



(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2023 and 2022

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 audits 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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 14, 2024 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 14, 2024



Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2023 and 2022

The Schenectady Metroplex Development Authority, hereafter referred to as the Authority, is pleased to present its Financial Report for the years ended December 31, 2023 and 2022, 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, 2023. This information should be read in conjunction with the financial statements.

Schenectady Metroplex Development Authority

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Management's Discussion and Analysis December 31, 2023 and 2022

Financial Highlights - Continued

The year 2023 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 7.2% from the prior year, primarily reflecting increases in sales tax revenue.
- The Authority's sales tax revenues reached \$12.05 million, an increase from the \$11.03 million in 2022. The Authority's sales tax revenues in 2022 were 7.1% greater than sales tax revenues in 2021 as a result of the COVID-19 pandemic.
- Total operating expenses increased to \$1.17 million in 2023, a 22.4% increase from 2022 which had been 5.5% lower than 2021. Increases are due primarily to increased New York State & Local Retirement System and certain consulting and resource data fees.
- Total assets were \$17.29 million at the end of 2023 and represents a decrease of 5.9% from the prior year primarily because of the decrease in outstanding grants receivable and cash and cash equivalents in comparison to 2022.
- Total liabilities decreased 9.6% to \$38.77 million primarily due to the repayment of the Authority's outstanding bonds payable.
- Net project grants and expenditures were \$7.29 million in 2023 representing an increase from \$3.31 million in 2022 and \$4.82 million in 2021.
- Undistributed project commitments approximated \$7.50 million at the end of 2023 as compared to \$6.72 million and \$2.25 million at the end of 2022 and 2021, 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

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Management's Discussion and Analysis December 31, 2023 and 2022

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.

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Management's Discussion and Analysis December 31, 2023 and 2022

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,				
	2023	2023 vs. 2022	2022	2022 vs. 2021	2021
ASSETS					
Current assets	\$ 12,508,421	-4.8%	\$ 13,140,982	25.4%	\$ 10,477,646
Noncurrent assets	4,786,248	-8.6%	5,234,024	-11.3%	5,902,976
Total assets	<u>17,294,669</u>	-5.9%	<u>18,375,006</u>	12.2%	<u>16,380,622</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>700,072</u>	-23.0%	<u>909,754</u>	-20.9%	<u>1,149,713</u>
LIABILITIES					
Current liabilities	5,965,079	9.0%	5,471,666	7.1%	5,106,932
Noncurrent liabilities	32,801,670	-12.3%	37,391,396	-10.6%	41,826,206
Total liabilities	<u>38,766,749</u>	-9.6%	<u>42,863,062</u>	-8.7%	<u>46,933,138</u>
DEFERRED INFLOWS OF RESOURCES	<u>177,704</u>	-51.6%	<u>367,522</u>	-6.6%	<u>393,655</u>
NET POSITION					
Investment in capital assets	10,014	6.3%	9,419	214.0%	3,000
Restricted	4,771,724	4.3%	4,574,833	3.6%	4,417,316
Unrestricted deficit	<u>(25,731,450)</u>	-9.8%	<u>(28,530,076)</u>	-16.6%	<u>(34,216,774)</u>
Total net position	<u>\$ (20,949,712)</u>	-12.5%	<u>\$ (23,945,824)</u>	-19.6%	<u>\$ (29,796,458)</u>

Schenectady Metroplex Development Authority

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Management's Discussion and Analysis December 31, 2023 and 2022

Financial Analysis - Continued

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

	Years Ended December 31,				
	2023	2023 vs. 2022	2022	2022 vs. 2021	2021
Sales tax revenue	\$ 12,050,364	9.2%	\$ 11,030,765	7.1%	\$ 10,296,486
Other operating revenues	423,699	-30.2%	606,674	160.7%	232,740
Total operating revenues	<u>12,474,063</u>	7.2%	<u>11,637,439</u>	10.5%	<u>10,529,226</u>
Depreciation	58,549	5.5%	55,483	0.0%	55,501
Other operating expenses	1,108,844	23.5%	897,888	-5.8%	953,218
Total operating expenses	<u>1,167,393</u>	22.4%	<u>953,371</u>	-5.5%	<u>1,008,719</u>
Net operating revenues	11,306,670	5.8%	10,684,068	12.2%	9,520,507
Non operating expenses, net	<u>(1,017,189)</u>	-33.0%	<u>(1,518,437)</u>	-8.5%	<u>(1,659,142)</u>
Increase in net position	10,289,481	12.3%	9,165,631	16.6%	7,861,365
NET POSITION, beginning of year	(23,945,824)	-19.6%	(29,796,458)	-9.3%	(32,835,376)
Project grants, net of project and grant revenues	<u>(7,293,369)</u>	120.0%	<u>(3,314,997)</u>	-31.3%	<u>(4,822,447)</u>
NET POSITION, end of year	<u>\$ (20,949,712)</u>	-12.5%	<u>\$ (23,945,824)</u>	-19.6%	<u>\$ (29,796,458)</u>

General Trends and Significant Events

During 2023, the pace of the Authority's redevelopment efforts throughout its statutorily-defined service district remained comparable to the activity of 2022. 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 2023 were 72.3% of total assets as compared to 71.5% in 2022 and 64.0% in 2021. Total operating expenses in 2023 represented approximately 9.4% of total revenues.

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

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Management's Discussion and Analysis December 31, 2023 and 2022

Long-Term Obligations

As of December 31, 2023, the Authority had \$34,260,000 in bonds outstanding related to seven separate general resolution bond issues in 2012, 2014, 2015, 2019, 2020 and 2023. The bonds mature in 2027, 2024, 2028, 2033, 2038 and 2033, respectively. Principal payments related to these bonds will total \$4,180,000 during the year ending December 31, 2024.

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.

David Hogenkamp, Executive Director, began serving as the Authority's Executive Director in 2023.

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,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 5,016,895	\$ 6,496,237
Cash and cash equivalents, restricted	18,746	17,883
Sales tax receivable	5,170,478	3,984,511
Current installments of loans receivable, net	294,186	278,934
Current installments of lease receivable	3,391	-
Grants receivable	-	522,582
Other receivables	21,159	41,955
Investment reserves, restricted	1,918,304	1,711,549
Prepaid expenses	65,262	87,331
Total current assets	12,508,421	13,140,982
NONCURRENT ASSETS		
Loans receivable, less current installments, net	1,536,803	1,833,698
Lease receivable, less current installments	19,228	-
Note receivable	250,000	250,000
Net pension asset	-	105,854
Investment reserves, restricted	2,853,420	2,863,284
Capital assets, net	126,797	181,188
Total noncurrent assets	4,786,248	5,234,024
Total assets	17,294,669	18,375,006
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	539,303	686,436
Deferred outflows related to net pension liability	160,769	223,318
Total deferred outflows of resources	700,072	909,754
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,994,741	\$ 19,284,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current installments of bonds payable	\$ 4,180,000	\$ 4,135,000
Accounts payable and accrued expenses	1,026,536	402,238
Accrued interest	537,873	618,067
Due to the County of Schenectady, current portion	-	71,391
Premium on bonds, net of amortization, current portion	145,698	172,101
Lease liability	57,226	54,986
Escrow payable	17,746	17,883
Total current liabilities	5,965,079	5,471,666
NONCURRENT LIABILITIES		
Bonds payable, less current installments	30,080,000	35,270,000
Net pension liability	215,463	-
Due to the County of Schenectady, less current portion	-	319,092
Lease liability, less current portion	59,557	116,783
Premium on bonds, net of amortization, less current portion	2,446,650	1,685,521
Total noncurrent liabilities	32,801,670	37,391,396
Total liabilities	38,766,749	42,863,062
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	129,583	-
Lease receivable	22,619	-
Deferred inflows related to net pension liability	25,502	367,522
Total deferred inflows of resources	177,704	367,522
NET POSITION		
Investment in capital assets	10,014	9,419
Restricted	4,771,724	4,574,833
Unrestricted deficit	(25,731,450)	(28,530,076)
Total net position	(20,949,712)	(23,945,824)
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 17,994,741	\$ 19,284,760

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,	
	2023	2022
OPERATING REVENUES		
Sales tax revenues	\$ 12,050,364	\$ 11,030,765
Other income	423,699	606,674
	12,474,063	11,637,439
OPERATING EXPENSES		
Payroll	539,154	487,943
Payroll taxes	61,832	58,322
Pension plan	95,611	11,964
Health insurance	84,476	76,616
Accounting	78,450	75,350
Advertising	12,696	11,338
Consulting	32,250	10,400
Depreciation	58,549	55,483
Dues and subscriptions	6,060	9,288
Conference and training	325	2,680
Insurance	75,072	69,625
Legal	20,415	11,566
Repairs and maintenance	14,674	14,311
Resource data	56,486	26,321
Utilities	16,571	18,462
Other operating expenses	14,772	13,702
	1,167,393	953,371
Net operating revenues	11,306,670	10,684,068
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	333,963	99,194
Interest expense, net	(1,297,970)	(1,605,977)
Debt service fees	(10,513)	(17,409)
Debt cost of issuance	(160,423)	-
Miscellaneous income	117,754	5,755
	(1,017,189)	(1,518,437)
Change in net position	10,289,481	9,165,631
NET POSITION, <i>beginning of year</i>	(23,945,824)	(29,796,458)
Project grants and expenditures, net of project revenues	(7,293,369)	(3,314,997)
NET POSITION, <i>end of year</i>	\$ (20,949,712)	\$ (23,945,824)

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Statements of Cash Flows

	Years Ended December 31,	
	2023	2022
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from sales tax revenues	\$ 10,885,193	\$11,250,403
Cash received from other sources	946,281	78,337
Cash paid to suppliers and other vendors	(305,702)	(286,558)
Repayment of loans receivable	267,221	885,071
Cash paid for salaries	(539,154)	(487,943)
Cash paid for employee benefits	(241,919)	(146,902)
	11,011,920	11,292,408
CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES		
Debt service fees	(10,513)	(17,409)
Bond issuance costs	(160,423)	-
Repayments of bond principal	(4,135,000)	(3,590,000)
Repayment of amounts due to the County of Schenectady	(390,483)	(68,324)
Interest paid	(1,378,164)	(1,656,584)
	(6,074,583)	(5,332,317)
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of lease liability	(54,986)	(52,833)
Purchase of office furniture and equipment	(4,158)	(9,069)
	(59,144)	(61,902)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from restricted investment reserves	(196,891)	(157,517)
Investment earnings received	333,963	99,194
Miscellaneous earnings received	117,754	5,755
Project grants and expenditures paid, net of project and grant revenues received	(6,611,498)	(3,514,448)
	(6,356,672)	(3,567,016)
Net increase (decrease) in cash and cash equivalents	(1,478,479)	2,331,173
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	6,514,120	4,182,947
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 5,035,641	\$ 6,514,120
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating revenues	\$ 11,306,670	\$ 10,684,068
Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities		
Depreciation	58,549	55,483
Change in loans receivable	267,221	878,427
Change in sales tax receivable	(1,185,967)	261,560
Change in grants receivable	522,582	(522,582)
Change in other receivables	20,796	(41,033)
Change in prepaid expenses	22,069	(23,515)
	\$ 11,011,920	\$ 11,292,408

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2023 and 2022

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 of resources and deferred 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 and lease liability.
- 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, 2023 and 2022

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 of resources and deferred 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

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Notes to Financial Statements December 31, 2023 and 2022

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

g. Investment Reserves - Continued

For the years ended December 31, 2023 and 2022, 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 \$5,170,478 and \$3,984,511, 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, 2023 and 2022, 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, 2023, and 2022, the Authority has an allowance of \$3,008,930 and \$3,015,132, 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. There were no grant receivables at December 31, 2023. Grants receivable totaling \$522,582 were outstanding at December 31, 2022.

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.

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Notes to Financial Statements December 31, 2023 and 2022

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, 2023 and 2022.

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 and deferred inflows of resources for deferred losses and gains, respectively, on bond refundings, as further described in Note 5; and deferred inflows relating to the lease receivable described in Note 12.

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

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Notes to Financial Statements December 31, 2023 and 2022

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

n. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 14, 2024, 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,	
	2023	2022
Loans receivable (a) (b)	\$ 4,839,919	\$ 5,127,765
Less allowance	3,008,930	3,015,133
Less current installments	294,186	278,934
Loans receivable, less current installments	<u>\$ 1,536,803</u>	<u>\$ 1,833,698</u>

(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.

A summary of changes in gross loans receivable during the year ended December 31, 2023 is as follows:

Loans receivable, January 1, 2023	\$ 5,127,765
Less: loans written off	(20,625)
Less: principal repayments	<u>(267,221)</u>
Loans receivable, December 31, 2023	<u>\$ 4,839,919</u>

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>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2023 and 2022

Note 2 - Loans Receivable - Continued

Interest earnings on loans receivable were \$15,528 and \$38,838 for the years ended December 31, 2023 and 2022, 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, 2023	Additions	Dispositions	December 31, 2023
Office furniture and equipment	\$ 116,416	\$ 4,158	\$ -	\$ 120,574
Leased assets	267,145	-	-	267,145
Leasehold improvements	17,198	-	-	17,198
	<u>400,759</u>	<u>4,158</u>	<u>-</u>	<u>404,917</u>
Accumulated depreciation	<u>(219,571)</u>	<u>(58,549)</u>	<u>-</u>	<u>(278,120)</u>
	<u>\$ 181,188</u>	<u>\$ (54,391)</u>	<u>\$ -</u>	<u>\$ 126,797</u>
	January 1, 2022	Additions	Dispositions	December 31, 2022
Office furniture and equipment	\$ 107,347	\$ 9,069	\$ -	\$ 116,416
Leased assets	267,145	-	-	267,145
Leasehold improvements	17,198	-	-	17,198
	<u>391,690</u>	<u>9,069</u>	<u>-</u>	<u>400,759</u>
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>

Note 5 - Deferred Losses and Gains on Refunding of Bonds

Deferred Losses

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 of resources. The deferred outflows of resources are being amortized using the straight-line method, which approximates the effective interest method, over the remaining life of the defeased bonds.

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Notes to Financial Statements December 31, 2023 and 2022

Note 5 - Deferred Losses and Gains on Refunding of Bonds - Continued

Deferred Losses - Continued

Future amortization of the deferred outflows of resources is summarized as follows:

For the year ending December 31,	
2024	\$ 130,740
2025	97,922
2026	97,922
2027	97,922
2028	19,142
2029 through 2033	95,655
	<hr/>
	\$ 539,303
	<hr/> <hr/>

Deferred Gains

The Authority issued General Resolution Refunding Bonds Series 2023 during the year ended December 31, 2023. The Authority's deposit into the Series Refunding Escrow account did not exceed the net carrying value of the refunded bond. This deficiency resulted in deferred inflows of resources. The deferred inflows of resources are being amortized using the effective interest method over the remaining life of the defeased bonds.

Future amortization of the deferred inflows of resources is summarized as follows:

For the year ending December 31,	
2024	\$ 20,493
2025	20,493
2026	18,630
2027	16,676
2028	14,632
2029 through 2033	38,659
	<hr/>
	\$ 129,583
	<hr/> <hr/>

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.

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Notes to Financial Statements December 31, 2023 and 2022

Note 6 - Bonds Payable, Net - Continued

Amortization of the premium began in 2012. Accumulated amortization expense was \$726,563 and \$660,920 at December 31, 2023 and 2022, 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.

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. During the year ended December 31, 2023, the Authority issued General Resolution Refunding Bonds Series 2023 to fully redeem the Series 2014A bonds. The General Resolution Bonds, Series 2014B mature in August 2024 at an interest rate of 4.588%.

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 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 \$243,655 and \$162,435 at December 31, 2023 and 2022, 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, 2023 and 2022

Note 6 - Bonds Payable, Net - Continued

During August 2023, the Authority issued \$17,470,000 of General Resolution Refunding Bonds Series 2023 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 \$10,030,000 of the Series 20014A General Resolution Bonds. The General Resolution Refunding Bonds Series 2023 were issued at a premium of \$1,160,507, which will be amortized on the effective interest method. This refunding was undertaken to reduce total debt service payments by \$1,540,116, with an estimated present value of savings of \$945,498. The terms of the General Resolution Refunding Bonds Series 2023 require principal payments ranging from \$820,000 to \$1,210,000 at an interest rate of 5.00% during the life of the bonds, payable August 1 2025 through 2033.

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,	
	2023	2022
General Resolution Refunding Bonds, Series 2012	\$ 4,300,000	\$ 5,280,000
General Resolution Bonds, Series 2014A	-	10,030,000
General Resolution Bonds, Series 2014B	780,000	1,625,000
General Resolution Refunding Bonds, Series 2015	8,760,000	10,340,000
General Resolution Refunding Bonds, Series 2019	3,765,000	4,090,000
General Resolution Refunding Bonds, Series 2020A	6,335,000	6,335,000
General Resolution Refunding Bonds, Series 2020B	1,300,000	1,705,000
General Resolution Refunding Bonds, Series 2023	9,020,000	-
	<u>\$ 34,260,000</u>	<u>\$ 39,405,000</u>

A summary of bond transactions is as follows:

	December 31,	
	2023	2022
Bonds payable, <i>beginning of year</i>	\$ 39,405,000	\$ 42,995,000
Bond issue	9,020,000	-
Principal payments	(4,135,000)	(3,590,000)
Refunding	(10,030,000)	-
	<u>\$ 34,260,000</u>	<u>\$ 39,405,000</u>

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2023 and 2022

Note 6 - Bonds Payable, Net - Continued

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

	Principal	Interest	Total
For the year ending December 31,			
2024	\$ 4,180,000	\$ 1,328,004	\$ 5,508,004
2025	4,325,000	1,192,469	5,517,469
2026	4,465,000	1,044,702	5,509,702
2027	4,610,000	886,082	5,496,082
2028	3,640,000	708,818	4,348,818
2029 through 2033	10,010,000	1,962,411	11,972,411
2034 through 2038	3,030,000	373,200	3,403,200
	\$ 34,260,000	\$ 7,495,686	\$ 41,755,686

Interest expense, net of amortization of bond premium, deferred losses, and gains on refunding of bonds, including interest incurred on amounts due to Schenectady County and the lease liability for the years ended December 31, 2023 and 2022 was \$1,299,887 and \$1,606,531, respectively. Interest paid during the years ended December 31, 2023 and 2022 totaled \$1,374,847 and \$1,656,504, respectively.

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,	
	2023	2022
Investment reserves, restricted		
Debt Service Reserve Fund	\$ 2,853,420	\$ 2,863,284
Debt Service Fund	1,918,304	1,711,549
	\$ 4,771,724	\$ 4,574,833

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;

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2023 and 2022

Note 7 - Fair Value Measurements - Continued

- 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, 2023 and 2022:

- 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.

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, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 4,771,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,771,724</u>

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 4,574,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,574,833</u>

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 agreed with the County's findings and entered into a repayment agreement with the County to repay \$1,193,076 of excess sales tax revenues in addition to interest at a rate of 4.49%. During the year ended December 31, 2023, the Authority paid the remaining principal balance in full.

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Notes to Financial Statements December 31, 2023 and 2022

Note 9 - Project Grants and Commitments

Project grants distributed and expenditures incurred, net of project and grant revenues, during the years ended December 31, 2023 and 2022, and unspent project commitments at December 31, 2023 were as follows:

	Project Grants and Expenditures 2023	Unspent Project Commitments at December 31, 2023	Project Grants and Expenditures 2022
Adirondack Beverages	\$ -	\$ 177,500	\$ -
Affinity Group Relocation	125,408	40,693	8,900
All in Printing & Designs	6,000	-	7,250
Armory Studios	-	-	325,000
Barrett Street Sidewalk	370,797	19,203	-
Bear & Bird Boutique	-	-	2,500
BelGioioso Cheese	-	-	46,694
Best Companies Renovation	6,000	178,575	5,425
Blockhouse Façade	176,300	13,700	-
Building 404	1,196	3,804	-
Cable Care Construction	1,040	3,960	-
CDTA Mobility Hub	60,000	-	-
Charles G. Burch Supply	-	-	95,075
Clinton North Parking	803,657	1,343	-
C.O.C.O.A. House	50,000	-	-
Costumer Expansion	33,333	-	33,333
Coyne Laundry Demolition	11,320	-	56,720
727 Crane Street Façade	-	-	15,000
810 Crane Street Façade	-	53,000	-
815 Crane Street Façade	4,703	7,572	15,225
869 Crane Street Façade	-	52,500	-
925 Crane Street Façade	-	30,500	-
935 Crane Street Façade	15,055	-	35,245
944 Crane Street Façade	-	-	470
1401 Union Street	-	97,500	-
1671 Union Street	75,000	-	-
Discover Schenectady	-	-	30,000
Docks at Mohawk Harbor	-	79,725	275
Downtown Ambassador Program	94,402	65,547	66,051
Downtown Fix-up Project #4	2,432	-	78,818
Downtown Fix-up Project #5	339,654	60,346	-
Downtown Lighting	67,663	-	47,062
Downtown Parking	29,689	225,586	-
DSIC	450,393	48,782	166,998
Duanesburg Fitness & Comm. Center	4,568	297,932	-
140 Clinton Street Façade	-	-	83,662
157 Clinton	-	20,000	-
Electric City Barn	68,851	1,149	-
First Principles Technology	16,879	-	17,189
Friends of SCPL	-	-	20,000
FW Webb Company	-	29,500	500
53 Freemans Bridge Road	-	-	50,000
Gazette Press Building	-	-	10,301
General Electric	-	-	3,856
General Electric Co. - Rotterdam	4,173	-	-

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2023 and 2022

Note 9 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2023	Unspent Project Commitments at December 31, 2023	Project Grants and Expenditures 2022
Green Shein Paint	-	-	75,000
Habitat for Humanity	-	-	28,093
Hillside View	-	67,184	26,064
ID Logistics US	251,170	-	-
Ironhorn Enterprises	-	205,000	-
Jay Square	516,620	11,025	-
Killeen Building Façade	90,505	31,995	-
100 & 104 Jay Street	15,340	28,847	5,813
116 Jay Street	60,130	28,980	890
125 Jay Street Façade	-	-	32,500
128-136 Jay Street	-	-	5,000
Live In Schenectady	-	108,237	150
Lower State Street Parking Project	-	-	184,695
Maple Ski Ridge	100,000	-	-
Marcella Distribution	-	-	700
Miracle on Craig Street	-	179,876	-
Metroplex Garage Stairwell	-	-	71,461
102 Mohawk Avenue	-	77,500	-
Mohawk Harbor Event Center	15,936	84,064	-
Mohawk Taproom Façade	70,553	-	-
Mohawk Harbor Townhouse Project	-	-	1,700
Momentive HQ	223,113	774,712	2,175
Mosiac Housing	12,062	517,938	-
MTX Group, Inc. Expansion	35,625	121,875	-
Mr. James Demolition	150,000	-	-
N. Center Street Sidewalk	-	114,000	-
Niskayuna Plaza	41,911	255,186	167,903
Old World Provisions	307,775	225	-
Parking Investment	34,221	-	183,793
Parking Program	1,327,179	-	1,415,012
Passport Downtown Parking Project	-	-	25,103
Pedestrian Safety and Crosswalk	-	309,650	-
Purchase Adirondack Trailways	-	-	114
R.A.D. Soap Co.	15,000	-	95,000
River Loop Trail	-	227,500	-
River Rink at Mohawk Harbor	-	-	60,000
Rocket Science Corp	-	5,000	-
S Church Street Renewal	2,000	-	605,651
S. Ferry Street	268,337	31,663	-
Schenectady Light Opera Company	13,545	52,455	-
Schenectady Trading Company	24,800	-	-
Shovel Ready Site	-	100,000	-
SI Group Relocation	325,000	-	1,550
SI Group Rotterdam Junction	5,011	-	-
Skyway Plaza Façade	95,000	-	-
Summit Avenue Redevelopment	-	5,000	-
267 State Street Reno	-	400,000	-
State St Theatre Reno	28,565	1,867,526	3,909

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Notes to Financial Statements December 31, 2023 and 2022

Note 9 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2023	Unspent Project Commitments at December 31, 2023	Project Grants and Expenditures 2022
Swift Building	4,352	-	45,648
354 Broadway	35,750	14,200	50
13 State Street, LLC	-	-	14,635
12 North Center Street	455	64,545	-
14 & 16-18 North Center Street	-	115,000	-
500 State Street	165,000	-	21,975
501 State Street	1,986	13,366	9,555
402-406 Hamilton Street	567,884	26,116	-
Thompson & Johnson Equipment Co., Inc.	-	53,000	700
Unbeetable	25,000	-	-
Upper Union Street	6,342	-	-
Van Vrankin Demo	202,533	4,842	2,625
Weigh Station Restoration	878	91,249	-
Professional services and predevelopment costs (a)	333,742	-	373,887
	8,191,833	\$ 7,496,173 (b)	4,682,900
Project revenue	(898,464)		(1,367,903)
	\$ 7,293,369		\$ 3,314,997

- (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, 2023 and 2022. 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.

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Notes to Financial Statements December 31, 2023 and 2022

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

a. Plan Description - Continued

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.

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:

2023	\$	55,746
2022		47,823
2021		65,814

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

At December 31, 2023 and 2022, the Authority reported a liability and an asset of \$215,463 and \$105,854, respectively, for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2023 and 2022, 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, 2023 and 2022, the Authority's proportion was 0.0010048% and 0.0012949%, respectively.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2023 and 2022

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

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

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of \$89,327 and \$25,324, respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2023		December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,948	\$ 6,051	\$ 8,016	\$ 10,398
Changes in assumptions	104,643	1,156	176,658	2,981
Net differences between projected and actual investment earnings on pension plan investments	-	1,266	-	346,626
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>33,178</u>	<u>17,029</u>	<u>38,644</u>	<u>7,517</u>
Total	<u>\$ 160,769</u>	<u>\$ 25,502</u>	<u>\$ 223,318</u>	<u>\$ 367,522</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2023 related to pensions will be recognized as a reduction to the net pension liability as follows:

For the year ending December 31,	
2024	\$ 36,799
2025	(4,271)
2026	44,364
2027	<u>58,375</u>
	<u>\$ 135,267</u>

d. Actuarial Assumptions

The total pension liability at March 31, 2023 and 2022 was determined by using an actuarial valuation as of April 1, 2022 and 2021, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2023 and 2022. The actuarial valuation used the following actuarial assumptions, which were consistent from year to year:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.90% (2023), 2.50% (2022)
Salary Scale	4.40% (2022), 4.50% (2022)
Investment Rate of Return, Including Inflation	5.90% compounded annually, net of expenses

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Notes to Financial Statements December 31, 2023 and 2022

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

d. Actuarial Assumptions - Continued

Cost of Living Adjustment	1.50% (2023), 1.30% (2022)
Decrement	Based on FY 2016 - 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.

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%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic portfolio and absolute return strategies	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	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.

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Notes to Financial Statements December 31, 2023 and 2022

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

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 liability as of December 31, 2023 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)	\$ 520,681	\$ 215,463	\$ (39,583)

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, 2023 and 2022 were as follows (amounts in thousands):

	March 31,	
	2023	2022
Employers' total pension liability	\$ 232,627,259	\$ 223,874,888
Plan net position	(211,183,223)	(232,049,473)
Employers' net pension liability (asset)	\$ 21,444,036	\$ (8,174,585)
Ratio of plan net position to the employers' total pension liability	90.78%	103.65%

Note 12 - Leases

Lessee

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,			
2024	\$ 57,226	\$ 3,630	\$ 60,856
2025	59,557	1,298	60,855
	\$ 116,783	\$ 4,928	\$ 121,711

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Notes to Financial Statements December 31, 2023 and 2022

Note 12 - Leases - Continued

Lessor

The Authority has a lease agreement with an independent third party for use certain parking spaces owned by the Authority. A summary of future minimum rental receivables and related interest under the lease agreement is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending December 31,			
2024	\$ 3,391	\$ 689	\$ 4,080
2025	5,156	821	5,977
2026	5,419	558	5,977
2027	5,697	280	5,977
2028	2,956	31	2,987
	<u>\$ 22,619</u>	<u>\$ 2,379</u>	<u>\$ 24,998</u>

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, 2023, the Authority had issued a total of \$90,865,000 in bonds. There were \$34,260,000 and \$39,405,000 of outstanding obligations, related to its General Resolution Bonds described in Note 6 at December 31, 2023 and 2022, respectively.

b. 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, 2023 and 2022, the Authority recognized sales tax revenues of \$12,050,364 and \$11,030,765, respectively. As of December 31, 2023 and 2022, the Authority had outstanding project and loan commitments totaling \$7,496,173 and \$6,721,413, respectively, which the Authority has authorized to be distributed in future years. The Authority also had current liabilities of \$5,965,079 and \$5,471,666 at December 31, 2023 and 2022, respectively, payable during 2022 and 2023, respectively.

As of December 31, 2023, the Authority was not obligated to return revenues to the County.

c. 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.

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Notes to Financial Statements December 31, 2023 and 2022

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

c. Litigation Claims - Continued

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.

d. 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.

e. 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.

f. 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. 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, 2023 and 2022

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.

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.

Schenectady Metroplex Development Authority

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Notes to Financial Statements

December 31, 2023 and 2022

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

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.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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

Schenectady Metroplex Development Authority

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset)	0.0010048%	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)	\$ 215,463	\$ (105,854)	\$ 1,332	\$ 295,229	\$ 91,134	\$ 38,612	\$ 110,567	\$ 196,107	\$ 41,194
Authority's covered-employee payroll	\$ 499,047	\$ 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	43.17%	-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%	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.

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

	<u>2023</u>	<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>
Contractually required contribution	\$ 55,746	\$ 47,823	\$ 65,814	\$ 66,368	\$ 61,341	\$ 71,891	\$ 77,422	\$ 72,842	\$ 84,368	\$ 96,359
Contributions in relation to the contractually required contribution	55,746	47,823	65,814	66,368	61,341	71,891	77,422	72,842	84,368	96,359
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	499,047	456,553	455,078	471,269	451,887	526,087	513,214	476,888	464,911	464,775
Contributions as a percentage of covered-employee payroll	11.17%	10.47%	14.46%	14.08%	13.57%	13.67%	15.09%	15.27%	18.15%	20.73%

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, 2023, 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 14, 2024.

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 14, 2024

