

INDEPENDENT AUDITORS' REPORT

The Governing Board
Ogdensburg Bridge and Port Authority:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Ogdensburg Bridge and Port Authority (the Authority), as of and for the years ended March 31, 2020 and 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ogdensburg Bridge and Port Authority, as of March 31, 2020 and 2019, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 3 through 7 and the Schedule of Changes in Corporation's Total OPEB Liability and Related Ratios on page 39, the Schedule of Authority's Proportionate Share of the Net Pension Liability on page 40, and the Schedule of Authority's Employer Pension Contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2020, on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
July 17, 2020

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Statements of Net Position
 March 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and equivalents	\$ 124,842	85,925
Accounts receivable	190,009	66,821
Grants receivable	274,909	377,911
Inventories	35,075	32,973
Prepaid expenses	79,427	51,812
Total current assets	704,262	615,442
Noncurrent assets:		
Compensating balance	148,270	196,835
Security deposits	1,855	3,639
Bond payment reserve	204,572	182,046
Debt service reserve	499,705	492,976
Capital assets, net of accumulated depreciation	85,552,192	89,271,130
Total noncurrent assets	86,406,594	90,146,626
Total assets	87,110,856	90,762,068
Deferred outflows of resources:		
Pension	545,073	802,575
OPEB	105,497	86,744
Total deferred outflows of resources	650,570	889,319

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Statements of Net Position, Continued

<u>Liabilities and Net Position</u>	<u>2020</u>	<u>2019</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,834,432	1,527,749
Accrued interest	95,195	96,671
Line of credit	915,124	888,676
Accrued vacation compensation	90,459	114,202
Current portion of due to State of New York	450,000	375,000
Current portion of bonds payable	87,695	82,695
Current portion of notes payable	531,442	514,056
Current portion of lease purchase agreement	115,909	111,637
Total current liabilities	<u>4,120,256</u>	<u>3,710,686</u>
Noncurrent liabilities:		
Lease and escrow deposits	160,326	188,124
Postemployment benefits other than pensions	2,070,173	2,095,867
Net pension liability - proportionate share	441,587	196,049
Due to State of New York, excluding current portion	18,179,974	18,254,974
Bonds payable, excluding current portion	6,089,118	6,176,813
Notes payable, excluding current portion	3,496,232	4,018,731
Lease purchase agreement, excluding current portion	40,355	156,243
Contingencies (note 14)		
Total noncurrent liabilities	<u>30,477,765</u>	<u>31,086,801</u>
Total liabilities	<u>34,598,021</u>	<u>34,797,487</u>
Deferred inflows of resources:		
Pension	147,475	640,861
OPEB	80,963	4,370
Total deferred inflows of resources	<u>228,438</u>	<u>645,231</u>
Net Position:		
Net investment in capital assets	55,438,785	58,607,503
Restricted	852,547	871,857
Unrestricted	(3,356,365)	(3,270,691)
Total net position	<u>\$ 52,934,967</u>	<u>56,208,669</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Bridge tolls	\$ 2,923,981	2,296,156
Rentals	2,431,513	2,672,809
Port operating fees	1,577,672	2,137,052
Parking revenue	299,693	252,757
Airport fees and services	399,662	-
Construction projects	-	10,744
Miscellaneous	87,853	66,411
Total operating revenue	<u>7,720,374</u>	<u>7,435,929</u>
Operating expenses:		
Salaries and wages	2,218,272	1,963,940
Payroll taxes and benefits	1,096,890	936,310
Automotive	101,778	112,443
Building and grounds maintenance	316,328	617,127
Equipment repairs and maintenance	276,644	276,106
Fuel and utilities	204,947	221,082
Fixed Base Operator expense	-	966
Parking lot operations	315,166	208,436
Security	178,407	194,503
Insurance	309,577	295,071
Telephone and postage	47,696	50,177
Advertising	175,111	87,100
Professional fees	460,828	839,132
Depreciation	4,329,996	4,294,852
Office supplies	27,269	18,177
Subscriptions and dues	895	959
Travel and meetings	7,480	27,717
Specialized handling equipment expense	384,543	525,420
Miscellaneous	69,368	63,114
Total operating expenses	<u>10,521,195</u>	<u>10,732,632</u>
Operating loss	<u>(2,800,821)</u>	<u>(3,296,703)</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Statements of Revenue, Expenses and Changes in Net Position, Continued

	<u>2020</u>	<u>2019</u>
Non-operating income (expense):		
Federal and State grants	\$ 466,464	1,351,569
Interest income	2,354	3,863
Loss on foreign currency exchange	(300,989)	(245,691)
Interest expense	<u>(640,710)</u>	<u>(617,035)</u>
Total non-operating income (expense)	<u>(472,881)</u>	<u>492,706</u>
Change in net position	(3,273,702)	(2,803,997)
Net position at beginning of year	<u>56,208,669</u>	<u>59,012,666</u>
Net position at end of year	<u>\$ 52,934,967</u>	<u>56,208,669</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Statements of Cash Flows
 Years ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Receipts from customers	\$ 7,571,172	7,758,591
Payments to employees	(2,123,817)	(2,134,581)
Other payments	<u>(3,979,917)</u>	<u>(4,598,952)</u>
Net cash provided by operating activities	<u>1,467,438</u>	<u>1,025,058</u>
Cash flows from capital financing activities:		
Proceeds on issuance of capital debt	-	802,223
Principal paid on capital debt	(699,424)	(533,423)
Bond payment reserve	(22,526)	(16,143)
Debt service reserve	(6,729)	(7,671)
Capital expenditures	(403,500)	(1,631,274)
Federal and State grants	569,466	1,484,238
Compensating balance	48,565	(105,365)
Interest paid on capital debt	(642,186)	(630,268)
Line of credit	<u>26,448</u>	<u>(111,324)</u>
Net cash used in capital financing activities	<u>(1,129,886)</u>	<u>(749,007)</u>
Cash flows from investing activities:		
Interest income	2,354	3,863
Loss on foreign currency exchange	<u>(300,989)</u>	<u>(245,691)</u>
Net cash used in investing activities	<u>(298,635)</u>	<u>(241,828)</u>
Net change in cash and equivalents	38,917	34,223
Cash and equivalents at beginning of year	<u>85,925</u>	<u>51,702</u>
Cash and equivalents at end of year	<u>\$ 124,842</u>	<u>85,925</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Statements of Cash Flows, Continued

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,800,821)	(3,296,703)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	4,329,996	4,294,852
Change in:		
Accounts receivable	(123,188)	328,109
Inventories	(2,102)	(6,440)
Prepaid expenses	(27,615)	(25,615)
Deferred outflows of resources - pensions	257,502	(211,247)
Accounts payable and accrued expenses	75,382	(168,366)
Security deposits	(26,014)	(5,447)
Net pension liability - proportionate share	245,538	(338,350)
Deferred inflows of resources - pensions	(493,386)	522,168
Other postemployment benefits	<u>32,146</u>	<u>(67,903)</u>
Net cash provided by operating activities	<u>\$ 1,467,438</u>	<u>1,025,058</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements

March 31, 2020

(1) Organization

The Ogdensburg Bridge and Port Authority (the Authority) was created pursuant to the Public Authorities Law of the State of New York (the State) by an enactment entitled “Ogdensburg Bridge Authority Act,” on April 18, 1950. The name of the Authority was amended from “Ogdensburg Bridge Authority” to “Ogdensburg Bridge and Port Authority” on April 1, 1960. The Authority is a component unit of the State of New York.

The Authority was created for the purpose of constructing, operating and maintaining the international bridge across the St. Lawrence River. The operations of the bridge are accounted for in the Bridge Fund. The Port Fund operations of the Authority consist of the Ogdensburg International Airport, Port of Ogdensburg, New York and Ogdensburg Railway, and an industrial park all of which are accounted for as separate units within that fund.

The reporting entity of the Authority is based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 - “The Financial Reporting Entity.” The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The accompanying financial statements present the activities of the Authority and its component unit, the Ogdensburg Border Station, Inc. (the Border Station). The decision to include a potential component unit in the Authority’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief description of the component unit included in the Authority’s reporting entity.

- Blended Component Unit

Ogdensburg Border Station, Inc. - The Ogdensburg Border Station, Inc. was created as a local development company for the purpose of constructing a new border station for the U.S. Customs and to issue taxable revenue bonds for financing the cost. The governing body of the Authority is the same as the governing body of the Border Station. During the year ended March 31, 2020 the Border Station transferred all net position to the Authority.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental accounting and financial reporting principles.

(b) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for government entities as prescribed by the GASB as a proprietary fund.

(c) Operating Measure

Operating income reported in the financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenues include bridge tolls, airport operating fees, building rentals and port operating fees. Principal operating expenses include the costs of providing these services, administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

(d) Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of reporting cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(f) Investments

The investment policy of the Authority stipulates that the Authority may invest in obligations of the State, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements shall not exceed sixty days and payment shall be made only upon delivery of collateral to the Authority's agent. All investments and related collateral are held by the Authority's agent in the Authority's name.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(g) Receivables

Accounts receivable are stated at net estimated realizable value by writing off bad debts as they are determined to be uncollectible. An allowance for bad debts is not considered material; accordingly, no allowance is maintained.

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

(h) Inventories

Inventories are stated at cost on the first-in, first-out method.

(i) Prepaid Expenses

Expenses paid in advance of the period to be benefited are recorded as an asset and are expensed over the period of time to be benefited.

(j) Capital Assets

Investments in capital assets are stated at cost. Expenditures for maintenance, repairs, renewals, and improvements, which do not materially extend the useful lives of the assets, are charged to operations when incurred. Infrastructure assets, such as roads and bridges, are recorded at cost and depreciated over their estimated useful lives. Grants received from other governmental agencies to partially finance capital projects are shown as grant income and are not offset against the cost of the facilities. Donated facilities are shown at estimated fair market value at the date of acquisition. Effective for the year ended March 31, 2002, the Authority changed its depreciation policy to record depreciation on infrastructure assets in order to conform with the provisions of GASB Statement No. 34. The Authority's capital asset policy defines capitalization of an expenditure when the dollar amount exceeds \$2,500.

The straight-line method of depreciation is generally used for capital assets, based on their estimated useful lives. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	20 - 50 years
Improvements/infrastructure	10 - 50 years
Bridge	50 - 100 years
Vehicles and equipment	3 - 20 years

(k) Real Estate Sales

The Authority accounts for real estate sales under the accrual method when certain criteria are met. Under the accrual method, profit or loss is recognized when a sale transaction has been consummated.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(l) Foreign Currency Translation

The Authority translates Canadian assets and liabilities to U.S. currency at rates of exchange in effect at the financial statement date. Expense items are translated at average exchange rates prevailing during the reporting period. Revenue is converted on a daily basis.

(m) Retirement Benefits

The Authority provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (the System). The System provides various plans and options, some of which require employee contributions.

(n) Compensated Absences

Union employees and management/confidential employees are allowed to accumulate earned sick time up to a maximum of 160 days and 200 days, respectively. Vacation time earned, as of an employee's anniversary date in excess of 30 days may not be carried forward. Upon termination, unused sick leave may be credited toward retirement and/or health benefits, while vacation time accumulated up to 30 days will be paid to the employee.

As of March 31, 2020 and 2019, the liabilities for accrued vacation leave amounted to \$90,459 and \$114,202, respectively.

(o) Capitalized Interest

The Authority capitalizes net interest costs as part of the cost of constructing industrial building projects and infrastructure projects in the industrial parks. No interest was capitalized for the years ended March 31, 2020 and 2019.

(p) Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described in note 2(m), the Authority provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the members of the Board of the Authority.

The Authority pays a substantial portion of the cost of premiums to an insurance company which provides health care insurance. The Authority will pay 75% of health insurance premiums for future retirees with 20 years of active service until age 65. At that time, the retiree becomes responsible for the entire premium cost and the Authority will not reimburse retirees for the cost of Medicare.

The Authority also provides Medicare Part B reimbursement coverage for eligible retired employees.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(p) Postemployment Benefits Other Than Pensions (OPEB), Continued

The Authority implemented the accounting and disclosure requirements of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," effective for its fiscal year ended March 31, 2019. With the adoption of GASB Statement No. 75, the method of calculating and recording the Other Post-employment Benefit (OPEB) liability was changed significantly.

(q) Unearned Revenue and Revenue Recognition

The Authority recognizes revenue when earned. Revenue associated with cash receipts received in advance from rental operations is deferred until the month they are earned.

(r) Advertising Costs

Advertising costs are charged to operations when incurred and amounted to \$175,111 and \$87,100 for the years ended March 31, 2020 and 2019, respectively.

(s) Pollution Remediation Obligations

In accordance with the GASB Statement No. 49 - "Accounting for Pollution Remediation Obligations," management has concluded that no obligating event has occurred that would require recognition of a future pollution remediation obligation in the accompanying financial statements.

(t) Deferred Outflows and Inflows of Resources

In the statements of net position, in addition to assets, the Authority reports a separate section of deferred outflows of resources. This separate financial statement element 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. For pensions, the Authority has three items that qualify for reporting in this category. The first item is related to pensions reported in the statements of net position. This represents the effect of the net change in the Authority's proportion of the collective net pension asset or liability and difference during the measurement period between the Authority's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the Authority contributions to the pension system subsequent to the measurement date. The third item is for OPEB and relates to the estimated net contributions subsequent to the measurement date.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(t) Deferred Outflows and Inflows of Resources, Continued

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions, the Authority has one item that qualifies for reporting in this category. This item is related to pensions and represents changes in the Authority's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the Authority's contributions and its proportion share of total contributions to the pension system not included in pension expense. For OPEB, the Authority has two items that qualify for reporting on this category; the first represents the difference between actual and expected experience, and the second represents the changes of assumptions or other inputs.

(u) Future Impacts of Accounting Pronouncements

GASB issued Statement No. 95 - "Postponement of the Effective Dates of Certain Authoritative Guidance" in May 2020. This Statement has the primary objective of providing temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. Disclosures following have been updated accordingly.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning April 1, 2021 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(u) Future Impacts of Accounting Pronouncements, Continued

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 91 - "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Authority.

GASB Statement No. 92 - "Omnibus 2020." This Statement, issued in January 2020, clarifies implementation of GASB Statements No. 73, 74, 84 and 87, generally effective for fiscal years beginning after June 15, 2021, which is the fiscal year beginning April 1, 2022 for the Authority. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Authority.

GASB Statement No. 93 - "Replacement of Interbank Offered Rates." This Statement, issued in March 2020, addresses the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The requirements of this Statement are effective for reporting periods after December 31, 2022, which is the fiscal year beginning April 1, 2023 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(v) Subsequent Events

The Authority has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Authority and its future results and financial position is not presently determinable.

Subsequent to March 31, 2020, the Authority received a \$430,093 loan under the Small Business Administration Payroll Protection Program.

(3) Cash and Investments

The Authority's investment policies are governed by State statutes. In addition, the Authority has its own written investment policy. The Authority's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The chief financial officer is authorized to use demand and time accounts and certificates of deposit. Permissible instruments include U.S. treasury bills. Collateral is required for demand and time deposits and certificates of deposit for all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured, (2) held by the financial institution's trust department or agency in the Authority's name, or (3) uncollateralized.

Total financial institution (bank) balances at March 31, 2020 were \$988,586. These deposits are categorized as follows:

<u>1</u>	<u>2</u>	<u>3</u>
\$ <u>564,003</u>	<u>424,583</u>	<u>-</u>

In compliance with State regulations for bridge and port authorities, the expenditure of revenue must be authorized by the Comptroller of the State. As of March 31, 2020 and 2019, the Authority had \$85,513 and \$12,357, respectively, in demand deposit accounts subject to State authorization. In addition, the Authority was authorized to establish revolving checking and savings accounts to enable the Authority to process its own checks subject to post audit by the State. As of March 31, 2020 and 2019, the Authority had \$16,922 and \$14,381, respectively, in revolving checking and savings accounts for this purpose.

The bond payment reserve represents funds held in a separate deposit account in the custody of the trustee of the Series 2017 bonds in the amount of \$204,572 and \$182,046 as of March 31, 2020 and 2019, respectively.

The debt service reserve represents funds in a separate deposit account in the custody of the trustee of the Series 2017 bonds in the amount of \$499,705 and \$492,976 as of March 31, 2020 and 2019, respectively.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(4) Capital Assets

Capital assets for the years ended March 31, 2020 and 2019 were as follows:

	Balance at April 1, <u>2019</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2020</u>
Capital assets, not being depreciated:				
Land	\$ 4,151,803	-	-	4,151,803
Construction in progress	<u>2,362,681</u>	<u>450,342</u>	<u>(451,976)</u>	<u>2,361,047</u>
Total capital assets not being depreciated	<u>6,514,484</u>	<u>450,342</u>	<u>(451,976)</u>	<u>6,512,850</u>
Capital assets, being depreciated:				
Land improvements	42,428,992	97,973	-	42,526,965
Buildings	89,216,690	60,956	-	89,277,646
Machinery and equipment	<u>8,504,073</u>	<u>453,763</u>	<u>(18,885)</u>	<u>8,938,951</u>
Total capital assets being depreciated	<u>140,149,755</u>	<u>612,692</u>	<u>(18,885)</u>	<u>140,743,562</u>
Less accumulated depreciation for:				
Land improvements	(12,159,420)	(1,785,747)	-	(13,945,167)
Buildings	(38,916,300)	(2,152,159)	-	(41,068,459)
Machinery and equipment	<u>(6,317,389)</u>	<u>(392,090)</u>	<u>18,885</u>	<u>(6,690,594)</u>
Total accumulated depreciation	<u>(57,393,109)</u>	<u>(4,329,996)</u>	<u>18,885</u>	<u>(61,704,220)</u>
Total capital assets, being depreciated, net	<u>82,756,646</u>	<u>(3,717,304)</u>	<u>-</u>	<u>79,039,342</u>
Total capital assets, net	<u>\$89,271,130</u>	<u>(3,266,962)</u>	<u>(451,976)</u>	<u>85,552,192</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	Balance at April 1, <u>2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2019</u>
Capital assets, not being depreciated:				
Land	\$ 3,896,733	255,070	-	4,151,803
Construction in progress	<u>3,202,694</u>	<u>1,322,579</u>	<u>(2,162,592)</u>	<u>2,362,681</u>
Total capital assets not being depreciated	<u>7,099,427</u>	<u>1,577,649</u>	<u>(2,162,592)</u>	<u>6,514,484</u>
Capital assets, being depreciated:				
Land improvements	42,419,705	9,287	-	42,428,992
Buildings	87,013,950	2,162,693	40,047	89,216,690
Machinery and equipment	<u>8,616,202</u>	<u>55,348</u>	<u>(167,477)</u>	<u>8,504,073</u>
Total capital assets being depreciated	<u>138,049,857</u>	<u>2,227,328</u>	<u>(127,430)</u>	<u>140,149,755</u>
Less accumulated depreciation for:				
Land improvements	(10,386,878)	(1,772,542)	-	(12,159,420)
Buildings	(36,854,288)	(2,011,158)	(50,854)	(38,916,300)
Machinery and equipment	<u>(5,973,410)</u>	<u>(511,152)</u>	<u>167,173</u>	<u>(6,317,389)</u>
Total accumulated depreciation	<u>(53,214,576)</u>	<u>(4,294,852)</u>	<u>116,319</u>	<u>(57,393,109)</u>
Total capital assets, being depreciated, net	<u>84,835,281</u>	<u>(2,067,524)</u>	<u>(11,111)</u>	<u>82,756,646</u>
Total capital assets, net	<u>\$91,934,708</u>	<u>(489,875)</u>	<u>(2,173,703)</u>	<u>89,271,130</u>

(5) Donated Property

On January 31, 2011, the Authority received title to a building from Sanmina-SCI Corporation in partial satisfaction of a lease termination fee. The building was recorded at its estimated market value of \$750,000, as determined by an independent appraisal and the Authority on the date of transfer.

On December 26, 1974, the Authority received from the St. Regis Paper Company, all of the line of railroad extending from Norwood, New York to Waddington, New York, known as the Norwood & St. Lawrence Railroad, and its related assets. The railroad was recorded at its estimated market value as determined by the Authority on the date of transfer, of \$783,022, which was the original cost on the books of St. Regis Paper Company.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(6) Construction in Progress

Construction in progress at March 31, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Marine harbor deepening project	\$ 1,402,152	1,349,156
Airport lighting system	341,346	198,958
Marine terminal grain bin storage	-	32,793
Airport master plan	185,469	164,726
Airport water project	208,796	208,796
Airport Surface Weather Observation Station	-	401,488
Railroad bridge rehabilitation	70,568	6,764
Industrial park building improvements	1,427	-
Bridge painting project	55,531	-
Airport drainage project	<u>95,758</u>	<u>-</u>
	<u>\$ 2,361,047</u>	<u>2,362,681</u>

(7) Line of Credit

Effective December 31, 2017 the Authority entered into a line of credit agreement providing available borrowings of \$1,000,000 for specific capital projects. Outstanding borrowings bear interest at 4.88% and are collateralized by the Authority's assets. The total amount outstanding at March 31, 2020 and 2019 for this agreement was \$416,448 and \$395,000, respectively.

Effective May 17, 2018 the Authority entered into a line of credit agreement providing available borrowings of \$500,000 to provide working capital for a wind turbine project. Outstanding borrowings bear interest at 5.25% and are collateralized by the Authority's assets. The total amount outstanding at March 31, 2020 and 2019 for this agreement was \$498,676 and \$493,676, respectively.

(8) Long-Term Debt

(a) Due to State of New York for First Instance Advances

	<u>Amount</u> <u>appropriated</u>	<u>Amount</u> <u>advanced</u>	<u>Amount</u> <u>repaid</u>	<u>Amount due</u>
Chapter 864-1956	\$ 15,000,000	15,006,084	3,650,925	11,355,159
Chapter 218-1958	<u>7,000,000</u>	<u>6,690,717</u>	<u>100,000</u>	<u>6,590,717</u>
	<u>\$ 22,000,000</u>	<u>21,696,801</u>	<u>3,750,925</u>	<u>17,945,876</u>
Add - New York State Auditor's adjustment in 1974 to record first instance advances to finance port terminal construction cost				<u>684,098</u>
Amount due New York State at March 31, 2020 and 2019				<u>\$ 18,629,974</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(8) Long-Term Debt, Continued

(a) Due to State of New York for First Instance Advances, Continued

The original debt repayment agreement with the State provided for the payment of net revenue to the State when monies exceed the sum of \$250,000 and \$200,000 in the Bridge and Port Fund comptroller's cash accounts, respectively. Transfer of monies from the Bridge Fund to the Port Fund is taken into consideration in determining this amount.

The Authority and the Director of the Budget of the State (Director) entered into a new agreement during the fiscal year ended March 30, 1980, which increased the dollar limits to \$400,000 in the Bridge Fund and \$250,000 in the Port Fund. At such time monies held in these funds exceeded these limits, the excess was to be deposited into a capital construction fund in the State Comptroller's custody. The agreement also provided for an annual repayment, commencing July 1, 1979, of 50% of gross annual revenue less annual expenditures approved by the Director for the preceding fiscal year of the Authority as so certified by an external audit, provided however, that the minimum annual repayment could not be less than \$50,000. This agreement expired on March 31, 1990.

A first supplemental agreement was executed on February 25, 1986, which allowed the Authority to establish a capital improvement account not to exceed \$500,000 in the maintenance undistributed item of both the Bridge Fund and Port Fund budgets. The monies in these accounts could not be considered when computing the amounts of money in either fund.

A second supplemental agreement was entered into on May 29, 1995 with the Director. This agreement superseded all prior agreements with the State and provided that the Authority was to repay the State an amount of \$150,000 on March 31, 1996 and 1997, and \$75,000 each year beginning in March 1998 through 2005. This agreement was considered effective for the period April 1, 1990 through March 31, 2005.

The agreement provided that in addition to the fixed repayment amounts, the Authority was to pay all monies held in the Bridge Fund in excess of \$750,000, provided however, that monies in the bridge economic development account/capital improvement account up to \$850,000 and the monies in the bridge revolving fund up to \$320,000 were not to be considered. Also, monies held in the Port Fund in excess of \$750,000 were to be paid to the State, provided however, that monies in the port economic development account/capital improvement account up to \$850,000 and that monies in the port revolving fund up to \$300,000 were not to be considered. As of March 31, 2009, the Authority had not exceeded these cash limits and consequently no additional debt payment was required.

A third supplemental agreement was entered into during the year ended March 31, 2004 which provided for annual payments of \$75,000 for the years ending March 31, 2004 through March 31, 2009 and provided an emergency deferral of any payment due in the event the Authority encounters extraordinary financial circumstances.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(8) Long-Term Debt, Continued

(a) Due to State of New York for First Instance Advances, Continued

The State approved the Authority's request for a loan repayment forbearance on the annual \$75,000 payments that were due on March 31, 2004, 2005 and 2006 pursuant to the repayment agreement, to allow the Authority to build up its revenue base and make overdue capital investments. The \$75,000 payments that were due on March 31, 2007, 2008 and 2009 were made by the Authority.

A fourth supplemental agreement was entered into which provides for annual payments of \$75,000 for the years ending March 31, 2010 through March 31, 2014, and provides an emergency waiver of any payment due in the event the Authority encounters extraordinary financial circumstances.

A fifth supplemental agreement was entered into in May of 2017 in connection with improvements to the Authority's airport facilities and the 2017 bond issuance. The fifth supplemental agreement provides for annual payments of \$75,000 by March 1st of each year. In the event that the Authority shall encounter extraordinary financial circumstances, the Authority may request emergency deferral of the payment due. At March 31, 2020 and 2019, \$450,000 and \$375,000, respectively, was deferred.

(b) Total Due to State of New York

	<u>2020</u>	<u>2019</u>
Amount due New York State - First Instance Advances	\$ 18,629,974	18,629,974
Less current portion	<u>(450,000)</u>	<u>(375,000)</u>
Total due to State of New York, excluding current portion	<u>\$ 18,179,974</u>	<u>18,254,974</u>

(c) Bonds Payable

	<u>2020</u>	<u>2019</u>
The Authority issued tax-exempt revenue bonds date August 1, 2017 in the amount of \$6,330,000. These bonds will mature on July 1, 2047 with interest of 5.75%. The bonds are secured by a trust indenture with M&T Bank, as trustee, and by an assignment agreement dated August 1, 2017 which assigns to the trustee all revenues of the Authority. The current portion is \$15,000.	\$ 6,305,000	6,320,000

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(8) Long-Term Debt, Continued

(c) Bonds Payable, Continued

	<u>2020</u>	<u>2019</u>
The Authority issued taxable revenue bonds dated August 1, 2017 in the amount of \$230,000. These bonds will mature on July 1, 2020 with interest of 4.50%. The bonds are secured by a trust indenture with M&T Bank, as trustee, and by an assignment agreement date August 1, 2017 which assigns to the trustee all revenues of the Authority. The current portion is \$80,000.	\$ <u>80,000</u>	<u>155,000</u>
	6,385,000	6,475,000
Less unamortized discount	<u>(208,187)</u>	<u>(215,492)</u>
Bonds payable including discount	6,176,813	6,259,508
Less current portion, net of amortization of discount	<u>(87,695)</u>	<u>(82,695)</u>
	\$ <u>6,089,118</u>	<u>6,176,813</u>

(d) Notes Payable

Notes payable at March 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Loan with Mapco Auto Parks, Ltd. with a fixed interest rate of 5.33% in the amount of \$350,000. The note is payable in equal monthly installments of \$3,769 with a ten year term.	\$ 256,333	279,694
Loan with Community Bank, N.A. dated December 21, 2018 with a fixed rate of 5.90% in the amount of \$200,000. This loan is secured by real property. The note is payable in monthly installments of \$2,627 with an eight year term.	174,680	195,047
Loan with Tompkins Trust Company dated February 14, 2019 with a fixed rate of 4.84% in the amount of \$500,000. The note is payable in monthly installments of \$10,000 with a five year term.	370,000	490,000
Loan with Tompkins Trust Company dated December 31, 2017 with a fixed rate of 4.08% in the amount of \$3,950,000. This loan is secured by the first lien on the assets of the industrial park. This loan is payable in monthly installments of \$40,250 with a 10 year term.	<u>3,226,661</u>	<u>3,568,046</u>
	4,027,674	4,532,787
Less current portion	<u>(531,442)</u>	<u>(514,056)</u>
Notes payable, excluding current portion	\$ <u>3,496,232</u>	<u>4,018,731</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(8) Long-Term Debt, Continued

(d) Notes Payable, Continued

The Tompkins Trust Company loan agreement contains certain restrictive covenants, which among other things require the maintenance of certain financial covenants. In addition, the loan agreement also requires the Authority to maintain a compensating cash balance amounting to \$200,000 on deposit. The compensating cash balance at March 31, 2020 was \$148,270. The Authority was not in compliance with the loan agreement at year end however, additional deposits were made after year end in order to meet the compliance requirements.

(e) Lease Purchase Agreements

	<u>2020</u>	<u>2019</u>
Lease purchase agreement with Key Government Finance dated May 20, 2015 with a fixed interest rate of 3.04% in the amount of \$400,000. The agreement is payable in annual installments of \$87,451 with a five year term.	\$ 85,836	165,657
Lease purchase agreement with Key Government Finance dated August 1, 2018 with a fixed interest rate of 4.99% in the amount of \$118,432. The agreement is payable in monthly installments of \$2,779 with a four year term.	<u>70,428</u>	<u>102,223</u>
	156,264	267,880
Less current portion	<u>(115,909)</u>	<u>(111,637)</u>
Lease purchase agreement, less current portion	\$ <u>40,355</u>	<u>156,243</u>

(f) Long-Term Debt Maturities

Long-term debt maturities over the next five years and thereafter as of March 31, 2020 are as follows:

2021	\$ 1,185,046
2021	749,584
2022	748,677
2023	655,395
2024	675,834
Thereafter	<u>24,976,189</u>
	\$ <u>28,990,725</u>

(9) Pension Plan

(a) General Information

The Authority participates in the New York State and Local Employees' Retirement System. This System is a cost sharing, multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Plan Descriptions

(1) Employees' Retirement System (ERS)

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Authority and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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. The Authority also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System 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 www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System 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 and before April 1, 2012 who generally contribute 3.0 percent of their salary for their entire length of service. Those joining on or after April 1, 2012 are required to contribute between 3 and 6 percent, dependent on salary, throughout their working careers. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2020	\$ 284,583
2019	263,565
2018	266,194

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Plan Descriptions, Continued

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2020 and 2019, the Authority reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019 and 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Authority.

Actuarial valuation date	4/1/2018	4/1/2017
Net pension liability	\$ 441,587	196,049
Authority's proportion of the Plan's net pension liability	0.0062324%	0.0060744%
Change in proportion since prior measurement date	0.0001580%	0.0003870%

For the years ended March 31, 2020 and 2019, the Authority recognized pension expense of \$295,515 and \$213,989, respectively, for ERS. At March 31, 2020 and 2019 the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,958	29,643	69,924	57,783
Net difference between projected and actual earnings on pension plan investments	-	113,336	284,746	562,059
Changes in assumption	110,997	-	129,997	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	62,535	4,496	54,343	21,019
Authority's contributions subsequent to the measurement date	<u>284,583</u>	<u>-</u>	<u>263,565</u>	<u>-</u>
Total	<u>\$ 545,073</u>	<u>147,475</u>	<u>802,575</u>	<u>640,861</u>

Authority contributions subsequent to the March 31, 2020 measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Plan Descriptions, Continued

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

<u>Plan</u> <u>year ending</u>	<u>ERS</u>
2020	\$ 109,984
2021	(69,045)
2022	6,947
2023	<u>65,129</u>
	<u>\$ 113,015</u>

(3) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2019	March 31, 2018
Actuarial valuation date	April 1, 2018	April 1, 2017
Interest rate	7%	7%
Salary scale	4.2% Average	3.8% Average
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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 the 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 as follows:

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Plan Descriptions, Continued

(3) Actuarial Assumptions, Continued

Measurement date	March 31, 2019	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type:		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategies	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25%)
Inflation - indexed bonds	4.0%	1.25%

The real rate of return is net of the long-term inflation assumption of 2.50%.

(4) Discount Rate

The discount rate used to calculate the total pension liability was 7% for March 31, 2020 and 2019. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(5) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension (asset) liability	\$ <u>1,930,688</u>	<u>441,587</u>	<u>(809,364)</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(9) Pension Plan, Continued

(b) Plan Descriptions, Continued

(6) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)	
Valuation date	4/1/2018	4/1/2017
Employers' total pension liability	\$ 189,803	183,400
Plan net position	(182,718)	(180,173)
Employers' net pension liability	\$ <u>7,085</u>	<u>3,227</u>
Ratio of plan net position to the Employers' total pension liability	96.27%	98.24%

(7) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of March 31, 2020 and 2019 represent the projected employer contribution for the period of April 1, 2019 through March 31, 2020 and April 1, 2018 through March 31, 2019, respectively, based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(8) Funding Policies

The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 and 6 who also contribute between 3% and 6% of their salary for the entire length of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2020 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
3 A14	15.8%
4 A15	15.8%
5 A15	13.2%
6 A15	9.3%

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the years ended March 31, 2020 and 2019 amounted to \$129,729 and \$139,641, respectively. At March 31, 2019 the liability for active and retired employers amounted to \$2,070,173.

The number of participants as of April 1, 2019, the last actuarial valuation, was as follows:

Active employees	31
Retired employees	<u>8</u>
Total	<u>39</u>

Funding Policy - The Authority currently pays for postemployment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.5%
Discount rate	2.74%
Healthcare cost trend rates	6.0% for 2020, decreasing to an ultimate rate of 3.94%

Changes in the Total OPEB Liability

	<u>2020</u>	<u>2019</u>
Original OPEB obligation as of beginning of year	\$ 2,095,867	470,909
Cumulative effect of change in accounting principle (required by GASB 75)	<u>-</u>	<u>1,610,487</u>
Total OPEB liability as of beginning of year	<u>2,095,867</u>	<u>2,081,396</u>
Changes for the year:		
Service cost	59,382	60,076
Interest on total OPEB liability	82,152	80,330
Changes of benefit terms	-	-
Differences between actual and expected experience	(89,656)	-
Changes in assumptions or other inputs	9,172	(5,135)
Benefit payments	<u>(86,744)</u>	<u>(120,800)</u>
Total changes	<u>(25,964)</u>	<u>14,471</u>
Total OPEB liability as of March 31	\$ <u>2,070,173</u>	<u>2,095,867</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits Other Than Pensions, Continued

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ <u>2,241,486</u>	<u>2,070,173</u>	<u>1,910,930</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2020.

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower (5.0% to 2.94%) or 1-percentage point higher (7.0% to 4.94%) than the current health care cost trend rate:

	1% Decrease (5.0% to 2.94%)	Trend Rate (6.0% to 3.94%)	1% Increase (7.0% to 4.94%)
Total OPEB liability	\$ <u>1,861,908</u>	<u>2,070,173</u>	<u>2,311,338</u>

This analysis represents sensitivity of the OPEB liability as of March 31, 2020.

At March 31, 2020 and 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (gain) loss	\$ -	77,358	-	-
Changes of assumption	7,914	3,605	-	4,370
Contributions subsequent to the measurement date	<u>97,583</u>	<u>-</u>	<u>86,744</u>	<u>-</u>
	<u>\$ 105,497</u>	<u>80,963</u>	<u>86,744</u>	<u>4,370</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

OGDENSBURG BRIDGE AND PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Postemployment Benefits Other Than Pensions, Continued

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates, Continued

<u>Year ending</u>	
2021	\$ (11,805)
2022	(11,805)
2023	(11,805)
2024	(11,805)
2025	(11,585)
Thereafter	(14,244)
	<u>\$ (73,049)</u>

(11) Restricted Net Position

Restricted net position consists of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash - compensating balance requirement	\$ 148,270	196,835
Bond reserve	204,572	182,046
Debt service reserve	<u>499,705</u>	<u>492,976</u>
	<u>\$ 852,547</u>	<u>871,857</u>

(12) Operating Leases - Lessor

The Authority executed a lease agreement with the United States of America, dated July 2, 2002, for rental of the new border station building to the General Services Administration. The lease provides for annual lease payments of \$1,069,860 beginning October 1, 2003, for a term of fifteen years. The lease provides for an annual adjustment beginning with the second of the agreement to be determined by multiplying the base rent by the annual percent of change in the Cost of Living Index. Estimated minimum future rentals to be received under this non-cancelable operating lease. The lease with GSA was renewed as of April 1, 2019 with payments retroactive to October 1, 2018. The current lease agreement terminates on April 1, 2039.

The Authority is the lessor of a customs building and various industrial buildings and airport buildings under operating leases expiring in various years through 2029.

Estimated minimum future rentals to be received on non-cancelable leases as of March 31, 2020 for each of the next five years are as follows:

	<u>GSA</u>	<u>Other</u>	<u>Total</u>
2021	\$ 1,081,464	866,548	1,948,012
2022	1,081,464	544,819	1,626,283
2023	1,081,464	330,474	1,411,938
2024	1,081,464	296,587	1,378,051
2025	<u>1,112,387</u>	<u>192,171</u>	<u>1,304,558</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(13) Operating Lease - Lessee

The Authority executed a lease agreement dated March 24, 2019, for the rental of a new loader. The lease providers for monthly lease payments of \$4,381 beginning on May 30, 2019, for a term of 60 months.

The following is a schedule of estimated future minimum rental payments required under the above operating lease at March 31, 2020:

2021	\$ 52,572
2022	52,572
2023	52,572
2024	52,572
2025	<u>17,524</u>
	\$ <u>227,812</u>

(14) Contingencies

Financial awards from Federal, State, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Authority for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(15) Fiscal Viability

The Authority has a working capital deficit of \$3,415,994 at March 31, 2020 and an operating loss of \$2,800,821 for the year then ended.

During the year ended March 31, 2020 the Authority has not taken on any additional debt, nor has current debt been retired.

Management's plan to address the fiscal viability of the Authority includes:

The Ogdensburg Bridge and Port Authority has begun or is continuing several initiatives to improve the fiscal viability of the Authority. Listed below are several initiatives with their projected annual impact on operations and cash flows

- Bridge Traffic - Toll Increase - Revenue Enhancement: OBPA implemented an increase in Bridge Toll Fees to bring OBPA fees in line with other regional bridge tolls. The annual impact was a positive net \$572,800 which improved overall Authority revenue and supported bridge maintenance operations. It is anticipated that this increase will continue through the 2020-2021 fiscal year.

The OBPA received a grant of \$335,000 for work to begin on the bridge in June 2020. The scope of the grant will be to paint and make repairs to the US bridge approach.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Notes to Financial Statements, Continued

(15) Fiscal Viability, Continued

- Airport Operations - Revenue Enhancement: OBPA is working to recruit additional airlines and enhance the number of flights from the existing carriers. Current projections in this fiscal year suggest a modest increase in enplanements compared to fiscal year 2019-2020.
- Marine Terminal - Wind Turbine Project: In fiscal year 2019-2020, the Port of Ogdensburg had a contracted wind turbine project resulting in approximately \$1,100,000 in revenues. The wind turbine project for fiscal year 2020 - 2021 will return a projected \$1,200,000 in revenues during the period May - October 2020.
- Marine Terminal - Salt Clamming: In addition to the continuation of the wood pellet storage agreements begun last year, a first of its kind road salt clamming operation produced revenue of \$300,000.
- GSA Border Station Lease: OBPA is in its second year of a 20-year lease renewal for the Ogdensburg Border Station buildings which will provide \$1,100,000 in revenues annually. The new lease was effective October 2018.
- FAA Grant Entitlements: Upon reaching 10,000 enplanements annually, the FAA guarantees entitlements of \$1,000,000 in federal grant awards over the upcoming federal fiscal year through September 2020.
- Railroad: The OBPA has secured two grants totaling approximately \$2,000,000 to complete needed bridge repairs to two of the railroad's bridges. The upgrades to the two bridges will bring the bridges in compliance to carry heavier loads/more rail cars making the railway more commercially competitive.

In addition to the initiatives to bring in increased revenues to support the Authority's several properties, the Authority is also quite aware of the need to reduce expenses. One example of the many options being explored is:

- OBPA Operations - Cost Reductions: A combination of staff reduction and elimination of marketing contracts should save a projected \$350,000 each year. The cost reductions were implemented at the end of fiscal year 2019-2020. OBPA continues to seek further cost reductions with adjustments to unfavorable contracts throughout 2020-2021. OBPA will continue to pursue reimbursement for the cost of the Law Enforcement Officer security coverage.

All of these initiatives are currently being tested with the COVID-19 pandemic. The OBPA is experiencing severe economic impacts resulting from the bridge closure and airline suspension. The bridge has been closed to all but essential traffic since the end of March 2020. Currently, the bridge is scheduled to re-open on the 21st of June with unknown crossing restrictions. It is anticipated that EAS flights to/from OGS will resume in July 2020. Pandemic restrictions have affected the Ogdensburg Bridge and Port Authority's revenue stream and operations.

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Required Supplementary Information
 Schedule of Changes in Corporation's
 Total OPEB Liability and Related Ratios
 Year ended March 31, 2020

Total OPEB liability:	<u>2020</u>	<u>2019</u>
Service cost	\$ 59,382	60,076
Interest on total OPEB liability	82,152	80,330
Change of benefit terms	-	-
Differences between actual and expected experience	(89,656)	-
Changes in assumptions or other inputs	9,172	(5,135)
Benefit payments	<u>(86,744)</u>	<u>(120,800)</u>
Net change in total OPEB liability	(25,694)	14,471
Total OPEB liability - beginning	<u>2,095,867</u>	<u>2,081,396</u>
Total OPEB liability- ending	<u>\$ 2,070,173</u>	<u>2,095,867</u>
Covered payroll	\$ 2,244,733	1,971,233
Total OPEB liability as a percentage of covered payroll	92.2%	106.0%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.89%
2020	2.74%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Authority is presenting information for those years for which information is available.

OGDENSBURG BRIDGE AND AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Proportionate Share of the Net Pension Liability
 Year ended March 31, 2020

	NYSERS Pension Plan				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.0062324%	0.0060744%	0.0056874%	0.0058747%	0.0061444%
Authority's proportionate share of the net pension liability	\$ 441,587	196,049	534,399	942,900	207,572
Authority's covered payroll	\$ 1,973,822	1,797,158	1,793,263	1,577,651	1,493,593
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	22.37%	10.91%	29.80%	59.77%	13.90%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.95%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are not available.

OGDENSBURG BRIDGE AND AUTHORITY
 Required Supplementary Information
 Schedule of Authority's Employer Pension Contributions
 Year ended March 31, 2020

	NYSERS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>		
Contractually required contribution	\$ 284,583	263,565	266,194	245,451	265,038	232,880	380,261	251,072	290,699		
Contributions in relation to the contractually required contribution	284,583	263,565	266,194	245,451	265,038	232,880	380,261	251,072	290,699		
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-		
Authority's covered payroll	\$ 1,973,822	1,797,158	1,793,263	1,577,651	1,493,593	1,497,450	1,623,317	1,414,127	1,448,726		
Contributions as a percentage of covered payroll	14.42%	14.67%	14.84%	15.56%	17.74%	15.55%	23.42%	17.75%	20.07%		

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.