



(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2024 and 2023

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Financial Report

December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Schenectady Metroplex Development Authority

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, 2024 and 2023, 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, 2024 and 2023, 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 (*Government Auditing Standards*). 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 GAAS, 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 13, 2025 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 13, 2025



Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2024 and 2023

The Schenectady Metroplex Development Authority, hereafter referred to as the Authority, is pleased to present its Financial Report for the years ended December 31, 2024 and 2023, 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 3 to 7 in conjunction with the Authority's financial statements (presented on pages 8 to 10) 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 that its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing 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 (Board) is composed 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 that 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 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 to 2 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, 2024. 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, 2024 and 2023

Financial Highlights - Continued

The year 2024 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 that the Authority's financial position remains very strong. Following are some of the highlights:

- Total operating revenues remained steady from the prior year, decreasing approximately \$50,000.
- The Authority's sales tax revenues reached \$11.88 million, a decrease from \$12.05 million in 2023. The Authority's sales tax revenues in 2024 were 1.3% less than sales tax revenues in 2023.
- Total operating expenses increased to \$1.30 million in 2024, a 12.2% increase from 2023, which had been 22.4% lower than 2022. The increases are primarily due to increased health insurance rates and an increase in Authority personnel.
- Total assets and deferred outflows of resources were \$19.76 million at the end of 2024, which represents an increase of 9.8% from the prior year primarily as a result of an increase in cash and cash equivalents in comparison to 2023.
- Total liabilities and deferred inflows of resources decreased 10.13% to \$35.0 million primarily due to the repayment of the Authority's outstanding bonds payable.
- Net project grants and expenditures were \$4.78 million in 2024, representing a decrease from \$7.29 million in 2023.
- Undistributed project commitments approximated \$8.13 million at the end of 2024, as compared to \$7.50 million and \$6.72 million at the end of 2023 and 2022, 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-term 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.

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.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2024 and 2023

Required Financial Statements - Continued

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 11 members, 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.

The Authority is statutorily entitled to receive, for the period beginning on September 1, 1998 and ending on 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 that such revenues exceed statutorily prescribed limits, which are a function of the Authority's current liabilities, reserve fund requirements, and anticipated project funding requirements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Management's Discussion and Analysis December 31, 2024 and 2023

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,				
	2024	2024 vs. 2023	2023	2023 vs. 2022	2022
ASSETS					
Current assets	\$ 14,680,250	17.4%	\$ 12,508,421	-4.8%	\$ 13,140,982
Noncurrent assets	4,512,349	-5.7%	4,786,248	-8.6%	5,234,024
Total assets	<u>19,192,599</u>	11.0%	<u>17,294,669</u>	-5.9%	<u>18,375,006</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>568,642</u>	-18.8%	<u>700,072</u>	-23.0%	<u>909,754</u>
LIABILITIES					
Current liabilities	6,578,160	10.3%	5,965,079	9.0%	5,471,666
Noncurrent liabilities	28,194,472	-14.0%	32,801,670	-12.3%	37,391,396
Total liabilities	<u>34,772,632</u>	-10.3%	<u>38,766,749</u>	-9.6%	<u>42,863,062</u>
DEFERRED INFLOWS OF RESOURCES	<u>227,736</u>	28.2%	<u>177,704</u>	-51.6%	<u>367,522</u>
NET POSITION					
Investment in capital assets	8,142	-18.7%	10,014	6.3%	9,419
Restricted	4,694,649	-1.6%	4,771,724	4.3%	4,574,833
Unrestricted deficit	<u>(19,941,918)</u>	-22.5%	<u>(25,731,450)</u>	-9.8%	<u>(28,530,076)</u>
Total net position	<u>\$ (15,239,127)</u>	-27.3%	<u>\$ (20,949,712)</u>	-12.5%	<u>\$ (23,945,824)</u>

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

	Years Ended December 31,				
	2024	2024 vs. 2023	2023	2023 vs. 2022	2022
Sales tax revenue	\$ 11,888,882	-1.3%	\$ 12,050,364	9.2%	\$ 11,030,765
Other operating revenues	536,348	26.6%	423,699	-30.2%	606,674
Total operating revenues	<u>12,425,230</u>	-0.4%	<u>12,474,063</u>	7.2%	<u>11,637,439</u>
Depreciation	60,249	2.9%	58,549	5.5%	55,483
Other operating expenses	1,249,103	12.6%	1,108,844	23.5%	897,888
Total operating expenses	<u>1,309,352</u>	12.2%	<u>1,167,393</u>	22.4%	<u>953,371</u>
Net operating revenues	11,115,878	-1.7%	11,306,670	5.8%	10,684,068
Non operating expenses, net	<u>(621,548)</u>	-38.9%	<u>(1,017,189)</u>	-33.0%	<u>(1,518,437)</u>
Increase in net position	10,494,330	2.0%	10,289,481	12.3%	9,165,631
NET POSITION, beginning of year	(20,949,712)	-12.5%	(23,945,824)	-19.6%	(29,796,458)
Project grants, net of project and grant revenues	<u>(4,783,745)</u>	-34.4%	<u>(7,293,369)</u>	120.0%	<u>(3,314,997)</u>
NET POSITION, end of year	<u>\$ (15,239,127)</u>	-27.3%	<u>\$ (20,949,712)</u>	-12.5%	<u>\$ (23,945,824)</u>

Schenectady Metroplex Development Authority

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Management's Discussion and Analysis December 31, 2024 and 2023

General Trends and Significant Events

During 2024, the pace of the Authority's redevelopment efforts throughout its statutorily defined service district remained comparable to the activity of 2023. 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 Schenectady County and New York State legislatures approved amending the Authority's enabling statute to increase its authority to issue bonds to \$100 million and extend the sales tax through August 1, 2038.

Financial Condition

The overall financial position of the Authority remained strong at year-end. Current assets were 76.9% of total assets at year-end 2024, as compared to 72.3% in 2023 and 71.5% in 2022. Total operating expenses in 2024 represented approximately 10.5% 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.

Long-Term Obligations

As of December 31, 2024, the Authority had \$30,080,000 in bonds outstanding related to seven separate general resolution bond issues in 2012, 2015, 2019, 2020 and 2023. The bonds mature in 2027, 2028, 2033, 2038 and 2033, respectively. Principal payments related to these bonds will total \$4,180,000 during the year ending December 31, 2025.

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, the Authority's Executive Director, began serving in this role 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
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

	December 31,	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 6,009,792	\$ 5,016,895
Cash and cash equivalents, restricted	890,443	18,746
Sales tax receivable	5,256,883	5,170,478
Current installments of loans receivable, net	197,264	294,186
Current installments of lease receivable	5,199	3,391
Other receivables	370,422	21,159
Investment reserves, restricted	1,878,260	1,918,304
Prepaid expenses	71,987	65,262
Total current assets	14,680,250	12,508,421
NONCURRENT ASSETS		
Loans receivable, less current installments, net	1,364,573	1,536,803
Lease receivable, less current installments	13,688	19,228
Note receivable	250,000	250,000
Investment reserves, restricted	2,816,389	2,853,420
Capital assets, net	67,699	126,797
Total noncurrent assets	4,512,349	4,786,248
Total assets	19,192,599	17,294,669
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	408,578	539,303
Deferred outflows related to net pension liability	160,064	160,769
Total deferred outflows of resources	568,642	700,072
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,761,241	\$ 17,994,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current installments of bonds payable	\$ 4,325,000	\$ 4,180,000
Accounts payable and accrued expenses	639,742	1,026,536
Accrued interest	485,304	537,873
Premium on bonds, net of amortization, current portion	179,114	145,698
Lease liability	59,557	57,226
Escrow payable	889,443	17,746
Total current liabilities	6,578,160	5,965,079
NONCURRENT LIABILITIES		
Bonds payable, less current installments	25,755,000	30,080,000
Net pension liability	172,322	215,463
Lease liability, less current portion	-	59,557
Premium on bonds, net of amortization, less current portion	2,267,150	2,446,650
Total noncurrent liabilities	28,194,472	32,801,670
Total liabilities	34,772,632	38,766,749
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	109,090	129,583
Lease receivable	18,795	22,619
Deferred inflows related to net pension liability	99,851	25,502
Total deferred inflows of resources	227,736	177,704
NET POSITION		
Investment in capital assets	8,142	10,014
Restricted	4,694,649	4,771,724
Unrestricted deficit	(19,941,918)	(25,731,450)
Total net position	(15,239,127)	(20,949,712)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 19,761,241	\$ 17,994,741

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,	
	2024	2023
OPERATING REVENUES		
Sales tax revenues	\$ 11,888,882	\$ 12,050,364
Other income	536,348	423,699
	12,425,230	12,474,063
OPERATING EXPENSES		
Payroll	672,503	539,154
Payroll taxes	73,499	61,832
Pension plan	96,742	95,611
Health insurance	114,937	84,476
Accounting	63,650	78,450
Advertising	15,608	12,696
Consulting	10,225	32,250
Depreciation	60,249	58,549
Dues and subscriptions	7,244	6,060
Conference and training	1,355	325
Insurance	81,881	75,072
Legal	3,566	20,420
Repairs and maintenance	13,347	14,674
Resource data	60,054	56,486
Utilities	18,117	16,566
Other operating expenses	16,375	14,772
	1,309,352	1,167,393
Net operating revenues	11,115,878	11,306,670
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	513,451	333,963
Interest expense, net	(1,239,638)	(1,297,970)
Debt service fees	(12,831)	(10,513)
Debt cost of issuance	-	(160,423)
Miscellaneous income	117,470	117,754
	(621,548)	(1,017,189)
Change in net position	10,494,330	10,289,481
NET POSITION, <i>beginning of year</i>	(20,949,712)	(23,945,824)
Project grants and expenditures, net of project revenues	(4,783,745)	(7,293,369)
NET POSITION, <i>end of year</i>	\$ (15,239,127)	\$ (20,949,712)

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,	
	2024	2023
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from sales tax revenues	\$ 11,453,214	\$10,885,193
Cash received from other sources	536,256	946,281
Cash paid to suppliers and other vendors	(298,147)	(305,702)
Repayment of loans receivable	274,686	267,221
Cash paid for salaries	(672,503)	(539,154)
Cash paid for employee benefits	(285,178)	(241,919)
	11,008,328	11,011,920
CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES		
Debt service fees	(12,831)	(10,513)
Bond issuance costs	-	(160,423)
Repayments of bond principal	(4,180,000)	(4,135,000)
Repayment of amounts due to the County of Schenectady	-	(390,483)
Interest paid	(1,292,207)	(1,378,164)
	(5,485,038)	(6,074,583)
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of lease liability	(57,226)	(54,986)
Purchase of capital assets	(1,151)	(4,158)
	(58,377)	(59,144)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from restricted investment reserves	77,075	(196,891)
Investment earnings received	513,451	333,963
Miscellaneous earnings received	117,470	117,754
Project grants and expenditures paid, net of project and grant revenues received	(4,308,315)	(6,611,498)
	(3,600,319)	(6,356,672)
Net increase (decrease) in cash and cash equivalents	1,864,594	(1,478,479)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	5,035,641	6,514,120
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 6,900,235	\$ 5,035,641
RECONCILIATION OF NET OPERATING REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating revenues	\$ 11,115,878	\$ 11,306,670
Adjustments to reconcile net operating revenues to net cash provided (used) by operating activities		
Depreciation	60,249	58,549
Change in loans receivable	274,686	267,221
Change in sales tax receivable	(86,405)	(1,185,967)
Change in lease receivable	3,732	-
Change in grants receivable	-	522,582
Change in other receivables	(349,263)	20,796
Change in prepaid expenses	(6,725)	22,069
Change in deferred inflows of resources	(3,824)	-
	\$ 11,008,328	\$ 11,011,920

See accompanying Notes to Financial Statements.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2024 and 2023

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 the collection of additional sales and compensating use taxes to begin on September 1, 1998 and 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 Directors (Board) of 11 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, 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 "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

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Notes to Financial Statements December 31, 2024 and 2023

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, 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 therefrom in the Schenectady Metroplex Development Authority Support Fund, held by the County. Beginning on 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 (see 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 U.S. government and its agencies, and repurchase agreements collateralized by U.S. obligations.

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Notes to Financial Statements December 31, 2024 and 2023

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

g. Investment Reserves - Continued

For the years ended December 31, 2024 and 2023, 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 & 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 \$5,256,883 and \$5,170,478, 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, 2024 and 2023, 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, 2024 and 2023, the Authority has an allowance of \$2,969,646 and \$3,008,930, 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 grants receivable at December 31, 2024 or 2023.

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 lives for office furniture and equipment and leasehold improvements range from three to five years.

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Notes to Financial Statements December 31, 2024 and 2023

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, 2024 or 2023.

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 statements of net position in connection with the changes in the net pension liability 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 refunding, 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 in 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.

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Notes to Financial Statements December 31, 2024 and 2023

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 13, 2025, 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,	
	2024	2023
Loans receivable (a) (b)	\$ 4,531,483	\$ 4,839,919
Less: allowance	2,969,646	3,008,930
Less: current installments	197,264	294,186
Loans receivable, less current installments	<u>\$ 1,364,573</u>	<u>\$ 1,536,803</u>

(a) All of the loans include collateral that 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 that 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 is as follows:

Loans receivable, January 1, 2024	\$ 4,839,919
Less: loans written off	(33,750)
Less: principal repayments	<u>(274,686)</u>
Loans receivable, December 31, 2024	<u>\$ 4,531,483</u>
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>

Interest earnings on loans receivable were \$14,422 and \$15,528 for the years ended December 31, 2024 and 2023, respectively, and are included in investment earnings within these financial statements.

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Notes to Financial Statements December 31, 2024 and 2023

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 in December 2028 or upon the sale of the property.

Note 4 - Capital Assets

Capital assets are summarized as follows:

	January 1, 2024	Additions	Dispositions	December 31, 2024
Office furniture and equipment	\$ 120,574	\$ -	\$ -	\$ 120,574
Leased assets	267,145	-	-	267,145
Leasehold improvements	17,198	1,151	-	18,349
	404,917	1,151	-	406,068
Accumulated depreciation	(278,120)	(60,249)	-	(338,369)
	<u>\$ 126,797</u>	<u>\$ (59,098)</u>	<u>\$ -</u>	<u>\$ 67,699</u>
	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
	400,759	4,158	-	404,917
Accumulated depreciation	(219,571)	(58,549)	-	(278,120)
	<u>\$ 181,188</u>	<u>\$ (54,391)</u>	<u>\$ -</u>	<u>\$ 126,797</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, 2024 and 2023

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,		
2025	\$	97,922
2026		97,922
2027		97,922
2028		19,142
2029		19,142
2030 through 2033		<u>76,528</u>
	\$	<u>408,578</u>

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,		
2025	\$	20,493
2026		18,630
2027		16,676
2028		14,632
2029		12,473
2030 through 2033		<u>26,186</u>
	\$	<u>109,090</u>

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., 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, 2024 and 2023

Note 6 - Bonds Payable, Net - Continued

Amortization of the premium began in 2012. Accumulated amortization expense was \$791,429 and \$726,563 at December 31, 2024 and 2023, 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, which is payable on March 15 and September 15 each year. The 2012 General Resolution Refunding Bonds include annual principal payments ranging from \$290,000 to \$1,125,000 and mature on 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 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 bore interest at a rate of 4.588% and matured in August 2024.

During May 2015, the Authority issued \$20,380,000 of General Resolution Refunding Bonds to provide resources to purchase U.S., 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, which is payable on February 1 and August 1 each year. The General Resolution Refunding Bonds include annual principal payments ranging from \$710,000 to \$1,880,000 and mature on 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., 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 include interest at rates ranging from 1.970% to 3.20% during the life of the bonds, which is payable on February 1 and August 1 each year. The bonds include annual principal payments ranging from \$125,000 to \$435,000 and mature on 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, which is payable on February 1 and August 1 each year. The Series 2020A bonds were issued at a premium of \$1,434,859, which is amortized using the straight-line basis, which approximates the effective interest method. Amortization of the premium began in 2021. Accumulated amortization expense was \$324,873 and \$243,655 at December 31, 2024 and 2023, 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, which is payable on February 1 and August 1 each year. No principal payments were 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.

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Notes to Financial Statements December 31, 2024 and 2023

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., 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 2014A General Resolution Bonds. The General Resolution Refunding Bonds Series 2023 were issued at a premium of \$1,160,507, which is 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, which is payable on August 1 from 2025 to 2033.

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

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

	December 31,	
	2024	2023
General Resolution Refunding Bonds, Series 2012	\$ 3,275,000	\$ 4,300,000
General Resolution Bonds, Series 2014B	-	780,000
General Resolution Refunding Bonds, Series 2015	7,120,000	8,760,000
General Resolution Refunding Bonds, Series 2019	3,435,000	3,765,000
General Resolution Refunding Bonds, Series 2020A	6,335,000	6,335,000
General Resolution Refunding Bonds, Series 2020B	895,000	1,300,000
General Resolution Refunding Bonds, Series 2023	9,020,000	9,020,000
Bonds payable, end of year	\$ 30,080,000	\$ 34,260,000

A summary of bond transactions is as follows:

	Years Ended December 31,	
	2024	2023
Bonds payable, <i>beginning of year</i>	\$ 34,260,000	\$ 39,405,000
Bond issue	-	9,020,000
Principal payments	(4,180,000)	(4,135,000)
Refunding	-	(10,030,000)
Bonds payable, <i>end of year</i>	\$ 30,080,000	\$ 34,260,000

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Notes to Financial Statements December 31, 2024 and 2023

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,			
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	1,825,000	559,121	2,384,121
2030 through 2034	8,745,000	1,524,490	10,269,490
2035 through 2038	2,470,000	252,000	2,722,000
	\$ 30,080,000	\$ 6,167,683	\$ 36,247,683

Interest expense, net of amortization of bond premium, deferred losses, and gains on refunding of bonds, including interest incurred on amounts due to the County and the lease liability, was \$1,275,378 and \$1,299,887 for the years ended December 31, 2024 and 2023, respectively. Interest paid during the years ended December 31, 2024 and 2023 totaled \$1,328,005 and \$1,374,847, 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,	
	2024	2023
Investment reserves, restricted		
Debt Service Reserve Fund	\$ 2,816,389	\$ 2,853,420
Debt Service Fund	1,878,260	1,918,304
	\$ 4,694,649	\$ 4,771,724

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.

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Notes to Financial Statements December 31, 2024 and 2023

Note 7 - Fair Value Measurements - Continued

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted process that are observable for the asset; and
- 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, 2024 and 2023:

- 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 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 that its valuation method is 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, 2024			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 4,694,649	\$ -	\$ -	\$ 4,694,649
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 4,771,724	\$ -	\$ -	\$ 4,771,724

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Notes to Financial Statements December 31, 2024 and 2023

Note 8 - Due to the County

During October 2006, the Authority was informed by the 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.

Note 9 - Project Grants and Commitments

Project grants distributed and expenditures incurred, net of project and grant revenues, during the years ended December 31, 2024 and 2023, and unspent project commitments at December 31, 2024 were as follows:

	Project Grants and Expenditures 2024	Unspent Project Commitments at December 31, 2024	Project Grants and Expenditures 2023
Adirondack Beverages	\$ 175,358	\$ 2,142	\$ -
Affinity Group Relocation	50,000	-	125,408
AirJoule LLC	-	77,500	-
All in Printing & Designs	-	-	6,000
Barrett Street Sidewalk	15,000	4,203	370,797
Best Companies Renovation	-	178,575	6,000
Blockhouse Façade	300,000	13,700	176,300
Broadway Corridor Improvements Program	82,400	12,600	-
Broadway Sidewalks	25,000	-	-
Building 404	-	3,804	1,196
Cable Care Construction	1,925	2,035	1,040
Campbell House	40,000	5,000	-
CDTA Mobility Hub	-	-	60,000
Civitellos Project	-	90,000	-
Clinton North Parking	20,504	-	803,657
C.O.C.O.A. House	-	-	50,000
Connie's Creative Collective	-	37,500	-
Costumer Expansion	-	-	33,333
Customer Rent	6,000	-	-
Coyne Laundry Demolition	-	-	11,320
810 Crane Street Façade	-	53,000	-
815 Crane Street Façade	5,072	2,500	4,703
935 Crane Street Façade	-	-	15,055
1401 Union Street	95,000	-	-
1671 Union Street	-	-	75,000
Discover Schenectady	23,000	-	-
Docks at Mohawk Harbor	-	79,725	-
Downtown Ambassador Program	39,547	26,000	94,402
Downtown Fix-Up Project #4	-	-	2,432
Downtown Fix-Up Project #5	30,829	29,517	339,654
Downtown Lighting	14,400	-	67,663

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Notes to Financial Statements December 31, 2024 and 2023

Note 9 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2024	Unspent Project Commitments at December 31, 2024	Project Grants and Expenditures 2023
Downtown Parking	\$ 114,061	\$ 286,250	\$ 29,689
Downtown Schenectady Improvement Corp.	337,145	98,637	450,393
Duanesburg Fitness & Comm. Center	302,415	-	4,568
764 1/2 Eastern Avenue	24,950	-	-
833 - 835 Eastern Avenue	-	32,500	-
Eastern & McClellan	144,050	40,950	-
Electric City Barn	808	341	68,851
Empire Trail Signage	23,873	-	-
Energy Hardware	95,000	2,500	-
Erie Boulevard Roundabout	2,211	245,789	-
First Principles Technology	-	-	16,879
530 Franklin Street Renovation	8,236	-	-
FW Webb Company	-	29,500	-
General Electric Co. - Rotterdam	-	-	4,173
Hillside View	-	67,184	-
ID Logistics US	-	-	251,170
Ironhorn Enterprises	1,548	203,452	-
Jahnel Group, Inc. Relocation	161,917	40,583	-
Jay Square	4,079	6,946	516,620
Jay Street Pedestrian Walkway	538,615	41,151	-
Jupiter Bach Expansion	30,000	2,500	-
Killeen Building Façade	29,910	2,085	90,505
100 & 104 Jay Street	-	28,847	15,340
116 Jay Street	16,660	12,320	60,130
Live in Schenectady	1,802	106,435	-
Maple Ski Ridge	-	-	100,000
McClellan Campus	-	25,000	-
Mid-State Industries Expansion	-	2,500	-
Mila's Sign	22,493	-	-
Miracle on Craig Street	-	179,876	-
MiSci Upgrade	137,245	44,685	-
102 Mohawk Avenue	65,000	12,500	-
Mohawk Harbor Event Center	65,313	18,751	15,936
Mohawk Harbor Hyatt House Project	-	10,000	-
Mohawk Taproom Façade	-	-	70,553
Momentive HQ	-	774,712	223,113
Mosiac Housing	545,000	-	12,062
MTX Group, Inc. Expansion	100,000	21,875	35,625
Mr. James Demolition	-	-	150,000
N. Center Street Sidewalk	-	114,000	-
Niskayuna Plaza	1,835	253,351	41,911
Old World Provisions	1,133	-	307,775
Parking Investment	-	-	34,221

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2024 and 2023

Note 9 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2024	Unspent Project Commitments at December 31, 2024	Project Grants and Expenditures 2023
Parking Program	\$ 1,069,611	\$ -	\$ 1,327,179
Pearce Renewables	75,000	2,500	-
Pedestrian Safety and Crosswalk	-	309,650	-
R.A.D. Soap Co.	-	-	15,000
River Ledge Project	-	5,000	-
Rocket Science Corp.	2,453	2,547	-
S. Church Street Renewal	-	-	2,000
S. Ferry Street	32,556	-	268,337
Schenectady 40	4,175	895,825	-
Schenectady County Trail Signage	-	32,500	-
Schenectady Light Opera Company	34,875	17,580	13,545
Schenectady Trading Company	-	-	24,800
Shovel Ready Site	8,493	91,507	-
SI Group Relocation	-	-	325,000
SI Group Rotterdam Junction	-	-	5,011
Skyway Plaza Façade	-	-	95,000
Summit Avenue Redevelopment	215	4,785	-
3 State Street Reno	-	30,000	-
267 State Street Reno	813	399,188	-
State St. Theatre Reno	34,200	1,833,326	28,565
Stockade Inn	15,000	85,000	-
Swift Building	-	-	4,352
354 Broadway	3,250	10,950	35,750
12 North Center Street	55,250	9,295	455
14 & 16-18 North Center Street	104,204	10,796	-
308 State Street	20,338	629,662	-
500 State Street	-	-	165,000
501 State Street	12,634	734	1,986
402-406 Hamilton Street	2,880	23,236	567,884
Thompson & Johnson Equipment Co., Inc.	2,018	50,982	-
Unbeetable	-	-	25,000
Upper Union Street	-	-	6,342
108 Union Street	39,261	-	-
417 Union Street	6,000	76,500	-
421 Union Street	1,000	54,000	-
612 Union Street	-	52,500	-
Van Vrankin Demo	-	4,842	202,533
Vice & Virtue	35,000	2,500	-
1675 Watt Street	-	2,500	-
Weigh Station Restoration	-	91,249	878

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2024 and 2023

Note 9 - Project Grants and Commitments - Continued

	Project Grants and Expenditures 2024	Unspent Project Commitments at December 31, 2024	Project Grants and Expenditures 2023
9 Yates	\$ -	\$ 80,000	\$ -
Professional services and predevelopment costs (a)	293,113	-	333,742
	5,551,673	8,132,175 (b)	8,191,833
Project revenue	(767,928)		(898,464)
	\$ 4,783,745		\$ 7,293,369

(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, 2024 and 2023. 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 the 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 Retirement System

a. Plan Description

The Authority participates in the System, a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide 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 the enactment of a New York State statute.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2024 and 2023

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

a. Plan Description - Continued

The System is included in the State of New York'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 Tiers 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 10 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% of the contributions required and were as follows:

Year ended December 31,	
2024	\$ 67,857
2023	55,746
2022	47,823

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

At December 31, 2024 and 2023, the Authority reported a liability of \$172,322 and \$215,463, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension 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, 2024 and 2023, the Authority's proportion was 0.0011703% and 0.0010048%, respectively.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2024 and 2023

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

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

For the years ended December 31, 2024 and 2023, the Authority recognized pension expense of \$88,224 and \$89,327, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2024		December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,505	\$ 4,699	\$ 22,948	\$ 6,051
Changes in assumptions	65,151	-	104,643	1,156
Net differences between projected and actual investment earnings on pension plan investments	-	84,179	-	1,266
Changes in proportion and differences between employer contributions and proportionate share of contributions	39,408	10,973	33,178	17,029
Total	\$ 160,064	\$ 99,851	\$ 160,769	\$ 25,502

Amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2024 related to pensions will be recognized as a reduction to the net pension liability as follows:

For the year ending December 31,	
2025	\$ (19,415)
2026	38,361
2027	54,679
2028	(13,412)
	\$ 60,213

d. Actuarial Assumptions

The total pension liability at March 31, 2024 and 2023 was determined by using an actuarial valuation as of April 1, 2023 and 2022, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2024 and 2023. 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%
Salary Scale	4.40%
Investment Rate of Return, Including Inflation	5.90% compounded annually, net of expenses

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Notes to Financial Statements December 31, 2024 and 2023

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

d. Actuarial Assumptions - Continued

Cost-of-Living Adjustment	1.50%
Decrement	Based on FY 2016 - 2020 experience
Mortality Improvement	Society of Actuaries' Scale MP-2021

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 weighting the expected future real rates of return by the target asset allocation percentage and 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%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic portfolio and absolute return strategies	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	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 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.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2024 and 2023

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

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

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2024, calculated using the discount rate of 5.9%, 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 one percentage point lower or one 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)	\$ 541,799	\$ 172,322	\$ (136,267)

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the System were as follows (dollars in thousands):

	March 31,	
	2024	2023
Employers' total pension liability	\$ 240,696,851	\$ 232,627,259
Plan net position	<u>(225,972,801)</u>	<u>(211,183,223)</u>
Employers' net pension liability	<u>\$ 14,724,050</u>	<u>\$ 21,444,036</u>
Ratio of plan net position to the employers' total pension liability	<u>93.88%</u>	<u>90.78%</u>

Note 12 - Leases

Lessee

The Authority has a lease agreement with an independent third party for the 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 on December 31, 2025. Future principal and interest payments during the year ending December 31, 2025 total \$59,557 and \$1,298, respectively.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2024 and 2023

Note 12 - Leases - Continued

Lessor

The Authority has a lease agreement with an independent third party for the use of 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,			
2025	\$ 5,199	\$ 801	\$ 6,000
2026	5,465	535	6,000
2027	5,744	256	6,000
2028	2,479	21	2,500
	<u>\$ 18,887</u>	<u>\$ 1,613</u>	<u>\$ 20,500</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, 2024, the Authority had issued a total of \$90,865,000 in bonds. There were \$30,080,000 and \$34,260,000 of outstanding obligations related to the Authority's General Resolution Bonds described in Note 6 at December 31, 2024 and 2023, respectively.

b. Return of Revenues

In the event that the sales tax revenues the Authority receives from the County exceed its current liabilities by more than 10% at the end of the 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, 2024 and 2023, the Authority recognized sales tax revenues of \$11,888,882 and \$12,050,364, respectively. As of December 31, 2024 and 2023, the Authority had outstanding project and loan commitments totaling \$8,132,175 and \$7,496,173, respectively, which the Authority has authorized to be distributed in future years. The Authority also had current liabilities of \$6,578,160 and \$5,965,079 at December 31, 2024 and 2023, respectively, payable during 2023 and 2024, respectively.

As of December 31, 2024, 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.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

Notes to Financial Statements December 31, 2024 and 2023

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 waste 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, not registered in the name of the Authority and held by either: (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. 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. If a government determines that 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.

Schenectady Metroplex Development Authority

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Notes to Financial Statements December 31, 2024 and 2023

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

GASB Statement No. 103, *Financial Reporting Model Improvements*: This statement improves key components of the financial reporting model, including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of non-operating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus as a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

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

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

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

	<u>2024</u>	<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>
Authority's proportion of the net pension liability (asset)	0.0011703%	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)	\$ 172,322	\$ 215,463	\$ (105,854)	\$ 1,332	\$ 295,229	\$ 91,134	\$ 38,612	\$ 110,567	\$ 196,107	\$ 41,194
Authority's covered-employee payroll	\$ 533,590	\$ 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	32.29%	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	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

See Independent Auditor's Report.

Schenectady Metroplex Development Authority

(A Component Unit of Schenectady County, New York)

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

	<u>2024</u>	<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>
Contractually required contribution	\$ 67,857	\$ 55,746	\$ 47,823	\$ 65,814	\$ 66,368	\$ 61,341	\$ 71,891	\$ 77,422	\$ 72,842	\$ 84,368
Contributions in relation to the contractually required contribution	\$ 67,857	\$ 55,746	\$ 47,823	\$ 65,814	\$ 66,368	\$ 61,341	\$ 71,891	\$ 77,422	\$ 72,842	\$ 84,368
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 533,590	\$ 499,047	\$ 456,553	\$ 455,078	\$ 471,269	\$ 451,887	\$ 526,087	\$ 513,214	\$ 476,888	\$ 464,911
Contributions as a percentage of covered-employee payroll	12.72%	11.17%	10.47%	14.46%	14.08%	13.57%	13.67%	15.09%	15.27%	18.15%

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***

Independent Auditor's Report

Board of Directors
Schenectady Metroplex Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2024, 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 13, 2025.

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 13, 2025

