This is due to the large ongoing grant construction projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended March 31, 2024

Statements of Revenues, Expenses, and Changes in Net Position

Change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year. Following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position:

	2024	2023
REVENUES		
Operating Revenue	$ 4,016,337	$ 7,506,787
Nonoperating Revenue (Expense)	1,764	(390,292)
Total Revenue	4,018,101	7,116,495
EXPENSES		
Operating Expenses	3,966,409	5,754,879
Other Operating Expenses – Depreciation	1,276,984	1,289,950
Other Operating Expenses – OPEB Expense	23,496	62,380
Total Expenses	5,266,889	7,107,209
Income (Loss) From Operating and Nonoperating Items	(1,248,788)	9,286
Capital Contributions	1,872,368	1,568,514
Change in Net Position	623,580	1,577,800
Net Position – Beginning of Year	24,626,736	23,048,936
Net Position – End of Year	$ 25,250,316	$ 24,626,736

Total operating revenues of the Port decreased by $3,490,450 which is attributable to a decrease in traffic coming through the Port.

Total expenses decreased by 26 percent to $5,266,889 in 2024 compared to $7,107,209 in 2023). This decrease directly relates to the decrease in traffic, which reduced the need for various supplies and repairs and maintenance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended March 31, 2024

Schedule of Long-Term Debt

	2024	2023
New York State Retirement System	$ -	$ 10,289
Due to State of New York	3,405,926	3,455,926
Note Payable	476.800	281,036
Lease Liability	520,540	296,404
Less: Current Portion	(317,541)	(267,853)
Total	$ 4,085,725	$ 3,775,802

The New York State Advance agreement expired on March 31, 2005. The Port has requested a new agreement however there has been no agreement as of yet.

Schedule of Capital Assets and Property Held for Lease

	2024	2023
Capital Assets	$ 27,161.102	$ 25,598.971
Property Held For Leases	3,168,076	3,128,251
Total	$ 30,329,178	$ 28,727,222

At March 31, 2024 total capital assets and property held for leases increased by 6 percent or $1,601,956 from 2023 due to significant ongoing projects and additional equipment purchased in the current year.

Management Discussion

The Port of Oswego Authority operation is the first U.S. port of call and deep-water port on the Great Lakes from the St. Lawrence Seaway and the only port in New York State on Lake Ontario.

In 1955, New York State (NYS) legislation created the Oswego Port Authority and constructed the new facility within a few years of the opening of the St. Lawrence Seaway.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended March 31, 2024

Management Discussion – Continued

The Port's mission is to serve as an economic catalyst in the Region by providing diversified and efficient transportation services while conducting operations in a manner that promotes regional growth and development.

Fiscal Year Overview

The Port's overall decrease in operating revenue of $3,490,450 is attributable to a decline in aluminum business, project cargo and grain. The port had a successful grain season last year, which declined in the current year due to less traffic. Grain is dependent on seasonal conditions which vary from year to year.

The Port experienced a Seaway closure in late 2023 that caused a disruption in ship traffic. Some of the traffic was shifted to rail, however the revenue margins are not as advantageous.

Total operating expenses decreased by 26 percent, $1,840,320. The Port realized a business decrease due to less traffic in the current year. which included decreases in revenue and expenses in the current year. The decrease in traffic from 2022 to 2023 primarily was the historic increase from two wind component projects the Port handled in 2022 which produced a larger revenue increase than is experienced in a normal operating year.

New Marina and finish Building 4

The Port is building a $2.1 million marina on the west pier. This will be brought into operation in the summer of 2024. Construction completion was delayed from 2023. Additionally, a new 150'x 150' dome construction to double potash storage at the Port will be completed in June. This building has been delayed due to the city of Oswego's lawsuit.

Rail Improvements

The Port has been funded, in 2023-2024, for over $4 million in expansion of the rail capacity of the Port's current trackage. This includes the ability to both load and unload at the same time at the grain silo, doubling production of the system.

In addition, the port was awarded over $1.8 million for the purchase of an all-electric rail car mover which will more than double the ability to move rail cars and have an overall decrease in maintenance costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended March 31, 2024

Future Developments – Continued

Grain

The Port has been in the final stages of a contract with a new grain company to export grain.

Foreign Trade Zone ("FTZ")

We are currently marketing our FTZ to various businesses and working with Operation Oswego County to develop new customers for the zone.

New Business

We have been working with CSX and Novelis in 2023-2024 to handle by rail a new aluminum product that will be starting in the 3^{rd} quarter of 2024.

Contacting the Port's Financial Management

This report is designed to provide a general overview of the Port's finances and to demonstrate the Port's accountability for money it receives. If you have questions about this report or need additional information, contact the Port Management, at the following address: Port of Oswego Authority, 1 East 2^{nd} Street, Oswego, NY 13126.

STATEMENT OF NET POSITION
March 31, 2024

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	1,344,585
Certificates of Deposit		100,911
Accounts Receivable		144,884
Interest Receivable		3,733
Lease Receivable		353,730
Grants Receivable		335,422
Prepaid Expenses		105,378
Reserve Account - New York State Retirement System		19,003
Inventory		17,004
Total Current Assets		2,424,650
NONCURRENT ASSETS		
Capital Assets – Net		27,161,102
Long-term Lease Receivable		1,317,654
Properties Held for Lease – Net		3,168,076
Total Noncurrent Assets		31,646,832
Total Assets	$	34,071,482

DEFERRED OUTFLOWS OF RESOURCES

OPEB	$	251,739
Pension		439,208
Total Deferred Outflows of Resources	$	690,947

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$	207,156
Accrued Payroll and Related Charges		72,027
Accrued Vacation		74,102
Other Current Liabilities		25,000
Current Portion of Lease Liability		192,393
Current Portion of Long-Term Debt		125,148
Total Current Liabilities		695,826
NONCURRENT LIABILITIES		
Due to the State of New York		3,405,926
Postemployment Healthcare (OPEB) Liability		1,655,480
Net Pension Liability – Proportionate Share		491,403
Unearned Revenue		77,912
Lease Liability		520,540
Note Payable		476,800
		6,628,061
Less: Current Portion		(317,541)
Total Noncurrent Liabilities		6,310,520
Total Liabilities	$	7,006,346

DEFERRED INFLOWS OF RESOURCES

Pension	$	22,393
OPEB		878,276
Leases		1,605,098
Total Deferred Inflows of Resources	$	2,505,767

NET POSITION

Net Investment in Capital Assets	$	25,790,905
Restricted		19,003
Unrestricted		(559,592)
Total Net Position	$	25,250,316

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended March 31, 2024

OPERATING REVENUES		
Rentals	$	568,977
Marina Operating Revenue		677,275
Profit Sharing Revenue		85,911
Port Operating Fees		2,684,174
Total Operating Revenues		4,016,337
OPERATING EXPENSES		
Salaries and Wages		1,546,616
Payroll Taxes and Fringe Benefits		373,151
Annual OPEB Expense		23,496
Employee Retirement and Pension Expense		514,293
Travel		9,842
Automotive		44,961
Office Supplies and Expense		61,813
Insurance		320,022
Advertising and Printing		47,975
Telephone and Postage		10,956
Utilities		78,387
Special Supplies and Expense		146,897
Professional Fees		223,909
Repairs and Maintenance		112,062
Rentals		42,760
Lease Interest Expense		9,594
Contract Trucking		17,746
Technical Services		15,400
Marina Supplies and Expense		390,025
Depreciation and Amortization Expense		1,276,984
Total Operating Expenses		5,266,889
TOTAL OPERATING LOSS		(1,250,552)
NON OPERATING REVENUE (EXPENSE)		
Interest Expense		(39,075)
Miscellaneous Expense		(57,783)
Interest Income		98,622
Total Nonoperating Revenue (Expense)		1,764
LOSS FROM OPERATIONS AND NON OPERATING ITEMS		(1,248,788)
Capital Contributions		1,872,368
Change in Net Position		623,580
Net Position – Beginning of Year		24,626,736
Net Position – End of Year	$	25,250,316

See notes to financial statements and independent auditor's report.

STATEMENT OF CASH FLOWS
Year Ended March 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	4,455,187
Payments to Suppliers		(1,730,097)
Payments to Employees		(2,520,752)
Net Cash Provided By Operating Activities		204,338
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Capital Contributions		2,285,814
Purchases of Capital Assets / Construction in Progress		(2,598,905)
Proceeds from Sale of Capital Assets		305,110
Payments to NYS		(50,000)
Proceeds from Line of Credit		1,627,872
Principal and Interest Paid on Line of Credit		(1,636,858)
Principal and Interest Paid on Notes Payable		(357,536)
Net Cash Used In Capital and Related Financing Activities		(424,503)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned		98,622
Net Cash Provided By Investing Activities		98,622
Net Decrease in Cash and Cash Equivalents		(121,543)
Cash and Cash Equivalents – Beginning of Year		1,466,128
Cash and Cash Equivalents – End of Year	$	1,344,585
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$	(1,250,552)
Depreciation and Amortization		1,276,984
Loss on Sale of Capital Assets		
(Increase) Decrease in Assets:		
Accounts Receivable		82,925
Interest Receivable		(1,237)
Lease Receivable		331,513
Prepaid Expenses		(15,073)
Inventory		933
Reserve Account - New York State Retirement System		(19,003)
Net Pension Asset - Proportionate Share		187,532
Deferred Outflow of Resources, Pensions		14,853
Deferred Outflow of Resources, OPEB		133,652
Increase (Decrease) in Liabilities:		
Accounts Payable		(14,626)
Accrued Payroll and Related Charges		15,914
Accrued Vacation		15,634
Other Current Liabilities		25,000
Lease Liability		81,458
Retainage Payable		(52,158)
OPEB Liability		95,983
Net Pension Liability - Proportionate Share		491,403
Deferred Inflow of Resources, Leases		(369,445)
Deferred Inflow of Resources, Pensions		(621,863)
Deferred Inflow of Resources, OPEB		(206,139)
Unearned Revenue		650
Net Cash Provided By Operating Activities	$	204,338

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 1 – ORGANIZATION

Financial Reporting Entity

The accompanying financial statements include the combined operations of the Port Facilities Development Fund established under the Port of Oswego Authority Act, as amended by Section 4, Chapter 917, of the Laws of 1960 of the State of New York and the Port of Oswego Fund established under Section 1362, Chapter 917, of the Laws of 1960 of the State of New York. Properties and income of the Port of Oswego Authority (the "Port") are exempt from taxation.

The Port is considered a component unit of the State of New York. Component units are legally separate organizations for which the State is financially accountable. The Port meets the definition as a component unit due to the financial accountability criteria. Board Members are appointed by the Governor of the State and the Port's budgets must be approved by the State. As such the State is financially accountable for the actions of the Port.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Port operations consist of a Port Fund, which is a proprietary type fund. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund equity is classified as net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Operating Revenues and Expenses – Continued

The performance obligation is satisfied when the service is provided to the customer. Revenue is recognized over time as a series of single performance obligations when the Port earns revenue from shipping services, rental fees, and storage which result from the Port's primary ongoing operations. Shipping services revenues consist of fees assessed for various activities relating to vessel and cargo movement. Profit sharing revenue is earned from projects that are completed with a partner where expenses as well as profits are shared.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of the state and its municipalities and school districts. At March 31, 2024, the Port's bank balance was approximately $1,445,000, and all deposits were insured or collateralized.

The Port's investment policies are governed by state statutes. Permissible instruments include obligations of the United States of America, obligations guaranteed by agencies of the United States of America and obligations of the State of New York.

Receivables

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that credit losses on balances outstanding at year-end will be immaterial.

Grants receivable from federal and state agencies are recorded at the time the right to receive such funds occurs.

Prepaid Expenses

Expenses paid in advance are recorded as an asset and are amortized over the period of benefit.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventory

Inventory is valued at cost, which approximates the net realizable value, using the first-in, first-out method. The inventory of the Port consists of fuel and bait and tackle supplies and is recorded as an expenditure when consumed rather than when purchased.

Capital Assets

Capital assets are stated at cost or appraised value. The Port capitalizes all expenditures for property and equipment in excess of $1,000 and an estimated useful life of one year or more. Expenditures for maintenance, repairs, renewals and improvements which do not materially extend the useful lives of the assets are charged to operations when incurred.

Grants received from other governmental agencies to finance capital projects are shown as capital contributions and depreciation is recorded as a reduction to the investment in capital assets, net position account.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Buildings and improvements are assigned lives of 10 to 60 years, equipment 5 to 10 years, furniture and fixtures 5 to 10 years, and computer software 3 years.

Intangible Lease Assets

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of $1,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term consistent with the decrease in the related lease liability.

Compensated Absences

The Port allows employees to accumulate unused sick leave to a maximum of 120 days. Earned vacation time can be accumulated up to 30 days in any single year. Employees may carry 10 vacation days from one year to the next or they may receive pay for unused vacation time. Upon termination, unused sick leave shall not have any monetary value, while vacation time accumulated up to 30 days will be paid to the employee. As of March 31, 2024, the liability for accrued vacation leave was approximately $74,000.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Statement of Cash Flows

Supplemental disclosures of cash flow information for the year ended March 31 is as follows:

	2024
Cash Payments:	
Interest	$ 39,075

Supplemental disclosure of noncash financing activities at March 31 is as follows:

	2024
Lease Asset in Exchange for Lease Liability	$ 305,594
Lease Receivable in Exchange for Deferred Inflow	$ 750,004
Note Payable in Exchange for Capital Assets	$ 523,225

Economic Dependency

The Port receives significant funding for capital projects from both New York State and the federal government. Curtailment of such revenue would have a significant impact on the Port's ability to fund capital projects. In addition, a significant percentage of revenue is derived from shipping aluminum to a local company.

Labor Agreements

The Port has an agreement with the International Longshoremen Association "Longshoremen" to provide labor services through December 31, 2017. As of the date of the financial statements, the agreement is in negotiations.

The Port has an agreement with the CSEA Inc, Local 1000 to provide labor services through June 30, 2023 with an extension in progress.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Retirement Benefit Plans

All full-time employees of the Port participate in the New York State Retirement System and part-time employees have the option to participate. The Port accrues this benefit based upon estimated rates furnished by the Retirement System and adjustments based upon actual payroll costs. Costs are funded as they are billed by the Retirement System. See Note 5 for additional information.

The Port also contributes to the Longshoremen's Pension Fund on behalf of members of the Association. Contributions are based upon rates per hour worked as defined in the labor agreement.

Unearned Revenue

Unearned revenue consists of funds remitted ahead of time for boats slips for the upcoming year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Port's changes of assumptions or other inputs to the New York State Employees' pension systems and to Other Postemployment Benefit ("OPEB") fall into this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Pensions, leases, and OPEB reported in the Statement of Net Position fall into this category. This represents the effect of the net changes of assumptions or other inputs.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Standards

The Port has adopted all current Statements of the Governmental Accounting Standards Board ("GASB") that are applicable. At March 31, 2024, the Port implemented, as applicable, the following new standard issued by GASB:

- Statement No. 99, *Omnibus 2022*, effective for the year ended March 31, 2024.

Future Accounting Standards

- GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended March 31, 2025.
- GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended March 31, 2026.
- GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended March 31, 2026.
- GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended March 31, 2027.

The Port will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Recently Adopted Accounting Standards

Effective April 1, 2023, the Port adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Port adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Port that are subject to ASU 2016-13 include accounts receivable. The adoption of this ASU did not have a material impact on the Port's financial statements but did change how the allowance for credit losses is determined.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Position

The Port's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted Net Position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. For the year ended March 31, 2024, the Port has approximately $19,000 in restricted net position.

Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Port.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Port has evaluated events and transactions that occurred between March 31, 2024 and June 26, 2024 which is the date the financial statements were available to be issued. Management has determined no such events have occurred.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 3 – LINE OF CREDIT

The Port has available a line of credit with a financial institution totaling $500,000. The line of credit is unsecured and bears interest at the prime rate published in the Wall Street Journal (currently 8.50%) plus one percentage point with a floor of 4.50%. The credit line expires in April 2025. The outstanding balance on the line of credit for the year ended March 31, 2024 is $0. Under this agreement, the Port is subject to various financial covenants. Management is not aware of any events of default.

The Port has available a line of credit with a financial institution totaling $1,400,000. The line of credit is secured by assignment of awarded grants and bears interest at the prime rate published in the Wall Street Journal (currently 8.50%) minus one percentage point with a floor of 3.25%. The credit line expires in July 2025. The outstanding balance on the line of credit for the year ended March 31, 2024 is $0. Under this agreement, the Port is subject to various financial covenants. Management is not aware of any events of default.

NOTE 4 – LONG-TERM DEBT

Long-term debt activity for the year ended March 31, 2024 was as follows:

	Balance at 3/31/23	Additions	Payments	Balance at 3/31/24
Due State of New York	$ 3,455,926	$ -	$ 50,000	$ 3,405,926
Due to NYSERS - Chapter 57	10,289	-	10,289	-
Equipment Loan	281,036	-	281,036	-
Vehicle Loan	-	48,908	3,912	44,996
Forklift Loan	-	474,317	42,513	431,804
Lease Liability	296,404	389,656	165,520	520,540
Total Long-Term Debt	4,043,655	$ 912,881	$ 553,270	4,403,266
Less Amount Due Within One Year	(267,853)			(317,541)
	$ 3,775,802			$ 4,085,725

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 4 – LONG-TERM DEBT – Continued

Due State of New York

During prior periods, the Port was appropriated funds from New York State through a number of appropriations acts. These appropriations totaled $5,570,000. These appropriations are advances from New York State and are repayable in accordance with the terms and conditions of such appropriation acts. The fifth supplement agreement extending the original repayment term expired in 2005. The terms and conditions of the fifth supplement agreement will continue until a new agreement is executed.

The advances are payable in annual installments of $50,000 and are non-interest bearing. The agreement requires the Port to pay any funds in excess of $750,000 (measured on an annual basis) to the State Comptroller until said advance is fully repaid. The terms and conditions of this agreement will continue until a new agreement is executed. The total advances due to New York State was approximately $3,406,000 for the year ended March 31, 2024.

Due to NYSERS – Chapter 57

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years. This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the employer opts to participate in the program. The total unpaid liability for the year ended March 31, 2024 was approximately $0.

Equipment Loan

During 2020 the Port financed a piece of equipment for $440,000. There was a $40,000 payment due upfront followed by monthly payments of $4,500 for 24 months, followed by approximately $5,400 for 60 months with the remainder due in March 2027 with an interest rate of 5.50%. The note is secured by equipment. During April 2023, the Port sold the piece of equipment and paid off the remaining portion of the related debt. The balance of the note for the year ended March 31, 2024 was $0.

Vehicle Loan

During 2023 the Port financed a vehicle for approximately $49,000. The payments are due in monthly installments of approximately $830 for 72 months with the remainder due in August 2029 with an interest rate of 6.875%. The note is secured by the vehicle. The balance of the note for the year ended March 31, 2024 was approximately $45,000.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 4 – LONG-TERM DEBT – Continued

Forklift Loan

During 2023 the Port financed a forklift for approximately $474,000. The payments are due in monthly installments of approximately $8,300 for 72 months with the remainder due in July 2029 with an interest rate of 7.75%. The note is secured by the forklift. The balance of the note for the year ended March 31, 2024 was approximately $432,000.

Future Maturities

Annual principal and interest payments of long-term debt (see note 10 for lease liability) are as follows:

	Principal	Interest
2025	$ 125,148	$ 33,952
2026	131,117	27,983
2027	137,560	21,540
2028	144,516	14,584
2029	152,025	7,076
Thereafter	3,192,360	592
Total	$ 3,882,726	$ 105,727

NOTE 5 – PENSION PLAN

General Information

The Port participates in the New York State and Local Employees' Retirement System ("NYSERS"). This system is a cost sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of NYSERS is held in the New York State Common Retirement Fund, established to hold all net position and record changes in plan net position allocated to NYSERS. The benefits of NYSERS are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once an employer elects to participate in the NYSERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. NYSERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at https://www.osc.state.ny.us/retirement/publications or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4, and 5 is 62.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Benefits Provided – Continued

Tier 3, 4, and 5 – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Funding Policies

The NYSERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1. 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under tier VI vary based on a sliding salary scale. Under the authority of NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Port paid 100% of the required contributions for the current year and two preceding years. (The Port chose not to prepay the required contributions by December 15, 2023).

The required contributions for the current year and the two preceding years were as follows:

Years Ending March 31,	
2024	$ 111,659
2023	92,621
2022	122,376

Pension Liability, Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

At March 31, 2024, the Port reported a net pension liability for its proportionate share of NYSERS net pension liability. The net pension liability was measured as of March 31. 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Port's proportion of the net pension liabilities were based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, which were actuarially determined.

At March 31, 2024. the Port reported the following:

Net Pension Liability	$ 491,403
Port's Proportion Percentage of Plan's Total Net Position Liability	0.0022916%
Pension Expense	$ 182,920
Change in Port's Proportion Since Last Measurement Date	-0.0000025%

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Pension Liability, Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions – Continued

At March 31, 2024, the Port reported deferred outflows and inflows related to NYSERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 52,338	$ 13,800
Changes of Assumptions	238,657	2,638
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,887
Changes in Proportion and Differences Between the Port's Contributions and Proportionate Share of Contributions	36,554	3,068
Port's Contributions Subsequent to Measurement Date	111,659	0
Total	$ 439,208	$ 22,393

The Port recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023, which resulted in a reduction of the net pension liabilities as of March 31, 2024.

The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 74,086
2025	(15,653)
2026	109,780
2027	136,943
	$ 305,156

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023 (measurement date).

Significant actuarial assumptions used in the valuations were as follows:

Cost of Living Adjustments	1.5%
Interest Rate	5.9%
Salary Scale	4.4%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.9%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized on the next page.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Actuarial Assumptions – Continued

Asset Type	
Domestic Equity	4.30%
International Equity	6.85%
Private Equity	7.50%
Real Estate	4.60%
Opportunistic Portfolio	5.38%
Credit	5.43%
Real Assets	5.84%
Fixed Income	1.50%

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 5.90% percent, as well as what the Port's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower (4.90%) or 1% percent higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Port's Proportionate Share of the Net Pension Liability (Asset)	$ 1,187,510	$ 491,403	$ (90,276)

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 5 – PENSION PLAN – Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of NYSERS as of the respective measurement date, were as follows:

Measurement Date	March 31, 2023
NYSERS's Total Pension Liability	$ (232,627,259)
Plan Net Position	211,183,223
NYSERS's Net Pension Liability	$ (21,444,036)
Ratio of Plan Net Position to the NYSERS's Total Pension Liability	90.78%

NOTE 6 – CAPITAL CONTRIBUTIONS

Federal Grants

The Port was awarded four grants from the Federal Emergency Management Agency totaling approximately $6,700,000. The grants cover projects for facility damage to the East and West Terminals emergency protective measures from flooding, weigh scale, and east terminal connector road revetment. The grants are subject to various federal and grant specific requirements. The revenue earned from the grant of approximately $460,000 is recorded in capital grants and contribution line on the Statements of Revenues, Expenses and Changes in Net Position. As of March 31, 2024, a total of approximately $2,318,000 has been utilized by the Port.

New York State Grants

The Port has been awarded up to $2,250,000 in state grant funds from the NYS Department of Transportation. for the rehabilitation rail and the loading and uploading areas nearby. The State agrees to reimburse the Port a specified percentage of eligible project costs in accordance with the grant agreement. During the year ended March 31, 2024 approximately $325,000 of the total award was earned and is recorded in the capital contributions line on the Statements of Revenues, Expenses and Changes in Net Position. As of March 31, 2024, a total of approximately $1,098,000 has been utilized by the Port.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 6 – CAPITAL CONTRIBUTIONS – Continued

New York State Grants – Continued

During May 2020, the Port was awarded a grant totaling $15,000,000 from New York State Department of Transportation. The grant provides for the preservation and capital improvements of the Project Facilities so as to allow for the safe and efficient movement of goods. During the year ended March 31, 2024 approximately $59,000 of the total award was earned and is recorded in the capital contributions line on the Statements of Revenues, Expenses and Changes in Net Position. As of March 31, 2024, a total of approximately $13,843,000 has been utilized by the Port.

During fiscal year ended March 31, 2022, the Port was awarded multiple grants from the Dormitory Authority of the State of New York under the Lake Ontario Resiliency and Economic Development Initiative ("REDI") funding source totaling approximately $1,729,000. These grants are for capital improvements to docks and other waterfront structures. During the year ended March 31, 2024 approximately $1,083,000 of the total award was earned and is recorded in the capital contributions line on the Statements of Revenues, Expenses and Changes in Net Position. As of March 31, 2024, a total of approximately $1,691,000 has been utilized by the Port.

NOTE 7 – LEASE RECEIVABLE

The Port is the lessor of various properties under operating leases expiring in various years through the year 2032. In accordance with GASB 87, *Leases*, the lease receivable of $1,410,617 was recorded to equal the present value of all payments expected to be received during the lease term with a corresponding offset of $1,410,617 to deferred inflow of resources as of April 1, 2022. The total amount of inflows of resources, including lease revenue, interest revenue and other lease related inflows recognized during the fiscal year was $317,210. The lease receivable at March 31, 2024 is approximately $1,671,000.

The following is a summary of property held for lease at March 31:

	2024
Land and Land Improvements	$ 430,822
Buildings and Improvements	5,349,769
Accumulated Depreciation	(2,612,515)
Total	$ 3,168,076

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 7 – LEASE RECEIVABLE – Continued

Minimum future rentals on non-cancelable leases are as follows:

	Principal	Interest
2025	$ 353,730	$ 39,766
2026	331,719	28,629
2027	257,720	21,000
2028	269,089	14,561
2029	175,317	9,066
Thereafter	283,809	9,807
Total	$ 1,671,384	$ 122,829

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS

General Information

Plan Description – The Port's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the Port. The plan is a single-employer defined benefit OPEB plan administered by the Port and funded on a pay-as-you go basis. The Port does not fund the OPEB obligation.

GASB Statement 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expenses on the Statement of Revenues, Expenses and Changes in Net Position when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided – The Port provides post-employment healthcare benefits for certain eligible retirees.

Employees Covered by Benefit Terms – As of the Valuation Date, the following employees were covered by the benefit terms.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS –
Continued

General Information – Continued

Inactive Members or Beneficiaries Currently Receiving Payments	6
Inactive Members Entitled to but Not Yet Receiving Benefits	0
Active Members	12
Total Covered Employees	18

Total OPEB Liability

The Port has obtained an actuarial valuation report as of March 31, 2023 which indicates that the total liability of other postemployment benefits is $1,655,480 which is reflected in the Statement of Net Position. The OPEB liability was measured as of March 31, 2023 and was determined by an actuarial valuation as of April 1, 2022.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS –
Continued

Actuarial Assumptions and Other Inputs

The total OPEB liability in the April 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Measurement Date	3/31/2023
Rate of Compensation Increase	3.50%
Inflation Rate	4.54%
Discount Rate	3.50%
Assumed Health Care Trend Rate at March 31	
Health Care Trend Rate Assumed for Next Fiscal Year	
Pre 65 years old	7.74%
Post 65 years old	0.25%
Rate to Which Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.54%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	
Pre 65 years old	2090
Post 65 years old	2023
Additional Information	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (Years)	6.94
Method Used to Determine Actuarial Value	N/A

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on 20 year AA municipal bond rate as of March 31, 2023.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021 and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS –
Continued

Changes in Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the year ended March 31:

	2024
Net OPEB Liability - Beginning of Year	$ 1,559,497
Service Cost	100,573
Interest	57,024
Contributions Made	(61,614)
Net OPEB Liability - End of Year	$ 1,655,480

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate (3.50%):

	1% Decrease (2.50%)	**Discount Rate (3.50%)**	**1% Increase (4.50%)**
Total OPEB Liability	$ 1,928,931	$ 1,655,480	$ 1,433,844

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using a health care cost trend rates that is 1 percentage point lower or higher than the current healthcare cost trend rate (8.74% decreasing to 6.74%):

	1% Decrease	**Healthcare Cost Trend Rate**	**1% Increase**
Total OPEB Liability	$ 1,383,185	$ 1,655,480	$ 2,005,734

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS – Continued

Deferred Outflows and Inflows of Resources

At March 31, 2024, the Port reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 13,694	$ 390,864
Changes of Assumptions or Other Inputs	238,045	487,412
Total	$ 251,739	$ 878,276

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense during the following fiscal years:

2025	$ (72,487)
2026	(117,901)
2027	(144,921)
2028	(150,118)
2029	(141,110)
Total	$ (626,537)

NOTE 9 – NYS BUDGET

During 2015, the New York State budget designated the Port to receive $40,000,000 to link the facility with the Port of New York and create additional rail yards. Approximately $20,000,000 was redesignated to CSX and $15,000,000 was designed for the Projects Facility (Note 6). The New York State Department of Transportation administered this funding through grant agreements. A total of $16,165,000 has been utilized by the Port.

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 10 – LEASE LIABILITY

The Port has leases for vehicles and equipment. The vehicle lease agreement is dated May 31, 2022 through April 30, 2025. The equipment lease agreements range from March 1, 2017 to October 31, 2027.

The components of lease expense for the year ended March 31, 2024 are as follows:

Vehicle	$ 3,372
Equipment	176,279
Total Amortization Expense	179,651
Interest on Lease Liabilities	9,588
Total	$ 189,239

Other information related to leases for the year ended March 31, 2024 is as follows:

Description	Interest Rate	Issue Date	Final Maturity	Balance
Equinox	2.71%	5/31/2022	4/30/2025	$ 3,748
TNE 12 Hangcha Forklifts	3.96%	2/1/2024	1/31/2027	384,958
Avaya Yealink T Series	4.36%	11/3/2022	10/31/2027	85,268
Leaf Kyocera	2.55%	9/28/2021	12/31/2026	4,998
Wells Fargo Doosan Loader	2.44%	5/9/2019	4/30/2024	4,391
Trackmobile Hercules	2.61%	12/30/2019	12/31/2024	22,774
TNE Forklift	2.55%	6/1/2021	5/31/2026	14,403
				$ 520,540

	April 1, 2023	Additions	Reductions	March 31, 2024
Lease Liability	$ 296,404	$ 395.640	$ 171,504	$ 520.540

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 10 – LEASE LIABILITY – Continued

Future minimum lease payments as of March 31, 2024 are as follows:

	Principal	Interest	Total
2025	$ 192,393	$ 16,870	$ 209,263
2026	168,560	10,059	178,619
2027	144,785	3,394	148,179
2028	14,802	216	15,018
Total	$ 520,540	$ 30,539	$ 551,079

NOTES TO FINANCIAL STATEMENTS
March 31, 2024

NOTE 11 – SCHEDULE OF CHANGES IN CAPITAL ASSETS AND PROPERTIES HELD FOR LEASE AND ACCUMULATED DEPRECIATION - YEAR ENDED MARCH 31, 2024

	Capital Assets				Accumulated Depreciation				
	Balance 4/1/2023	Additions	Retirements	Balance 3/31/2024	Balance 4/1/2023	Additions	Retirements	Balance 3/31/2024	Depreciable Cost
Capital Assets:									
Construction Work in Progress	$ 16,785,977	$ 2,210,844	$ (330,311)	$ 18,666,510	$ -	$ -	$ -	$ -	$ 18,666,510
Land and Land Improvements	14,074,828	-	-	14,074,828	8,048,916	574,553	-	8,623,469	5,451,359
Buildings and Improvements	8,516,662	7,784	(9,286)	8,515,160	6,722,170	192,421	(7,686)	6,906,905	1,608,255
Equipment and Software	3,987,683	721,915	(599,964)	4,109,634	3,289,001	141,517	(238,672)	3,191,846	917,788
Intangible Lease Assets	452,463	407,628	(102,034)	758,057	158,555	179,651	(97,339)	240,867	517,190
Total	$ 43,817,613	$ 3,348,171	$ (1,041,595)	$ 46,124,189	$ 18,218,642	$ 1,088,142	$ (343,697)	$ 18,963,087	$ 27,161,102
Properties Held for Lease:									
Land and Land Improvements	$ 247,870	$ 182,952	$ -	$ 430,822	$ 40,324	$ 13,854	$ -	$ 54,178	$ 376,644
Buildings and Improvements	5,308,750	41,019	-	5,349,769	2,388,045	170,292	-	2,558,337	2,791,432
	$ 5,556,620	$ 223,971	$ -	$ 5,780,591	$ 2,428,369	$ 184,146	$ -	$ 2,612,515	$ 3,168,076

SCHEDULE OF CHANGES IN THE PORT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended March 31, 2024

	2024	2023	2022	2021	2020	2019
Total OPEB Liability						
Service Cost	$ 100,573	$ 97,172	$ 230,943	$ 225,530	$ 97,684	$ 91,803
Plan Change	-	43,482	-	-	-	-
Interest	57,024	53,743	52,877	47,306	67,199	63,473
Changes in Assumptions or Other Inputs	-	(684,744)	-	436,853	-	30,960
Difference Between Actual and Expected Experience	-	(357,074)	-	(360,778)	-	-
Benefit Payments	(61,614)	(59,530)	(41,171)	(40,206)	(45,708)	(44,039)
Net Change in total OPEB Liability	95,983	(906,951)	242,649	308,705	119,175	142,197
Total OPEB Liability - Beginning	1,559,497	2,466,448	2,223,799	1,915,094	1,795,919	1,653,722
Total OPEB Liability - Ending	$ 1,655,480	$ 1,559,497	$ 2,466,448	$ 2,223,799	$ 1,915,094	$ 1,795,919
Covered Payroll	$ 817,145	$ 789,512	$ 687,108	$ 667,095	$ 525,721	$ 606,297
Total OPEB as a Percentage of Covered Payroll	202.59%	197.53%	358.96%	333.36%	364.28%	296.21%

Changes of assumption and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 3.50%.

Ten years of historical information was not available upon implementation. An additional year of information will be added each subsequent year of implementation until 10 years of historical data is available.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – NYSERS

Year Ended March 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employees' Retirement System (ERS)									
Port's Proportion of the Net Pension Liability (Asset)	0.0022916%	0.0022941%	0.0021520%	0.0021936%	0.0022812%	0.0024170%	0.0026479%	0.0022628%	0.0018750%
Port's Proportionate Share of the Net Pension Liability (Asset)	$ 491,403	$ (187,532)	$ 2,143	$ 580,865	$ 161,627	$ 78,009	$ 248,799	$ 363,180	$ 62,585
Port's Covered Payroll	$ 888,565	$ 843,170	$ 803,867	$ 725,946	$ 658,487	$ 726,573	$ 749,718	$ 753,140	$ 638,429
Port's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	55.3%	22.2%	0.3%	80.0%	24.5%	10.7%	33.2%	48.2%	9.8%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

Ten years of historical information was not available upon implementation. An additional year of information will be added each subsequent year of implementation until 10 years of historical data is available.

SCHEDULE OF CONTRIBUTIONS – NYSERS
Year Ended March 31, 2024

Employees' Retirement System (ERS)	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 111,659	$ 92,621	$ 122,376	$ 97,439	$ 87,758	$ 102,338	$ 105,713	$ 109,566	$ 110,075
Contributions in Relation to the Contractually Required Contribution	111,659	92,621	122,376	97,439	87,758	102,338	105,713	109,566	110,075
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Port's Covered Employee Payroll	$ 888,565	$ 843,170	$ 803,867	$ 725,946	$ 658,487	$ 726,573	$ 749,718	$ 753,140	$ 638,429
Contributions as a Percentage of Covered Employee Payroll	12.6%	11.0%	15.2%	13.4%	13.3%	14.1%	14.1%	14.5%	17.2%

Ten years of historical information was not available upon implementation. An additional year of information will be added each subsequent year of implementation until 10 years of historical data is available.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

TO THE BOARD OF DIRECTORS
PORT OF OSWEGO AUTHORITY

We have audited, 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, the financial statements of Port of Oswego Authority (the Port), which comprise the statement of net position as of March 31, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements and have issued our report thereon dated June 26, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Port failed to comply with the Port's Investment Policy, The New York State Comptroller's Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended March 31, 2024. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Port's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Port, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company

Syracuse, New York
June 26, 2024

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

BOARD MEMBERS OF
PORT OF OSWEGO AUTHORITY

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, the financial statements of the Port of Oswego Authority, as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Port of Oswego Authority's basic financial statements and have issued our report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Oswego Authority's internal control over financial reporting (internal control) as a basis for designing 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 Port of Oswego Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Oswego Authority'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 reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

Bowers & Company

Syracuse, New York
June 26, 2024