



(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2022 and 2021

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Schenectady Metroplex Development Authority
Schenectady, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Schenectady Metroplex Development Authority (Authority) (a component unit of Schenectady County, New York), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2022 and 2021, 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 (GAAS) and the 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As disclosed in Note 1n to the financial statements, in 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 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 GAAS 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 GAAS 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 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 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 management's discussion and analysis, the schedule of the local government's proportionate share of the net pension liability/asset and the schedule of local government pension contributions 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 audits 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 March 22, 2023 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.

BST+Co.CPAs, LLP

Latham, New York
March 22, 2023



Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

The Schenectady Metroplex Development Authority, hereafter referred to as the Authority, is pleased to present its Financial Report for the years ended December 31, 2022 and 2021, developed in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). We encourage readers to consider the information presented on pages 4 to 10 in conjunction with the Authority's financial statements (presented on pages 11 to 13) to enhance their understanding of the Authority's financial performance.

Responsibility and Controls

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on the recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an on-going basis by the Authority's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Audit Committee of the Authority's Board of Directors is comprised of members of the Board who are not employees and who provide a broad overview of management's financial reporting and control functions. Periodically, this Committee meets with management and the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls, and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the net position, results of operations, and cash flows of the Authority in conformity with U.S. GAAP.

Audit Assurance

The unmodified (i.e., clean) opinion of our independent external auditors, BST & Co. CPAs, LLP, is included on pages 1 through 3 of this report.

Financial Highlights

This section presents management's discussion and analysis of the Authority's financial condition and activities for the year ended December 31, 2022. This information should be read in conjunction with the financial statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Financial Highlights - Continued

The year 2022 marked another active year for the Authority. The Authority continued the growth of its redevelopment investments and activities within its statutory service area, and management believes the Authority's financial position remains very strong. Following are some of the highlights:

- Total operating revenues increased by 10.5% from the prior year, primarily reflecting increases in sales tax revenue as a result of the economic recovery after the COVID-19 pandemic, as well as an increase in administrative fees earned from its affiliation with local Industrial Development Agencies (IDA's).
- The Authority's sales tax revenues reached \$11.03 million, an increase from the \$10.30 million in 2021, primarily as a result of the economic recovery after the COVID-19 pandemic. The Authority's sales tax revenues in 2021 were 13.9% greater than sales tax revenues in 2020 as a result of the COVID-19 pandemic.
- Total operating expenses decreased to \$953 thousand in 2022, a 5.5% decrease from 2021 which had been 4.4% lower than 2020. Reductions are due primarily to decreased New York State & Local Retirement System and legal costs.
- Total assets were \$18.38 million at the end of 2022 and represents an increase of 12.2% from the prior year primarily because of the increase in outstanding grants receivable and cash and cash equivalents in comparison to 2021.
- Total liabilities decreased 8.7% to \$42.86 million primarily due to the repayment of the Authority's outstanding bonds payable, with no issuances of debt in 2022.
- Net project grants and expenditures were \$3.3 million in 2022 representing a decrease from \$4.8 million in 2021 and an increase from \$2.6 million in 2020.
- Undistributed project commitments approximated \$6.72 million at the end of 2022 as compared to \$2.25 million and \$2.00 million at the end of 2021 and 2020, respectively.

Required Financial Statements

The financial statements of the Authority report information about the Authority's use of accounting methods which are like those used by private sector companies. These statements offer short and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered its operating costs through its sales tax revenues.

Net position represents the accumulated earnings of the Authority, since inception, less project grants and expenses disbursed.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Required Financial Statements - Continued

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the overall change in cash during the reporting period.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Summary of Organization and Business

The Authority is a public benefit corporation created pursuant to Article 8, Title 28-B of the New York Public Authorities Law. The Authority was created to pursue a comprehensive, coordinated program of economic development activities in the Route 5 and Route 7 corridors of Schenectady County, New York, with special emphasis on the downtown region of the City of Schenectady, New York.

In creating the Authority, the New York State Legislature determined that its establishment was necessary to provide, within the Authority's statutorily described service district, for the economic prosperity, health, safety, and general welfare of the people of the State of New York, through the construction, development, and operation of infrastructure improvements and new facilities to redevelop an area characterized by deteriorated industrial and commercial structures, uncoordinated and incompatible commercial uses, inadequate public facilities, and substandard economic conditions. The Legislature declared the Authority to be performing an essential governmental function. Accordingly, the property, income, and operations of the Authority are exempt from taxation, assessments, special assessments, fees, and special *ad valorem* levies or assessments of any kind, whether state or local, upon or with respect to any property owned by the Authority, or under its jurisdiction, control, or supervision, or upon the uses thereof. Any fares, tolls, rentals, rates, charges, fees revenues, or other income by the Authority are likewise exempt from taxation.

The Authority is governed by a board of eleven members (the Board), all of whom are residents of Schenectady County and each of whom is appointed by majority vote of the Schenectady County Legislature. Two of the Board members are nominated by the City of Schenectady - one each upon the recommendation of the Mayor and the City Council; one member is nominated by each of three different townships within Schenectady County; one member is nominated upon the joint recommendation of the supervisors of two townships in Schenectady County; one member is nominated by the minority leader of the Schenectady County Legislature; two are nominated by the chairman of the Schenectady County Legislature; and two are nominated by joint recommendation of the Schenectady County Legislature. The Board conducts regular monthly meetings that are open to the public pursuant to Article 7 of the New York Public Officers Law, which is New York's version of an "open meetings" law.

The Authority's general purposes are to design, develop, plan, finance, create, site, construct, renovate, administer, operate, manage, and/or maintain buildings, parks, structures, and other facilities within its service district including, without limitation, industrial, manufacturing, entertainment, and infrastructure facilities, and business, commercial, retail, and government office buildings or space. To carry out its corporate purposes, the Authority is vested with and has broad powers, including the authority to borrow money, issue bonds, and enter into contracts and leases.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Summary of Organization and Business - Continued

The Authority is statutorily entitled to receive, for the period beginning September 1, 1998, and ending August 31, 2038, 70% of one-half of one percent of all sales and compensating use tax revenue received by Schenectady County, which may be used to support all of its statutorily authorized purposes and powers. The Authority has a limited obligation to return a portion of its sales tax revenues in the event such revenues exceed statutorily prescribed limits, which are a function of the Authority's current liabilities, reserve fund requirements, and anticipated project funding requirements.

Financial Analysis

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position

| | December 31, | | | | |
|---------------------------------------|------------------------|---------------|------------------------|---------------|------------------------|
| | 2022 | 2022 vs. 2021 | 2021 (Restated) | 2021 vs. 2020 | 2020 |
| ASSETS | | | | | |
| Current assets | \$ 13,140,982 | 25.4% | \$ 10,477,646 | 9.8% | \$ 9,542,338 |
| Noncurrent assets | 5,234,024 | -11.3% | 5,902,976 | -14.5% | 6,902,675 |
| Total assets | <u>18,375,006</u> | 12.2% | <u>16,380,622</u> | -0.4% | <u>16,445,013</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>909,754</u> | -20.9% | <u>1,149,713</u> | -4.5% | <u>1,203,482</u> |
| LIABILITIES | | | | | |
| Current liabilities | 5,471,666 | 7.1% | 5,106,932 | 8.9% | 4,691,108 |
| Noncurrent liabilities | 37,391,396 | -10.6% | 41,826,206 | -8.6% | 45,778,759 |
| Total liabilities | <u>42,863,062</u> | -8.7% | <u>46,933,138</u> | -7.0% | <u>50,469,867</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>367,522</u> | -6.6% | <u>393,655</u> | 2711.0% | <u>14,004</u> |
| NET POSITION | | | | | |
| Investment in capital assets | 9,419 | 214.0% | 3,000 | -69.5% | 9,833 |
| Restricted | 4,574,833 | 3.6% | 4,417,316 | -0.9% | 4,457,652 |
| Unrestricted deficit | <u>(28,530,076)</u> | -16.6% | <u>(34,216,774)</u> | -8.3% | <u>(37,302,861)</u> |
| Total net position | <u>\$ (23,945,824)</u> | -19.6% | <u>\$ (29,796,458)</u> | -9.3% | <u>\$ (32,835,376)</u> |

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Financial Analysis - Continued

Condensed Statements of Revenues, Expenses, and Changes in Net Position

| | Years Ended December 31, | | | | |
|--|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|
| | 2022 | 2022 vs. 2021 | 2021 (Restated) | 2021 vs. 2020 | 2020 |
| Sales tax revenue | \$ 11,030,765 | 7.1% | \$ 10,296,486 | 13.9% | \$ 9,037,850 |
| Other operating revenues | 606,674 | 160.7% | 232,740 | 40.5% | 165,655 |
| Total operating revenues | <u>11,637,439</u> | 10.5% | <u>10,529,226</u> | 14.4% | <u>9,203,505</u> |
| Depreciation | 55,483 | 0.0% | 55,501 | 748.6% | 6,540 |
| Other operating expenses | 897,888 | -5.8% | 953,218 | -9.1% | 1,048,587 |
| Total operating expenses | <u>953,371</u> | -5.5% | <u>1,008,719</u> | -4.4% | <u>1,055,127</u> |
| Net operating revenues | 10,684,068 | 12.2% | 9,520,507 | 16.8% | 8,148,378 |
| Non operating expenses, net | (1,518,437) | -8.5% | (1,659,142) | 129.7% | (722,292) |
| Increase in net position | 9,165,631 | 16.6% | 7,861,365 | 5.9% | 7,426,086 |
| NET POSITION, beginning of year | (29,796,458) | -9.3% | (32,835,376) | -12.8% | (37,659,366) |
| Project grants, net of project and grant revenues | (3,314,997) | -31.3% | (4,822,447) | 85.3% | (2,602,096) |
| NET POSITION, end of year | <u>\$ (23,945,824)</u> | -19.6% | <u>\$ (29,796,458)</u> | -9.3% | <u>\$ (32,835,376)</u> |

General Trends and Significant Events

During 2022, the pace of the Authority's redevelopment efforts throughout its statutorily-defined service district remained comparable to the activity of 2021. Management anticipates that the continuing recovery in the revitalized local economy will create new opportunities in the years ahead. In recognition of the continuing need to pursue such opportunities, in 2016, the County and State legislatures approved amending the Authority's enabling statute to increase its authority to issue bonds to \$100 million and extension of the sales tax through August 1, 2038.

Financial Condition

The overall financial position of the Authority remained strong at year-end. Current assets at year-end of 2022 were 71.5% of total assets as compared to 64.0% in 2021 and 58.0% in 2020. Total operating expenses in 2022 represented approximately 8.2% of total revenues, which were below total operating expenses of both 2021 and 2020.

Taxable sales have grown at an average annual rate of 2% to 3% for several decades and are expected to continue to do so in the years ahead. The Authority performs periodic internal cash flow projections to evaluate cash adequacy (particularly during the annual budget process) and to control operational expenses to meet the debt ratio coverage covenant in the Trust Indenture that governs operations and financial requirements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2022 and 2021

Long-Term Obligations

As of December 31, 2022, the Authority had \$39,405,000 in bonds outstanding related to seven separate general resolution bond issues in 2012, 2014, 2015, 2019 and 2020. The bonds mature in 2027, 2033, 2028, 2033 and 2038, respectively. Principal payments related to these bonds will total \$4,135,000 during the year ending December 31, 2023.

Final Comments

Under terms of the Trust Indenture, the Authority has agreed to maintain operating levels sufficient to produce net revenue for each year: (i) to pay Authority expenses; (ii) to pay debt service on outstanding bond obligations (or other parity debt); and (iii) to produce a debt service coverage ratio greater than or equal to 1.25 in each year.

Jayme Lahut, Executive Director since 1999, continues to serve in that capacity.

Contacting the Authority's Director of Finance

This financial report is intended to provide a general overview of the Authority's financial position and to illustrate the Authority's accountability for the revenue it receives. If you have any questions about this report or need additional financial information, please contact:

Schenectady Metroplex Development Authority's
Director of Finance
433 State Street
Schenectady, New York 12305
www.schenectadymetroplex.com

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Net Position

| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | December 31, | |
|--|----------------------|----------------------|
| | 2022 | 2021 (Restated) |
| CURRENT ASSETS | | |
| Cash and cash equivalents, unrestricted | \$ 6,496,237 | \$ 4,164,115 |
| Cash and cash equivalents, restricted | 17,883 | 18,832 |
| Sales tax receivable | 3,984,511 | 4,246,071 |
| Current installments of loans receivable, net | 278,934 | 396,095 |
| Grants receivable | 522,582 | - |
| Other receivables | 41,955 | 922 |
| Investment reserves, restricted | 1,711,549 | 1,587,795 |
| Prepaid expenses | 87,331 | 63,816 |
| Total current assets | 13,140,982 | 10,477,646 |
| NONCURRENT ASSETS | | |
| Loans receivable, less current installments, net | 1,833,698 | 2,595,853 |
| Note receivable | 250,000 | 250,000 |
| Net pension asset | 105,854 | - |
| Investment reserves, restricted | 2,863,284 | 2,829,521 |
| Capital assets, net | 181,188 | 227,602 |
| Total noncurrent assets | 5,234,024 | 5,902,976 |
| Total assets | 18,375,006 | 16,380,622 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on bond refunding | 686,436 | 833,569 |
| Deferred outflows related to net pension liability | 223,318 | 316,144 |
| Total deferred outflows of resources | 909,754 | 1,149,713 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 19,284,760 | \$ 17,530,335 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Current installments of bonds payable | \$ 4,135,000 | \$ 3,590,000 |
| Accounts payable and accrued expenses | 402,238 | 536,168 |
| Accrued interest | 618,067 | 668,674 |
| Due to the County of Schenectady, current portion | 71,391 | 68,324 |
| Premium on bonds, net of amortization, current portion | 172,101 | 172,101 |
| Lease liability | 54,986 | 52,833 |
| Escrow payable | 17,883 | 18,832 |
| Total current liabilities | 5,471,666 | 5,106,932 |
| NONCURRENT LIABILITIES | | |
| Bonds payable, less current installments | 35,270,000 | 39,405,000 |
| Net pension liability | - | 1,332 |
| Due to the County of Schenectady, less current portion | 319,092 | 390,483 |
| Lease liability, less current portion | 116,783 | 171,769 |
| Premium on bonds, net of amortization, less current portion | 1,685,521 | 1,857,622 |
| Total noncurrent liabilities | 37,391,396 | 41,826,206 |
| Total liabilities | 42,863,062 | 46,933,138 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to net pension liability | 367,522 | 393,655 |
| NET POSITION | | |
| Investment in capital assets | 9,419 | 3,000 |
| Restricted | 4,574,833 | 4,417,316 |
| Unrestricted deficit | (28,530,076) | (34,216,774) |
| Total net position | (23,945,824) | (29,796,458) |
| TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | \$ 19,284,760 | \$ 17,530,335 |

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Revenues, Expenses, and Changes in Net Position

| | Years Ended December 31, | |
|--|--------------------------|------------------------|
| | 2022 | 2021 (Restated) |
| OPERATING REVENUES | | |
| Sales tax revenues | \$ 11,030,765 | \$ 10,296,486 |
| Other income | 606,674 | 232,740 |
| | 11,637,439 | 10,529,226 |
| OPERATING EXPENSES | | |
| Payroll | 487,943 | 452,690 |
| Payroll taxes | 58,322 | 56,991 |
| Pension plan | 11,964 | 58,000 |
| Health insurance | 76,616 | 85,629 |
| Accounting | 75,350 | 72,800 |
| Advertising | 11,338 | 15,870 |
| Consulting | 10,400 | 7,333 |
| Depreciation | 55,483 | 55,501 |
| Dues and subscriptions | 9,288 | 4,901 |
| Conference and training | 2,680 | - |
| Insurance | 69,625 | 65,187 |
| Legal | 11,566 | 13,365 |
| Repairs and maintenance | 14,311 | 9,911 |
| Resource data | 26,321 | 55,574 |
| Utilities | 18,462 | 18,082 |
| Other operating expenses | 13,702 | 36,885 |
| | 953,371 | 1,008,719 |
| Net operating revenues | 10,684,068 | 9,520,507 |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 99,194 | 68,922 |
| Interest expense, net | (1,605,977) | (1,743,085) |
| Debt service fees | (17,409) | (13,342) |
| Miscellaneous income | 5,755 | 28,363 |
| | (1,518,437) | (1,659,142) |
| Change in net position | 9,165,631 | 7,861,365 |
| NET POSITION, <i>beginning of year, as restated</i> | (29,796,458) | (32,835,376) |
| Project grants and expenditures, net of project revenues | (3,314,997) | (4,822,447) |
| NET POSITION, <i>end of year</i> | \$ (23,945,824) | \$ (29,796,458) |

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Cash Flows

| | Years Ended December 31, | |
|---|--------------------------|----------------------|
| | 2022 | 2021 (Restated) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Cash received from sales tax revenues | \$ 11,250,403 | \$ 10,613,861 |
| Cash received from other sources | 78,337 | 1,212,740 |
| Cash paid to suppliers and other vendors | (286,558) | (298,678) |
| Repayment of loans receivable | 885,071 | 870,106 |
| Cash paid for salaries | (487,943) | (452,690) |
| Cash paid for employee benefits | (146,902) | (200,620) |
| | 11,292,408 | 11,744,719 |
| CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES | | |
| Debt service fees | (17,409) | (13,342) |
| Repayments of bond principal | (3,590,000) | (3,480,000) |
| Repayment of amounts due to the County of Schenectady | (68,324) | (65,388) |
| Interest paid | (1,656,584) | (1,666,540) |
| | (5,332,317) | (5,225,270) |
| CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Repayment of lease liability | (52,833) | (52,454) |
| Purchase of office furniture and equipment | (9,069) | (6,125) |
| | (61,902) | (58,579) |
| CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| Proceeds from restricted investment reserves | (157,517) | (67,659) |
| Investment earnings received | 99,194 | 79,173 |
| Miscellaneous earnings received | 5,755 | 28,363 |
| Project grants and expenditures paid, net of project and grant revenues received | (3,514,448) | (4,249,838) |
| | (3,567,016) | (4,209,961) |
| Net increase in cash and cash equivalents | 2,331,173 | 2,250,909 |
| CASH AND CASH EQUIVALENTS, <i>beginning of year</i> | 4,182,947 | 1,932,038 |
| CASH AND CASH EQUIVALENTS, <i>end of year</i> | \$ 6,514,120 | \$ 4,182,947 |
| RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Net operating revenues | \$ 10,684,068 | \$ 9,520,507 |
| Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities | | |
| Depreciation | 55,483 | 55,501 |
| Change in loans receivable | 878,427 | 869,217 |
| Change in sales tax receivable | 261,560 | 235,239 |
| Change in grants receivable | (522,582) | 980,000 |
| Change in other receivables | (41,033) | 86,604 |
| Change in prepaid expenses | (23,515) | (2,349) |
| | \$ 11,292,408 | \$ 11,744,719 |

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

On June 30, 1998, the Public Authorities Law and the Executive Law of the State of New York were amended to allow for the establishment of the Schenectady Metroplex Development Authority (Authority) as a public benefit corporation, and to amend the tax law in relation to authorizing additional sales and compensating use taxes in Schenectady County (County). The amended laws (Laws of New York, 1998; Chapter 124, Article 8, Title 28-B) allowed for collection of additional sales and compensating use taxes to begin on September 1, 1998, and to end on August 31, 2033. On May 31, 2016, the amended laws extended the collection of additional sales and compensating use taxes to August 31, 2038. The Schenectady Metroplex Development Authority Act (Act) was created by the New York State Legislature with powers to provide the State of New York and the County with the capability to effectively and efficiently develop, renovate, and optimize the economic and social activities of the Route 5 and Route 7 corridors of the County. The Authority began operations as a component unit of Schenectady County, New York, on January 1, 1999.

The Authority is governed by a Board of eleven members who are residents of the County and are appointed by a majority vote of the County Legislature.

b. Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows and inflows of resources associated with the operations are included on the statements of net position.

Net position is segregated into restricted and unrestricted components, as follows:

- Investment in capital assets consists of capital assets, net of accumulated depreciation.
- Restricted net position has external constraints placed on use.
- Unrestricted net position (deficit) consists of assets, liabilities, and deferred outflows and inflows that do not meet the definition of "net investment in capital assets" or "restricted net position."

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues include sales tax revenue and other revenues collected based on the services provided by the Authority. Operating expenses include the costs associated with carrying out the economic development activities of the Authority and providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Project grants and expenditures, net of project and grant revenues, are reported as a direct adjustment to net position.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Sales Tax Revenues

Pursuant to Subdivision (C) of Section 1210 (C) of the tax law, the County dedicates one-half of one percent of County sales and compensating use tax on all sales and compensating uses taxable pursuant to Article 29 of the tax law, beginning on September 1, 1998, and ending on August 31, 2038, and annually deposits such net collections received there from in the Schenectady Metroplex Development Authority Support Fund, held by the County. Beginning January 1, 1999, and then quarterly thereafter, the County transfers 70% of net collections received from the one-half of one percent to the Authority. The remaining 30% is transferred by the County to the Schenectady County real property tax abatement and economic development fund.

e. Fair Value Measurements

The Authority reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date (Note 7).

f. Cash and Cash Equivalents

- Cash and cash equivalents include amounts in short-term investments with a maturity date of three months or less from the date of purchase, whether unrestricted or restricted.
- Restricted cash and cash equivalents consist of escrow deposits held on account of others for the payment of future obligations and funds held from the issuance of bonds.
- Unrestricted and restricted cash and cash equivalents are either adequately insured by the Federal Deposit Insurance Corporation or collateralized by securities held by the pledging bank's trust department in the Authority's name or U.S. Government and/or federal agency securities held by the Trustee.

g. Investment Reserves

New York State statutes authorize the Authority to invest in certificates of deposit, obligations of New York State and its localities, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. Investment Reserves - Continued

For the years ended December 31, 2022 and 2021, the Authority's investments are composed of mutual funds that are compliant with Securities and Exchange Commission Rule 2a-7. The Authority's mutual fund investments have a AAA credit rating from Standard and Poor's and Moody's.

To mitigate custodial credit risk, all of the Authority's investments are held in its own name. The purpose of these investment reserves is described in Note 6.

h. Receivables

Sales tax receivable consists of amounts due from the County from the sales and compensating use tax collections plus interest thereon and amounts due from other entities. Receivables of \$3,984,511 and \$4,246,071, based in part on estimates by management, are being held by the County in the Schenectady Metroplex Development Authority Support Fund but have not yet been transferred to the Authority as of December 31, 2022 and 2021, respectively.

Loans and notes receivable are carried at the original loan amount less payments of principal received and an allowance for estimated uncollectible balances. Accrued interest income is reported for loan interest earned but not received at year end. As of December 31, 2022, and 2021, the Authority has an allowance of \$3,015,132 and \$3,020,888, respectively, for loans and notes receivable.

Other than the allowance described above, management considers all other receivables to be fully collectible. If, in the future, management determines that amounts may be uncollectible, the other receivables will be written off or an allowance will be established, and operations will be charged when that determination is made.

In addition, at times the Authority may receive grants from outside parties. Grants receivable totaling \$522,582 were outstanding at December 31, 2022. There were no grant receivables at December 31, 2021. Management considers grants receivable to be fully collectible.

i. Capital Assets

Capital assets are reported at cost, net of accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$500 to analyze expenditures for capitalization. When capital assets are retired or disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited to operations.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized over the shorter of the life of the asset or the life of the lease with amortization being included in depreciation expense. The estimated useful life for office furniture and equipment, and leasehold improvements ranges from three to five years.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements

December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Capital Assets - Continued

The Authority evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both: (a) the decline in service utility of the capital asset is large in magnitude; and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2022 and 2021.

j. Tax Status

The Authority is exempt from federal income taxes under Section 115 of the Internal Revenue Code and is also exempt from New York State income taxes.

k. Parking Operations

In prior years, the Authority participated in projects to enhance parking opportunities within the City of Schenectady (City). The projects consisted of various City-owned lots and garages, some of which required significant renovations. The City became unable to provide sufficient resources for the capital improvements and maintenance costs associated with the projects and transferred title of several parking lots and a garage to the Authority in 2004. The Authority has and continues to operate the projects at a net loss as part of its revitalization mission. Accordingly, the parking rates charged by the Authority are not designed to recoup operating costs or fund future capital projects. The Authority's ability to dispose of the projects is restricted due to discounted multi-year parking arrangements with the State of New York and other organizations. Due to the financial constraints and the Authority's intent to manage the projects as an economic incentive activity rather than an operational enterprise activity, project costs are reported to project grants and expenditures, net of project and grant revenues as incurred.

l. Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position in connection with the changes in the net pension liability (asset) that will be amortized into pension expense over time, as further described in Note 11. The Authority also reports deferred outflows of resources for deferred loss on a bond refunding, as further described in Note 5.

m. Pensions

The Authority is a participating employer of the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple-employer, public employee defined benefit retirement system. The impact on the Authority's financial position and results of operations due to its participation in the System is more fully described in Note 11.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

n. Prior Period Restatement

During the year ended December 31, 2022, the Authority adopted provisions of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about a governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset for obligations that are fixed in nature. The adoption of this statement required the Authority to restate its 2021 statement of net position and statement of revenues, expenses, and changes in net position as follows:

| | As Previously Stated | Adoption of GASB 87 | As Restated |
|---|-------------------------|------------------------|--------------|
| <i>Statement of Net Position</i> | | | |
| Capital assets, net | \$ 9,721 | \$ 217,881 | \$ 227,602 |
| Lease liability | - | 224,602 | 224,602 |
| Net position | (29,789,737) | (6,721) | (29,796,458) |
| <i>Statement of Revenues, Expenses, and Changes in Net Position</i> | | | |
| Rent | 48,875 | (48,875) | - |
| Depreciation | 6,237 | 49,264 | 55,501 |
| Interest expense, net | 1,736,753 | 6,332 | 1,743,085 |

o. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 22, 2023, the date the financial statements were available to be issued.

Note 2 - Loans Receivable

A summary of the Authority's loans receivable is as follows:

| | December 31, | |
|---|--------------|--------------|
| | 2022 | 2021 |
| Loans receivable (a) (b) | \$ 5,127,765 | \$ 6,012,836 |
| Less allowance | 3,015,132 | 3,020,888 |
| Less current installments | 278,934 | 396,095 |
| Loans receivable, less current installments | \$ 1,833,698 | \$ 2,595,853 |

- (a) All of the loans include collateral which is specific to each loan. The collateral may include real property, liens on furniture, fixtures and equipment, assignments of rents, and personal guarantees of the project owners.
- (b) The loans include terms which vary with each loan. Maturity periods vary up to a maximum of 20 years. The latest maturity date is October 2035. Interest rates vary from 0% to 5%. Required monthly payments range from \$938 to \$8,772.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 2 - Loans Receivable - Continued

A summary of changes in gross loans receivable during the year ended December 31, 2022 is as follows:

| | |
|-------------------------------------|---------------------|
| Loans receivable, January 1, 2022 | \$ 6,012,836 |
| Less: principal repayments | <u>(885,071)</u> |
| Loans receivable, December 31, 2022 | <u>\$ 5,127,765</u> |

A summary of changes in gross loans receivable during the year ended December 31, 2021 is as follows:

| | |
|-------------------------------------|---------------------|
| Loans receivable, January 1, 2021 | \$ 7,317,626 |
| Less: loans written off | (434,684) |
| Less: principal repayments | <u>(870,106)</u> |
| Loans receivable, December 31, 2021 | <u>\$ 6,012,836</u> |

Interest earnings on loans receivable were \$38,838 and \$67,279 for the years ended December 31, 2022 and 2021, respectively, and are included in investment earnings within these financial statements.

Note 3 - Note Receivable

During December 2008, the Authority transferred real property and a note receivable for \$250,000 from Grupo Lucano, LLC to Bombers Real Estate, LLC. As consideration, the Authority received a 20-year unsecured note receivable with no interest. The entire principal balance of the note is due December 2028, or upon sale of the property.

Note 4 - Capital Assets

Capital assets are summarized as follows:

| | January 1, 2022 (Restated) | Additions | Dispositions | December 31, 2022 |
|--------------------------------|----------------------------------|--------------------|--------------|----------------------|
| Office furniture and equipment | \$ 107,347 | \$ 9,069 | \$ - | \$ 116,416 |
| Leased assets | 267,145 | - | - | 267,145 |
| Leasehold improvements | <u>17,198</u> | <u>-</u> | <u>-</u> | <u>17,198</u> |
| | 391,690 | 9,069 | - | 400,759 |
| Accumulated depreciation | <u>(164,088)</u> | <u>(55,483)</u> | <u>-</u> | <u>(219,571)</u> |
| | <u>\$ 227,602</u> | <u>\$ (46,414)</u> | <u>\$ -</u> | <u>\$ 181,188</u> |

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2022 and 2021

Note 4 - Capital Assets - Continued

| | January 1, 2021 (Restated) | Additions (Restated) | Dispositions | December 31, 2021 (Restated) |
|--------------------------------|----------------------------------|-------------------------|--------------|------------------------------------|
| Office furniture and equipment | \$ 119,192 | \$ 6,125 | \$ (17,970) | \$ 107,347 |
| Leased assets | 267,145 | - | - | 267,145 |
| Leasehold improvements | 17,198 | - | - | 17,198 |
| | 403,535 | 6,125 | (17,970) | 391,690 |
| Accumulated depreciation | (126,557) | (55,501) | 17,970 | (164,088) |
| | \$ 276,978 | \$ (49,376) | \$ - | \$ 227,602 |

Note 5 - Deferred Outflows: Deferred Loss on Bond Refunding

The Authority issued General Resolution Refunding Bonds Series 2012, Series 2015 and Series 2020 during the years ended December 31, 2012, 2015 and 2020, respectively. The Authority's deposits into the respective Series Refunding Escrow accounts exceeded the net carrying value of each of the refunded bonds. This excess resulted in deferred outflows. The deferred outflows are being amortized using the straight-line method over the remaining life of the defeased bonds.

Future amortization of these deferred outflows is summarized as follows:

| | |
|----------------------------------|------------|
| For the year ending December 31, | |
| 2023 | \$ 147,147 |
| 2024 | 130,740 |
| 2025 | 97,922 |
| 2026 | 97,922 |
| 2027 | 97,922 |
| 2028 through 2032 | 95,711 |
| Thereafter | 19,072 |
| | \$ 686,436 |

Note 6 - Bonds Payable, Net

During August 2012, the Authority issued \$13,240,000 of General Resolution Refunding Bonds to provide resources to purchase U.S. Government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$13,610,000 of the 2001A and 2004A General Resolution Bonds. The General Resolution Bonds, 2001A were fully redeemed in 2012 and the General Resolution Bonds, 2004A were fully redeemed in 2013. This advance refunding was undertaken to reduce total debt service payments by \$491,973 with an estimated present value savings of \$844,244. The 2012 General Resolution Refunding Bonds were issued at a premium of \$967,200, which is amortized over the life of the bonds on a straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2012. Accumulated amortization expense was \$660,920 and \$596,440 at December 31, 2022 and 2021, respectively. The terms of the 2012 General Resolution Refunding Bonds include interest at rates ranging from 3.00% to 5.00% during the life of the bonds, payable March 15 and September 15 of each year. The 2012 General Resolution Refunding Bonds include annual principal payments ranging from \$290,000 to \$1,125,000 and mature September 15, 2027.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2022 and 2021

Note 6 - Bonds Payable, Net - Continued

During January 2014, the Authority issued \$10,030,000 of General Resolution Bonds, Series 2014A, and \$7,440,000 of General Resolution Bonds, Series 2014B, to fund certain commercial real estate developments within the Authority's service district approved by the Authority's Board of Directors and refund Bond Anticipation Notes outstanding. The terms of the Series 2014A General Resolution Bonds include interest at rates ranging from 3.50% to 5.00% during the life of the bonds, payable on February 1 and August 1 of each year. The Series 2014A General Resolution Bonds were issued at a premium of \$513,848, which is amortized over the life of the bonds on a straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2014. Accumulated amortization expense was \$234,152 and \$208,136 at December 31, 2022 and 2021, respectively. No principal payments are required on the Series 2014A General Resolution Bonds until December 2024, at which time the annual principal payments range from \$100,000 to \$1,335,000. The Series 2014A General Resolutions Bond mature on December 31, 2033. The terms of the 2014B General Resolution Bonds include interest at rates ranging from 0.979% to 4.588% during the life of the bonds, payable on February 1 and August 1 of each year. The Series 2014B General Resolution Bonds include annual principal payments ranging from \$675,000 to \$845,000 and mature on August 1, 2033.

During May 2015, the Authority issued \$20,380,000 of General Resolution Refunding Bonds to provide resources to purchase U.S. Government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$19,250,000 of the 2005A, 2005B, and 2006 General Resolution Bonds. This advance refunding was undertaken to reduce total debt service payments by \$2,477,146, with an estimated present value of savings of \$1,935,889. The terms of the 2015 General Resolution Refunding Bonds include interest at rates ranging from 0.450% to 3.934% during the life of the bonds, payable February 1 and August 1 of each year. The General Resolution Refunding Bonds include annual principal payments ranging from \$710,000 to \$1,880,000 and mature August 1, 2028.

During December 2019, the Authority issued \$4,850,000 of General Resolution Refunding Bonds (Federally Taxable) to provide resources to purchase U.S. Government, state, and local government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$4,530,000 of the 2010A and 2010B General Resolution Bonds. This advance refunding was undertaken to reduce total debt service payments by \$1,137,363, with an estimated present value of savings of \$900,378. The terms of the 2020 General Resolution Refunding Bonds includes interest at rates ranging from 1.970% to 3.20% during the life of the bonds, payable February 1 and August 1 of each year. The bonds include annual principal payments ranging from \$125,000 to \$435,000 and mature August 1, 2033.

During December 2020, the Authority issued \$6,335,000 of General Resolution Bonds, Series 2020A, and \$1,705,000 of General Resolution Bonds, Series 2020B (Federally Taxable) to repay the 2019A and 2019B Bond Anticipation Notes and to finance certain development and parking projects within the Authority's service district. The Series 2020A bonds include interest at a rate of 4.00% during the life of the bonds, payable on February 1 and August 1 of each year. The Series 2020A bonds were issued at a premium of \$1,434,859, which is to be amortized using the straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2021. Accumulated amortization expense was \$162,435 and \$81,608 at December 31, 2022 and 2021, respectively. No principal payments are required on the Series 2020A General Resolution Bonds until August 2027, at which time the annual principal payments range from \$365,000 to \$655,000. The Series 2020A General Resolution Bonds mature on August 1, 2038. The Series 2020B General Resolution Bonds include interest at rates ranging from 1.166% to 1.979% during the life of the bonds, payable on February 1 and August 1 of each year. No principal payments are required on the Series 2020B General Resolution Bonds until August 2023, at which time the annual principal payments range from \$60,000 to \$420,000. The Series 2020B General Resolution Bonds mature on August 1, 2027.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2022 and 2021

Note 6 - Bonds Payable, Net - Continued

All current holders of the Authority's bonds have been provided with a direct pledge of future sales tax revenues to ensure full repayment of outstanding bond balances.

A summary of the Authority's bonds payable is as follows:

| | December 31, | |
|--|---------------|---------------|
| | 2022 | 2021 |
| General Resolution Refunding Bonds, Series 2012 | \$ 5,280,000 | \$ 6,210,000 |
| General Resolution Bonds, Series 2014A | 10,030,000 | 10,030,000 |
| General Resolution Bonds, Series 2014B | 1,625,000 | 2,435,000 |
| General Resolution Refunding Bonds, Series 2015 | 10,340,000 | 11,870,000 |
| General Resolution Refunding Bonds, Series 2019 | 4,090,000 | 4,410,000 |
| General Resolution Refunding Bonds, Series 2020A | 6,335,000 | 6,335,000 |
| General Resolution Refunding Bonds, Series 2020B | 1,705,000 | 1,705,000 |
| Bonds payable, end of year | \$ 39,405,000 | \$ 42,995,000 |

A summary of bond transactions is as follows:

| | December 31, | |
|---|---------------|---------------|
| | 2022 | 2021 |
| Bonds payable, <i>beginning of year</i> | \$ 42,995,000 | \$ 46,475,000 |
| Principal payments | (3,590,000) | (3,480,000) |
| Bonds payable, <i>end of year</i> | \$ 39,405,000 | \$ 42,995,000 |

A summary of future principal payments and interest payments on the bonds is as follows:

| | December 31, | |
|---|---------------|---------------|
| | 2022 | 2021 |
| Bonds payable, <i>beginning of year</i> | \$ 42,995,000 | \$ 46,475,000 |
| Principal payments | (3,590,000) | (3,480,000) |
| Bonds payable, <i>end of year</i> | \$ 39,405,000 | \$ 42,995,000 |

Interest expense, net of amortization of bond premium, deferred loss on refunding and lease liability for the years ended December 31, 2022 and 2021 was \$1,606,531 and \$1,734,030, respectively. Interest paid during the years ended December 31, 2022 and 2021 totaled \$1,656,504 and \$1,670,126, respectively.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2022 and 2021

Note 6 - Bonds Payable, Net - Continued

As required by the bond documents, the Authority is required to establish and maintain certain reserves for the benefit of the bondholders. Reserves reported within the Debt Service Fund are maintained for debt service payments during the upcoming year, while reserves reported within the Debt Service Reserve Fund are maintained for periods extending beyond one year. These reserves are held in trust by M&T Investment Group and are reported at fair value as follows:

| | December 31, | |
|---------------------------------|---------------------|---------------------|
| | 2022 | 2021 |
| Investment reserves, restricted | | |
| Debt Service Reserve Fund | \$ 2,863,286 | \$ 2,829,521 |
| Debt Service Fund | 1,711,547 | 1,587,795 |
| | <u>\$ 4,574,833</u> | <u>\$ 4,417,316</u> |

Note 7 - Fair Value Measurements

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted process that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value at December 31, 2022 and 2021:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Authority are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Authority are deemed to be actively traded.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2022 and 2021

Note 7 - Fair Value Measurements - Continued

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy, the major categories of the Authority's investments measured at fair value:

| | December 31, 2022 | | | |
|--------------|-------------------|---------|---------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 4,574,833 | \$ - | \$ - | \$ 4,574,833 |
| | December 31, 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds | \$ 4,417,316 | \$ - | \$ - | \$ 4,417,316 |

Note 8 - Due to the County of Schenectady

During October 2006, the Authority was informed by Schenectady County that excessive sales and use tax collections were erroneously remitted to the Authority for periods prior to December 31, 2005. The Authority has agreed with the County's findings and has entered into a repayment agreement with the County to repay \$1,193,076 of excess sales tax revenues over a twenty-one-year period with interest at 4.49%. The agreement expires in 2027.

A summary of future principal and estimated interest payments on the amounts due to the County is as follows:

| | Principal | Interest | Total |
|----------------------------------|------------|-----------|------------|
| For the year ending December 31, | | | |
| 2023 | \$ 71,391 | \$ 17,533 | \$ 88,924 |
| 2024 | 74,597 | 14,327 | 88,924 |
| 2025 | 77,946 | 10,978 | 88,924 |
| 2026 | 81,446 | 7,478 | 88,924 |
| 2027 | 85,103 | 3,821 | 88,924 |
| | \$ 390,483 | \$ 54,137 | \$ 444,620 |

Interest expense for the years ended December 31, 2022 and 2021 was \$19,322 and \$22,439, respectively. Interest paid during the years ended December 31, 2022 and 2021 totaled \$19,013 and \$23,537, respectively.

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Notes to Financial Statements December 31, 2022 and 2021

Note 9 - Project Grants and Commitments

Project grants distributed and expenditures incurred, net of project and grant revenues, during the years ended December 31, 2022 and 2021, and unspent project commitments at December 31, 2022 were as follows:

| | Project Grants and Expenditures 2022 | Unspent Project Commitments at December 31, 2022 | Project Grants and Expenditures 2021 |
|-------------------------------------|---|--|---|
| Affinity Group Relocation | \$ 8,900 | \$ 101,100 | \$ - |
| All in Printing & Designs | 7,250 | 4,750 | - |
| Armory Studios | 325,000 | - | - |
| Ambition Coffee & Eatery Renovation | - | - | 33,000 |
| Back Barn Brewing | - | - | 3,599 |
| Barrett Street Sidewalk | - | 285,000 | - |
| Bear & Bird Boutique | 2,500 | - | - |
| BelGioioso Cheese | 46,694 | - | 175 |
| Best Companies Renovation | 5,425 | 184,575 | - |
| b. inspired Home Décor | - | - | 20,000 |
| Bobby's Auto Service Site Cleanup | - | - | 68,786 |
| Bountiful Bread | - | - | 67,100 |
| Center City Rehab | - | - | 2,000 |
| Centre Street Lofts | - | - | 68,000 |
| Charles G. Burch Supply | 95,075 | - | 1,040 |
| C.O.C.O.A. House | - | 57,500 | - |
| Columbia Altamont - 1925 Curry | - | - | 3,525 |
| Costumer Expansion | 33,333 | 37,323 | 144,344 |
| Coyne Laundry Demolition | 56,720 | - | - |
| 727 Crane Street Façade | 15,000 | - | - |
| 810 Crane Street Façade | - | 53,000 | - |
| 815 Crane Street Façade | 15,225 | 12,275 | - |
| 822 Crane Street | - | - | 8,971 |
| 869 Crane Street Façade | - | 52,500 | - |
| 925 Crane Street Façade | - | 17,255 | - |
| 935 Crane Street Façade | 35,245 | 17,255 | - |
| 944 Crane Street Façade | 470 | - | 19,712 |
| 1671 Union Street Façade | - | 75,000 | - |
| Discover Schenectady | 30,000 | - | - |
| Docks at Mohawk Harbor | 275 | 79,725 | - |
| Downtown Ambassador Program | 66,051 | 50,949 | 38,500 |
| Downtown Fix-up Project #4 | 78,818 | 2,432 | 68,750 |
| Downtown Lighting | 47,062 | 22,938 | - |
| DSIC | 166,998 | 499,174 | 300,828 |
| 133 Edison Ave. | - | 5,000 | - |
| 140 Clinton Street Façade | 83,662 | - | - |
| Film Schenectady Marketing | - | - | 60,000 |
| First Principles Technology | 17,189 | 16,604 | 54,207 |
| Friends of SCPL | 20,000 | - | - |
| FW Webb Company | 500 | 29,500 | - |
| 426 Franklin Street | - | - | 180,000 |

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Notes to Financial Statements December 31, 2022 and 2021

Note 9 - Project Grants and Commitments - Continued

| | Project Grants and Expenditures 2022 | Unspent Project Commitments at December 31, 2022 | Project Grants and Expenditures 2021 |
|--|---|--|---|
| 53 Freemans Bridge Road | 50,000 | - | 1,975 |
| Garage Stairwell | - | 49,329 | 404,571 |
| Gazette Press Building | 10,301 | - | 15,229 |
| General Electric | 3,856 | - | - |
| Green Shein Paint | 75,000 | - | - |
| Habitat for Humanity | 28,093 | - | - |
| 2309 Guilderland Avenue | - | - | 16,830 |
| Hillside View | 26,064 | 137,184 | 1,399 |
| Homchand "Ramesh" and Radica Doodnauth | - | 9,050 | - |
| HP-You, LLC | - | - | 30,000 |
| 100 & 104 Jay Street | 5,813 | 44,187 | - |
| 116 Jay Street | 890 | 64,110 | - |
| 125 Jay Street Façade | 32,500 | - | - |
| 128-136 Jay Street | 5,000 | - | - |
| Live In Schenectady | 150 | 108,237 | - |
| Lower State Street Parking Project | 184,695 | 170,735 | 398,489 |
| Marcella Distribution | 700 | - | - |
| Maxon Alco SMRT Study | - | - | 12,320 |
| Media Well Done Rent Allocation | - | - | 5,141 |
| Metroplex Garage Stairwell | 71,461 | - | - |
| Miracle on Craig Street | - | 179,876 | - |
| Mohawk Harbor Townhouse Project | 1,700 | - | - |
| Momentive HQ | 2,175 | 997,825 | - |
| Niskayuna Plaza | 167,903 | 297,097 | - |
| Orion Boutique | - | - | 25,000 |
| P1 Ventures | - | - | 76,075 |
| Parking Investment | 183,793 | 11,207 | - |
| Parking Program | 1,415,012 | - | 1,025,822 |
| Passport Downtown Parking Project | 25,103 | - | 25,103 |
| Pedestrian Safety and Crosswalk | - | 309,650 | 350 |
| Purchase Adirondack Trailways | 114 | - | 391,812 |
| R.A.D. Soap Co. | 95,000 | 19,375 | 625 |
| Reserve at Towpath Trail | - | - | 2,516 |
| River Rink at Mohawk Harbor | 60,000 | - | - |
| S Church Street Renewal | 605,651 | 27,455 | 1,027,341 |
| SI Group Relocation | 1,550 | 335,450 | - |
| State St Theatre Reno | 3,909 | 1,896,091 | - |
| Swift Building | 45,648 | 16,852 | - |
| 354 Broadway | 50 | 49,950 | - |
| 13 State Street, LLC | 14,635 | - | - |
| 401 State Street | - | - | 99,100 |
| 500 State Street | 21,975 | - | 3,025 |
| 501 State Street | 9,555 | 15,352 | - |
| Take Two Café | - | - | 6,000 |
| Thompson & Johnson Equipment Co., Inc. | 700 | - | - |
| Trustco Renovation | - | - | 100,000 |

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Notes to Financial Statements December 31, 2022 and 2021

Note 9 - Project Grants and Commitments - Continued

| | Project Grants and Expenditures 2022 | Unspent Project Commitments at December 31, 2022 | Project Grants and Expenditures 2021 |
|--|---|--|---|
| 53 Freemans Bridge Road | 50,000 | - | 1,975 |
| Garage Stairwell | - | 49,329 | 404,571 |
| Gazette Press Building | 10,301 | - | 15,229 |
| General Electric | 3,856 | - | - |
| Green Shein Paint | 75,000 | - | - |
| Habitat for Humanity | 28,093 | - | - |
| 2309 Guilderland Avenue | - | - | 16,830 |
| Hillside View | 26,064 | 137,184 | 1,399 |
| Homchand "Ramesh" and Radica Doodnauth | - | 9,050 | - |
| HP-You, LLC | - | - | 30,000 |
| 100 & 104 Jay Street | 5,813 | 44,187 | - |
| 116 Jay Street | 890 | 64,110 | - |
| 125 Jay Street Façade | 32,500 | - | - |
| 128-136 Jay Street | 5,000 | - | - |
| Live In Schenectady | 150 | 108,237 | - |
| Lower State Street Parking Project | 184,695 | 170,735 | 398,489 |
| Marcella Distribution | 700 | - | - |
| Maxon Alco SMRT Study | - | - | 12,320 |
| Media Well Done Rent Allocation | - | - | 5,141 |
| Metroplex Garage Stairwell | 71,461 | - | - |
| Miracle on Craig Street | - | 179,876 | - |
| Mohawk Harbor Townhouse Project | 1,700 | - | - |
| Momentive HQ | 2,175 | 997,825 | - |
| Niskayuna Plaza | 167,903 | 297,097 | - |
| Orion Boutique | - | - | 25,000 |
| P1 Ventures | - | - | 76,075 |
| Parking Investment | 183,793 | 11,207 | - |
| Parking Program | 1,415,012 | - | 1,025,822 |
| Passport Downtown Parking Project | 25,103 | - | 25,103 |
| Pedestrian Safety and Crosswalk | - | 309,650 | 350 |
| Purchase Adirondack Trailways | 114 | - | 391,812 |
| R.A.D. Soap Co. | 95,000 | 19,375 | 625 |
| Reserve at Towpath Trail | - | - | 2,516 |
| River Rink at Mohawk Harbor | 60,000 | - | - |
| S Church Street Renewal | 605,651 | 27,455 | 1,027,341 |
| SI Group Relocation | 1,550 | 335,450 | - |
| State St Theatre Reno | 3,909 | 1,896,091 | - |
| Swift Building | 45,648 | 16,852 | - |
| 354 Broadway | 50 | 49,950 | - |
| 13 State Street, LLC | 14,635 | - | - |
| 401 State Street | - | - | 99,100 |
| 500 State Street | 21,975 | - | 3,025 |
| 501 State Street | 9,555 | 15,352 | - |
| Take Two Café | - | - | 6,000 |
| Thompson & Johnson Equipment Co., Inc. | 700 | - | - |
| Trustco Renovation | - | - | 100,000 * |

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Notes to Financial Statements December 31, 2022 and 2021

Note 9 - Project Grants and Commitments - Continued

| | Project Grants and Expenditures 2022 | Unspent Project Commitments at December 31, 2022 | Project Grants and Expenditures 2021 |
|--|---|--|---|
| Upgrade Security Cameras | - | - | 35,000 |
| Upstate Bakeries Project | - | 75,000 | - |
| Van Vrankin Demo | 2,625 | 207,375 | - |
| Weigh Station Restoration | - | 92,127 | - |
| Allowance for loans receivable | - | - | 434,685 |
| Professional services and predevelopment costs (a) | 373,887 | - | 234,869 |
| | 4,682,900 | \$ 6,721,413 (b) | 5,515,814 |
| Project revenue | (1,367,903) | | (693,367) |
| | \$ 3,314,997 | | \$ 4,822,447 |

- (a) Professional services and predevelopment costs represent costs incurred by the Authority during the review and planning phase of the project approval process. In addition, at times, certain professional fees are incurred by the Authority in connection with approved projects. These costs are not included in the approved grant amount.
- (b) Unspent project commitments are subject to meeting project requirements prior to the Authority's release of the funds.

Note 10 - Net Position

The Authority has reported a deficit in its net position as of December 31, 2022 and 2021. This deficit is the result of cumulative project grants and expenditures in excess of net revenues. Funding for these expenditures was mostly provided by proceeds of the Authority's bond obligations which will be repaid over the statutory life of the Authority from future sales tax revenues. Current holders of the Authority's bonds have been provided with a direct pledge of these future sales tax revenues to ensure full repayment of existing obligations, and the Authority has established conservative guidelines under its General Bond Resolution that preclude further borrowings unless repayment capacity can be demonstrated.

Note 11 - New York State and Local Employees' Retirement System

a. Plan Description

The Authority participates in the System, 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 Fund (Fund), 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 (Comptroller) serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct state-wide election and serves a four-year term. System benefits are established under the provisions 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.

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Notes to Financial Statements December 31, 2022 and 2021

Note 11 - New York State and Local Employees' Retirement System

a. Plan Description - Continued

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/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

b. Contributions

Employees in Tier I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all members are vested when they reach five years of service credit. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The Authority's contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

| | | |
|------|----|--------|
| 2022 | \$ | 47,823 |
| 2021 | | 65,814 |
| 2020 | | 66,368 |

c. Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022 and 2021, the Authority reported an asset and a liability of \$105,854 and \$1,332, respectively, for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset/liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022 and 2021, the Authority's proportion was 0.0012949% and 0.0013378%, respectively.

For the years ended December 31, 2022 and 2021, the Authority recognized pension expense of \$25,324 and \$55,756, respectively. At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | December 31, 2022 | | December 31, 2021 | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 8,016 | \$ 10,398 | \$ 16,269 | \$ - |
| Changes in assumptions | 176,658 | 2,981 | 244,930 | 4,619 |
| Net differences between projected and actual investment earnings on pension plan investments | - | 346,626 | - | 382,658 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 38,644 | 7,517 | 54,945 | 6,378 |
| Total | \$ 223,318 | \$ 367,522 | \$ 316,144 | \$ 393,655 |

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Notes to Financial Statements December 31, 2022 and 2021

Note 11 - New York State and Local Employees' Retirement System

c. Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2022 related to pensions will be recognized as an adjustment to the net pension asset/liability as follows:

| | |
|----------------------------------|--------------|
| For the year ending December 31, | |
| 2023 | \$ (12,716) |
| 2024 | (30,364) |
| 2025 | (82,888) |
| 2026 | (18,236) |
| | <hr/> |
| | \$ (144,204) |

d. Actuarial Assumptions

The total pension liability at March 31, 2022 and 2021 was determined by using an actuarial valuation as of April 1, 2021 and 2020, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2022 and 2021. The actuarial valuation used the following actuarial assumptions, which were consistent from year to year:

| | |
|--|--|
| Actuarial Cost Method | Entry age normal |
| Inflation Rate | 2.50% (2022), 2.70% (2021) |
| Salary Scale | 4.50% (2022), 4.40% (2021) |
| Investment Rate of Return, Including Inflation | 5.90% compounded annually, net of expenses |
| Cost of Living Adjustment | 1.30% (2022), 1.40% (2021) |
| Decrement | |
| 2022 | Based on FY 2016 - 2020 experience |
| 2021 | Based on FY 2015 - 2020 experience |
| Mortality improvement | Society of Actuaries' Scale MP-2020 |

The long-term expected 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Notes to Financial Statements December 31, 2022 and 2021

Note 11 - New York State and Local Employees' Retirement System - Continued

e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

| Asset Type | Target Allocation | Long-Term Expected Real Rate |
|--|-------------------|------------------------------|
| Domestic equity | 32.00% | 3.30% |
| International equity | 15.00% | 5.85% |
| Private equity | 10.00% | 6.50% |
| Real estate | 9.00% | 5.00% |
| Opportunistic portfolio and absolute return strategies | 3.00% | 4.10% |
| Credit | 4.00% | 3.78% |
| Real assets | 3.00% | 5.58% |
| Fixed income | 23.00% | 0.00% |
| Cash | 1.00% | -1.00% |
| | 100.00% | |

f. Discount Rate

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

g. Sensitivity of the Proportionate Share of the Net Pension Liability/Asset to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension asset as of December 31, 2022 calculated using the discount rate of 5.90%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|--|-----------------------|-------------------------------|-----------------------|
| Authority's proportionate share of the net pension liability (asset) | \$ 272,466 | \$ (105,854) | \$ (422,300) |

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Notes to Financial Statements December 31, 2022 and 2021

Note 11 - New York State and Local Employees' Retirement System - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the New York State and Local Employees' Retirement System as of March 31, 2022 and 2021 were as follows (amounts in thousands):

| | March 31, | |
|---|----------------|----------------|
| | 2022 | 2021 |
| Employers' total pension liability | \$ 223,874,888 | \$ 220,680,157 |
| Plan net position | (232,049,473) | (220,580,583) |
| Employers' net pension liability (asset) | \$ (8,174,585) | \$ 99,574 |
| Ratio of plan net position to the employers' total pension liability | 103.65% | 99.95% |

Note 12 - Leases

The Authority has a lease agreement with an independent third party for use of its office space. Monthly payments range from \$4,073 to \$5,071 over the term of the lease, including interest at a rate of 4%. The lease commenced effective January 1, 2021 and expires December 31, 2025. A summary of future principal and interest payments on the lease is as follows:

| | Principal | Interest | Total |
|----------------------------------|------------|-----------|------------|
| For the year ending December 31, | | | |
| 2023 | \$ 54,986 | \$ 5,870 | \$ 60,856 |
| 2024 | 57,226 | 3,630 | 60,856 |
| 2025 | 59,557 | 1,298 | 60,855 |
| | \$ 171,769 | \$ 10,798 | \$ 182,567 |

Note 13 - Commitments, Contingencies, Risks, and Uncertainties

a. Bonds and Notes

The Authority has the ability to issue bonds, notes, or other obligations to pay for the cost of any project. As more fully described in the Act, the principal amount of such outstanding obligations may not exceed \$100,000,000. At December 31, 2022, the Authority had issued a total of \$81,845,000 in bonds. There were \$39,405,000 and \$42,995,000 of outstanding obligations, related to its General Resolution Bonds described in Note 6 at December 31, 2022 and 2021, respectively.

b. Employment Agreement

The Authority has entered into a contract with its Executive Director which states that the Executive Director shall receive severance pay equal to 50% of his annual salary upon termination.

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Notes to Financial Statements December 31, 2022 and 2021

Note 13 - Commitments, Contingencies, Risks, and Uncertainties - Continued

c. Return of Revenues

In the event that the sales tax revenues the Authority receives from Schenectady County exceed its current liabilities by more than 10% at the end of its year, after a lawful deposit in its reserve fund of not less than 5% of its revenues, and after a lawful deposit into its construction and development account in the amount necessary to provide payment for the anticipated projects of the next year, then the Authority must return to the County 75% of such surplus amount.

During the years ended December 31, 2022 and 2021, the Authority recognized sales tax revenues of \$11,030,765 and \$10,296,486, respectively. As of December 31, 2022 and 2021, the Authority had outstanding project and loan commitments totaling \$6,717,369 and \$2,254,177, respectively, which the Authority has authorized to be distributed in the next year. The Authority also had current liabilities of \$5,471,666 and \$5,106,932 at December 31, 2022 and 2021, respectively, payable during 2022 and 2023, respectively.

As of December 31, 2022, the Authority was not obligated to return revenues to the County, other than those described in Note 8.

d. Litigation Claims

The Authority is involved in an action for alleged breach of contract relating to the development of a property. In management's and counsel's opinion, if the action moves forward, the Authority has numerous strong defenses. Management and counsel are unable to predict any final outcome.

The Authority is involved in several claims from outside parties. Either no formal action has commenced as a result of these claims or they are in the discovery stage, and the claims are being reviewed by management and counsel for merit. As a result, management and counsel cannot render an opinion on the merits of the claims or their potential effects, if any, on the financial position of the Authority as of the date of this report. However remote, if any damages were ultimately awarded to plaintiffs that are attributed to the Authority, those damages would be covered by the Authority's insurance policies.

No adjustments have been made to the financial statements related to these claims.

e. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

f. Custodial Credit Risk

Investment reserves are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held either by: (a) the counterparty; or (b) the counterparty's trust department or agent but not in the government's name. All of the Authority's investments are held under its name with the trustee.

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Notes to Financial Statements

December 31, 2022 and 2021

Note 13 - Commitments, Contingencies, Risks, and Uncertainties - Continued

g. Fair Value of Investments

The Authority invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented

The Authority has not yet implemented the following accounting pronouncements:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a government or nongovernment entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator to require to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

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Notes to Financial Statements December 31, 2022 and 2021

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements

December 31, 2022 and 2021

Note 14 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has not yet estimated the potential impact of these statements on the Authority's financial statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Required Supplementary Information - Schedule of the Local Government's Proportionate Share of the Net Pension Liability/Asset

| | December 31, | | | | | | | |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Authority's proportion of the net pension liability (asset) | 0.0012949% | 0.0013378% | 0.0011149% | 0.0012862% | 0.0011964% | 0.0011767% | 0.0012218% | 0.0121940% |
| Authority's proportionate share of the net pension liability (asset) | \$ (105,854) | \$ 1,332 | \$ 295,229 | \$ 91,134 | \$ 38,612 | \$ 110,567 | \$ 196,107 | \$ 41,194 |
| Authority's covered-employee payroll | \$ 456,553 | \$ 455,078 | \$ 471,269 | \$ 451,887 | \$ 526,087 | \$ 513,214 | \$ 476,888 | \$ 464,911 |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -23.19% | 0.29% | 62.65% | 20.17% | 7.34% | 21.54% | 41.12% | 8.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.95% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Required Supplementary Information Schedule of Local Government Pension Contributions Years Ended December 31

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 47,823 | \$ 65,814 | \$ 66,368 | \$ 61,341 | \$ 71,891 | \$ 77,422 | \$ 72,842 | \$ 84,368 | \$ 96,359 | \$ 87,189 |
| Contributions in relation to the contractually required contribution | 47,823 | 65,814 | 66,368 | 61,341 | 71,891 | 77,422 | 72,842 | 84,368 | 96,359 | 87,189 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Authority's covered-employee payroll | 456,553 | 455,078 | 471,269 | 451,887 | 526,087 | 513,214 | 476,888 | 464,911 | 464,775 | 392,040 |
| Contributions as a percentage of covered-employee payroll | 10.47% | 14.46% | 14.08% | 13.57% | 13.67% | 15.09% | 15.27% | 18.15% | 20.73% | 22.24% |

See Independent Auditor's Report.



**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 of Directors
Schenectady Metroplex Development Authority
Schenectady, New York

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 Schenectady Metroplex Development Authority (Authority) (a component unit of Schenectady County, New York), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of 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 Authority'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 financial statements. 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.

BST+Co.CPAs, LLP

Latham, New York
March 22, 2023

