RENSSELAER COUNTY
INDUSTRIAL DEVELOPMENT

Minutes of the Audit Committee Meeting held on: March 12, 2020
In the Quackenbush Building, 333 Broadway, Troy

Members Attending: John Clinton, Cynthia Henninger, Ronald Bounds, Douglas Baldrey and Renee Powell

Members Absent: None

Staff & Guests Attending: Robert Pasinella, Robin LaBrake, Melissa Gregware, Jay Sherman, Robert Hotz, John Sweeney, Peter Kehoe, Thomas Triscari, James Lozano, Mary Ellen Flores, Christopher Stevens and M. Cornelia Cahill

The Chairman, John Clinton, called the meeting to order at 3:45 p.m.

Public Comment Period: The Chairman opened the floor for comments from the public. There were no comments.

Review of Draft Audit for 2020: C. Stephens from Wojeski and Co. reviewed the draft audit with the Board. After a discussion, C. Henninger made a motion to move the audit out of committee to the IDA Board meeting agenda. D. Baldrey seconded the motion, which was approved unanimously.

Other Business: None

Adjournment: D. Baldrey made a motion to adjourn the meeting. It was seconded by C. Henninger and approved unanimously. The meeting adjourned at 4:09 p.m.

Respectfully submitted,

Robin L. LaBrake

Robin L. LaBrake, Staff

RENSSELAER COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

Financial Statements and
Supplementary Information

December 31, 2019 and 2018

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

December 31, 2019 and 2018

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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, 2019 and 2018, 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 opinions on these financial statements based on our audits. We conducted our audit 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 auditor considers internal control relevant to the entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2019 and 2018, 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.

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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 ***DATE,*** on our consideration of the 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 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 Agency'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 Agency's internal control over financial reporting and compliance.

Albany, New York
DATE

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Net Position

	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,580,859	$ 3,314,398
Restricted cash	13,601	13,601
Accounts receivable, net	11,253	16,475
Prepaid and other assets	13,690	22,017
TOTAL CURRENT ASSETS	4,619,403	3,366,491
NONCURRENT ASSETS		
Capital assets, net	11,218	5,011
Capitalized development costs	873,993	873,993
TOTAL ASSETS	5,504,614	4,245,495
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	75,286	103,118
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	38,496	17,990
Security deposits	7,710	10,974
TOTAL CURRENT LIABILITIES	46,206	28,964
LONG-TERM LIABILITIES		
Net pension liability	42,851	20,019
TOTAL LIABILITIES	89,057	48,983
DEFFERED INFLOWS OF RESOURCES		
Rent advances - revenue applicable to future years	13,067	12,800
Pension related	14,982	63,869
	28,049	76,669
NET POSITION		
Net investment in capital assets	11,218	5,011
Restricted	13,601	13,601
Unrestricted	5,437,975	4,204,349
TOTAL NET POSITION	$ 5,462,794	$ 4,222,961

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, 2019	2018
OPERATING REVENUES		
Project administration fees	$ 2,843,551	$ 844,469
Tourism revenue	146,804	121,870
Rental revenue	113,252	103,210
TOTAL OPERATING REVENUES	3,103,607	1,069,549
OPERATING EXPENSES		
Professional fees	553,586	509,854
Salaries and related expenses	414,298	372,899
Consulting	314,931	401,502
Promotion and development	234,149	210,052
Tourism expenses	175,326	143,116
Rent expenses	143,873	136,535
Insurance	19,077	17,544
Office expense	18,603	19,705
Travel	14,806	23,513
Dues and subscriptions	11,410	11,006
Depreciation	2,304	2,820
Other expenses	796	710
TOTAL OPERATING EXPENSES	1,903,159	1,849,256
OPERATING INCOME (LOSS)	1,200,448	(779,707)
NON-OPERATING REVENUE		
Interest income	39,385	4,512
TOTAL NON-OPERATING REVENUE	39,385	4,512
CHANGE IN NET POSITION	1,239,833	(775,195)
NET POSITION, beginning of year	4,222,961	4,998,156
NET POSITION, end of year	$ 5,462,794	$ 4,222,961

See accompanying notes to financial statements.

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

	For the Year Ended December 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from project administration fees	$ 2,843,551	$ 844,469
Proceeds from tourism revenue	152,026	130,269
Proceeds from rent revenue	113,519	101,851
Payments for operating expenses	(1,873,509)	(2,469,534)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,235,587	(1,392,945)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment	(8,511)	(4,430)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(8,511)	(4,430)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest income	39,385	4,512
NET CASH PROVIDED BY INVESTING ACTIVITIES	39,385	4,512
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,266,461	(1,392,863)
Cash and cash equivalents at beginning of year	3,327,999	4,720,862
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,594,460	$ 3,327,999
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ 1,200,448	$ (779,707)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,304	2,820
Changes in operating assets, liabilities, deferred outflow of resources, and deferred inflow of resources:		
Accounts receivable	5,222	8,399
Prepaid and other assets	8,327	(22,017)
Deferred outflows of resources - pension related	27,832	(9,026)
Accounts payable	20,506	(8,900)
Due to Rensselaer County	-	(481,449)
Sales tax recapture	-	(119,662)
Security deposits	(3,264)	2,616
Net pension liability	22,832	(39,492)
Deferred inflow of resources - rent advances	267	(1,359)
Deferred inflow of resources - pension related	(48,887)	54,832
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,235,587	$ (1,392,945)

See accompanying notes to financial statements.

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.

<u>Basis of Presentation</u>
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:

> <u>Net investment in capital assets:</u> 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.
>
> <u>Restricted net position:</u> 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.
>
> <u>Unrestricted net position:</u> 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.

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

Basis of Presentation--Continued

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.

Cash and Cash Equivalents

The Agency considers as cash all demand deposits, certificates of deposit and money market accounts at various banks.

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.

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

Deferred Outflows/Inflows of Resources--Continued

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 $50,104,000 and $52,740,000 at December 31, 2019 and 2018, respectively.

Income Taxes

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

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.

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

Payment in Lieu of Taxes (PILOT)--Continued

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 $9,927,000 and $9,426,000 for the years ended December 31, 2019 and 2018, 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 ***DATE***.

NOTE B--CASH AND CASH EQUIVALENTS

The Agency's investment policies are governed by New York State statutes. In addition, the Agency has its own written investment policy. The Agency is authorized to use demand deposit accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and those of New York State and its municipalities and school districts.

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 $2,031,000 for the year ended December 31, 2019.

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, 2019 and 2018.

NOTE C--CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Equipment	$ 141,207	$ 8,511	$ -	$ 149,718
Accumulated depreciation	(136,196)	(2,304)	-	(138,500)
Capital assets, net	$ 5,011	$ 6,207	$ -	$ 11,218

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 D--CAPITALIZED DEVELOPMENT COSTS

The Agency has capitalized engineering, infrastructure, cleanup and redevelopment costs related to the South Troy Industrial Park Project. The project was 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 were 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 2024, with the option to renew for one additional term of five years. Rent expense related to this lease was approximately $144,000 and $137,000 for the years ended December 31, 2019 and 2018, respectively. Future Minimum lease payments are as follows:

Year Ended December 31,	
2020	$ 141,600
2021	141,600
2022	141,600
2023	141,600
2024	141,600
	$ 708,000

NOTE E--OPERATING LEASES--Continued

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,	
2020	$ 65,631
2021	14,765
	$ 80,396

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 $483,000 for each of the years ended December 31, 2019 and 2018, 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.

NOTE G--PENSION PLAN--Continued

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, 2019	$ 28,657
December 31, 2018	$ 27,528
December 31, 2017	$ 42,620

The Agency reported a net pension liability for its proportionate share of the NYSERS net pension liability of $42,851 and $20,019 as of December 31, 2019 and 2018, respectively. The net pension liabilities were measured as of March 31, 2019 and 2018, 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 0.0006048% and 0.0006203% as of December 31, 2019 and 2018, respectively.

For the year ended December 31, 2019 and 2018, the Agency recognized pension expense of $39,690, and $34,971, respectively. At December 31, 2019 and 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,438	$ 2,876
Change in assumptions	10,771	-
Net difference between projected and actual earnings on pension plan investments	-	10,998
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	18,164	1,108
Contributions subsequent to the measurement date	37,913	-
	$ 75,286	$ 14,982

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

The Agency recognized $37,913 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

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:	
2020	$ 18,858
2021	(3,561)
2022	494
2023	6,600
	$ 22,391

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:

Measurement Date	March 31, 2019	March 31, 2018
Actuarial Valuation Date	April 1, 2018	April 1, 2017
Inflation rate	2.5%	2.5%
Salary scale	4.2% indexed by service	3.8% indexed by service

NOTE G--PENSION PLAN--Continued

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, 2019 and 2018 measurement dates are summarized below:

	March 31, 2019		March 31, 2018	
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	7.50
Real Estate	10.0	5.55	10.0	5.55
Absolute Return	2.0	3.75	2.0	3.75
Opportunistic Portfolio	3.0	5.68	3.0	5.68
Real Assets	3.0	5.29	3.0	5.29
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	1.25
	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, 2019 and March 31, 2018 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, 2019		
	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
ERS net pension liability (asset)	$ 187,347	$ 42,851	$(78,538)

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

NOTE G--PENSION PLAN--Continued

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, 2019 and 2018 measurement dates were as follows:

	2019	2018
Total pension liability	$ 189,803,429	$ 183,400,590
Net position	(182,718,124)	(180,173,145)
Net pension liability (asset)	$ 7,085,305	$ 3,227,445
Net position as a percentage of total pension liability	96.27%	98.24%

COMPLIANCE REPORT

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, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated ***DATE***.

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 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.

Albany, New York
DATE

REQUIRED SUPPLEMENTARY INFORMATION

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Proportionate Share of Net Pension Liability (Asset)

December 31, 2019

	Last 10 fiscal years						
New York State Employees' Retirement System Plan	2019	2018	2017	2016	2015	2014	201
Proportion of net pension liability (asset)	0.0006048%	0.0006203%	0.0006333%	0.0006267%	0.0005167%	Information for p	
Proportionate share of net pension liability (asset)	$ 42,850	$ 20,019	$ 59,511	$ 100,588	$ 17,457		
Covered-employee payroll	$ 348,686	$ 314,472	$ 284,398	$ 266,198	$ 253,521	will be	
Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	12.29%	6.37%	20.93%	37.79%	6.89%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.95%		

See independent auditor's report

RENSSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Contributions - Pension Plans

December 31, 2019

New York State Employees' Retirement System Plan	2019	2018	2017	2016	2015	2014	2013
					Last 10 fiscal years		
Contractually required contribution	$ 28,657	$ 27,528	$ 42,620	$ 49,762	$ 33,472	Information for periods	
Contributions in relation to the contractually required contribution	28,657	27,528	42,620	49,762	33,472		
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	will be comple	
Agency's covered-employee payroll	$ 348,686	$ 314,472	$ 284,398	$ 266,198	$ 253,521		
Contributions as a percentage of covered-employee payroll	8.22%	8.75%	14.99%	18.69%	13.20%		

See independent auditor's report

SUPPLEMENTARY INFORMATION

RENNSELAER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Schedule I - Schedule of Indebtedness

December 31, 2019

Project	Issuance Date	Interest Rate At Issuance	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year
Conduit Debt					
Columbia 17th Street, LLC	12/2010	3.09%	$ 6,964,631	$ -	$ 235,235
Emma Willard	7/2015	Varies	17,910,000	-	1,010,000
Franciscan Heights	12/2004	Varies	5,265,000	-	165,000
RC Housing	01/2008	Varies	16,260,000	-	525,000
Sage Colleges	12/2002	Varies	4,460,000	-	355,000
WMHT	12/2003	Varies	1,880,000	-	345,000
			$ 52,739,631	$ -	$ 2,635,235

See independent auditor's report.