Rensselaer County Industrial Development Agency

Annual Investment Report for FY2018

As required by Section 2925(6) of the Public Authorities Law of the State of New York, following is the annual investment report of the Rensselaer County Industrial Development Agency (the "Agency").

Attached hereto as Schedule 1 and made part hereof is the Agency's Investment Policy (the "Policy") reviewed and approved by the Agency on April 12, 2018.

The Policy has not been amended since the Agency last reviewed and adopted the Policy on April 13, 2017.

The Policy is intended to comply with the requirements of General Municipal Law Sections 10 and 11 and with the Public Authorities Law Article 9, Title 7, and to provide safeguards for the Agency's investments and deposits.

Attached hereto as Schedule 2 and made part hereof are the results of the annual independent audit.

The Agency generated $4,512 of interest income for the period January 1, 2018 through December 31, 2018. See Schedule 3 attached hereto and made part hereof.

The agency paid no fees, commissions or other charges for investment associated services during the period January 1, 2018 through December 31, 2018.

Schedule 1

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

INVESTMENT POLICY AND GUIDELINES

SECTION 1. PURPOSE AND AUTHORITY

(A) Agency Funds. The purpose of this Deposit and Investment Policy (the "Policy") is to comply with Section 2925 of the New York State Public Authorities Law (the "Public Authorities Law"), which requires the Rensselaer County Industrial Development Agency (the "Agency") to establish a policy and guidelines for the investment of funds for the use and account of the Agency ("Agency Funds").

(B) Non-Agency Funds. The provisions of this Policy shall not apply to funds derived from the sale of bonds, notes or other obligations issued to fund a particular project for the benefit of a particular applicant, or any other funds held by the Agency which are not Agency funds.

SECTION 2. DEPOSITS OF AGENCY FUNDS

(A) Designation of Depositories. The Agency shall by resolution or resolutions of the members of the Agency designate one or more banks or trust companies (each, a "Depository") for the deposit of Agency Funds received by the treasurer or any other officer of the Agency authorized by law or the by-laws of the Agency to make deposits. Any such Depository shall be one which is located in New York State with preference given to banks that maintain either its home office or a branch office in Rensselaer County. Such resolution or resolutions shall specify the maximum amount that may be kept on deposit at any time in each Depository and any other conditions or terms of deposit. Such designations and amounts may be changed at any time by a further resolution of the members of the Agency.

(B) Security. All Agency Funds in excess of the amount insured under the provisions of the Federal Deposit Insurance Act as now or hereinafter amended shall be secured in accordance with the

provisions of Section 10(3) of the General Municipal Law. Generally, Section 10(3) of the General Municipal Law provides that Agency Funds may be secured by (1) a pledge of "eligible securities" (as defined in Section 10(1) of the General Municipal Law), together with a security agreement and custodial agreement meeting the requirements of Section 10(3)(a) of the General Municipal Law, or (2) an "eligible surety bond" or an "eligible letter of credit" (as such quoted terms are defined in Section 10(1) of the General Municipal

Law) securing 100% of such Agency Funds.

SECTION 3. INVESTMENTS OF AGENCY FUNDS

(A) Investment Policy. It is the general policy of the Agency that Agency Funds not required for immediate expenditure shall be invested as described in subsection (C) below. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the

probable income to be derived.

(B) Designation of Investment Officers. The treasurer and any other officer or employee of the Agency so authorized by the by-laws of the Agency or by resolution of the members of the Agency (each, an "Investment Officer") are authorized to temporarily invest Agency Funds not required for immediate expenditure. Any designation of an Investment Officer made by resolutions of the members of the Agency may be changed at any time by a further resolution of the members of the Agency.

(C) Types of Investments. Except as otherwise provided by resolution of the members of the Agency, an Investment Officer may invest Corporation Funds in any of the following types of investments:

(1) special time deposits in, or certificates of deposit issued by, any bank or trust company located and authorized to do business in the State of New York, provided that such deposit account or certificate of deposit is secured in the same manner as is

provided for securing deposits of Agency Funds by Section 10(3) of the General Municipal Law;

(2) obligations of, or obligations where the payment of principal and interest are guaranteed by, the United States of America;

(3) obligations of the State of New York; and

(4) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any municipality or school district or district corporation organized under the laws of the State of New York.

(D) Custodians. The Agency may, by resolution of the members of the Agency, authorize the Investment Officers to turn over the physical safekeeping and evidences of the investments made pursuant to subsection (C) of this Section ("Agency Investments") to any entity authorized pursuant to Section 11(4) of the General Municipal Law to act as a custodian of Agency Investments, but

only upon compliance with the requirements of Section 11(4) of the General Municipal Law. Generally, Section 11(4) of the General Municipal Law allows the following types of entities to act as custodians of Agency Investments:

(1) any bank or trust company incorporated in the State of New York;

(2) any national bank located in the State of New York; and

(3) any private banker duly authorized by the New York State Superintendent of Banks to engage in business in New York State which maintains a permanent capital of not less than one

million dollars in New York State.

(E) Commingling. Any Agency Funds invested pursuant to this Section may be commingled for investment purposes upon compliance with the requirements of Section 11(6) of the General

Municipal Law. Generally, Section 11(6) of the General Municipal Law allows commingling of Agency Investments so long as (1) such investment is payable or redeemable at the option of the Agency within such time as the proceeds are needed by the Agency, (2) the separate identity of such funds are maintained at all times, and (3) income received on such commingled monies is credited on a pro rata basis to the fund or account from which the monies were invested.

(F) Proper Records. The treasurer of the Agency shall maintain (or cause the Investment Officers to maintain) a proper record of all books, notes, securities or other evidences of indebtedness held by

or for the Agency for purposes of investment. Such record shall at least (where applicable) (1) identify the security, (2) the fund for which held, (3) the place where kept, (4) the date of sale or other disposition, and (5) the amount received from such sale or other disposition.

SECTION 4. INTERNAL CONTROLS

(A) Periodic Reviews. To the maximum extent possible, the

Executive Director of the Agency or his designee shall prepare and submit to the members of the Agency at each regular meeting of the Agency (but not more often than monthly), a summary showing the amount of Agency Funds on deposit in each Depository and the general nature of the investment of such Agency Funds.

(B) Annual Report. Within sixty (60) days of the end of each fiscal year, the Executive Director of the Agency or his designee shall prepare and submit to the members of the Agency an annual investment report (the "Annual Investment Report") showing the deposits and investments of Agency Funds as of the beginning of such fiscal year, a summary of the changes in such amounts during such fiscal year, a summary of the earnings thereon during such fiscal year, and the balance thereof as of the end of such fiscal year.

(C) Annual Audit. The Annual Investment Report shall be audited by the Agency's independent certified public accountant as part of the Agency's annual independent audit required pursuant to Section 2802 of the Public Authorities Law.

(D) Annual Review. The members of the Agency shall review the Annual Investment Report and the annual independent audit and this Part, and shall make any amendments to this Part necessary to achieve the purposes of this Part.

Reconfirmed 4/12/18

Schedule 2

RENSSELAER COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

Financial Statements and
Supplementary Information

December 31, 2018 and 2017

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Financial Statements

December 31, 2018 and 2017

Financial Statements

Compliance Report

Required Supplementary Information

Supplementary Information

WOJESKI & COMPANY CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rensselaer County Industrial Development Agency
Troy, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Rensselaer County Industrial Development Agency (the "Agency"), a component unit of the County of Rensselaer, New York, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rensselaer County Industrial Development Agency as of December 31, 2018 and 2017, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions – Pension Plans, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for the purposes of additional analysis as required by Title 1 Article 18A of the New York State General Municipal Law, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of Rensselaer County Industrial Development Agency'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 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 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 Agency's internal control over financial reporting and compliance.

Wojeski + Company CPAs, P.C.

East Greenbush, New York
March 28, 2019

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Net Position

		December 31, 2018		December 31, 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	3,314,398	$	4,707,260
Restricted cash		13,601		13,602
Accounts receivable, net		16,475		24,874
Prepaid and other assets		22,017		-
TOTAL CURRENT ASSETS		3,366,491		4,745,736
NONCURRENT ASSETS				
Capital assets, net		5,011		3,401
Capitalized development costs		873,993		873,993
TOTAL ASSETS		4,245,495		5,623,130
DEFERRED OUTFLOWS OF RESOURCES				
Pension related		103,118		94,092
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable		17,990		26,890
Due to Rensselaer County		-		481,449
State tax recapture		-		119,662
Security deposits		10,974		8,358
TOTAL CURRENT LIABILITIES		28,964		636,359
LONG-TERM LIABILITIES				
Net pension liability		20,019		59,511
TOTAL LIABILITIES		48,983		695,870
DEFFERED INFLOWS OF RESOURCES				
Rent advances - revenue applicable to future years		12,800		14,159
Pension related		63,869		9,037
		76,669		23,196
NET POSITION				
Net investment in capital assets		5,011		3,401
Restricted		13,601		13,602
Unrestricted		4,204,349		4,981,153
TOTAL NET POSITION	$	4,222,961	$	4,998,156

See accompanying notes to financial statements.

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Revenues, Expenses and Change in Net Position

	For the Year Ended December 31, 2018	2017
OPERATING REVENUES		
Project administration fees	$ 844,469	$ 1,764,866
Tourism revenue	121,870	111,519
Rental revenue	103,210	61,138
TOTAL OPERATING REVENUES	1,069,549	1,937,523
OPERATING EXPENSES		
Professional fees	509,854	496,004
Consulting	401,502	367,484
Salaries and related expenses	372,899	350,321
Promotion and development	210,052	204,884
Tourism expenses	143,116	124,097
Rent expenses	136,535	128,493
Travel	23,513	13,076
Office expense	19,705	17,089
Insurance	17,544	17,322
Dues and subscriptions	11,006	9,514
Depreciation	2,820	3,617
New York State grant expense	-	2,740
Other expenses	710	954
TOTAL OPERATING EXPENSES	1,849,256	1,735,595
OPERATING INCOME (LOSS)	(779,707)	201,928
NON-OPERATING REVENUES (EXPENSES)		
Interest income	4,512	3,655
Loss on disposal of assets	-	(379,045)
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,512	(375,390)
CHANGE IN NET POSITION	(775,195)	(173,462)
NET POSITION, beginning of year	4,998,156	5,171,618
NET POSITION, end of year	$ 4,222,961	$ 4,998,156

See accompanying notes to financial statements.

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

	For the Year Ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from project fees	$ 844,469	$ 1,764,866
Proceeds from tourism revenue	130,269	103,288
Proceeds from principal repayments of note receivable	-	24,220
Proceeds from rent revenue	101,851	47,934
Proceeds from interest earned on note receivable	-	8,618
Payments for operating expenses	(2,469,534)	(1,203,003)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,392,945)	745,923
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment	(4,430)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(4,430)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest income	4,512	3,655
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,512	3,655
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,392,863)	749,578
Cash and cash equivalents at beginning of year	4,720,862	3,971,284
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,327,999	$ 4,720,862
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ (779,707)	$ 201,928
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,820	3,617
Loss on disposal of assets	-	(79,932)
Changes in operating assets, liabilities, deferred outflow of resources, and deferred inflow of resources:		
Accounts receivable	8,399	(8,231)
Note receivable	-	24,220
Prepaid and other assets	(22,017)	10,315
Deferred outflows of resources - pension related	(9,026)	60,820
Accounts payable	(8,900)	(10,758)
Due to Rensselaer County	(481,449)	481,449
Sales tax recapture	(119,662)	119,662
Security deposits	2,616	-
Net pension liability	(39,492)	(41,077)
Deferred inflow of resources - rent advances	(1,359)	(13,204)
Deferred inflow of resources - pension related	54,832	(2,886)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (1,392,945)	$ 745,923

See accompanying notes to financial statements.

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018 and 2017

NOTE A--AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rensselaer County Industrial Development Agency (the "Agency"), a component reporting unit of the County of Rensselaer, New York, was created on April 1, 1974 by a special act of the New York State Legislature. The purpose of the Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, and research facilities, including industrial pollution control facilities and recreation facilities, within Rensselaer County.

Basis of Presentation

The Agency's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. 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 Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position with revenues recorded when earned and expenses recorded when incurred. Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

> Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and accumulated amortization, reduced by the outstanding balances of bonds, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of investment in capital assets, net of related debt. Rather that portion of the debt is included in restricted net position.
>
> Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted net position: This component represents net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal on-going operations. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

Use of Estimates

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

NOTE A--AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Cash and Cash Equivalents
The Agency considers as cash all demand deposits and all highly liquid investments which are readily convertible to cash.

Grants and Accounts Receivable
Grants and accounts receivable are non-interest bearing and are carried at their estimated collectible amounts. Grants and accounts receivable are periodically evaluated for collectability based on a review of outstanding receivables, historical collection information and current economic conditions. In the opinion of Agency management, all receivables balances are collectible; accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets
Acquisitions of property and equipment and expenditures which materially change the capacities or extend the useful lives are capitalized and recorded at historical cost. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When an asset is sold, or retired, the cost and accumulated depreciation are removed from their respective accounts and the resulting gain or loss is included in the change in net position. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the related assets, generally ranging from 5 to 40 years.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Agency reports deferred outflows related to pensions in the Statement of Net Position. The types of deferred outflows related to pensions are described in Note G.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Agency reports deferred inflows related to pensions and advanced rental payments received in the Statement of Net Position. These payments will be recognized as revenue in a future period. The types of deferred inflows related to pensions are described in Note G.

Financing Activities
Certain industrial development revenue bonds issued by the Agency are collateralized by property that is leased to companies and is returned by lease payments. The bonds are not obligations of the Agency or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond transactions in its accounts since its primary function is to arrange financing between borrowing companies and bond holders, and funds arising from those transactions are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives project administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. The outstanding balance on the bonds issued totaled approximately $52,740,000 and $57,661,000 at December 31, 2018 and 2017, respectively.

Income Taxes
The Agency is exempt from Federal, State and Local income taxes.

NOTE A--AGENCY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Payment in Lieu of Taxes (PILOT)
The Agency enters into and administers PILOT agreements for various unrelated business entities located in Rensselaer County. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the Agency for a certain period of time. During the period in which the Agency holds title, the business entity pays a PILOT to the Agency based on a calculation defined by the specific agreement. The PILOTs allow the companies to make payments that are less than the property taxes that would be paid on the related property's assessed value. Once the PILOT is received, the Agency remits the PILOT to the respective taxing authorities. Certain requirements, as defined by each agreement, are to be met by the company to be able to maintain its PILOT. These requirements, as stated in the PILOT agreement, can be comprised of reaching and maintaining certain employment goals and paying its PILOT in a timely fashion. At the completion of the PILOT, title to the property is transferred back to the third-party business owner, and the property goes back on the tax rolls.

PILOT receipts and PILOT payments are accounted for as pass-through transactions and are not included in the revenues or expenses of the Agency. The Agency is responsible for collecting and remitting the funds. However, the taxing authorities bear the risk of loss if the PILOT payments are not paid to the Agency by the respective companies. Total pass-through PILOT payments were approximately $9,426,000 and $9,674,000 for the years ended December 31, 2018 and 2017, respectively.

Subsequent Events
The Agency evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on March 28, 2019.

NOTE B--CASH AND CASH EQUIVALENTS

All cash of the Agency is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC). In accordance with state law, collateral is required for demand deposits and certificates of deposit not covered by FDIC insurance. The Agency's uninsured deposits are collateralized by accounts held by the pledging financial institution agent in the Agency's name. The total amount of collateralized uninsured deposits was approximately $2,619,000 for the year ended December 31, 2018.

The Agency has cash amounts that are restricted for the collection and remittance of payments in lieu of taxes (PILOT) to various local taxing authorities. The amount of restricted cash and cash equivalents was approximately $13,600 at December 31, 2018 and 2017.

NOTE C--CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Equipment	$ 136,777	$ 4,430	$ -	$ 141,207
Accumulated depreciation	(133,376)	(2,820)	-	(136,196)
Capital assets, net	$ 3,401	$ 1,610	$ -	$ 5,011

NOTE C--CAPITAL ASSETS--Continued

Capital assets activity for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Equipment	$ 136,777	$ -	$ -	$ 136,777
Accumulated depreciation	(129,759)	(3,617)	-	(133,376)
Capital assets, net	$ 7,018	$ (3,617)	$ -	$ 3,401

NOTE D--CAPITALIZED DEVELOPMENT COSTS

The Agency has capitalized engineering, infrastructure, cleanup and redevelopment costs related to the South Troy Industrial Park Project. The project is being funded through a grant from the New York State Department of Environmental Conservation. Project expenditures have been capitalized up to the estimated fair market value of the land. The remaining project expenditures are expensed as incurred. The capitalized project costs will be recognized as an expense when the land is sold.

NOTE E--OPERATING LEASES

The Agency entered into a non-cancellable operating lease for office space that expires in December 2019, with the option to renew up to two additional terms of five years each. The future minimum lease payment under the operating lease is $140,000 for the year ended December 31, 2019. The Agency intends to renew the lease prior to the lease's expiration date.

The Agency has entered into non-cancellable subleases for portions of the office space noted above. Total future minimum lease payments have not been reduced by the following amount of sublease rentals to be received under non-cancellable subleases:

Year Ended December 31,	
2019	$ 68,639
2020	33,738
2021	14,765
	$ 117,142

NOTE F--RELATED PARTY TRANSACTIONS

The Agency is billed annually by Rensselaer County for occupancy expenses and other shared services that are provided to the Agency by Rensselaer County. Fees paid to Rensselaer County totaled approximately $482,000 and $481,000 for the years ended December 31, 2018 and 2017, respectively.

NOTE G--PENSION PLAN

The Agency participates in the New York State and Local Employee's Retirement System (NYSERS). This is a cost sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security law. Once an employer elects to participate in the NYSERS, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State statute. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report 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, NY 12244-0001.

NYSERS is noncontributory for employees who joined NYSERS prior to July 27, 1976. For employees who joined NYSERS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in NYSERS for more than ten years are no longer required to contribute. Employees that join NYSERS after January 1, 2010 and prior to April 1, 2012, are required to contribute 3% of their salaries throughout their active membership. Employees that join after April 1, 2012 are required to contribute 3% to 6% of their salaries, depending on their salaries, throughout their active membership.

The Agency is required to contribute at an actuarially determined rate. The Agency contributions made to NYSERS were equal to 100% of the contributions required each year. The required contributions for the current year and two preceding years were:

December 31, 2018	$ 27,528
December 31, 2017	$ 42,620
December 31, 2016	$ 49,762

The Agency reported a net pension liability for its proportionate share of the NYSERS net pension liability of $20,019 and $59,511 as of December 31, 2018 and 2017, respectively. The net pension liabilities were measured as of March 31, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of the respective date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

The Agency's proportion was 0.0006203% and 0.0006333% as of December 31, 2018 and 2017, respectively.

For the year ended December 31, 2018 and 2017, the Agency recognized pension expense of $34,971, and $44,385, respectively. At December 31, 2018 and 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE G--PENSION PLAN--Continued

	December 31, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,140	$ 5,900
Change in assumptions	13,274	-
Net difference between projected and actual earnings on pension plan investments	29,076	57,394
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	24,971	575
Contributions subsequent to the measurement date	28,657	-
	$ 103,118	$ 63,869

	December 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,491	$ 9,037
Change in assumptions	20,331	-
Net difference between projected and actual earnings on pension plan investments	11,887	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	32,855	-
Contributions subsequent to the measurement date	27,528	-
	$ 94,092	$ 9,037

The Agency recognized $28,657 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

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

Year Ending December 31:	
2019	$ 15,054
2020	12,339
2021	(10,525)
2022	(6,272)
	$ 10,592

Actuarial Assumptions

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

NOTE G--PENSION PLAN--Continued

Measurement Date	March 31, 2018	March 31, 2017
Actuarial Valuation Date	April 1, 2017	April 1, 2016
Inflation rate	2.5%	2.5%
Salary scale	3.8% indexed by service	3.8% indexed by service
Projected cost of living adjustments	1.3% compounded annually	1.3% compounded annually
Decrements	April 1, 2010 – March 31, 2015 System experience study	April 1, 2010 – March 31, 2015 System experience study
Mortality improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014
Investment rate of return	7.0% compounded annually, net of investment expense	7.0% compounded annually, net of investment expense

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 return, net of investment expenses 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 target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the March 31, 2018 and 2017 measurement dates are summarized below:

	March 31, 2018		March 31, 2017	
Asset Type	Target Allocations in %	Long-Term expected real rate of return in %	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55	36.0	4.55
International Equity	14.0	6.35	14.0	6.35
Private Equity	10.0	7.50	10.0	7.75
Real Estate	10.0	5.55	10.0	5.80
Absolute Return	2.0	3.75	2.0	4.00
Opportunistic Portfolio	3.0	5.68	3.0	5.89
Real Assets	3.0	5.29	3.0	5.54
Bonds & Mortgages	17.0	1.31	17.0	1.31
Cash	1.0	(0.25)	1.0	(0.25)
Inflation-Indexed Bonds	4.0	1.25	4.0	1.50
	100%		100%	

NOTE G--PENSION PLAN--Continued

Discount Rate

The discount rate used to calculate the total pension liability was 7% for the March 31, 2018 and March 31, 2017 measurement dates. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the New Pension Liability to the Discount Rate Assumption

The following table presents the Agency's proportionate share of the net pension liability for the respective measurement dates calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the respective current rate:

	March 31, 2018		
	1% Decrease 6.0%	2018 Discount 7.0%	1% Increase 8.0%
ERS net pension liability (asset)	$ 151,471	$ 20,019	$ (91,184)

	March 31, 2017		
	1% Decrease 6.0%	2017 Discount 7.0%	1% Increase 8.0%
ERS net pension liability (asset)	$ 190,065	$ 59,511	$ (50,873)

Pension Plan Fiduciary Net Position

The components of the total net pension liability of the employers participating in the New York State and Local Employees Retirement System as of the March 31, 2018 and 2017 measurement dates were as follows:

	2018	2017
Total pension liability	$ 183,400,590	$ 177,400,586
Net position	(180,173,145)	(168,004,363)
Net pension liability (asset)	$ 3,227,445	$ 9,396,223
Net position as a percentage of total pension liability	98.24%	94.70%

COMPLIANCE REPORT

WOJESKI & COMPANY CPAs, P.C.

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

To the Board of Directors
Rensselaer County Industrial Development Agency
Troy, 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 Rensselaer County Industrial Development Agency (the "Agency"), which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rensselaer County Industrial Development Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wojeski + Company CPAs, P.C.

East Greenbush, New York
March 28, 2019

SCHEDULE 3

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY 2018 INVESTMENT REPORT

	Type	Date	Memo	Split	Amount
Money Market-Key 0695					
	Deposit	01/31/2018	Interest	Interest Income	$ 257.28
	Deposit	02/28/2018	Interest	Interest Income	$ 232.39
	Deposit	03/31/2018	Interest	Interest Income	$ 257.32
	Deposit	04/30/2018	Interest	Interest Income	$ 249.04
	Deposit	05/31/2018	Interest	Interest Income	$ 257.37
	Deposit	06/30/2018	Interest	Interest Income	$ 249.08
	Deposit	07/31/2018	Interest	Interest Income	$ 257.40
	Deposit	08/31/2018	Interest	Interest Income	$ 257.43
	Deposit	09/30/2018	Interest	Interest Income	$ 249.14
	Deposit	10/31/2018	Interest	Interest Income	$ 514.97
	Deposit	12/01/2018	Interest	Interest Income	$ 498.43
Total Money Market-Key 0695					**$ 3,279.85**
Operating Account-Key 8506 - Other					
	Deposit	01/31/2018	Interest	Interest Income	$ 31.33
	Deposit	02/28/2018	Interest	Interest Income	$ 18.07
	Deposit	03/31/2018	Interest	Interest Income	$ 34.53
	Deposit	04/30/2018	Interest	Interest Income	$ 29.40
	Deposit	05/31/2018	Interest	Interest Income	$ 27.23
	Deposit	06/30/2018	Interest	Interest Income	$ 23.91
	Deposit	07/31/2018	Interest	Interest Income	$ 25.52
	Deposit	08/31/2018	Interest	Interest Income	$ 21.07
	Deposit	09/30/2018	Interest	Interest Income	$ 19.78
	Deposit	10/31/2018	Interest	Interest Income	$ 51.37
	Deposit	11/30/2018	Interest	Interest Income	$ 42.83
	Deposit	12/31/2018	Interest	Interest Income	$ 58.33
Total Operating Account-Key 8506 - Other					**$ 383.37**
Pioneer 7701000395					
	Deposit	01/31/2018	Interest	Interest Income	$ 13.25
	Deposit	02/28/2018	Interest	Interest Income	$ 11.97
	Deposit	03/31/2018	Interest	Interest Income	$ 53.02
	Deposit	04/30/2018	Interest	Interest Income	$ 51.32
	Deposit	05/31/2018	Interest	Interest Income	$ 53.04
	Deposit	06/30/2018	Interest	Interest Income	$ 51.34
	Deposit	07/31/2018	Interest	Interest Income	$ 53.06
	Deposit	08/31/2018	Interest	Interest Income	$ 53.07
	Deposit	09/30/2018	Interest	Interest Income	$ 51.37
	Deposit	10/31/2018	Interest	Interest Income	$ 53.09
	Deposit	11/30/2018	Interest	Interest Income	$ 51.38
	Deposit	12/31/2018	Interest	Interest Income	$ 53.10
Total Pioneer 7701000395					**$ 549.01**
Total Accrued Interest					**$ 4,212.23**